

The Creativity-Diversity Link

Gary J. Gates

Creativity drives economic growth. This simple assertion marks a profound change in how we think about economic growth and the strategies designed to promote the development of vibrant and prosperous cities and regions. Once reliant upon raw materials and natural resources as wellsprings of economic success, an emerging creative era challenges cities and regions to develop, attract, and retain talented and creative people as the key to fostering innovations and the technology-intensive industries that account for an increasing portion of high-paying jobs and regional wealth. Unlike fixed resources like coalmines and harbors, creative and talented people are mobile. If regions are to be successful in the creative economy, their economic development

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strategies not only must focus on incentives like tax abatements and technology infrastructure designed primarily to attract businesses, but they must also consider people-focused strategies that take into account the cultural and social environments that will attract and retain the new raw material of economic success: creativity. Canada and the United States share many cultural and economic characteristics, but the two countries have begun to diverge in social policies, such as those regarding immigration and gay rights. In the global competition for creative workers, Canada's approach augurs well for developing a cultural and social climate attractive to the "creative class."

While tax-free technology parks with sophisticated fiber optic networks can help to attract businesses to a region, economic development policymakers must remember that the creative people who will staff these companies and exploit their high-powered technological advancements do not live in industrial parks or fiber optic networks. They live in communities and neighborhoods. An examination of their location preferences reveals a strong desire for environments that provide a rich diversity of people, culture, and social venues that stimulate and enhance creative and innovative

impulses. Regions that support individuals active in the arts and culture fields and demonstrate openness to diversity in their population garner a distinct advantage in generating innovations, growing and attracting high-technology industries, and spurring economic growth.

This article summarizes the findings of two reports that explore the symbiotic relationship between a region's diverse social and cultural climate and success in attracting technology-oriented companies and the talented and creative people they employ. In their 2001 report entitled "Technology and Tolerance: The Importance of Diversity to High-Technology Growth," Richard Florida and Gary Gates demonstrate that American cities succeeding in the technology sector tend to have large and visible gay and lesbian populations, high levels of "bohemians," and large numbers of foreign-born residents.¹ This topic is explored in even greater detail in Florida's best-selling book *The Rise of the Creative Class*.²

These symbiotic relationships are also evident in Canadian city-regions. In 2002, Gates and Florida collaborated with Meric Gertler and Tara Vinodrai to replicate the analyses contained in the study of American metropolitan areas to include Canadian city-regions in "Competing on Creativity: Placing Ontario's Cities in North American Context."³ They show that the correlations between various measures of diversity and technology are even stronger in Canada than those found in the United States. A vibrant local creative class and openness to diversity attract high-skilled workers in Ontario and throughout Canada. Canadian city-regions show a solid foundation for competition against their U.S. counterparts.

MEASURING DIVERSITY AND TECHNOLOGY

Our research takes a new perspective on measuring diversity that goes beyond commonly used measures of racial/ethnic differences in the population. Diversity of the arts and cultural climate in a region is measured using a Bohemian Index that captures employment in a set of artistic and creative occupations and a Mosaic Index that calculates the proportion of the total population in a region that is foreign-born. The Canadian data for these measures are taken from the 1996 Census of Canada while the 1990 Census of Population and Housing for the United States is used to create comparable measures for American city-regions. The separate analysis of U.S. regions also includes a Gay Index that measures the proportion of same-sex couple households in each metropolitan area.

Florida and Gates use a Tech-Pole Index developed by the Milken Institute to measure high-technology industrial output

in American cities.⁴ Gertler and colleagues recalculate this measure for both Canadian and American city-regions using high-technology employment data, as not all components used to calculate the Milken Tech-Pole Index were available for Canadian cities.⁵ Measures of Canadian employment in high-technology industries are derived from special tabulations from the Small Area File (SAF) of the Longitudinal Employment Analysis Program (LEAP) provided by Statistics Canada⁶ and comparable data for the United States are drawn from County Business Patterns.

THE RISE OF THE CREATIVE ECONOMY

Globally, the creative economy now accounts for more than \$2.2 trillion (USD) in annual revenue.⁷ This creative sector includes a wide cross-section of industries including research and development, publishing, software, TV and radio, design, music, film, advertising, performing arts, and fashion. In the U.S., the proportion of the population employed in creative occupations has risen sharply in the last 20 years. The creative class accounted for only 17 percent of the workforce in 1980, and by 1999 this group represented nearly a third of all workers (see Figure 1). An examination of wages further demonstrates the economic power of this group. While the creative sector employs 31 percent of workers in the U.S., it accounts for nearly half of all wages.⁸

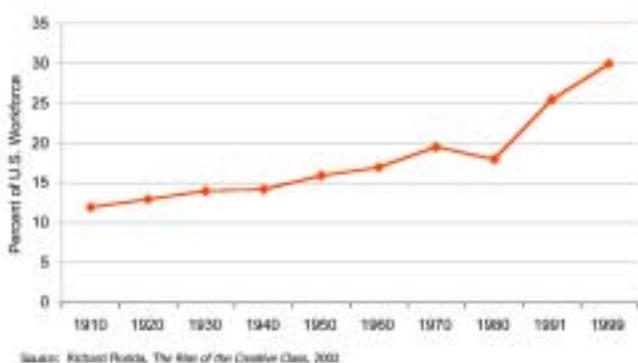


FIGURE 1. Proportion of the creative class among U.S. workers, 1910 to 1999.

These figures clearly demonstrate the economic importance of the creative economy and the creative and innovative workers it employs. If cities are to succeed in the 21st century, they must consider strategies to attract and retain this crucial workforce. Historically, economic development efforts focused on attracting businesses. The creative age demands that forward-thinking economic development efforts not only focus on business-based incentives, but also consider the social and cultural conditions necessary to attract and challenge talented, creative, and innovative workers. As Carley Fiorina, CEO of Hewlett-Packard, said to a group of U.S. governors, “Keep your tax incentives and the like, just give us talent. We will go where the highly skilled people are.”⁹

EN BREF

Les études réalisées tant aux États-Unis qu’au Canada indiquent une forte corrélation entre une variété de mesures de la diversité et de la réussite économique dans le secteur de la technologie. Or, même si la création de parcs technologiques exonérés d’impôts peut attirer des entreprises dans une région, c’est la présence d’un milieu créatif et d’une ouverture à la diversité qui attire la main-d’oeuvre hautement qualifiée dont ces entreprises ont besoin. Une vie urbaine vibrante, des restaurants et des théâtres et la tolérance de ceux et celles qui vivent en marge des normes culturelles, voilà les éléments qui produisent les lieux où les gens talentueux et innovateurs veulent vivre.

Like their U.S. counterparts, areas with high levels of social and cultural diversity are among Canada’s technology leaders.

DIVERSITY AND THE CREATIVE CLASS

Cities and regions that excel in attracting highly-skilled creative people and the companies that employ them are more likely to have a vibrant cultural life coupled with racial, ethnic, and social diversity. These areas have what we call “low barriers to entry” into the labor market and permit individuals who look or think outside of the mainstream to function and thrive.

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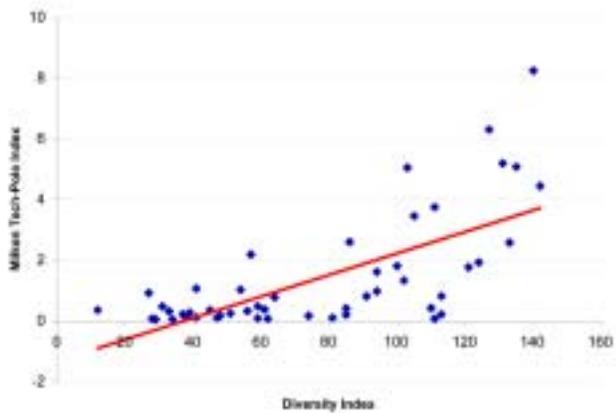


FIGURE 2. Technology and diversity in 50 large metropolitan areas in the United States.

and active immigrant populations also invigorate the social and cultural life of communities with their unique languages, food, and music. One of the more intriguing findings in terms of diversity and the creative class is a strong connection between the presence of gay men and lesbians and economic success, particularly in terms of strength of the technology sector. The gay community in many ways represents one of the last frontiers of social diversity. Communities that welcome and embrace the gay community likely are welcoming to those perceived as different, whether the differences are based on language, racial/ethnic heritage, or even piercings and tattoos.

The graph shown in Figure 2 demonstrates that as diversity rises in U.S. metropolitan areas, so to does their technology output. The “Diversity Index” constitutes a composite score combining measures of regional concentration of foreign born, bohemians, and gay people. This same connection is true in Canada, as shown in Figure 3. In this case, the “Mosaic Index” considers the concentration of foreign born and bohemians within Canadian cities. Like their U.S. counterparts, areas with high levels of social and cultural diversity are among Canada’s technology leaders.

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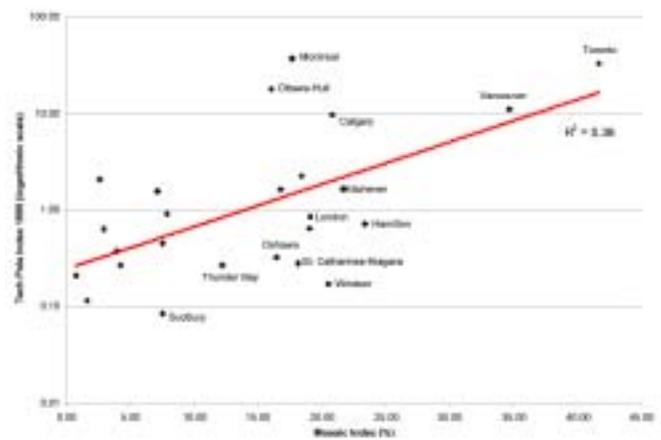


FIGURE 3. Technology and diversity in 25 large Canadian cities.

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CONCLUSION

The growing dominance of the creative economy challenges cities and regions to move beyond the impulse toward “big ticket” economic development strategies like stadiums and convention centres and consider increased support for community-level strategies that encourage social and cultural diversity. Vibrant street scenes, eclectic restaurants and social venues, and acceptance of those who defy the cultural norms produce the places where creative, innovative, and talented people want to live and work. This creative class represents a critical component to economic success and prosperity.

Our research underscores the economic importance of national and regional policy issues like the nurturing of arts and creativity in communities and in our educational systems, immigration and settlement policies, and support for marginalized populations like the gay and lesbian community. Recent American efforts to restrict marriage to heterosexual couples and curtail immigration could have unfortunate economic consequences by limiting the creative and innovative possibilities associated with a vibrant and diverse society. Conversely, Canada's recent movement toward legalization of civil marriage for same-sex couples bodes well as a demonstration of a willingness to embrace and support social and cultural diversity. 🌍

- 1 Richard Florida and Gary J. Gates, “Technology and Tolerance: The Importance of Diversity to High-Technology Growth” (The Brookings Institution, Survey Series, 2001).
- 2 Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002).
- 3 Meric Gertler, Richard Florida, Gary J. Gates and Tara Vinodrai, “Technology, Talent, Creativity and Diversity in Ontario Cities: A Comparative Analysis” (Ontario Ministry of Enterprise, Opportunity and Innovation and the Institute for Competitiveness and Prosperity, 2002)
- 4 Ross C. DeVol, Perry Wong, John Catapano, Greg Robitshek, “America's High-Tech Economy: Growth, Development, and Risks for Metropolitan Areas” (The Milken Institute, 1999).
- 5 Gertler et al.
- 6 J. McVey, M. Bordt and A. Shor. “Sub-Provincial Data on High-Growth Firms,” *Science, Innovation and Electronic Information Division Working Paper*. (Ottawa: Statistics Canada, 2002).
- 7 John Howkins, *The Creative Economy: How People Make Money from Ideas* (New York: Allen Lane, The Penguin Press, 2001).
- 8 Catalytix, Inc. and Richard Florida Creativity Group, “The Numbers Don't Lie: Creative Sector Accounts for Half of all Wage and Salary Income,” *Creative Intelligence* 1, no. 2 (2002).
- 9 Richard Florida, “Pittsburgh, Let's Wake Up and Play,” *Pittsburgh Post-Gazette*, June 11, 2000.

Dr. Gary Gates, Ph.D., a demographer at The Urban Institute in Washington, D.C., is the author the forthcoming *Gay and Lesbian Atlas*. His research interests include demographics of the gay and lesbian population and the interplay of diversity and the location and growth of the technology sector.