

Edward Fitzpatrick: Parsing Chafee's economic plan

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Now that Ronnie and Sammi have split up on “Jersey Shore,” I’m turning my attention to Governor Chafee’s book club.

The new governor has already introduced us to the writings of Diane Ravitch, an assistant education secretary under President George H.W. Bush who went from outspoken supporter to outspoken critic of charter schools and standardized testing.

Now Chafee is drawing our attention to “The Flight of the Creative Class,” a 2007 book by Richard Florida, a best-selling author and University of Toronto professor who emphasizes the “3 Ts of economic growth: Technology, Talent and Tolerance.”

In January, Chafee talked about Florida’s book when he chaired the state Economic Development Corporation board for the first time. And during the Feb. 6 edition of WJAR’s “10 News Conference,” Chafee cited the book in making the case for legalizing same-sex marriage and revoking former Gov. Donald L. Carcieri’s executive order on illegal immigration.

So I decided to put down Snooki’s novel, “A Shore Thing,” and pick up a copy of “The Flight of the Creative Class.”

Florida’s work wouldn’t be nearly as controversial, or interesting, if he focused on the first two Ts. Critics tend to tee off on what he says about the third T (Tolerance).

“My research finds a strong correlation between, on the one hand, places open to immigrants, artists, gays, bohemians and socioeconomic and racial integration, and on the other, places that experience high-quality economic growth,” Florida wrote. “Such places gain an economic advantage in both harnessing the creative capabilities of a broader range of their own people and in capturing a disproportionate share of the flow.”

I believe it was Snooki who first said: Correlation is not causation. In other words, just because there is a “strong correlation” between tolerance and economic growth doesn’t mean tolerance causes economic growth. Perhaps that is a point both Chafee and his critics gloss over.

In responding to one critique, Florida said, “I’m not exactly arguing that diversity affects growth directly.” Rather, “it does so indirectly, by affecting the ability of some places to

mobilize skills internally and attract them from external sources (i.e. other cities and countries).”

In talking about Silicon Valley, Florida said, “Not once do we imply that gays literally cause high-tech growth. Rather, we see a strong and vibrant gay community as a solid leading indicator of a place that is open to many different kinds of people.” He said, “Those places therefore open themselves up to innovation and entrepreneurship from a wide range of human sources.”

Florida’s ideas can be easy to lampoon. In a July 2007 show, Stephen Colbert talked about an earlier Florida book that measured changes in income and property values using a Bohemian-Gay Index.

“Now while that may sound like another name for the San Francisco phone book, folks, it is bad news,” Colbert said. “This study found that artistic, bohemian and gay populations increase housing values in the neighborhoods and communities they inhabit. According to this, I guess people these days want a house with a view of some goateed beatnik playing his bongos while he smokes a clove cigarette and chisels a sculpture of k.d. lang.”

But Florida, who describes himself as a politically independent single and straight Italian-American, is actually talking about a broad group of people within the “creative class,” including those who work in science and engineering, arts and entertainment, health care and finance.

Here in Rhode Island, skepticism has greeted Chafee’s linkage of economic development with same-sex marriage and revocation of the illegal-immigration order.

On “10 News Conference,” Jim Taricani noted that in his inaugural speech, Chafee said, “Mark my words, those two actions will do more for economic growth in our state than any economic development loan.”

Taricani asked, “Do you have a factual basis for saying that? Has that been the case in other states?”

“Sure,” Chafee said. “Look at Silicon Valley. Look at Cambridge.”

Taricani asked, “What did that have to do with gay marriage or illegal immigration?”

Chafee said, “These are areas where innovation prospers. And there is a book out by Richard Florida people are talking about, and he’s making that exact point.”

Taricani asked, “What?”

“That you can look at economic growth where there is tolerance,” Chafee said. “We are building on our strength here: People are welcomed to Rhode Island. That’s what happened in 1663 when our charter granted the greatest liberties anywhere in the world.”

Perhaps the sharpest critic of Florida’s work is Steven Malanga, a senior fellow at the Manhattan Institute who wrote a 2004 article titled “The Curse of the Creative Class.” Providence is among the cities that have been inspired by Florida’s theories, he wrote. “But there is just one problem: the basic economics behind his ideas don’t work.”

Malanga emphasized that “the Internet generation formed its eccentric capitalist culture during a speculative bubble,” and “now, with that money vanished and many companies defunct, a focus on such old-economy ideas as profits and tax rates has re-emerged.”

But, he said, “To a generation of liberal urban policymakers and politicians who favor big government, Florida’s ideas offer a way to talk economic-development talk while walking the familiar big-spending walk.”

Florida defended the economics behind his theories and charged that the “Manhattan Institute crowd is not actually interested in the numbers; it has a much bigger ideological ax to grind” — “promoting the traditional right-wing mantra that tax cuts, privatization and unfettered free markets will not only generate economic growth, but will also solve all that ails us.” He contended that “the broad consensus in the fields is that tax rates have at best a minor effect and that real growth stems from the improved productivity and higher rates of innovations produced by concentrations of skilled human capital.”

Also, Florida said, “My view is no paean for more government spending.” He said, “I roundly criticize public boondoggles like stadium-building efforts or large-scale downtown revitalization plans,” and he believes “real economic development is people-oriented, organic and community-based.”

Some critics say Florida’s theories suffer from a “chicken-and-egg” problem. “What typically comes first, these critics argue, are the jobs,” Florida wrote. “Once a region has those, the people — as well as the amenities, lifestyle and tolerance — will gravitate naturally.”

But Florida said research has shown many people choose location first. For example, he said a 2002 survey of 4,000 recent college graduates found that three-quarters identified location as more important than job availability when selecting a place to live.

I’m not sure a survey gauging the preferences of recent graduates resolves the chicken-and-egg question.

I believe in tolerance and diversity, but my rationale has more to do with fairness and equality than jobs and economics.

I believe tolerance could produce more economic benefit than the \$75-million loan guarantee Carcieri's administration provided for Curt Schilling's video game development company. But that might say more about the loan guarantee's risk.

I believe in legalizing same-sex marriage. But even after reading Florida's book, I don't believe Rhode Island can bank on such measures to turn around our moribund economy. Perhaps they'll help, but I'm counting on Chafee to also pursue the other Ts (talent and technology) — plus high-quality schools, competitive tax rates and safe streets.

Such a multifaceted approach doesn't lend itself to acronyms, but it's bound to get us further than the "Jersey Shore" formula for success: GTL (Gym, Tan, Laundry).

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