



Department of Economics and Finance

Chair of History of Economic Thought

**THE CREATIVE CLASS: A NEW ACTOR  
IN THE ECONOMIC DEVELOPMENT OF  
CITIES AND REGIONS**

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*Dedicated to my parents and my grandparents,  
For their endless love, support and encouragement.*



# **Chapter 1**

## **Introduction**

The history of economic thought has seen a huge development across centuries and countries. Many thinkers have expressed their theories and opinions regarding the fundamental factors that are supposed to influence our society and economy. One of the key questions concerned the economic growth of countries and how their development could be fostered.

The aim of this thesis is to analyze how today's economy and society are strongly influenced by a well-defined group of workers and people, who are classified by the American economist Richard Florida as those individuals belonging to the "Creative Class". This analysis will be performed by considering the already existing literature - of both theoretical and empirical nature - that will help to explore the fields of economic growth, creativity and social class.

Florida's main thesis states that a new social and economic class is supposed to have a strong and positive impact on regions and cities' economic growth and development. In other words, in each region or city, a positive correlation exists between its population's share of Creative Class and its economic development.

Moreover, the rise of the Creative Class will also influence everyday life, work and leisure.

The economic relevance of this new particular cluster of individuals will occur thanks to a rise in the value of creativity, which is seen as the main mean of production of the Creative Class. In fact, Florida asserts that nowadays the role of creativity and of those people who are engaged in knowledge-based, artistic and "non-traditional" jobs is becoming fundamental in the creation of sustainable competitive advantages. The world is becoming extremely globalized and competitive, and new economic and social sources will emerge in order to deal with this dynamic and unstable environment.

The influence of such a revolutionary actor in the economic setting of regions and cities is potentially enormous, and could lead to a radical shift in the economic, social and cultural setting of the entire world.

In order to understand how all this is possible and how Florida's thesis has emerged, the concepts of both class and creativity will be analyzed. It will be seen how these two concepts eventually blended together and gave birth to the revolutionary idea and thesis of the Creative Class.

In Chapter 2, the concept of creativity as an asset for human beings and as a mean of production for workers will be presented. Schumpeter's line of thought will be mentioned in order to understand when the idea of creativity was first associated to an economic process. Finally, the concept of creative economy and industry, which has emerged in the last few decades, will be pointed out. A final reference to how Florida perceives the concept of creativity will be done.

Then, in Chapter 3, the concept of class and its evolution over time will be briefly discussed. In particular, it will be presented according to the viewpoints of Marx, Weber and Florida.

In chapter 4, Florida's thesis of the Creative Class will be explained and discussed. The internal composition and division of the class, its characteristics, values and data will be described.

In Chapter 5, Creative Cities and their role of attracting the Creative Class to live in creative centers will be analyzed. In particular, the 3 T's model (Talent, Technology, Tolerance), which Florida believes to be a schema that cities have to follow in order to increase their attractiveness, will be presented.

In Chapter 6, an analysis of the Danish Creative Class will be performed and some empirical evidence to Florida's thesis will be provided. Thanks to some regression analyses, which were performed by Lorenzen M. and Vaarst Andersen K., it can be proved that the Creative Class fosters economic growth and also that the 3 T's model appears to be a reliable one.

Finally, Chapter 7 will contain some conclusive remarks and considerations of what was previously described and observed.

## Chapter 2

### The concept of Creativity and Creative economies

The idea of creativity is very wide and full of meanings. Margaret Boden defines it as “the ability to come up with ideas and artifacts that are new, surprising and valuable. ‘Ideas’, here, includes concepts, poems, musical compositions, scientific theories, cooking recipes, choreography, jokes ... and so on, and on. ‘Artifacts’ include paintings, sculpture, steam-engines, vacuum cleaners, pottery, origami, penny-whistles ... and you can name many more.”<sup>1</sup>.

There exist many other definitions but, in general, it could be claimed that creativity involves the creation of new ideas, ways of thinking, opportunities and their exploitation in such a way to obtain something that is not ordinary, but unique, rare, or simply different from what already exists.

In past societies, being creative has always been regarded as a quality associated with artists, musicians, scientists and other arts-based activities. What is important to highlight is that creativity has never been considered a valuable asset for the economic progress of states, but just an “extra” quality belonging to some “bizarre” people. Work was rather associated with physical labor, and the economic growth could have been achieved through accessibility to the factors of production (i.e. land, labor and capital) and their optimum combination.

With the advent of the Industrial Revolution, societies were strongly focused on machines’ productivity rather than human beings’ potential, on wheels and gears rather than brains. Adam Smith argued that specialization and division of labor were the key elements for increasing productivity, although he recognized that standardization of tasks was detrimental for workers’ well being and satisfaction. Therefore, during the industrial era work and creativity were two concepts that seemed doomed to never meet each other.

In the 1960’s, human capital (i.e. education of individuals) has started to be considered as a relevant determinant of human labor and economic differences across countries,

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<sup>1</sup> Boden, Margaret A. *Creativity in a nutshell*. Think 5.15 (2007): 83-96

and has therefore begun to be regarded as one of the main determinants of economic growth.

Nevertheless, people's creativity has never been seen as an element able to improve or redefine the economic status of cities and regional areas.

In other words, the ability to integrate creativity in everyday work and activities is what has never been developed in the past, where the priority was only to accumulate gold, capital or resources.

The first important thinker who understood the importance of creativity in the economy was Joseph Alois Schumpeter, an Austrian-American economist who lived during the first half of the 20th century. He pointed out the idea of "creative destruction" as a process able to foster countries' economic development. Thanks to the role of the entrepreneurs - who undertake high risks and seek profits from the process of creating new business frontiers - countries could experience a continuous cycle of creation and destruction, which would eventually lead to innovation and growth. However, the concept of creativity was associated to a process rather than a specific asset belonging to people. Schumpeter understood how important is to create new forms, technologies and ideas, but he considered the entrepreneur as a hero and creativity was not accessible to every economic actor. In fact, only entrepreneurs introduced new products and services in order to enjoy temporary monopoly profits, which, as they vanished, gave incentives to innovate more and more, through a continuous process of destruction and creation.

Schumpeter's theories made other economists and thinkers aware of the high potential that creativity contains.

In 1990, by referring to Schumpeterian thought, Joel Mokyr writes: "economists and historians alike realize that there is a deep difference between *homo economicus* and *homo creativus*. One makes the most of what nature permits him to have. The other rebel against nature's dictates. Technological creativity, like all creativity, is an act of rebellion".<sup>2</sup>

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<sup>2</sup> Mokyr, Joel. *The lever of riches: Technological creativity and economic progress*. Oxford University Press, 1990.



The *homo creativus* makes of creativity his strength. He is radically different from the *homo economicus*, who mainly seeks productivity or efficiency. Creative people are able to disrupt existing patterns of thought and behavior and give birth to new ones.

In the last three decades, creativity has obtained more attention in the business world. The so-called “creative economy” is eventually becoming a widespread and known concept. The term became popular in 2001 thanks to the British media manager John Howkins, who applied it to fifteen industries, ranging from arts to technology<sup>3</sup>. Through a gradual process, in the 21st century, the field of creative industries has gained particular attention and a big cultural shift is happening thanks to the emergence of this new economic horizon. Conventional models are being transformed into multidisciplinary ones. Like in an orchestra, where different instruments are playing together to create new symphonies, the union between economy and creativity puts together economics, culture, technology and art, thus originating a completely new and unexplored potential for economic development.

The creative economy, and therefore creativity, is a powerful solution to deal with complex interactions of a globalized world that is rapidly changing. It could become a tool that is able to incentivize and foster economic growth as well as job creation, human capital development and the establishment of new economic paths.

Creativity, of course, is not supposed to be the only and just triggering factor of economic development. Rather, it will positively interact and blend with the many other economic, cultural and institutional factors that characterize our society.

According to Richard Florida, creativity - in all its dimensions - plays a central role in the economy and represents a decisive factor for a sustainable competitive advantage. He defines it as the “ability to create meaningful new forms” and asserts that “in today’s economy creativity is pervasive and ongoing: we constantly revise and enhance every

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<sup>3</sup> Marinova, E., and A. Borza. *The creative economy, the creative industries and new perspectives for creative cities*. Managerial Challenges of the Contemporary Society. Proceedings 7.2 (2014): 22.

product, process and activity imaginable, and fit them together in new ways. Moreover, technological and economic creativity are nurtured by and interact with artistic and cultural creativity.”<sup>4</sup>

Therefore, creativity is not just about radical inventions, but manifests itself in almost any aspect of the economic and social life of individuals.

Thanks to its multidimensional and several real life applications, Florida considers creativity an extremely valuable asset of the economy. “Thus, creativity has come to be the most highly prized commodity in our economy-and yet it is not a commodity. Creativity comes from people.”<sup>5</sup>

Therefore, the American economist puts people – and not machines or other economic actors - at the center of the socio-economic explanations of world’s development. He analyzes how people and creativity are linked together, and it will be seen in chapter 4 that this relationship will converge towards the concept of Creative Class.

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<sup>4</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002): 5-6

<sup>5</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002): 5-6

## Chapter 3

### The concept of class

The concept of class, intended as “social class”, has varied over centuries.

Nowadays, the widely accepted idea of social class involves a simple hierarchical stratification that distinguishes three main strata: working class, middle class and upper class. Formally, a social class is defined as “a division of a society based on social and economic status”.<sup>1</sup>

However, different measurements and characteristics that determine a social class have been established or stated depending on each historical period and most influential thinkers’ ideas. The major and most influential perspectives can be found into Karl Marx and Max Weber’s ideas. The comparison between them can provide a clear understanding of how the class concept has changed over time and how Florida’s perception of class differs from the past.

Probably the most traditional and widespread notion of class has to be attributed to Marx. He stated that a class owns one of the components needed to the production process. In particular, three factors of production are considered in the economy: capital, land and labor. Capital is associated with the figure of the capitalist, labor with workers and land with landowners. Therefore, every class has its own asset and relates to it through a common approach.

Moreover, social classes develop a “class consciousness” about their belonging to a particular cluster of the society. People are aware of the fact that they belong to a specific class and share values and interests with its members. Therefore, each class has both a collective dimension, which makes all members sharing a common set of values, and an individual dimension, which enhances the awareness of one’s own class interest.

Weber’s concept of class differs from Marxist’s one. In fact, he developed a three-component theory of stratification. According to this theory, grouping of people into

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<sup>1</sup> Definition of “*social class*” in English. Retrieved from <http://www.oxforddictionaries.com/definition/english/social-class?q=social+class>

different classes or social strata are the result of the interplay among wealth, prestige and power. Each of these elements influences the others, creating a sort of triangular and reciprocal relationship among them.

Wealth is a measure of richness and it is usually based on physical properties owned by individuals. Prestige can derive from both wealth and personal abilities, but also from assets such as culture or intelligence.

Power, instead, represents the ability of people to proceed along their pathways and overcome any kind of opposition. It can be thought as the strength of people's personality.

Weber asserted that the class position is also determined by the skills and education that an individual owns and not by their relationship to the means of production.

This view is clearly distant from the Marxist one. In fact, Weber allows many other factors to determine the membership of people to a specific class. Among them, also personal and more inner factors of individuals can play a determinant role.

Florida defines a "class" as a "cluster of people who have common interest and tend to think, feel and behave similarly, but these similarities are fundamentally determined by their economic function-by the kind of work they do for a living. All the other distinctions follow from that."<sup>2</sup>

A crucial point to take into account is that people "belonging" to a class do not consciously think at themselves as a class. On the contrary, they just share a common ethos that sees creativity and self-expression as indissoluble values characterizing them. More specifically, Florida refers to the Creative Class, which simply includes all the workers able to add economic value thanks to their capabilities of creating "meaningful new forms". These individuals do not have any class consciousness. They are simply linked together by their only and peculiar mean of production: creativity.

In contrast with a Marxist's sense of the term "class", the Creative Class does not own or control any significant property in the physical sense. Creative workers' property

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<sup>2</sup> Florida, Richard. *The Rise of the Creative Class—and how it's transforming work, leisure, community and every day life*. New York (2002): 8-9

stems from their creative capacity and it is intangible because it is literally in their heads.

Therefore, the Creative Class has no specific physical assets. On the contrary, through its creative impulses it is able to produce goods and services that have unique and artistic value.

A more accurate analysis of the Creative Class will be performed in the next chapter.

## Chapter 4

### Florida's Thesis and the Creative Class

#### 4.1. Florida's Thesis: the merge of "creativity" and "class" concepts

The concepts of "class" and "creativity" might appear totally unrelated and they might seem not to have any convergence point. However, Richard Florida firmly believes there actually is one.

Richard Florida was born in 1957 in Newark, New Jersey. He is an American urban studies theorist focused on social and economic aspects of today's society.

On his book "The Rise of the Creative Class"<sup>1</sup> he recognized that this century is facing a higher valuation and cultivation of creativity in both the job and other life-related fields. The "Creative Impulse", which is what distinguishes human beings from other species, is pervading everyday life and is now becoming a watershed in determining those who can successfully emerge in the competitive setting of the Modern Society.

In fact, according to Florida, a new economic class is becoming the undisputed leader of the 21st century economic scenario: the so-called "Creative Class". This particular cluster of people will foster regional economic growth and will at the same time strongly affect work, leisure and everyday life.

Society is assisting to the emergence of a new "economic hero", a new individual who can think and act on his or her own, destroying all kinds of preset and standardized patterns and creating a new employee identity: the creative worker, who can create meaningful new forms and not just perform those routinized tasks that usually characterize the employment reality of the modern and industrial society.

Florida is essentially expanding the human capital theory towards an even narrower segment of population. The author's thesis, in fact, brings the human capital theory to a more specific hypothesis since it recognizes a specific kind of human capital, namely creative capital, which is represented by creative people.

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<sup>1</sup> Florida, Richard. *The Rise of the Creative Class—and how it's transforming work, leisure, community and every day life*. New York (2002)

The Creative Class introduces a new and revolutionary factor of production in the economic panorama: creativity. It is creativity - the most inner and personal expression of individuals - that will open the doors to new economic opportunities, technological innovations, new arts, music and designs.

It follows that the new engines of growth are people. More specifically, they are workers and their unique skills and characteristics, their minds and flows of thoughts. The ability to create and to innovate, which is present inside individuals, is becoming the new key factor of production. There is no more standardization of economic inputs but a *Pollockian* improvisation. The Creative Class is like jazz music or art: it does not execute, but creates and shapes new worlds.

Although it is not aware to belong to a well-defined group of people, the Creative Class usually share a common set of values: individuality, meritocracy and openness.

The creative workers are a totally self-thinking category of individuals. They do not seek in companies or organizations their source of creativity. Rather, they rely on their own minds and capabilities and offer their outcomes to the society. This aspect characterizing the Creative Class is the “individuality” value.

The second fundamental value is “meritocracy”: they are hard workers, who want their success to derive from their abilities and efforts. Moreover, they do not define themselves by their financial position: money has secondary value in their ladder of priorities.

The third value is “openness”, which is the reason why they look for cities that have a multicultural setting that is based on tolerance and acceptance of the “other” and of what is “diverse”.

#### **4.2. The Creative Class: composition and the US environment**

Formally speaking, Florida splits the Creative Class into two subgroups: the Super Creative Core and the Creative Professionals.

To the former “group” belong those who fully engage in the creative process. They produce widely usable new forms or designs that can be advantageous to both them and society.

On the one hand, they can be scientists, engineers, university professors or opinion leaders. They might invent new technological engines or medical remedies that create benefits for all the world’s citizens or find new explanations to important theories or problems of any kind.

On the other hand, there are the so-called “Bohemians”, characterized by a more artistic and purely creative nature. They are represented by writers, artists, designers, musicians and similar professional figures. They can compose music or paint art works that will be endlessly available to human beings and will contribute to enrich the artistic heritage of our society. All these creative workers belong to the Super Creative Core.

The latter group, i.e. the Creative Professionals, is composed by people who work in environments that require a high level of knowledge and formal education such as high tech, financial, managerial and legal sectors, as well as the health care and medical contexts. These people perform their jobs by engaging in creative problem solving. They are able to think on their own and they show a clear and articulated personality and capability to “think out of the box”, thanks to their high level of human capital acquired through education.

However, beyond the distinction into two components, the Creative Class appears as a unique cluster of people with a precise *forma mentis* and common objectives. They are born to innovate, create and be different. They feed their brains with novelty and strangeness by constantly seeking the creation of new designs and adopting different states of mind and singular ways of behaving. It could be claimed that each component belonging to the Creative Class is associable to a little Schumpeterian entrepreneur, who continuously tries to spur and introduce innovation into the economy.



In his book <sup>2</sup> Florida carries out an analysis on the Creative Class and its composition by focusing especially on the US environment, where he found that nowadays the Creative Class counts approximately forty million of workers, i.e. thirty percent of US total workforce. The Super Creative Core alone, instead, counts fifteen million workers, i.e. roughly eleven per cent of total population. The continuous “rise” of this class becomes evident if we look at the past: about a century ago, in 1900, the Creative Class today identified by Florida counted only 3 million workers and represented ten percent of the US workforce of that time.<sup>3</sup>

The rise of Creative Class’ size is concerning not only the increase in the number of essentially and core creative occupations but also the growth in creative content across other occupations. An example of this is given by the role of secretaries, who today are becoming more skilled and efficient. They are turning into little office managers, and they are gradually joining the Creative Professional component of the Creative Class.

This creative approach to work and to everyday life is becoming more valued and it is developing together with the Creative Class. However, not all workers are following the right way in order to join this big shift. In fact, many service jobs continue to be “de-skilled”. For instance, counter workers of fast food chains are suffering a process of total standardization of their job, which is mechanical and totally lacking of any creative task. Thus, the nature of jobs is diverging toward different directions and creativity represents a very important watershed factor.

The central role of creativity as an intangible power leading to economic development seems to revert the Smithian idea for which economic growth derived from specialization. According to the Scottish philosopher, in fact, productive workers were only those producing material goods, while the unproductive ones were artists, thinkers, scientists and all those people not producing anything “material”, i.e. something really close to Florida’s Creative Class.

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<sup>2</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002)

<sup>3</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002): 74-75 (See also Appendix 1)

On the other hand, Jane Jacobs - more aligned with Florida's thought - observes that specialization may lead to significant improvements but cannot lead, as creativity does, to the creation of new things and industries or to radical shifts in the ways of living.

## **Chapter 5**

### **Creative Cities and the 3 T's model**

#### **5.1. Creative Cities: poles of attraction for the Creative Class**

Florida asserts that a social collectivity called “creative city” represents the required and fundamental environment in order to spur the proliferation of creativity.

According to him, economic development is concentrated in regional areas where creative minds meet together and are inspired by the stimulating mentality of people and places surrounding them. In particular, the Creative Class prefers to locate into large cities and regions that offer dynamic and stimulating opportunities, amenities and cultural stimuli.

In US, for instance, Florida points out Washington D.C., Boston and New York area as the most attractive cities of the East Coast, while the highly technological San Francisco area, Seattle and Austin represent the most dynamic and stimulating West Coast realities. Creative workers tend to cluster into these kinds of creative cities, which therefore should compete each other in order to attract the Creative Class and consequently cause their economic growth rates to increase. In others words, cities must provide incentives to the talented workers to move into their boundaries and make them prosper.

“Just as businesses respond to lucrative financial incentives when choosing where to locate, talented individuals also respond to incentives. (...) Florida argues that as an entire group, the creative class is so similar in their tastes and ways of life that respond to the same set of incentives when deciding where to live. To Florida, these incentives are things that provide lifestyle options: the availability of cultural diversity, a tolerant attitude, outdoor recreation, etc.”<sup>1</sup>

The ability to attract the Creative Class, however, is not enough for a city to grow. What is even more important is to transform the advantage of having more creative workers

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<sup>1</sup> Fairlie, Zach. *Economic Development Strategy: The Creative Capital Theory* : 2-3

into economic outcomes, real ideas and concrete projects. Florida captures this ability through the so-called “Creativity Index”, which is also used to rank cities in terms of innovative high-tech centers.

Therefore, the Creativity Index reveals the real capabilities of cities to benefit of the Creative Class that live within their boundaries. It does so by relating at the same time the concentration of the Creative Class - measured as the share of it with respect to population - and the number of economic outcomes that are produced in a given area.

In the US, the city with the highest Creativity Index is San Francisco, which represents a very attracting pole for the creative workers.

## **5.2. The 3 T’s model: Technology, Tolerance and Talent**

In his analysis, the American economist outlines some qualities that are necessary for a creative city that wants to attract Creative Class’ individuals.

They are three: Technology, Tolerance and Talent. Their combination represents the so-called 3 T’s model.

The first “ T ”, as just stated, is Technology. It is a measure of how vibrant the R&D and technological sectors are and how much innovation is spurred into a given city.

The American author asserts that a satisfying concentration of high-tech companies, for instance, helps to attract the creative force, which in turn generates new technologies, thus making the region even more high-tech oriented. Through this process, creative cities become real poles of attraction for the creative workers, who can there meet talented people like them.

The second T is Tolerance. It is a measure of a city or region’s level of cultural openness.

The Creative Class has well-defined diversity and openness values, according to which cities should promote a culture of equality by accepting and boosting a multiethnic and multicultural urban atmosphere. Everybody should be equally accepted on streets and job places or during leisure activities. In other words, individuals must be treated in the same way independently from their culture, origins or sexual orientation.

Being open to all people means embracing all potential outcomes that creative workers can generate. If a city has a low level of tolerance, this will make some people not willing to move to that city. As a consequence, that city is losing the possibility to gain what Florida calls the “creativity advantage”. With Florida’s words: “Economists also speak of the importance of industries having low entry barriers, so that new firms can easily enter and keep the industry vital. Similarly, I think it’s important for a place to have low entry barriers for people - that is, to be a place where newcomers are accepted quickly into all sorts of social and economic arrangements. Such places, gain a creativity advantage. All else being equal, they are likely to attract greater numbers of talented and creative people - the sort of people who power innovation and growth “. <sup>2</sup>

A city’s level of tolerance is measured, among many other indicators, through the “Gay Index”. This specific index measures the number of homosexual people of a city. A high Gay Index has to be considered as a symptom of openness and inclusiveness that perfectly complies with the unconventional minds and values of the Creative Class.

The third T is Talent. It is a measure of how many talented, skilled and creative workers are present in a region or city. It is usually expressed through the Talent Index, which represents the percentage of the population owning a bachelor’s degree or above.

Another measure of Talent is given by the Bohemian Index - which is a measure of concentration of artists, writers, performers and similar professional figures. Bohemians are now seen as the hearth of economic development, while in the past they were viewed as bizarre and poor people living at the margins of society.

“ The contemporary bohemian city thus reverses the historical understanding of the bohemians as an anti-bourgeois counter-culture with unbourgeois life-styles, made up of artists and intellectuals, defined by their antagonistic relationship to bourgeois society. Rather than a sign of social marginality, bohemian life-styles have now become a marker of the ‘new economy’. “ <sup>3</sup>

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<sup>2</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002): 244-5

<sup>3</sup> Roberts, David. *From the cultural contradictions of capitalism to the creative economy Reflections on the new spirit of art and capitalism*. Thesis Eleven 110.1 (2012): 83-84

High levels of Bohemian Index are interpreted by the creative people as a sign that reads “Non standard people are welcome here”. Therefore, cities should rapidly start to embrace the *Bohemian* culture, thus increasing their tolerance levels.

The 3 T’s model allows understanding not only why some cities are successful and gain a creativity advantage, but also why others fail to grow despite their dynamic technological scenario and environment full of talents and prestigious universities. It is the case of Baltimore and Pittsburg: their ambience is not open enough towards diversity to attract the Creative Class. In other words, the Tolerance factor is missing. This fact underlines how strong is the interdependency among all the three T’s. Each of them is a necessary but itself insufficient condition: in order to be a place suitable for creative workers, a city must simultaneously own all the three T’s.

From what has been seen until now, it clearly emerges that creative cities are the fulcrum of inspiration and aggregation for the Creative Class, that will not anymore go where the jobs are, but will look for a place where its creativity can be expressed without any cultural, social or technological restriction. In others words, creative people will go where they can express and be themselves with a total, pure and stimulating freedom. This is a revolutionary new vision of the worker’s figure: the focus on the collectivist ethos of the “organizational man”<sup>4</sup> of the industrial economy is totally abandoned and leaves space to an individualized creativity ethos as the driving force of economic growth.

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<sup>4</sup> Whyte, William H. *The organization man*. University of Pennsylvania Press, 2013.

## Chapter 6

### Case Study: Florida's Thesis adapted to the Danish Creative Class

In order to verify whether Florida's Creative Class hypothesis is satisfied in the real world, it becomes fundamental to examine an empirical case and therefore check what the presence of the Creative Class can really signify in a particular city or regional area.

Florida applies its ideas mainly to American cities, which have some peculiar and distinctive features that might not be found in European ones. In fact, North America's cities are big, developed over large geographical spaces, and characterized by a really high population and liberal market economies. Therefore, it does not automatically follow that Florida's thesis will hold also for cities with a lower population and welfare-based economies.

An example that would help us to consider a totally different reality could be Denmark, a really small European country that totally diverges from the "American model". Denmark has really few cities that count a considerable number of inhabitants. Copenhagen, the capital, is the only one that has a population higher than 1 million, followed by Aarhus - which has "only" 300,000 inhabitants. These two major and biggest cities turn out to be the hubs where the Creative Class is mostly agglomerated, as absolute figures and shares of labor market testify <sup>1</sup>. On the contrary to what it would be naturally expected, however, the third largest Danish city, Odense - with 170,000 citizens - does not present the third largest share of the Creative Class. As a matter of fact, a cluster of smaller cities, such as Roskilde and Randers, which have respectively 50,000 and 60,000 inhabitants, counts a larger share of Creative Class. It can therefore be seen that a sort of "size effect" plays - as a general rule - a primary role in attracting the Creative Class. Denmark's two main cities are aligned with the trend highlighted by

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<sup>1</sup> Andersen, Kristina Vaarst, and Mark Lorenzen. *The geography of the Danish creative class: A Mapping and Analysis*. imagine-Creative Industries Research, CBS, 2005: 28, Table 4.3. (See also Appendix 2)

Florida: the Creative Class tends to opt for opportunities offered in larger cities - which, in this case, are to be identified as Copenhagen and Aarhus. However, it will be seen later in this chapter that some other factors may alter this general trend and shift some share of the Creative Class to smaller hubs, such as Roskilde and Randers.

The Creative Class represents forty per cent of the Danish labor force, fifteen per cent of which belongs to the Creative Core<sup>2</sup>. It is interesting to note that these shares are even higher than the ones that were seen in the US.

In their article<sup>3</sup> on Danish Creative Class, Lorenzen and Andersen tried to adapt the Creative Class argument to the Danish scenario. They performed a regression analysis<sup>4</sup> and correlated the share of the Creative Class of Danish population in 1996 with other statistical indicators, which were instead considered over an eight-years period (1996-2004). “Prosperity”, which is a measure of the share of inhabitants with incomes above the Danish mean, is the most significant indicator used in this regression and it can be considered as a fairly accurate approximation of regional growth and development.

It has been found that the presence of the Creative Class was significantly, strongly, and positively correlated with “prosperity” growth. This implies that, indeed, data seems to give credit to Florida: the Creative Class fosters regional development, and this holds even for a “non-American” city.

Another empirical test<sup>5</sup> was performed by using population growth and employment as proxies for economic growth. It has emerged that a higher concentration of the Creative Class is likely to be associated with higher population and employment growth rates.

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<sup>2</sup> Andersen, Kristina Vaarst, and Mark Lorenzen. *The geography of the Danish creative class: A Mapping and Analysis*. imagine-Creative Industries Research, CBS, 2005: 24-25

<sup>3</sup> Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. Creative Industries Journal 4.2 (2012)

<sup>4</sup> Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. Creative Industries Journal 4.2 (2012) : 128, Table 2. (See also Appendix 3)

<sup>5</sup> Andersen, Kristina Vaarst, and Mark Lorenzen. *The geography of the Danish creative class: A Mapping and Analysis*. imagine-Creative Industries Research, CBS, 2005: 64



However, it must be taken into consideration that also reverse causality might occur, since this bivariate correlation showed only covariance. Therefore, this finding can represent another possible evidence of the fact that the Creative Class fosters economic growth, although also the contrary might be true (i.e. that the Creative Class goes where the wealth is, and does not always create it).

Moreover, Lorenzen and Andersen's article provide some evidence on Florida's 3 T's Model.

Florida asserts that the high tech business experiences high growth in regions where Creative Class is massively present.

The regression<sup>6</sup> highlights a moderate and positive correlation between population's share of Creative Class and "technological intensity" growth, which measures the shares of employees working in high tech industries. This means that an initial high share of creative workers has boosted the rate of technological development of cities. This, in turn, had a ripple effect that increased the attractiveness of cities, which resulted to be desirable targets for workers belonging to the Creative Class. This finding is aligned with Florida's thought: Technology is one of the cities' main qualities attracting the Creative Class, which in turn has a positive effect on the growth of technological businesses and, as a consequence, of cities' development.

As it has been seen in previous chapters, another main hypothesis of Florida is that Tolerance also represents a major requirement for a creative city's attractiveness. Another regression<sup>7</sup> correlates indicators of services and tolerance in 1996 with the growth of the Creative Class between 1996 and 2004. A very moderate but positive correlation was found between the "presence of foreign nationals", i.e. the share of inhabitants born outside Denmark, and the subsequent growth in Creative Class, therefore indicating that a more multicultural setting is relevant for the creative workers.

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<sup>6</sup> Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. Creative Industries Journal 4.2 (2012) : 128, Table 2. (See also Appendix 3)

<sup>7</sup> Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. Creative Industries Journal 4.2 (2012) : 129, Table 3. (See also Appendix 4)

These results seem to support - although only partially - the key role that Florida attributes to Tolerance in order to attract creative professionals to regional hubs.

Cultural opportunities (i.e. number of employees in restaurant, bars and other entertainment and cultural activities) instead, had almost no correlation with the growth rate of Creative Class. The absence of correlation, however, has to be considered by taking into account the presence of some counterbalancing factors such as the high housing prices in Denmark. Younger creatives are unwilling to spend prohibitive sums of money on rent and prefer to stay in the countryside, therefore reducing the time they spend in the city.

In other words, the high living costs of big cities, such as Copenhagen, can play a negative effect in retaining the Creative Class, that might opt to move towards smaller and less expensive cities, such as Roskilde and Randers. Other factors, such as congestion, overpopulation and pollution, represent some compelling forces that might cause the cities' "size effect" to be less effective.

Moreover, thanks to some qualitative interviews, Lorenzen and Andersen found out that some cultural factors that cannot be statistically measured actually have a tremendous importance for creative workers. For instance, a vital ambience is a key characteristic for a city, but also cityscapes, architectures and sea-proximity are cultural factors that interviewed people mentioned as crucial in their choice of a city. Also a sense of inclusion and community has been recognized to be a very desirable dimension a city should embrace. Thus, also subjective and psychological cultural factors must be considered in order to find the right correlation between cultural stimuli and the capacity of a city to attract the Creative Class, and statistics should abandon its role in this field. Therefore, it can be seen how in certain circumstances the size of a city is not a *conditio sine qua non* in order to attract the Creative Class, but it only represents a solid base from where to start.

In the light of these observations, it can be said that Denmark offers to us a very heterogenic example of places where different creative realities coexist. In fact, on the one hand, big hubs like Copenhagen and Aarhus "compete" globally with other cities in order to have the best creative professionals and individuals. Copenhagen for instance, has to face with the most influential metropolis such as London or Paris, and it turns out

to be a tenacious and fierce opponent, despite its lower ethnical diversity. The Danish capital, in fact, has other important qualities like an efficient transport infrastructure and innovative design and architecture.

On the other hand, instead, we can observe that medium-sized cities such as Roskilde and Randers can also be considered attractive poles for the Creative Class for many reasons. Workers might prefer to live in proximity to major cities and favor of the efficient transportation systems in order to move easily from one place to another. Symbiotic relations to cities like Copenhagen and Aarhus can represent a key determinant for minor cities in order to become creative centers. The same case can be seen, for instance, in the city of Newark, near to New York, or Luton, close to London.

To sum up, it can be asserted that the presence of the Creative Class has a positive effect on Danish regional growth and development. Denmark presents different models of creative cities, both big and small ones, which are able to attract different creative workers. Furthermore, technology, talent and tolerance seem to be important determinant in the choice of the place of living for the Creative Class, as predicted by Florida.

As a whole, it could be claimed that Denmark contributes to provide evidence for Florida's thesis. Moreover, the Danish scenario seems to suggest that also smaller cities could become poles of attraction for the Creative Class, and they therefore benefit from its presence and experience higher rates of growth and prosperity.

## **Chapter 7**

### **Conclusions**

Along the thesis and chapters, it has been analyzed how creativity was seen during the past and how its concept has gained relevance over time, eventually being considered by the economist Richard Florida as the key mean of production of a new social class: the Creative Class.

In the classical and previous history of economic thought, wealth was created through physical assets: human physical labor, land and capital, combined with the exploitation of natural resources and raw materials. Great cities were mostly industrial ones and were focused merely on productivity and tangible assets. However, globalization brought to the rise of a new creative economy over the last three decades: creativity was applied in science, technology, business and many other fields. Innovation of any kind boomed and caused even higher shares of the population to be engaged in creative production. Florida has clearly understood these dynamic changes, and he therefore concluded that economic development depends on people. More specifically, regional economic growth is fostered by the Creative Class and its capability to use creativity as a tool that create meaningful new forms. Creative workers cause cities to experience a creativity advantage and to grow fast.

From what has been seen and observed so far, Florida seems to be right also empirically. As found by analyzing the case of Denmark, the rise of the Creative Class is positively correlated with regional economic growth.

Also, it has been found why some cities and towns are able to attract and retain highly educated and creative people while others are not. Ambiences of tolerance and openness are fundamental in order to attract the Creative Class and cities must create these kinds of environments. This, of course, is going to radically change the way cities are organized and people's ways of living and working.

These results could eventually converge towards a change in the social and economic structure we are living in. According to Florida, we are in a great moment of economic

transformation of human history and a revolution, both of economic and social nature, will occur.

The approach to the economic and social analysis presented by Florida is partially associable to a Marxist dialectic perception of economic forces as primary determinants of historical change. In fact, Florida maintains that the creative economy and the Creative Class will have a huge impact on society, such that new social institutions and policies have to be set.

Like Marx, Florida thinks that changes in the superstructure stems from changes in the basic economic structure (i.e. the means of productions), which consists of productive forces and the conditions of production.

According to the American economist, today we are spectators in the shift of the structure of the economic basis due to the rise of the Creative Class, which, by entering the social and economic panorama, is changing the conditions and forces of production.

Florida himself mentions Marx by attributing to him the merit of foreseeing that workers would one day be the masters of the means of production and start a revolution.

In fact, according to Florida, “this is now beginning to happen, although not as Marx thought it would, with the proletariat taking over the factories. Rather, more workers than ever control the means of production because it is inside their head; they are the means of production”<sup>1</sup>. In other words, Creative Class’ ideas are their production tools, which are totally under their control and will.

Huge changes in society and in its economic development will therefore be due to the Creative Class’ rise. As a consequence, city planners and policy makers should consider the Creative Class Theory when making decisions about their cities, so to increase their economic and cultural development.

The challenging and more ethical question regards, in my opinion, the long-term feasibility of preserving the creativity and its artistic expression as something purely and truly coming from the most inner and unconscious places of the souls of each individual. In other words: will the seek for profits be able to overcome even the

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<sup>1</sup> Florida, Richard. *The Rise of the Creative Class—and how it’s transforming work, leisure, community and every day life*. New York (2002): 37

strongest passion for art, design, music, technology and other creative activities that are ontologically bound to a “per se” conception of creativity? Will the natural process of bringing innovative ideas to reality be transformed into something mechanical and artificial, a mere instrument to make money?

I sincerely hope that creativity will always conserve its pureness and exclusivity that only passion can ensure and represent at the same time an economic and cultural factor that can foster the growth and wealth of cities.

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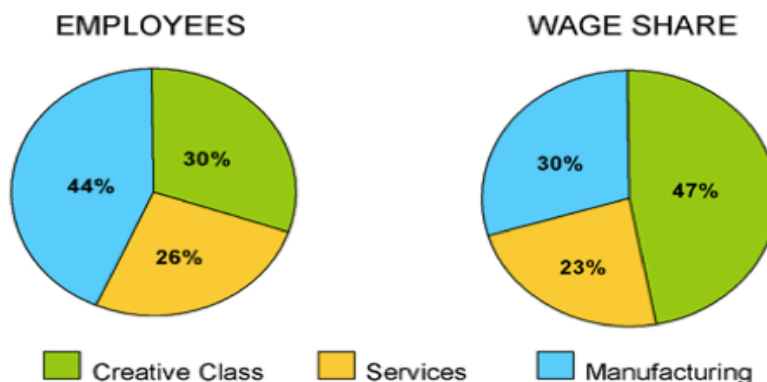
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## Appendix 1

Figure 3. The Creative Economy in the U.S.A



Source: own compilation based on A. Zolli and R. Florida, *The Visionary and the Futurist*, American Demographics, October 2004

## Appendix 2

**Table 4.3 The Danish labor market regions ranked according to population size and localization of the creative class**

Rank on population size	Region	Rank on location quotients for the creative class
1	Copenhagen city region	1
2	Aarhus city region	2
3	Odense city region	5
4	Vejle city region	9
5	Aalborg city region	19
6	Kolding city region	7
7	Esbjerg city region	14
8	Holbaek city region	8
9	Herning city region	18
10	Randers city region	12
11	Viborg city region	10
12	Holstebro city region	13
13	Nykoebing F city region	16
14	Soenderborg city region	3
15	Haderslev city region	17
16	Hjoerring city region	15
17	Aabenraa city region	11
18	Svendborg city region	4
19	Frederikshavn city region	23
20	Skive city region	20
21	Thisted city region	27
22	Ringkoebing city region	26
23	Bornholm city region	22
24	Toender city region	28
25	Morsoe city region	31
26	Nakskov city region	25
27	Grenaa city region	24
28	Lemvig city region	21
29	Rudkoebing city region	32
30	Skagen city region	33
31	Samsøe city region	29
32	Aeroeskoebing city region	30
33	Marstal city region	6
34	Laesoe city region	34

Source: Statistics Denmark 2005

Source: Andersen, Kristina Vaarst, and Mark Lorenzen. *The geography of the Danish creative class: A Mapping and Analysis*. imagine-Creative Industries Research, CBS, 2005: 28, Table 4.3.

### Appendix 3

Indicator of economic growth 1996-2004	Correlation with presence of creative class 1996
<b>Prosperity:</b> Share of inhabitants with incomes above the Danish mean	$\rho=0.624^{***}$
<b>Technology intensity:</b> Share of employees working in high-tech industries	$\rho=0.293^{***}$
<b>Industrial activity:</b> Number of employers (private as public) per 1,000 inhabitants	$\rho=0.243^{***}$

\*\*\* denotes significance level = 0.01.

*Table 2: Correlation of presence of creative class in and economic growth in subsequent eight years.*

Source: Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. *Creative Industries Journal* 4.2 (2012) : 128, Table 2.

## Appendix 4

Indicator of service and tolerance 1996	Correlation with growth of creative class 1996-2004
<b>Cultural opportunities:</b> Number of employees in restaurants, bars, night clubs and other entertainment, sport, libraries, museums and other recreational and cultural activities	$p=0.037^{***}$
<b>Public generic service level:</b> Number of public teachers, health workers, and social workers per 1,000 inhabitants	$p=0.099^{***}$
<b>Presence of foreign nationals:</b> Share of inhabitants born outside Denmark	$p=0.129^{***}$
<b>Social inclusion of non-Western immigrants:</b> Employment rate of inhabitants born outside Scandinavia, the EU, USA, Canada, Australia and New Zealand.	$p=0.102^{***}$
<b>Share of bohemians in the labor force</b>	$p=0.316^{***}$

\*\*\* denotes significance level = 0.01. In the last correlation, we excluded bohemians from the creative class.

*Table 3: Correlation of growth of creative class, service, and tolerance.*

Source: Lorenzen, Mark, and Kristina Vaarst Andersen. *Different creative cities: Exploring Danish data to adapt the creative class argument to small welfare economies*. Creative Industries Journal 4.2 (2012) : 129, Table 3.