



OPINION | CITIES

Rise of the Creative Class Worked a Little Too Well



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Urbanist Richard Florida reconsiders his ideas for how cities can remake themselves.

By [Noah Smith](#)

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Doubles as creative-class office space.

Photographer: Robert Alexander/Getty Images

It's the rare public intellectual who admits to making big mistakes. Usually, the rule is to defend everything you've ever said, in an attempt to maintain a reputation for wisdom. Richard Florida, the noted urbanist and professor at the Rotman School of Management at the University of Toronto, is among the select few to go back and reevaluate his big ideas.

In his 2002 book, "[The Rise of the Creative Class](#)," Florida both anticipated and helped promote the trends that would come to define the U.S. urban revival in the decade that followed. The basic premise was that by creating a good environment for knowledge workers -- both the science and engineering types and the creative artistic types -- cities could attract the human capital that would bring in businesses and ultimately re-invigorate their economies.

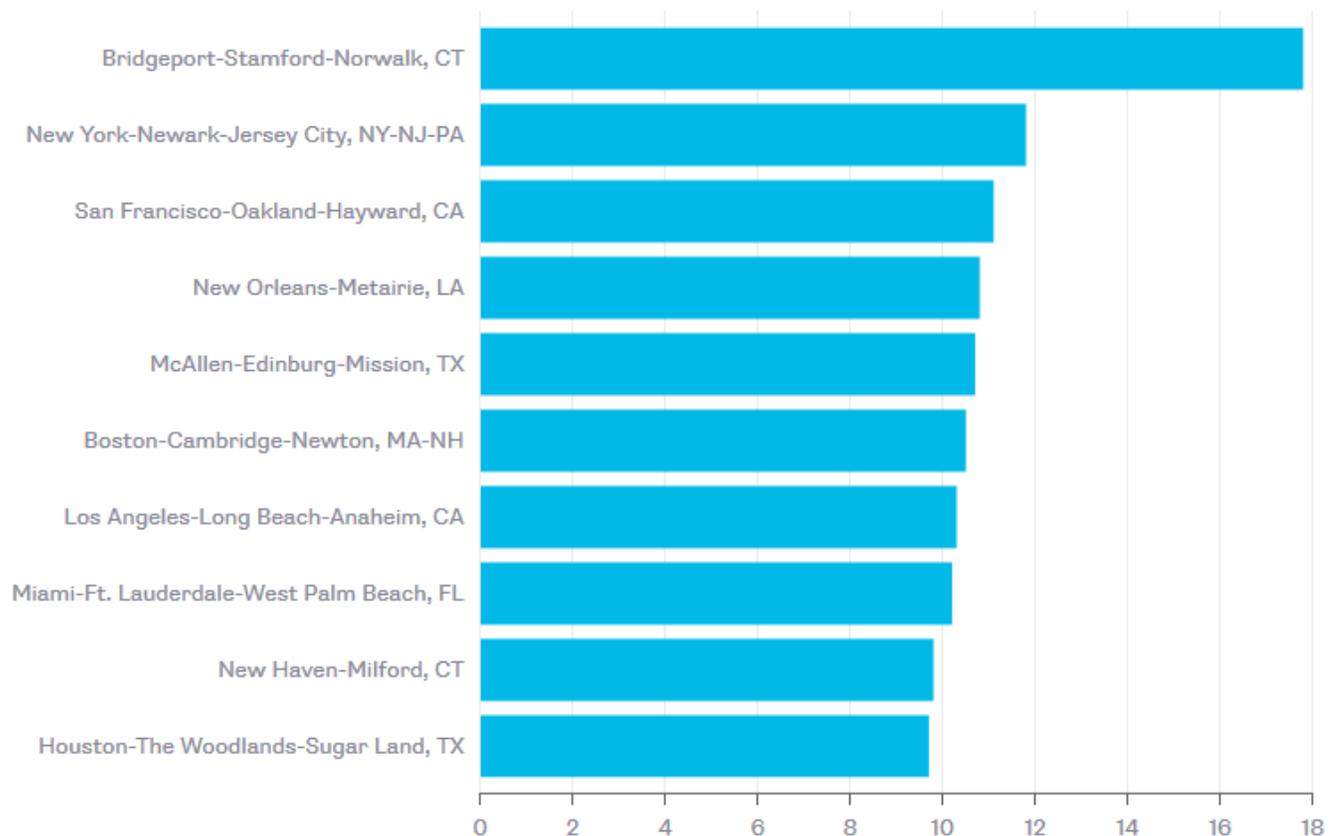
The strategy worked. New tech clusters like [Austin](#), Texas, and aging post-industrial cities like [Pittsburgh](#) were able to use the Florida strategy to good effect. Urban economist Enrico Moretti [has documented](#) the dramatic economic and social outperformance of U.S. cities and regions that have managed to attract knowledge workers.

Now Florida thinks the strategy might have worked a bit too well. In a new book titled "[The New Urban Crisis](#)," Florida reverses much of his earlier optimism about the potential of knowledge-hub cities. These metropolises, he contends, have now become engines of inequality and exclusion.

Florida measures what he calls the 95-20 ratio of metropolitan areas -- the ratio of the income of the people at the 95th percentile to that of the folks at the 20th percentile -- and found that the 10 most unequal areas include lots of knowledge hubs like New York, San Francisco and Los Angeles:

Life at the Top

Ratio of income of 95th percentile to 20th percentile



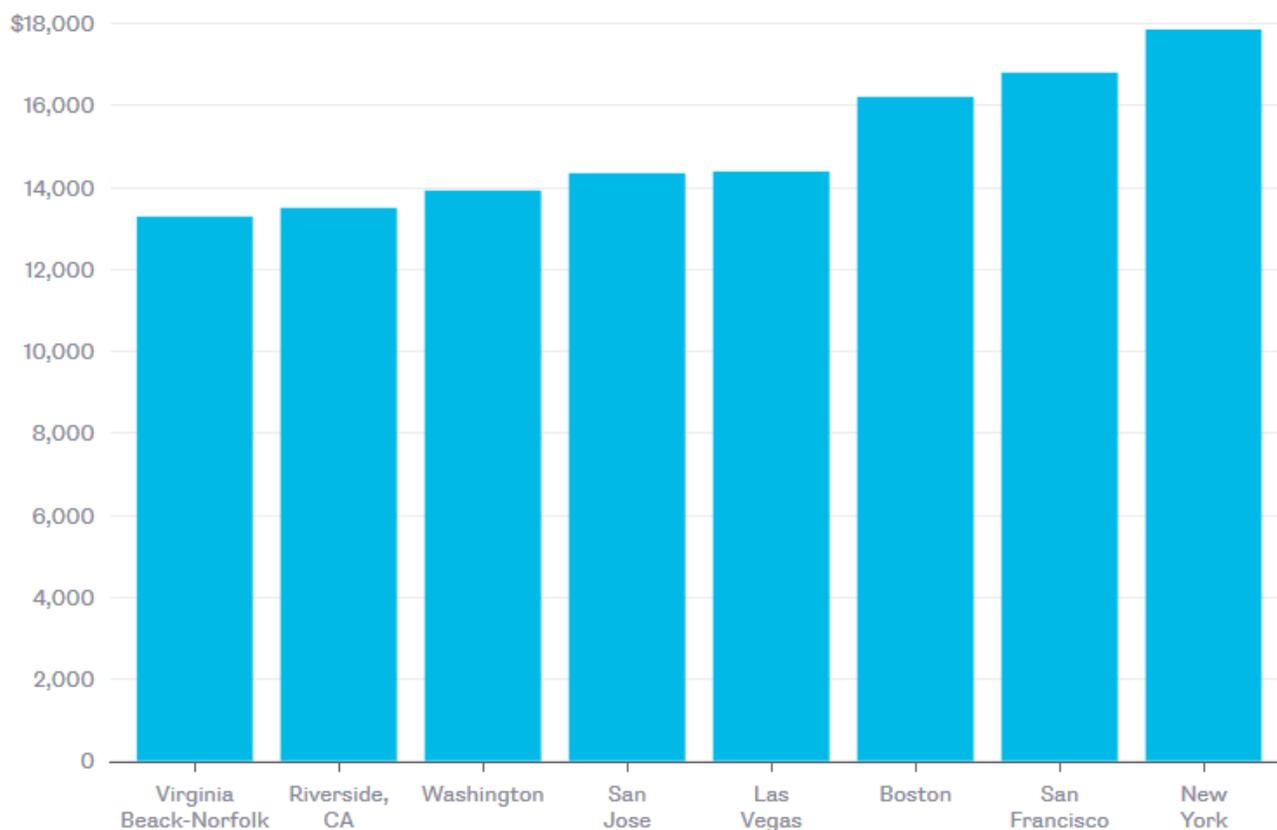
Source: Richard Florida

Florida backs this correlation up with lots of other data. He also painstakingly maps the geography of wealth and poverty in cities across the country. And crucially, he shows that the correlation between innovative industries and urban inequality doesn't hold across the globe -- it looks like other countries are doing something different.

U.S. knowledge hubs have also experienced skyrocketing rents and land prices. Most of these cities [haven't been willing](#) to build large amounts of new housing and transit infrastructure, so as high-paid engineers and businesspeople crowd in, the service class gets squeezed out. Measuring the amount of money that service workers have left over after paying for housing, Florida finds that workers in high-cost cities like San Francisco and New York City make barely more than their counterparts in sprawling, cheap places like Las Vegas:

How Do You Really Feel About the Rent?

How much the average service worker has left after paying for housing



Source: Richard Florida

Living in Washington on less than \$14,000 a year after paying rent is a challenge. Yet that's the reality huge numbers of residents in American cities face. High rents and housing shortages tend to push people out to the suburbs, with their unsustainable car-centric infrastructure.

Florida identifies and debunks several shibboleths about the cause of urban inequality and unaffordability. Gentrification -- the movement of high-earning creative workers into poor neighborhoods -- is far from the menace that left-wing activists think, and it often even improves conditions for the disadvantaged. Venture capital investment, a bogeyman for Bay Area activists, is also not associated with inequality.

The real culprit, Florida contends, is cities' refusal to invest in things that improve the lives of their poorer residents. Building more affordable housing and more cheap public transit ranks high on his list of priorities for creating what he calls "urbanism for all."

It's hard to argue with the trends Florida warns about, and his prescription for addressing them seems sound. But Florida lays too much responsibility at the feet of cities, while underemphasizing the role of state and federal governments.

Inequality isn't simply an urban phenomenon; it's a national one. It just tends to be more apparent in cities, because that's where so many people live in close proximity to one another. Yet many of the forces that economists blame for rising inequality -- changes in taxation, globalization, the decline of unions, and technological change -- have little to do with urban policy, and will be hard to fix at the local level. Building affordable housing and public transit is a great idea, but it's not going to bring back the kind of equality and opportunities the U.S. enjoyed in the mid-20th century. Florida also calls for turning service-industry jobs into the kind of stable, well-paying jobs once represented by manufacturing, but this is probably possible only at the federal level.

Florida also goes a bit too hard on the vision he himself laid out a decade and a half earlier. The stampede of knowledge workers into elite American cities has created inequality, but if that stampede had never happened, the country would be in a much worse place than it is now. Knowledge hubs like San Francisco might be unequal, but they continue to power the country's economic growth and contribute to many of the welfare programs that make life bearable for the country's elderly and poor. The enrichment of the urban creative class isn't a bad thing -- it's simply a good thing that has yet to be completed.

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