

Kotkin's Fallacies:

Why Diversity Matters to Economic Growth

By Richard Florida

"[The] new urbanites are not, for the most part, drawn from the typical American middle class family ... but by two distinct groups largely outside the mainstream. One group is recent immigrants...The second group ... consists largely of childless people—aging boomers, childless couples, gays, "empty nesters," and singles. ... These often-unattached new urbanites constitute the critical fuel for the postindustrial urban economy. Companies, wherever they might be located, rely increasingly on skilled urban professionals in fields from fashion design, entertainment, and Internet commerce to international trade, investment, specialized retail, banking, and other business services."

Can you guess who wrote that? Joel Kotkin did. It's from the opening chapter of his 2000 book *The New Geography*. But Kotkin seems to have changed his tune. He now praises the economies of traditional suburban areas with traditional families, while the urban centers that he used to favor — with high numbers of, in his words, "singles, young people, homosexuals, sophistos, and trendoids" — are objects of scorn. And curiously, he lashes out at me, with a superficial misreading of my research group's findings and theories.

Let me start by noting a few problems in Kotkin's diatribe. One is the implication that you must either be family-friendly or gay-and-bohemian-friendly; that you can't be both. This is divisive thinking and it's also inaccurate. Kotkin cites McAllen, Texas and Fresno and Riverside, California as fast-growing family-friendly cities. Among the 331 metro areas in the U.S., McAllen ranks first in the percentage of households with children headed by gay parents, while Fresno and Riverside rank 8th and 21st, according to Gary Gates of the Urban Institute. Apparently in these places "family" means more than Ward, June, Wally and the Beaver.

Likewise, various popular lists of America's most family- or child-friendly cities turn out to be loaded with cities that also score high as homes for gays and artists. I cited one such list in my book *The Rise of the Creative Class*. The top five child-friendly major metros were Portland, Seattle, Minneapolis, New York and San Francisco (Pittsburgh was 13th). All but one of the top five ranked well above average on

the Gay Index. All five were among the top seven on our Bohemian Index.

As I've written repeatedly, the most successful regions welcome all kinds of people. And they offer a range of living choices, from nice suburbs with single-family housing to hip urban districts for the "unattached." They have to. Only 23.5 percent of Americans now live in a standard nuclear family with two parents and children at home. Like it or not, more young people are delaying marriage and childbirth. Many of us are separating or divorcing. Many of us live in some sort of alternative personal arrangement. Appealing only to traditional families and bashing everyone else may make good propaganda for the culture wars, but as a development strategy, it's a pretty narrow approach. You stand to lose a lot of talented people.

Kotkin writes off the advantage of places like San Francisco, Boston, Seattle and Austin as mere flash-in-the-pan products of the 1990s dotcom bubble, he was once so enamored with. (The subtitle of his 2000 book: "How The Digital Revolution is Reshaping the American Landscape."). But these places have been growing for decades building solid new industries that have helped to strengthen our economy and change the world. Kotkin also says that "trendy" San Francisco and Silicon Valley in "dreary San Jose" are worlds apart. My book argues that Silicon Valley can only be understood in relation to the adventurous culture and great research universities of the entire Bay Area-- a place where early hippie-entrepreneurs like Jobs and Wozniak were not only accepted but financed by venture capitalists. Today, gays and urban singles commute from San Francisco to work in Silicon Valley, while family-oriented professionals live in Silicon Valley suburbs and work in downtown San Francisco. What gives the Bay Area broadly its advantage is that it has something for everyone

Yet another Kotkin fallacy is that in order to be pro-growth, you must be pro-sprawl and anti-environment. The truth is, when sprawl gets out of hand — as it's starting to do here in the Pittsburgh region, where we keep consuming new land without increasing population — it can hurt your prospects. I've interviewed skilled people who left Silicon Valley because that once-beautiful place is becoming a "concrete jungle" of freeways and parking lots. In a study of migration patterns, Robert Cushing of the University of Texas found the Valley was in fact losing people to Austin, which has smart-growth policies, as well as to Portland, Oregon, a pioneer in setting growth boundaries.

Then there is the interesting research by Carnegie Mellon doctoral student Brian Knudsen. He finds that patenting and high-tech industry are strongly correlated with high population density, especially the concentration of creative people like scientists, engineers, artists and musicians. In other words, places where people are not sprawled out so thinly tend to have more of what I call "creative" economic activity.

And that now leads us to the real issue: the true nature and source of economic growth in our times. I will state my view as simply as I can. Today more than ever, our economy is driven by human creativity.

Technology is important. It has played a huge role in America's economic rebound from the dark days of the late 1970s. But technology comes from the creative abilities of people —from the scientists and engineers who are members of what Kotkin calls the "effete" creative class. Just about everything that makes our economy grow and keeps us competitive— from new business starts and new industries to the many little continuous improvements made every day by production workers — is the result of people exercising the universal human ability to come up with new ideas and better ways of doing things.

Kotkin writes that America's new growth spots tend to be centered around "basic industries" like construction, distribution, retail and manufacturing. But these industries all depend on creativity. There won't be much construction anywhere unless people create and grow businesses that need it. Someone has to keep creating new things to make, distribute and sell — and vast numbers of people have to keep making each step in the chain work better and better, or you'll lose the whole thing to a competitor.

America, in fact, is increasingly becoming a nation that earns its keep by adding creative value. Rote work is increasingly eliminated, off-shored or automated. Meanwhile the creative sector of our economy, which includes work from engineering design to fashion design, has grown steadily and rapidly over the years. The creative class has increased from less than 10 percent of our workforce in 1900 to 20 percent in 1980 and more than 30 percent today. The great creative sector of the economy accounts for nearly half of all salary and wages in this country, \$1.7 trillion dollars, as much as the manufacturing and service sectors combined. In big metro areas like Pittsburgh or Riverside, the creative sector accounts for as much as two-thirds of all wage and salary income. To suggest that regions embrace Kotkin's favored sectors today is like telling them in the early 1900s to ignore

rising industries like autos, steel and chemicals and concentrate instead on farming.

So how do gays and bohemians fit into my analysis? I am not saying that these people literally "cause" regions to grow. Rather, their presence in large numbers is an indicator of an underlying culture that's conducive to creativity. Gays and artists (as well as immigrants, like Ramon Alvarez) are often regarded as being on the fringes of society. The places where they feel at home and thrive tend to have a culture of tolerance and open-mindedness. Gays and bohemians are leading indicators of a place that has a "creative ecosystem" – a regional habitat which is open to new people and ideas, where people easily network, connect; where bright ideas are not shot down or stifled, but are turned into new projects, new companies and new growth. Regions and nations that have such an ecosystem – that can do the best job of tapping the diverse creative talents of the most people – gain a tremendous competitive advantage. Which regions would you bet on as growth centers of the future: San Francisco, Boston and Seattle, with their consistent ability to generate major new industries, or Kotkin's favorite places like McAllen, Fresno, and Riverside that offer cheap housing and low-wage labor?

The creative economy we've built thus far in the U.S. is neither a panacea nor a finished piece of work.

No region can count on having a secure lead or long-run growth. Not Silicon Valley, not San Bernardino, none. Nor can any nation, even ours. Economies now are quite fluid – people are mobile; leads are easily gained or lost – and creativity is an asset that has to be constantly cultivated and renewed, in each person and each place. In fact, regions like Toronto and Vancouver (with huge immigrant, gay and foreign-born populations), or Sydney Australia (which would rank 6th among U.S. regions on my Creativity Index), Dublin and London are fast making inroads on our once considerable creative economic advantage.

Tolerance is not the only factor needed for a creative economy. My model of growth stresses the "3 Ts" of economic development. The other two are technology – which includes lots of basic research – and talent, which means highly skilled and educated people. Throughout the U.S. we are currently slashing back our critical investments in creativity -- basic research, education and arts and culture and education-- while pouring billions into mindless projects like sports stadiums. Our country is also placing increased restrictions

on immigration, foreign students and the flow of scientific information. If these trends continue, we may well squander our once considerable lead in technology and creativity.

Nearly one-third of us are employed in the creative sector and thus have the good fortune to do meaningful, rewarding work that usually pays well, but what about the other two-thirds? Far too many are stuck in low-end service jobs. My recent research with Kevin Stolarick of Carnegie Mellon shows inequality is most pronounced in great creative centers like San Francisco, New York and Boston — where the gap is growing between hyper-busy creative professionals and the armies of service workers who feed, care for and clean up after them.

This can't be allowed to persist. Not only is it "unjust," it is a massive waste of human talents. Every single human being person is creative. Until we learn how to harness the creativity of everyone, we aren't close to hitting on all cylinders — or to having the kind of society we could.

What does the future hold for Pittsburgh? This region has many of the ingredients for creative success—great research universities, a wide range of great neighborhoods, a beautiful mix of the built and natural environments, arts and culture in every form, and energetic people. All we lack is a creative chef who can develop bold new recipes for putting those ingredients together. Too often we fall back on the notion that traditional social structures, traditional companies and bland me-too development projects are the keys to growth. That can only mire us down. We need leaders who understand that sustained prosperity can only come from tapping the creative talents of every one of our people.

*Richard Florida is currently the Hirst Professor of Public Policy at George Mason University and author of *The Rise of the Creative Class* (Basic Books, 2002). Mike Vargo assisted with this article.*