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Florida in Detroit: Market Turmoil A Sign Of Fundamental Economic Change

By Matt Roush

Urban researcher and theorist Richard Florida says today's market and economic turmoil signal the beginning of an entirely new economic model.

Florida spoke in Detroit Tuesday for the Creative Cities Summit 2.0 at the Renaissance Center in Detroit.

Florida said the market and economic turmoil today is a "fundamental business shift, two or three or four 80-year waves packed into one. This is a massive realignment of how our society is organized."

Saying today's market chaos is reminiscent of the chaos of the 1870s that gave rise to Karl Marx, Florida said that "the economics of financial capital at its end. The era of making billions by trading alone is over. When credit's hard to get, when people can't move billions around easily, there's only one source of capital left, the kind that comes in human beings, in real people, in our communities."

The core of this transformation, Florida said, is that "for the first time in human history, no longer does the ability to capture natural resources or raw materials, and combine them with physical labor and giant masses of capital, those things are no longer the cornerstone of economic growth. All those things can now be moved around. In the advanced world, the only source of economic growth is human creativity."

And Florida said he believes bankers and government officials simply haven't grasped the changes yet. "With all due respect to (U.S. Treasury) Secretary Paulson and the G7, their models are bankrupt. The new models are not in the White House or the parliaments of Europe, they are strategies being conducted on the ground in real communities."

Florida's research contends that areas with high levels of the "creative class" – scientists, technologists, entertainers, designers and the professions, including lesbians and gay men -- have better levels of economic growth.

He said there are three major critiques of his hypotheses -- that they're elitist, that he has a "gay agenda," or that he is flat-out intending to undermine Judeo-Christian society. None are true -- in fact, Florida started out as a student of factory efficiency and said he knows very little of arts and culture. He said he's simply stating the facts he's found about economic development.

Instead, Florida says that "every single human being is creative, that's the core of the argument ... The real key is how you upskill, how you improve, the 45 percent of our jobs that are in the service sector, extending the boundaries of the creative economy ... The regions that figure this out will be the regions that win."

Florida said that in his factory studies, the Japanese told him decades ago that they would overtake the Big Three, because they Big Three were making a fundamental mistake about how to run a better car company. The Americans, Florida said, believed a superstar CEO paid millions and surrounded by a few top MBAs and engineers would build a better car. The Japanese, however, said the key to success wasn't in the boardroom -- it was in liberating the collective brainpower of the people on the factory floor.

Florida said the creativity so crucial to economic success is no respecter of social categories, men and women, straight or gay, and Americans or immigrants. That's why you have to be open to immigration and gays to succeed.

The Creative Cities Summit concludes today.

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