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Red Cities, Blue Cities: Creativity, Growth and Politics

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Abstract

The 2006 Congressional elections seemed to be about change, as well as the war in Iraq. The 2008 Presidential election, though only at the primary stage, seems to be about change as well as the war in Iraq and the faltering economy. What is the force behind Americans wanting "change?" Is it simply frustration or is it because of important changes in the economy and the demography of the United States? In his 2002 book, Richard Florida looked at one of those changes and developed a "creativity index" measuring the existence of creative people, economic activity, and cultural tolerance for Metropolitan Statistical Areas in the U.S. This study looks at the connection between the rise of the creative class, economic growth and voting patterns. We find that more creative metropolitan areas grow faster on average and creative areas are more likely to have voted Democratic in the past. Even after controlling for union membership, the presence of creative people explains how metropolitan areas voted in the 2004 Presidential election, hinting at one force behind Americans' desire for political change.

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In 2002, Richard Florida (2002a) summarized the argument in his then new book, *The Rise of the Creative Class* (2002b): American cities, now more than ever, depend on creative people and their new ideas for growth. In both the summary and the book, Florida updates and extends the idea of Jane Jacobs (1969) that it is the creative interactions among people that make cities prosper and grow. Florida also notes that the United States' economy has become post-industrial (or at least post-Fordist). This change means that business success is now more dependent on new ideas processed with new technology than low cost production and leads him to suggest that cities that are attractive to creative people will grow more quickly.

In 2005, Florida published a new book, *Cities and the Creative Class* (2005). The book is partially a prequel to his 2002 work and partially a reflection on the three years of debate and controversy it caused. This reflection has many outcomes, one of which is a concern that the increased economic divide between the creative class and the service and working classes will contribute to the increasing political polarization of the United States (Florida, 2005, 172).

Although Florida develops a measure of the creativity of metropolitan areas (2002b), he does not empirically test his prediction of 2002 or concern of 2005, though he does conduct some tests on the determinants of the level of *per capita* income and the growth

in *per capita* income across metro areas. A metropolitan area's economic growth can be measured by the percentage change in an area's total personal income, capturing both changes in incomes of those employed and changes in the number employed.

The connection between politics and creativity is not often explored empirically.

Political polarization can be measured by the percentage of voters in a metro area who voted for Bush or for Kerry in the 2004 Presidential election. With these measures, both the thesis that more creative metro areas will grow faster and the concern that the rise of the creative class is another force for political polarization can be tested empirically. We can test the idea that the change in the economy is one of the reasons behind the change in political outcomes by seeing if the metropolitan areas that have participated the most in the economic changes vote differently.

The next two sections of this paper present brief theoretical arguments as to why creative cities may grow faster and vote differently. The third section will describe in more detail how creativity, growth and polarization are measured. Then the empirical results will be presented, followed by a summary.

Two views of economic development for American cities: Why creative cities may grow faster.

Many cities put significant effort into economic development. Most of this effort is aimed at attracting large employers to build a plant or office in the city—a sort of trickledown theory of city growth. Other cities, following Jane Jacobs (1969) and

Richard Florida (2002a, 2002b) have tried a bubble up approach to encouraging growth. Jacobs and Florida argue that cities grow from the creative ideas and interactions of the residents, not from large firms moving in from the outside. Florida states his thesis this way:

The creative centers tend to be the economic winners of our age. Not only do they have high concentrations of creative-class people, they have high concentrations of creative economic outcomes, in the form of innovations and high-tech growth. They also show strong signs of overall regional vitality, such as increases in regional employment and population. (Florida, 2002a, 8)

The traditional trickle down approach is to recruit major employers to a city, often with tax incentives, and assume that each of these new jobs will result in more jobs through an economic multiplier process through which one new, recruited job results in additional new jobs. The focus is on recruiting existing firms, usually large firms, to choose this city for relocation of old work or for the location of a new office or factory that the firm has already decided to build. The appeal is made to top managers to make a textbook-like business decision to choose one city over another, choosing the city with the lowest costs.

The Florida/Jacobs approach depends on the energy and creativity of people in the city to create new work, so that economic growth can be encouraged by having a variety of businesses and people finding new ways to make money. Rather than being tied to one firm or industry, being the home of creative people working in many different firms and industries will result in a constant flow of new work and economic growth. If there is a policy that should be followed, it is to make the city attractive to a variety of creative people and businesses so that there is a steady stream of new ideas and new work that

bubbles up into new jobs. Florida argues that cities that want to continue to grow, especially as America switches to a knowledge-based, post-industrial economy, need to take steps to attract creative people rather than trying to attract firms *per se*. He argues that economic development has more to do with creating openness to difference, diversity, and change than it has to do with tax breaks for major employers or new sports venues. Rather than appeal to firms, the appeal is made to individuals to choose one city over another because it is an exciting place to live; a non-business reason (Florida 2005, 49-50).

Others have studied individual cities, linking creativity to economic health, giving examples of the kind of growth Jacobs and Florida predict. Krätke (2004) found that Berlin's economic strength is due to its concentration of creative talent. Lloyd (2004) argued that Chicago's Wicker Park neighborhood recovered from decline and became an economically healthy part of the city after it became a contemporary artists' neighborhood and a place for the creative production of culture.

Red States, Blues States/Red Cities, Blue Cities.

John Sperling, in *The Great Divide: Retro vs. Metro America* (2004), written before the 2004 election and aimed largely at Democrats, argued that the red states and the blue states can be divided from each other by characteristics other than how they voted in 2000. According to Sperling, red "Retro" America depends on stagnant industry and low wage jobs for growth. Blue "Metro" America has higher income levels, higher

productivity and ranks higher on attitudes associated with economic modernity and innovation (Sperling, 2004, 36-42). “Retro” America depends on federal subsidies and tax breaks and is focused on low costs. “Metro” America depends on ideas and is focused on new products and innovation. In addition, Sperling asserted that the blues states fit Florida’s model of creative places, the red states do not (Sperling, 2004, 165-7). Richard Florida also noticed that America is becoming more geographically polarized, with the culturally more traditional, rural, small-town, and exurban "red" parts of the country increasingly voting Republican, and the culturally more progressive urban and suburban "blue" areas going ever more Democratic (Florida, 2002c). Brown-Saracino (2004) studied social preservationists, a group very similar to the creative class. She found that social preservationists also desire to live in “authentic” places, and that they are “often left-wing (151).” The question is whether this division reflects a growing economic division with "blue" representing the talent-laden, tolerant, creative centers with high levels of economic growth, and the "red" representing the economically lagging hinterlands and culturally conservative states.

In the 2004 Presidential election, the Democratic platform was friendlier to the bubble up theory of local development. The Democrats recognized that growth can be spurred by encouraging diversity, investing in the power of education to energize individuals and change society, while promoting equal opportunity. The idea is that this bubble up approach can create cities and regions that are hothouses of innovation, the modern-day equivalents of Renaissance city-states, where scientists, artists, designers, engineers, financiers, marketers, and sundry entrepreneurs feed off each other's knowledge, energy,

and capital to make new products, new services, and whole new industries. Alternatively, the Republican platform supported a more traditional trickle down approach to growth and development, where hierarchical decision-making concentrated in the hands of a few is more likely. The Republican economic and fiscal policies were designed to provide life support for aging industries such as subsidies for farmers; tariffs for steel; subsidies, tax breaks, and regulatory relief for logging, mining, coal, and natural gas. Reducing costs was paramount and investment decisions were thought to hinge on the marginal tax rate. The Republican platform also included planks that can be viewed as promoting mainstream values over diversity.

During the 2004 election, news reports used the red state/blue state divide to explain how the campaigns were progressing. Immediately after the election, reporters and pundits divided America into red and blue states. Soon it was the red interior vs. the blue coasts, and soon after that urban, blue vs. rural and suburban red. Is there a division within urban America as well, a division that can be measured with Florida's creativity index? Are there red cities and blue cities? Are the cities that have low scores on the Creativity Index the red cities that vote Republican and depend on trickledown economics to grow? Are cities with high creativity scores the blue cities, voting Democratic and hope to grow on the strength of new ideas bubbling up from a creative workforce? Are creative cities moving away from other cities, increasing political polarization in the United States?

Measuring Creativity, growth and red/blue.

Florida has developed a "creativity index" which combines the existence of creative people, creative economic activity, and the cultural tolerance for 276 United States' Metropolitan Statistical Areas. His index is "a composite measure that is based on four indices for the most current year available: the Innovation Index (1999), High-Tech Index (2000), Gay Index (2000) and the Creative Class (1999)" (Florida, 2002b, 334). The Innovation Index is based on patented inventions per capita. High-Tech Index is taken from the Milken Institute's study, *America's High Tech Economy*, (DeVol and Wong, 1999) and combines the metropolitan area's high-tech output as a portion of the nation's high-tech output and the portion of the area's output which is high-tech. The Gay Index measures the relative representation of homosexuals in a metro area, a proxy for tolerance of different life-styles. The final component, the Creative Class is the ratio of the number of workers Florida considers creative to the total workforce in the area, a measure of creative talent. Florida's Creativity Index will be used to measure the creativity of a metropolitan area here¹.

Economic growth can have two sources. If the number of jobs grows, there is economic growth. If the number of jobs is constant, but the income of those holding them rises, there can also be economic growth. Measuring economic growth by the change in a metropolitan area's total personal income captures growth from either source. Here, the percentage change in total personal income from 1998 to 2002 is used to measure the economic growth of a Metropolitan Statistical Area. The data is available from the Bureau of Economic Analysis (2005).

Because Florida's Creativity Index is for metropolitan areas, a city's "blueness" score is the percent of the voters in a Metropolitan Statistical Area who voted for Kerry/Edwards in the 2004 election. "Blueness" was computed from county election returns available from a CNN website (2004), summing county data together into Metropolitan Statistical Area measures. Matching counties with Metropolitan Statistical Areas was done with data from the Bureau of Labor Statistics (2005).

Florida has published his index for 276 United States Metropolitan Statistical Areas, and data for the other variables could be found or computed for all but two of these, so the testing was done using a sample of 274 United States Metropolitan Statistical Areas.

Empirical results

Two questions were asked. First, Florida's 2002 question is asked: "Do creative cities grow faster?" Second, it is asked if Florida's is right in 2005 to be concerned: "Are creative cities blue?"

The first question can be tested empirically by measuring the correlation between creativity and economic growth, between Florida's Creativity Index and the percentage change in personal income from 1998 to 2002. Formally, the hypotheses tested are:

$$H_0: \rho_{c,g} \leq 0$$

$$H_a: \rho_{c,g} > 0$$

Where $\rho_{c,g}$ is the Spearman rank correlation between creativity and growth in the metropolitan area. Rank correlation was used because the Creativity Index is not normally distributed. The Spearman rank correlation between growth and the Creativity Index is .4335. This is statistically significant from zero at the .0001 level, so that H_0 can be rejected. This suggests that more creative cities have grown more quickly in recent years.

The second question can be tested by measuring the correlation between “blueness,” the percentage of voters who voted for Kerry in 2004, and creativity, Florida’s Index. The formal hypotheses are:

$$H_0: \rho_{c,b} \leq 0$$

$$H_a: \rho_{c,b} > 0$$

Spearman rank correlation is again used because the Creativity Index is non-normal. The Spearman rank correlation coefficient between the Creativity Index and “blueness” is .3997. Again this is statistically significant at the .0001 level, again allowing H_0 to be rejected². This suggests that creative cities are more likely to be “blue” cities, and Florida is right to be concerned.

Summary

There do seem to be blue cities and red cities, as there are blue states and red states. The divide in America is not simply between urban areas and suburban/rural areas; even among cities there is polarization. The cities that would seem to have the best chance for bubble up economic development, those with high scores on Florida's Creativity Index, are bluer than the cities that have a less creative workforce, less high-tech output, fewer patents, and are less open to diversity. The divide extends beyond voting patterns to underlying differences in the creativity of cities.

Finally, it pays to be more creative. The cities with higher scores on creativity are growing faster, at least as measured by changes in total personal income. The faster growth rate in cities with these attributes may well result in a wider divide among American cities if the creative places leave the more traditional places farther and farther behind economically.

Florida's 2002 prediction that creative cities will grow faster is supported empirically. His 2005 concern that the concentration of creative people in certain cities will sharpening the political polarization of the United States also seems to be well founded.

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Footnotes

1. The exact method used to compute the index is not explained, but there is more information in the appendix to *The Rise of the Creative Class* (Florida, 2002b, 327-34).
2. The Spearman Rank Correlation between Florida's Creativity Index and "redness," the percent voting for Bush, is $-.3996$.