



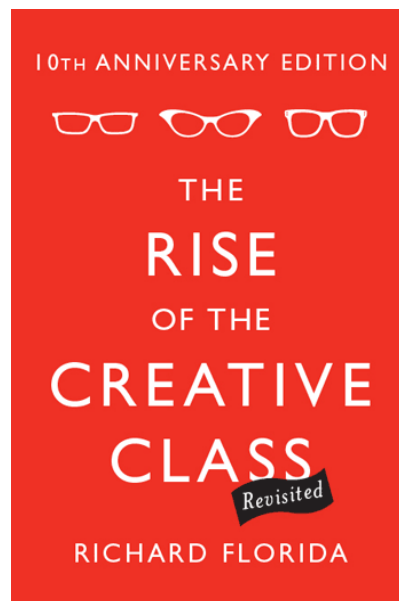
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The Creative Compact

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The tectonic upheavals our economy is enduring are the result not just of financial shenanigans by the global One Percent, but of a deeper and more fundamental shift -- the passing of the old industrial order as it gives way to the emerging Creative Economy. If we wish to build lasting prosperity we cannot rely on market forces and the Invisible Hand alone to guide us. The grand challenge of our time is to invent new institutional structures that will guide the emergence of a new economic order, while channeling its energies in ways that benefit society as a whole.

To do this, we need to institute and ratify a new social compact, entailing everything from investment in our human capital, the only real capital we have, to a new approach to education and learning. We need to recommit our economy to innovation and our society to openness and diversity, and we need to knit a new safety net for the truly disadvantaged.

We have been through this before. The Industrial Revolution generated new technologies, new industries, and new productive potential alongside gross economic inequalities -- which Marx wrongly believed would be capitalism's undoing. Before the nascent industrial age could reach its full potential, the development of a much more broadly based urban-industrial society, in which great masses of people could participate, was required.

Our new Creative Compact must be built across six key principles.

1. Invest in Developing the Full Human Potential and Creative Capabilities of Every Single Human Being

We can't simply write off the tens of millions of workers who toil in low-wage service jobs. The United States and other nations will have to find ways to bring the service and manufacturing sectors more fully into the Creative Age. Every job can and must be creatified; every worker must be empowered to harness his or her own inner entrepreneur. Governments build incubators for high tech startups--we need to start extending assistance to low-tech startups as well: nail salons, mom-and-pop stores, fitness trainers, and the like.

We did it before in manufacturing. We turned low-wage, low-skill work in horrific, exploitative factories into the good family-supporting jobs workers pine for today. We need to do the same for services--for the more than 60 million Americans and countless others around the globe, who toil for low wages in everything from food preparation and home health care to retail sales. Some will counter that this will only make services more expensive. My response is simple: we can't afford not to do it. Decades ago, we collectively conceded that we would have to pay more for manufactured goods so that workers could have better wages and a broad middle class could be born. Why shouldn't we pay a little bit more to the people who prepare our food, look after our homes, and take care of our children and aging parents too? Doing so will build a stronger middle class, enhance social cohesion, and create the demand that can help drive the economy forward.

2. Make Openness and Diversity and Inclusion a Central Part of the Economic Agenda

Fact: 9/11 made America paranoid. We need to get over it. A growing body of economic research shows that diversity and openness power economic growth. Immigrants from foreign countries spearheaded innovations and enterprise in everything from steel to semiconductors and all forms of high tech. Literally half of all Silicon Valley start-ups involve immigrants.

Our policy makers need to do what the venture capitalist John Doerr said they should: staple a green card to the diplomas of every immigrant who graduates from one of our engineering schools. More than that, we need to make this country welcoming to all enterprising, energetic, and ambitious people. This is the biggest no-brainer in the world.

3. Build an Education System That Spurs, Not Squelches, Creativity

Everyone agrees that education is important, but our definition of education must be broadened. Just as the United States once sank vast amounts of public and private funds into canals, railroads, highways, and other physical infrastructure to power industrial growth, the country today needs to massively increase its investments in its human creative capital. The scale of the effort required is enormous--it will need to dwarf the public education system, land grant colleges, and GI bills of previous generations.

Our current system of elementary and high-school education is a relic of the industrial age, developed to stamp out workers for the Fordist industrial machine. We need to pay much more attention than we have to early childhood learning and development; these are the most critical years, when creative abilities are shaped. And we need to stop blaming teachers for problems created by an outmoded system. Education has to be more about engaging students and supporting them with good teachers and mentors than standardized test scores. We need to put their creativity first, not rote learning and test preparation.

4. Build a Social Safety Net for the Creative Economy

The Creative Age is not an Ayn Rand fantasy of rugged individualists making their own way; no viable system or society can be. We need to build a new set of institutional supports that can create a more robust and sustainable social system around the new world of work.

It no longer makes sense to tie benefits to a single employer. A new social compact must start from the flexible, hyper-individualized, and contingent nature of work. That means health benefits that move with workers, and retirement accounts that do the same. This is good for workers, good for companies, and good for society as a whole.

Going beyond the Creative Class, this new safety net must ensure that the truly disadvantaged are provided with adequate living standards, and even more so, with real opportunities. But such a system cannot confine itself to material needs alone. A social safety net for the Creative Age would invest in people and give them the opportunity to develop and fully utilize their human talents and potential; it would recognize self-expression as a fundamental human right and provide education and training to foster it.

5. Strengthen Cities; Promote Density, Clustering, and Concentration

Cities are the key economic and social organizing units of the Creative Age. They speed the metabolism of daily life, accelerating the combinations and recombinations of people that spur innovation, business formation, job creation, and economic growth.

We need to invest in more green space, energy efficiency, and sustainability. We need to better

connect our cities and suburbs with transit, and connect our metro areas (especially those that are parts of larger mega-regions) to each other with high-speed rail.

Everyone recognizes that America's national government is dysfunctional. But cities and community governments actually work. The most important policy innovations no longer come from national legislatures or federal bureaucracies, but from cities and mayors crafting pragmatic, non-ideological solutions to pressing social and economic problems. Just as the best companies decentralize decision making to work groups on the factory floor, we need to give cities and neighborhoods the tools and resources they need to build their economies. Doing so will help rebuild the broader economy from the bottom up.

6. From Growth for Growth's Sake to True Prosperity: Measure What Really Matters

We need to get beyond the idea that growth is good in and of itself. Our obsession with housing and the whole housing-automobile-energy complex of Fordism is but a symptom of a deeper problem: the way we think of, measure, and account for economic growth. More output is not a good in and of itself; that idea is a holdover from the industrial age and no longer holds true in an era where knowledge, innovation, creativity, and human potential drive the economy.

We cannot stop the clock of history from ticking; we cannot impede the logic of capitalism, but we can and must move from dumb (Industrial Age) growth to smarter (Creative Age) growth--growth that fully utilizes human capabilities, that makes us happier, that provides more and better experiences, and more purpose and meaning in our lives, not just more stuff.

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