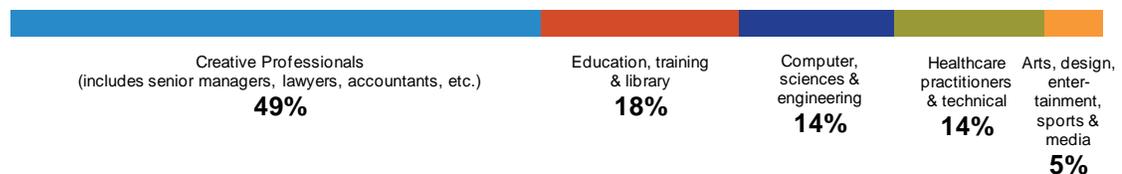


Inside the Creative Class: A Closer Look at U.S. Unemployment Rates

The effects of an economic downturn are felt unequally by different groups, a phenomenon we have examined in earlier Insights (see *Unemployment on the rise: Who's hit most by the recession?*). Those in creative class occupations – high-autonomy occupations where workers are paid to think such as artists, senior managers, doctors, and architects – experience a much lower rate of unemployment than other workers in both good times and bad. Our time series analysis of United States labour data finds that while some sub-groups of the creative class exhibit consistently higher unemployment, all of them typically outperform the national unemployment rate.

Like the creative class itself, each sub-group is defined by a particular set of occupations. As the chart below shows, the creative class includes not only artists and software designers, but also teachers and nurses. The creative professionals sub-group (senior managers, lawyers, accountants, etc.) makes up almost half of the creative class. The educators sub-group is the second-largest at 18%, while scientists & engineers and health care workers each make up around 14%. The smallest group is artists & designers, which has decreased from 6% to 5% of the creative class over the last twenty-six years. Since the early 1980s, the proportional make-up of the creative class has not changed significantly, with each group today within about 1% of its share in the early 1980s.

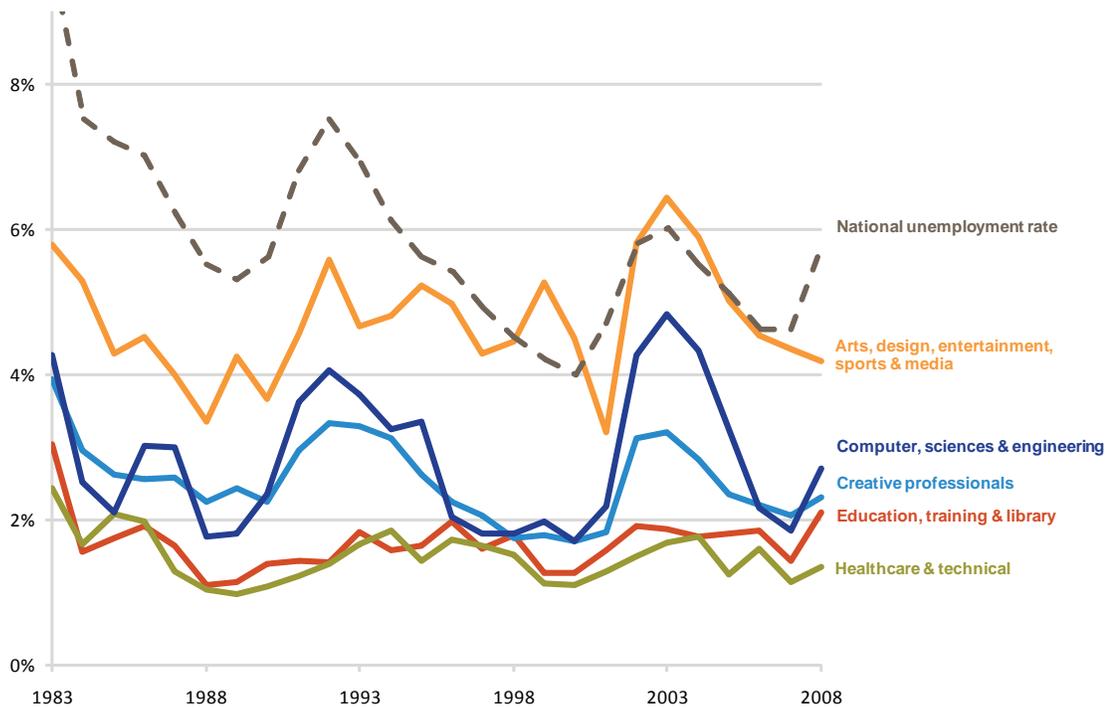
The five sub-groups that make up the creative class



Source: Martin Prosperity Institute analysis based on 2008 data from the Current Population Survey provided by the Minnesota Population Center (IPUMS-CPS).

The chart on the next page displays the unemployment rates for each of the five sub-groups from 1983 to 2008, the latest year for which we have data. All stay well below the national average, with the exception of two spikes in the artists & designers group. Healthcare workers and educators are barely affected by downturns, boasting a long-term average unemployment rate below 2%. The unemployment rate for scientists & engineers is less stable and varies from below 2% to a high of 4.8% in 2003. In the last year available, 2008, it was 2.7%. The creative professionals group fits somewhere in between at 2.3% in 2008 – about the rate economists consider “full employment”.

US unemployment rates for sub-groups within the creative class, 1983-2008



Source: Martin Prosperity Institute analysis based on data from the Current Population Survey provided by the Minnesota Population Center (IPUMS-CPS)

In reviewing the ups and downs of the economy over the last quarter century, we see consistent trends in the impact of economic downturns. The shocks are felt most by three sub-groups: artists & designers, scientists & engineers, and creative professionals. All three groups experienced relatively high levels of unemployment in the recessions of the early 1980s and 1990s, and after the burst of the dot-com bubble in 2000. In the 2008 data we see increases in unemployment for all sub-groups except artists & designers. In general, the impact of a weak economy on the creative class is felt mostly by these three groups.

How will the current crisis affect these five groups? Most likely we'll see the patterns of the past 26 years repeat themselves: artists & designers will experience a jump in unemployment, and, to a lesser extent, so will scientists & engineers. Because the unemployment rate of creative professionals tracks closely with the creative class as a whole, we can expect to see it rise too.

Like all groupings, the creative class consists of distinct sub-groups, and we find that they each experience different labour market trends. Nonetheless, all five sub-groups of the creative class typically have lower unemployment rates than those in routine-oriented occupations – the service and working classes.

The Martin Prosperity Institute (martinprosperity.org) at the University of Toronto's Rotman School of Management is the world's leading think-tank on the role of sub-national factors – location, place and city-regions – in global economic prosperity. Led by Director Richard Florida, we take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.