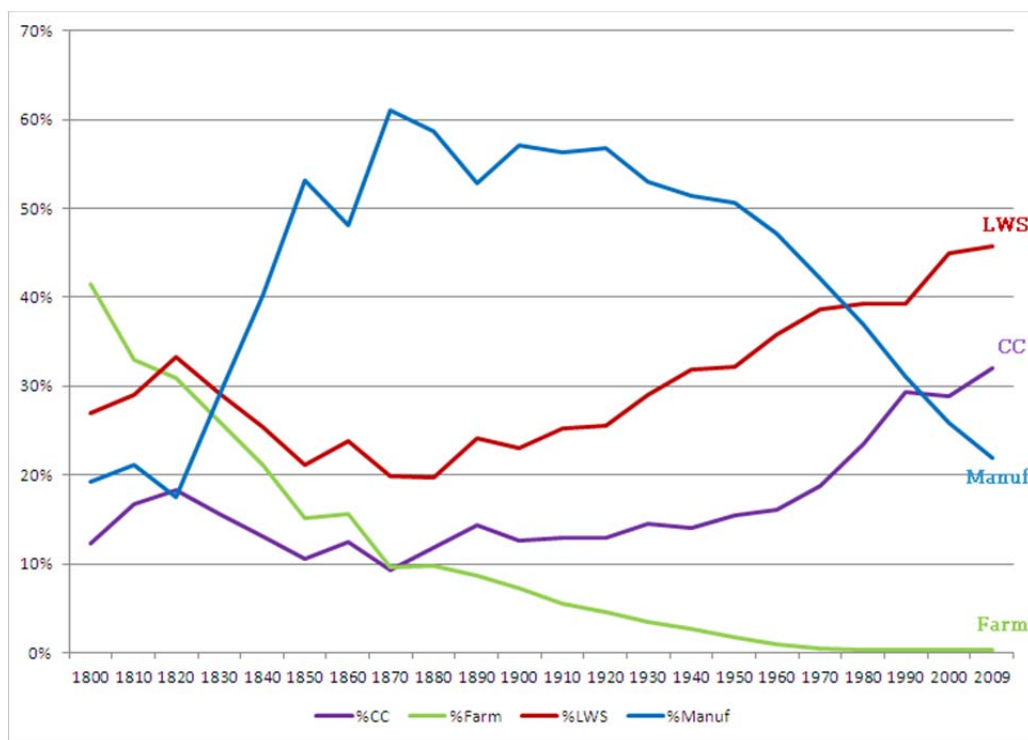


## The Rise of the Creative Class, Since 1800

The traditional “Rise of the Creative Class” graph has been updated with one hundred years of additional labour force data. While the original chart started in 1900, the new edition looks at the evolution of the US labour force from 1800 onwards.

The Martin Prosperity Institute organizes the labour force into four occupational groups: the creative class, the service class, the working class, and the fishing, farming, and forestry class. This categorization system is a useful way to think about the economy, because it classifies workers based on the *type* of work that they are paid to do, rather than simply their educational qualifications or industry placement. In the most basic terms, creative class (CC) workers are paid for their thinking and problem solving skills. Service class (LWS in Exhibit A) workers are paid to perform routine work directly for, or on behalf of, clients. Working class (Manuf on Exhibit A) workers are paid to manoeuvre heavy machinery and perform skilled trades. Finally, farmers, fishers, and other primary extractors are paid to extract natural resources from the ground and seas.

### Exhibit A: Labour Force by Occupational Class (%), 1800-2009



The graph above (Exhibit A) clearly shows how the manufacturing/working class rises during the Industrial Revolution through the middle of the 19<sup>th</sup> century. Both the creative and service classes start to increase their share of the US workforce right around the 1870s and continue to rise today. Prior to this, the three dominant occupational classes show a more parallel growth pattern.

So, why has the creative class risen while the working class has fallen? What accounts for this significant divergence in the composition of the labour market?

For one, the manufacturing core is doing the same things now that it ever did (“making stuff”), albeit in more efficient and productive ways. The products that are being made have changed, but the market is still relying on human capital to turn inputs into widgets; which is to say that the basic way in which manufacturing workers relate to production has *not changed*. Exhibit A shows that increased manufacturing efficiency results in the need for a shrinking share of the workforce in the working class. This productivity increase raises the standard of living, which, in turn, increases the demand for services. However, maintaining the pace of productivity gains requires a larger share in the creative workforce as generating the needed innovations requires climbing higher into the tree after the “low-hanging fruit” has been harvested. Additionally, globalization has resulted in a shifting of some manufacturing to overseas while more of the creative work has remained in the US.

**Exhibit B: Labour Force by Occupational Class (millions), 1800-2009**

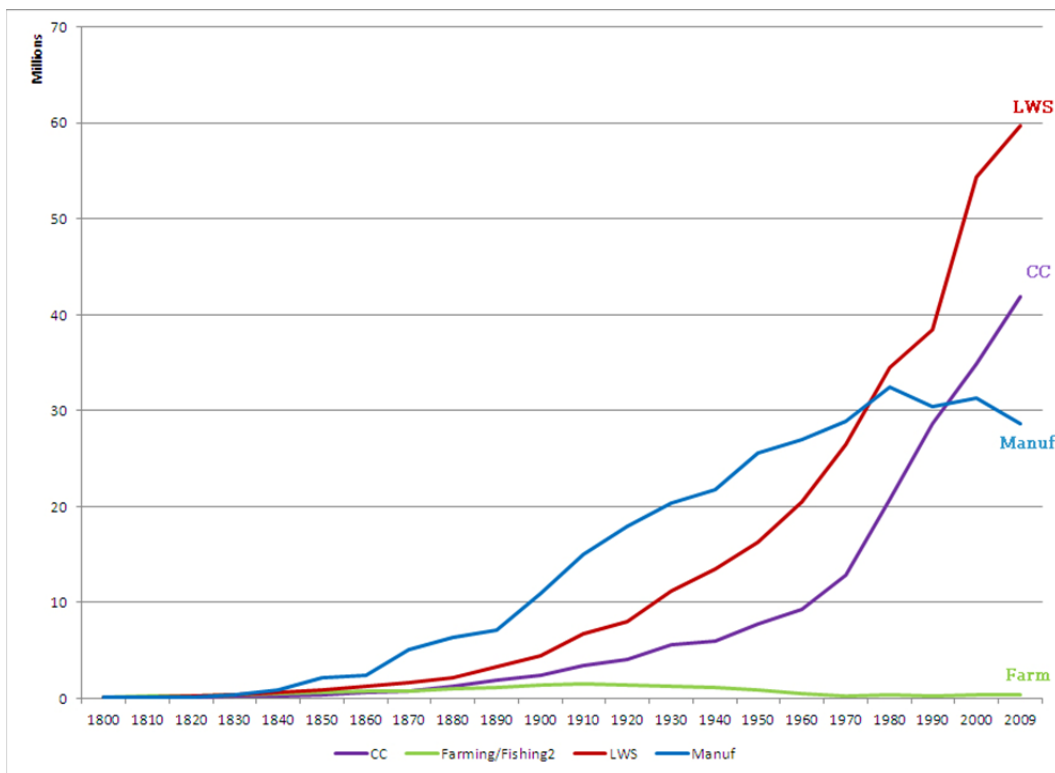


Exhibit B shows the change in total US employment by class. While total farming employments seems to have peaked around 1910, working class employment may have peaked in the 1970's. Service and creative jobs continue to increase with no end in sight.

The rise of the creative class results from the generation of new innovations, reducing labour needs, while increasing productivity. Increased productivity means an increased standard of living, which leads to increased demand for services and products. Meeting this demand requires creativity and innovation.

## **METHODOLOGY NOTES**

- The numbers exclude the “self-employed,” even the farming numbers.
- See Richard Florida. *The Rise of the Creative Class*, Basic Books, 2002.

*The [Martin Prosperity Institute](#) 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.*