

My Course in Creative Economic Development

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This is a generic version of my course in creative economic development. It is structured around what I think are the most important topics and readings in the field, and it has four exercises designed to use real data and apply leading edge concepts to hone real skills. I hope it will be of help to elected officials, economic developers, students, and people interested in economic development and the role of place in the global economy.

Overview

Economic development today is in the midst of a revolution. It used to be thought that for regions and nations to grow all that was required was to influence business location decisions. Communities that attracted businesses grew and those that did not declined. The state of the art was to try and lure companies with tax or other business incentives. Those days are over.

Today we know that in order to grow and prosper, communities and regions need to do much more. As Carley Fiorina, the former CEO of Hewlett Packard told the nation's governors, "Keep your tax incentives and highway interchanges; we will go where the highly skilled people are." A 2002 survey of 4,000 people who graduated from college within the past six years featured in the Wall Street Journal found that three out of four of them identified location as more important than the availability of a job when selecting a place to live.

While traditional economic development and growth strategies have been driven by a "demand-side" strategy – attract jobs to get the people - today's economy requires a "supply-side" strategy. Such a strategy depends upon understanding the 3T's of regional economic development – Technology, Talent, and Tolerance—by essentially improving the ability of places to compete for people as well as for companies. Places must offer substantial and balanced performance across all three to sustain long-run growth and prosperity.

This course will help you develop the real-world skills you will need to be a successful economic developer, consultant, or change-agent in this rapidly evolving environment. It is designed to provide you with a framework for understanding regional and national economic growth and prosperity, and to give you the tools to conduct realistic analyses that can help decision-makers, clients and constituents make better, more informed decisions.

Schedule

Session 1: Introduction and Overview

- Richard Florida, *The Rise of the Creative Class*, Preface to Paperback Edition; Preface; and Chapter 1, also peruse creativeclass.org
- Edward Glaeser, "The Future of Urban Research: Non-Market Interactions," Harvard University, September 1999, http://post.economics.harvard.edu/faculty/glaeser/papers/1_00_paper.pdf

Session 2: Globalization and Place

Globalization

- Thomas Friedman, *The World is Flat*, Updated and Expanded Edition, 2006
- Or, read Thomas Friedman, "It's a Flat World, After All," *New York Times Sunday Magazine*, April 3, 2005.
<http://www.nytimes.com/2005/04/03/magazine/03DOMINANCE.html?ei=5090&en=cc2a003cd936d374&ex=1270267200&adxnnl=1&pagewanted=1&adxnnlx=1156176072-FIJb/PyIbg/xtYn96/Q9YQ>
- Ed Leamer, "A Flat World, A Level Playing Field, A Small World, or None of the Above," UCLA, April 16, 2006. to appear in the *Journal of Economic Literature*,
http://www.uclaforecast.com/reviews/Leamer_FlatWorld_060221.pdf#search=%22edward%20leamer%20Thomas%20friedman%22

Rise of the Mega-region

- Robert Lang and Dawn Dhavale, "Beyond Megalopolis: Exploring America's New Megalopolitan Geography," Virginia Institute of Technology, Metropolitan Institute, July 2005.
<http://www.mi.vt.edu/uploads/MegaCensusReport.pdf#search=%22robert%20lang%20megalopolis%22>
- Kenichi Ohmae, The Rise of the Region-State, *Foreign Affairs*, Spring 1993,
<http://www.foreignaffairs.org/19930301faessay5176/kenichi-ohmae/the-rise-of-the-region-state.html>
- Peter Taylor and Robert Lang, U.S. Cities in the 'World City Network', *Brookings Institution*, Available at: http://www.brookings.edu/metro/pubs/20050222_worldcities.pdf

General:

- Richard Florida, "The World is Spiky," *Atlantic Monthly*, October 2005, available at creativeclass.org
- Richard Florida, The New Megalopolis, *Newsweek*, July 3-10, 2006, available at creativeclass.org
- "The Future of Work," *Cato Unbound* debate with Richard Florida, Robin Hanson, Frank Levy and Ed Leamer, June 2006, <http://www.cato-unbound.org/archives/june-2006/>

Exercise 1: Economic Development Incentives

Session 3: The Creative City: Case Studies

- “Benchmarking the Creative Class in Arlington Virginia,” Arlington Economic Development, January 2005. <http://www.arlingtonvirginiausa.com/docs/creativeclass.pdf>
- “Imagine Toronto, Strategies for a Creative City,” August 2006, <http://www.imagineatoronto.ca/index.htm>
- “Creative New York,” Center for an Urban Future, December 2005 http://www.nycfuture.org/images_pdfs/pdfs/CREATIVE_NEW_YORK.pdf
- Elizabeth Currid, “New York as Global Creative Hub,” *Economic Development Quarterly*, 20, 4, November 2006, forthcoming, pp. 1-21

Session 4: Technology

Technological Change and Competitiveness

- Joseph Schumpeter, “The Creative Response in Economic History,” *The Journal of Economic History*, 7, 2, November 1947, pp. 149-159
- Michael Porter, “Clusters and the New Economics of Competition,” *Harvard Business Review*, November-December 1998, pp. 77-90.

Regional Advantage

- Annalee Saxenian, *Regional Advantage*

Session 5: High-Technology Industries

High-Tech Clusters

- Joseph Cortright and Heike Mayer, “Signs of Life: The Growth of Biotechnology Centers in the US,” The Brookings Institution, Center for Metropolitan Policy, 2001. <http://www.brookings.edu/dydocroot/es/urban/publications/biotech.pdf>
- Joseph Cortright and Heike Mayer, High Tech Specialization: A Comparison of High Technology Centers, “Brookings Institution, Center for Metropolitan Policy, January 2001. <http://www.brookings.edu/dydocroot/es/urban/cortright/specialization.pdf>
- Paul Sommers and Daniel Carlson, “Ten Steps to a High Tech Future: The New Economy in Metropolitan Seattle,” Brookings Institution, Center for Metropolitan Policy,” December 2000. <http://www.brookings.edu/es/urban/sommers/sommersreport.pdf>

Using Technology Indicators

- “Cluster Monitor: A Guide for Analyzing Industry Clusters in Regional Economies.” *IEDC*, Volume 4, Number 4, Fall 2005.
- Ross DeVol, Perry Wong, John Catapano, and Greg Robitshek, “America’s High-Tech Economy: Growth, Development, and Risks for Metropolitan Areas,” Milken Institute, 1999.

Exercise 2: Understanding and Using Regional Rankings

Session 6: Talent

Human Capital Theory

- Robert Lucas, "On the Mechanics of Economic Development," *Journal of Monetary Economics*, 22, 1988, pp. 1-42.
- Vijay Mathur, "Human Capital-Based Strategy for Regional Economic Development," *Economic Development Quarterly*, 13, 3, 1999, pp.203-216.

Human Capital Dispersion

- Christopher Berry and Edward Glaeser, "The Dispersion of Human Capital Levels across Cities," September 2005, <http://www.economics.harvard.edu/hier/2005papers/HIER2091.pdf>

Housing and Superstar Cities

- Joseph Gyourko, Christopher Mayer, and Todd Sinai, "Superstar Cities," June 2006, http://www2.gsb.columbia.edu/faculty/cmayer/Papers/superstar_cities_final.pdf#search=%22gyourko%20superstar%20cities%2C%20final%20columbia%22

Session 7: Mobility and The Means Migration

Mobility

- Carol Colletta and Joe Cortright, *The Young and the Restless Studies*. (There are 4 reports)
- http://www.colettaandcompany.com/public/city_news/reports.cfm
- <http://www.colettaandcompany.com/public/pdf/Portland.pdf>
- <http://www.colettaandcompany.com/public/pdf/Providence5.0.pdf>
- <http://www.colettaandcompany.com/public/pdf/Richmond.pdf>
- Ethan Watters, *Urban Tribes*, Bloomsbury, 2003.
- Richard Florida, "The Means Migration," *Atlantic Monthly*, October 2006
- Paul D. Gottlieb. "Labor Supply and the "Brain Drain": Signs from Census 2000," Brookings Institution, Metropolitan Policy Center, January 2004. http://www.brookings.edu/es/urban/publications/20040116_Gottlieb.pdf

Session 8: Talent and Occupational Analysis

- Ann Markusen, Greg Schrock and Elisa Barbour, "Making the City Distinctive: A Guide for Planners and Policy Makers," October 2004 http://www.hhh.umn.edu/img/assets/6158/DistCityPolicyACSP9_04.pdf
- Ann Markusen and Elisa Barbour, *California's Occupational Advantage*, Public Policy Institute of California, Working paper 2003-12, May 2003 http://www.hhh.umn.edu/img/assets/6158/cal_occ_adv.pdf

Exercise 3: Talent and Occupational Analysis

Session 9: Tolerance/ Immigration

Trends in Immigration:

- William Frey, "Metropolitan Magnets for International and Domestic Migrants," Brookings Institution, Center for Metropolitan Policy, October 2003.
http://www.brookings.edu/es/urban/publications/200310_Frey.pdf
- Audrey Singer, "America's Diversity at the Beginning of the 21st Century: Reflections from Census," Brookings Institution, Center for Metropolitan Policy, April 2002.
<http://www.brookings.edu/views/papers/singer/20020402.pdf>
- Audrey Singer, "The Rise of New Immigrant Gateways," Brookings Institution, Center for Metropolitan Policy, February 2004. http://www.brookings.edu/urban/pubs/20040301_gateways.pdf
- Audrey Singer "At Home in the Nation's Capital: Immigrant Trends in Metropolitan Washington," Brookings Institution, Center for Metropolitan Policy, June 2003.
<http://www.brookings.edu/es/urban/gwrp/publinks/2003/immigration.pdf>

High-Skilled Immigration

- Annalee Saxenian, "The New Immigrant Entrepreneurs," University of California at Berkeley, 2000.
<http://www.ccis-ucsd.org/PUBLICATIONS/wrkg15.PDF>
- Richard Florida, *The Flight of the Creative Class*, Parts 1 and 2
- Gianmarco Ottaviano and Giovanni Peri, "Rethinking the Effects of Immigration on Wages," August 2006, http://www.econ.ucdavis.edu/faculty/gperi/Papers/perott_august_2006.pdf

Session 10: Tolerance/ Diversity

- Richard Florida and Gary Gates, "Technology and Tolerance: The Importance of Diversity to High-Tech Growth," Brookings Institution, Center for Metropolitan Policy, June 2001.
<http://www.brookings.edu/es/urban/techtol.pdf>
- Richard Florida, "Revenge of the Squelchers," *The Next American City*, July 2004,
http://www.americacity.org/article.php?id_article=39

Session 11: Amenities and Scenes

Amenities:

- Edward Glaeser, Jed Kolko, and Albert Saiz. "The Consumer City," *Oxford Journal of Economic Geography*, 1, 2001, pp. 27-50. <http://post.economics.harvard.edu/hier/2000papers/HIER1901.pdf>
- Terry Clark, "Urban Amenities: Lakes, Opera and Juice Bars Do They Drive Development? ". Taken from: *The City as an Entertainment Machine*. Research in Urban Policy, Volume 9, 103-140. Oxford: Elsevier Ltd. 2003. <http://www.coolcities.com/cm/attach/ACFAEF2D-708B-4861-96D4-CA6FD5B87436/UrbanAmenitiesandGrowthUC.pdf>

Session 11 readings continue on next page

Scenes:

- John Markoff, *What the Dormouse Said: How the 60s Counterculture Shaped the Personal Computer*, Penguin paperback, 2006, or read the interview with him at: http://www.acm.org/ubiquity/interviews/v6i29_markoff.html
- Daniel Silver, Terry Clark, and Lawrence Rothfield, "A Theory of Scenes," University of Chicago, 2006. http://cas.uchicago.edu/workshops/money/PDF/Clark_Silver_Rothfield2005_A_Theory_of_Scenes.pdf#search=%22terry%20n.%20clark%22
- Elizabeth Currid, "The Social Life of Creativity," chapter 3 from *The New York That Never Sleeps Scene*, (Princeton University Press, 2007 forthcoming)

Session 12: Quality of Place

- Jane Jacobs, *Death and Life of Great American Cities*
- Richard Florida, *The Flight of the Creative Class*, Part 3.

Exercise 4: Building Regional Advantage Using the 3Ts

Exercises

Exercise 1: The Pros and Cons of Incentives

This exercise will help you understand the debate over economic development incentives. The case study is an excellent one and shows a high-level and (very high quality) debate over the proposed use of incentives in the state of North Carolina. Various positions are highlighted in providing advice for then-governor Jim Hunt.

The assignment is based on a real-world scenario and asks you to take on the role of trusted advisor to the governor and to prepare a briefing memo for him outlining the key issues in this debate and advising him what to do.

The background material is available at:

<http://www.ksg.harvard.edu/battle/>

The memo should take the form of a 1500-2000 word single spaced brief for the governor. It should address the following questions:

- ◆ What is at stake?
- ◆ What criteria would you recommend for evaluating the desirability of alternative policies?
- ◆ What policy alternatives have you identified (at least three)?
- ◆ How would you evaluate the alternative policies in terms of your stated criteria?
- ◆ What is your concluding policy recommendation, including suggestions for implementation?

Memos will be graded based on how well you refine the material down to the critical issues and develop and support a clear recommendation. You should present a single point of view and develop a recommendation based on North Carolina's economic situation, its competitive position among its neighboring states, and the state's historic use of incentives. Simply summarizing the information is not enough. The governor has asked for and values your opinion, which is what should come across in your memo.

Exercise 2: Understanding and Using Regional Rankings

The exercise will help you better understand how to evaluate and understand regional rankings. Many organizations now rank regions on various metrics of economic performance. The most typical of these is "job growth."

This assignment asks you to review the latest rankings on "job growth" and other dimensions of being the "best place for business and careers," as Forbes puts it.

Prepare a 1500-2000 word briefing (single space) memo based on the latest Forbes rankings available at: http://www.forbes.com/2006/05/03/06bestplaces_best-places-for-business_land.html

Your role is as a professional staff person in a major economic development organization in a region of your choosing. The heat is on your agency from the press, elected officials, and the business community, over your city's recent rank as a place for business. The rankings come from the latest ratings by *Forbes* magazine, which are part of the background material for this class. Your boss, who serves as the director for economic development activities, has asked you to prepare a briefing memo on the factors used to construct these ratings and to assess how relevant they are for your region. In particular, you have been asked to assess whether or not these ratings accurately reflect the climate for business in your community – has anything been left out, have key factors been overlooked? You have also been asked to reevaluate your region's performance vis-a-vis "peer" regions and to identify key assets and strengths which may have been neglected in the ratings. To complete this assignment, you will need to become familiar with your region, by looking at background information on its economy, business climate, economic development agencies and initiatives, and other pertinent information available from websites, reports and other sources you can locate.

Exercise 3: How to Do a Talent and Occupational Analysis

This exercise will help you understand the key role of talent in regional development and prosperity, how to identify talent indicators, and use them to better understand your region.

Today, as we have seen in this course, regions face a war for talent. People are more mobile than ever -- creating a "free-agent" economy. This has forced economic development organizations to retool their business development strategies. No longer are regions focused solely on companies and industries. Rather, regional leaders and economic development practitioners are implementing tactics to recruit and retain talented workers for their region.

Your role is that of paid consultant to a region of your choosing. The Board of Directors and Executive

Director of the region's main economic development organization have tasked you with the responsibility of identifying the region's talent assets and clusters and ultimately with using that analysis to develop new tactics and strategies to attract and retain talent for the area. To do this, you'll need to complete a full talent and occupational assessment and provide the information for the Board's upcoming meeting.

Prepare a 1500-2000 word briefing memo on your region's talent and occupational assets. The memo should focus on the following:

- Identify the region's key occupational clusters? What are region's strengths and weaknesses? How does these clusters compare to the national average? Which occupations should the region target in the future?
- What are region's current educational attainment levels, and how does it compare to similar markets?
- How many students are enrolled in area community colleges and universities? What are the specialties of these colleges and universities? How do they match up with the region's occupational strengths?
- What three recruitment and retention suggestions do you have for the Board? How should the organization approach the region's talent and retention challenge?

Exercise 4: Building Regional Advantage using the 3Ts

This exercise brings it all together. Building upon assignment three it asks you to prepare a full scale analysis of the region's economic development assets using the 3Ts of economic development and to identify regional strategies based on that analysis.

Prepare an 8-10 page (single spaced) policy memo assessing a region of your choosing on the 3T's of economic development: Technology, Talent, and Tolerance

Continue in your role as consultant for your region as in Assignment 3. Use the 3T's indicators in tRoCC as a point of departure for your research. Building on this, look at the overall social, demographic and economic components of your region. Look at websites for and information on that region.

- What are its technology assets and weaknesses?
- What are the overall dominant occupations and talent clusters, as per Assignment 3?
- How does it fare in terms of diversity and tolerance?
- What kinds of problems or externalities is it experiencing (housing affordability, income inequality, traffic congestion, sprawl etc)?
- How does it compare to similar benchmark cities and regions?
Where does the region have competitive advantage?
- Where is it missing opportunities?

Drawing from your own research and the readings, identify clear strategies for how this region can leverage its competitive advantages and strengths to achieve lasting growth and prosperity.