Chapter V
Creative Class Theory and Economic Performance in UK Cities
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ABSTRACT
Richard Florida’s ‘creative class’ theory suggests that diverse, tolerant, ‘cool’ cities will outperform others. Ethnic minorities, gay people, and counter-culturalists attract high-skilled professionals: the presence of this ‘creative class’ ensures cities get the best jobs and most dynamic companies. This chapter examines Florida’s ideas, focusing on the evidence in British cities. Drawing on previously published work, it first tests the Florida model on a set of British cities, finding weak support for the creative class hypothesis. It then examines this hypothesis in detail. It finds little evidence of a creative class, and little evidence that ‘creative’ cities do better. The chapter concludes that the creative class model is a poor predictor of UK city performance. There is other, stronger evidence that diversity, creativity, talent, and ‘quality of place’ are linked to urban economic growth. Further research is required before either can be fully integrated into policy.

INTRODUCTION
For cities and the urban policy world, the biggest idea for years is Richard Florida’s ‘creative class’ theory, as set out in his bestseller The Rise of the Creative Class (Florida, 2003) and more recent sequel, The Flight of the Creative Class (Florida, 2005). Florida has a striking take on city performance: diverse, tolerant, ‘cool’ cities do better. Places with more ethnic minorities, gay people, and counter-culturalists will draw high-skilled professionals, and thus attract the best jobs and most dynamic companies.
As we shall see, Florida’s ideas are part of a broader base of theories and approaches exploring knowledge-based urban development (KBUD). Set among these approaches, Florida’s arguments are novel, controversial—and for progressive commentators, politicians, and policymakers—highly attractive.

It is therefore important to understand creative class arguments and what they imply for cities around the world. If correct, many countries’ approaches to urban policy will need a rethink. And without much-needed examination or scrutiny, creative class thinking is becoming part of the conventional wisdom about how to make cities work better. In other words, has Florida hit on something profound about how cities work? Or is it just eye-catching ‘fast policy’ (Peck, 2005)? And what are the lessons for post-industrial cities across the West?

Much of Florida’s research concentrates on American cities. So it is important to apply thorough testing on urban places in other countries. This chapter aims to contribute to this process by testing Florida’s thesis on British cities.

The chapter is structured as follows. The first section introduces key concepts and debate. It locates creative class theory among broader debates on KBUD—and the real recovery of UK cities over the past decade and a half. It also looks more closely at Florida’s approach and how it has evolved.

The heart of the chapter tests Florida’s approach in two ways using evidence from British cities. First, we assume Florida’s basic approach is sound and discuss one recent attempt to reproduce his findings for urban areas in England and Wales. Second, we take the analysis a step further, with a critical look at the assumptions underlying Florida’s model. Both tests find relatively little support for Florida’s model as an explanation of British cities’ recent performance.

The rest of the chapter discusses the results and puts them into context. The final section builds on Florida’s work to set out a broader research and policy agenda around diversity, creativity, and urban economic performance.

**BACKGROUND: CONCEPTS AND ISSUES**

The resurgence of cities is a big theme for researchers seeking to explain it—and for governments seeking to exploit it. In the UK, cities have risen up the policy agenda, and the British Government recognizes that the major conurbations, or ‘city-regions’, are the building blocks of the UK economy (OPDM/DTI/HMT, 2006).

This policy shift reflects real progress on the ground. Until the early 1990s, big British cities were in decline, losing population and employment share and suffering a range of negative social consequences. Government saw them as problems, not assets. As Margaret Thatcher so memorably put it: “We must do something about those inner cities.”

Over the past decade or so, and across a number of measures, British cities have gotten better. On key outcomes like population, output, and employment, London has grown significantly; large conurbations like Manchester and Leeds are in recovery mode; and many small, service-based cities in the regions around the capital—such as Reading, Slough, and Milton Keynes—have expanded hugely. Over the longer term, this last group of cities has been gradually gaining in economic significance (OPDM, 2006; Moore & Begg, 2004). Not all UK cities have shared the gains, however: many Northern ex-industrial cities—like Oldham, Burnley, Doncaster, and Hull—continue to look for new economic roles.

Urban recovery is partly due to factors outside cities’ control—in particular, strong macroeconomic growth since 1993, and high public spending since 2000. But it also reflects performance factors at the city and city-region levels.

How do current theories help us understand the recent recovery in cities? Researchers are