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Commentary

The Triumph Of The Creative Class

Joel Kotkin 11.05.08, 12:00 AM ET

Barack Obama rode to his resounding victory on the enthusiasm of two constituencies, the young and African Americans, whose support has driven his candidacy since the spring. Yet arguably the biggest winners of the Nov. 4 vote are located at the highest levels of the nation's ascendant post-industrial business community.

Obama's triumph reflects a decisive shift in the economic center of gravity away from military contractors, manufacturers, agribusiness, pharmaceuticals, suburban real estate developers, energy companies, old-line remnants on Wall Street and other traditional backers of the GOP. In their place, we can see the rise of a different set of players, predominately drawn from the so-called "creative class" of Silicon Valley, Hollywood and the younger, go-go set in the financial world.

These latter business interests provided much of the consistent and massive financial advantage that the Illinois senator has accrued since early spring. The term "creative class" was popularized by former George Mason professor Richard Florida, who used it to describe those with both brainy business acumen and a very liberal cultural agenda borrowed from the bohemians of the '60s.

Florida, whose views have affected urban policymakers over the last several years, has attributed these characteristics to upward of 30% of the workforce, basing his figures largely on education. On close examination, suggests Brookings Institution demographer Bill Frey, the "cultural creatives" at the core of Florida's formulation represent likely no more than 5% of the population. After all, most college-educated workers live in suburbs, have children and even attend conservative churches.

In contrast, the narrower "creative" group clusters heavily in the very areas--college towns, urban centers, some elite suburbs--where Obama has done exceedingly well from early on in the campaign. Nearly one quarter of the core "creative group," those working in the arts and culture industries, live in just two cities, New York and Los Angeles.

Many of these workers are employed by a far smaller, and more influential, base of largely pro-Obama corporate and financial titans who embrace the Florida view that "creativity" can save the U.S. economy. These include the likes of Eric Schmidt, CEO of Google--whose employees contributed over \$400,000 to Obama's campaign--as well as a who's who of other Silicon Valley oligarchs.

Obama has also enjoyed almost lock-step support in Hollywood and among the go-go wing on Wall Street. Hedge-fund managers, for example, gave 77% of their contributions in congressional races to Democrats last year, according to the Center for Responsive Politics, a nonpartisan analyst of campaign finances. George Soros, the peculiarly left-leaning financial speculator, has been a long-time financial supporter and a critical ally in terms of funding pro-Obama media.

Of course, many of these people had influence during the Clinton administration, but not remotely to the extent we are about to witness. Back in the 1990s, traditional business leaders, some of whom had backed the "big dog" back in Arkansas, still had some White House clout. After 1994, they were thick with the Republican-dominated Congress.

Today the traditional business leadership, like their Republican allies, present a spectacle of utter disarray. The commercial banks have been effectively nationalized. Many traditional manufacturers, notably automakers, also yearn to suck on the federal teat. Reduced to supplicants, these companies have surrendered their standing as independent players. At the same time, the traditional energy companies, long the whipping boys of Congressional Democrats, will be fully occupied trying to survive the onslaught of anti-carbon regulations now all but inevitable.

In contrast, the creative class comes to power with the wind at its back. Its ascendancy was first predicted by Daniel Bell in his 1973 classic *The Coming of Post-Industrial Society* as a natural product of the rise of science-based industry. Shortly afterward California's Jerry Brown became the first politician to recognize this shift, embracing Silicon Valley and Hollywood as

a counterweight to the industrial, aerospace and agribusiness establishment that had supported both his father, former governor Pat Brown, and Ronald Reagan.

In the ensuing decades, the creative class establishment rallied to different political causes and candidates, including Gary Hart's 1984 presidential campaign and the causes of other so-called "Atari Democrats." Yet it is only this year that its members have, like the Skynet computer system in the *Terminator* series, reached a level of consciousness about their potential true power.

What will this ascendancy mean in economic terms? Since the creative class deals largely with images, ideas and transactions, it's not likely to focus much on reviving the tangible parts of the economy: manufacturing, logistics, traditional energy and agribusiness.

On the other hand, the creatives are unlikely to be protectionist since they represent companies whose growth markets, and often suppliers, are located overseas. Heavily counted among the world's richest people, they are also likely to support some Bushite policies--like low interest rates and financial bailouts--that prop up their stock prices and drive money to Wall Street.

The biggest difference between the creative class and the old business types isn't on cultural issues--few traditional CEOs embraced the religious right's agenda--but on environmental policy. Executives at places like Apple, as well as opportunistic investment firms, have become enthusiastic jihadis in the war against climate change. Conveniently, their companies don't tend to be huge energy consumers and, if they make products, do so in largely unregulated facilities in China or elsewhere in the developing world. And youthful financial firms looking for the next "bubble" could benefit hugely from mandates for more solar, wind and other alternative fuels.

All this could prove very bad news for groups that produce tangible products in the U.S. or that, like large agribusiness firms, are big consumers of carbon. Also threatened will be anyone who builds the suburban communities--notably single-family houses and malls--that most Americans still prefer but that Gore and his acolytes dismiss as too energy-intensive, not to mention in bad taste.

Theoretically, there is opportunity for the Republicans--if they can somehow jettison the more primitive parts of their social agenda and come up with their own bold, environmentally sound energy agenda. The new hegemon could easily be painted as moralistic hypocrites who live the carbon-heavy luxury lifestyle of the super-rich while demanding ordinary Americans give up their cars, homes and even their jobs.

Yet given the creative class' increasing domination of the media, and the inability of the GOP to comprehend the changing world around it, such a counterstroke may be years in coming. For the time being we will just have to watch to see if the new economic order can perform better than the now largely discredited old business establishment whose time in the sun, at least for now, has set.

Joel Kotkin, author of [The City: A Global History](#) is a presidential fellow in urban futures at Chapman University and executive editor of [www.newgeography.com](#). He is finishing a book on the American future.