The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life
by Richard Florida. New York: Basic Books, 2002. Pp. 404. $41.50.

Mixing anecdotal evidence, storytelling, and empirical data, Richard Florida directly challenges many of the conventional beliefs about economic development policy, arguing that the economy is moving away from the outdated organizational model of Fordist-style bureaucracies to a new model of socio-economic development based on creativity and innovation. This transformation is being driven by the emergence of a "creative class," consisting of 30 percent of the American workforce.

The creative class includes those in the fields of science, engineering, architecture and design, education, and the arts — where the primary function is to create new ideas or content. Florida contends that the creative class is now the dominant social class, and it will continue to be a dynamic force in shaping the course of the future. Florida's research suggests that these creative people seek work environments that offer flexibility, autonomy, and challenging and changing environments. These priorities contrast with those of earlier generations of workers who valued the pay and stability once offered by the machine shop, factory floor or large-scale organization. Thus Florida argues that human creativity is now the defining feature of our social and economic lives, the engine of economic growth, and the best predictor of the successes or failures of city and regional economic development.

Florida's creative class differs from Daniel Bell's "post-industrial society" and more recently, Peter Drucker's "knowledge worker," in that it suggests that information and knowledge are simply the "tools" and "materials" of creativity, and that creativity must therefore be harnessed. According to Florida, there are three critical types of creativity: technological, economic, and cultural; and each must come together to spur economic growth.

Florida develops a catalogue of indices to measure social and economic factors that foster a "creative ethos" to demonstrate how economic development is tied to the ability of cities and regions to attract members of the creative class. Evaluating creativity, Florida develops a creative class index; a high-tech index; an innovation index; a talent index; a gay index and a bohemian index. His ideas challenge the conventional firm-driven view of regional growth held by municipal officials and economic development professionals, which is based on attracting or building clusters of companies. Florida argues that members of the creative class are more likely to settle in regions or cities with a creative population that is open and tolerant. In other words, they score high on his indices. Thus, the most successful places are the ones that have lots of "creative capital" and effectively combine "three T's" — tolerance, talent, and technology.

Florida's development of a theory based on "creative capital" makes a direct contribution to current policy debates around regional economic development. In particular, Florida builds on the human capital theory associated with the economists Edward Glaeser and Robert Lucas, which asserts that economic growth is driven by concentrations of educated people. Florida extends this model by identifying the factors that attract people with a certain kind of human capital to a region or city, and by attempting to understand why a creative class of people remain in one place and not another. The author's research also challenges the "cluster theory" of economic development since it suggests that it is individuals making creative decisions that determine economic growth, not the presence or simultaneous development of complementary business sectors.

Florida cautions that the scenario he is describing is far from fully formed. Poverty, unemployment, and other social ills may well be made worse with the rise of the creative class without appropriate "human interventions." Florida suggests that class divides and inequalities must be addressed through efforts to build stronger communities and social cohesion based on diversity — synthesizing a creative and open "people climate" with a strong business and economic climate. He offers the City of Toronto as a concrete example of a thriving "Creative Centre," where the Creative Class interacts productively and harmoniously alongside Working and Service Classes — an example difficult to find in the United States. In this sense, the full policy implications of Florida's research and analysis are not yet clear. Indeed, some readers may find it frustrating that Florida does not more fully analyze the impact of these ideas on economic policy. The book's strength is that it provides new ways to conceptualize many of the rapid changes taking place in today's workplaces, communities, and economies.

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Workfare: Why Good Social Policy Ideas Go Bad by Maive Quaid. Toronto: University of Toronto Press, 2003. Pp. 256. US$24.63.

Few issues have generated as much public debate and controversy as workfare. Those in favour argue that workfare will restore dignity and self-reliance to people who are in danger of becoming trapped in dependency. Firm policies requiring direct employment or skill upgrading will result in significant long-term benefits to both recipients (higher incomes and improved self-worth) and governments (program success and cost savings). Those against point to concerns about rights (removal of welfare as an entitlement; the risk of loss of labour standards if workfare participants are not covered by wage and working conditions laws and are not allowed to unionize; and the loss of the right to refuse to participate in any work-for-welfare program) and concerns about abuse, such as the idea of free labour (sometimes referred to as "slavery" by activists) and the possible displacement of full-time employees by workfare workers. Such is the backdrop of Maive Quaid's excellent book, *Workfare: Why Good Social Policy Ideas Go Bad.*

Quaid has put together a well-written and analytical evaluation of six North American cases of workfare implementation. However, the book is more than just a critical analysis of the various workfare programs. It is a lesson on how and why good policy ideas succeed and how and why they fail. This book should be required reading for anyone in a management or advisory role at any level of government as well as for politicians, journalists, anti-poverty activists, and students of policy.

Quaid begins with her understanding of a "good" policy idea. The idea should be perceived to be new, it should provide an all-encompassing solution to an important policy problem, it should correspond to the prevailing "truth" of the time, and it should appeal to "efficiency" (i.e., it is the best or least expensive way to solve the problem). A major part of the book involves a fascinating and informative review of the workfare schemes in three American states (California, Wisconsin, and NewYork) and three Canadian provinces (New Brunswick, Alberta, and Ontario). We learn, in each case, what went right and what went wrong with the implementation of this "good" social policy idea. She identifies two cases of success — Wisconsin and Alberta — and makes the point that, in both cases, the dynamic interaction of several factors (a clear and firm policy goal, a political leader with the vision and persistent commitment to make it work, a willingness to either convince a resistant bureaucracy to cooperate or sidestep it altogether, and an ability to creatively deal with impediments as they arise) was responsible for success. In the cases of failure, she notes that the lack of a clear policy; hostility and obstruction from administrators, social workers, and social activists; an unenthusiastic and unmotivated target group; and deceptive evaluations are important considerations.

In her summary chapter, Quaid lays out a useful taxonomy of hazards that can and do sabotage good policy ideas. She identifies six hazards primarily responsible for failure: politician hazard (politics and opportunism tend to dominate); policymakers' hazard (difficulties in translating the politician's vision into a clear and acceptable policy); administrator's hazard (the reluctance to embrace change as well as the apparent social work "mentality" opposed to new ideas such as workfare); target group hazard (resistant to change and often merely go through the motions to maintain benefits); evaluator hazard (inability or unwillingness to properly assess the new scheme); and public hazard (always looking for the next good idea). She deftly uses this framework to explain the successes and failures in the various jurisdictions.

The hazards I find most compelling are the administrator's and the evaluator's. In her analysis of the problems with Ontario's workfare program, *Ontario Works*, for example, Quaid points out that administrators had a different perspective than did policymakers and carried on pretty much as usual, despite the new policy. She argues that the government should have known this would happen. "Why should a new social policy, especially a right-wing policy in the hands of a left-wing administrative culture change the administrator's basic philosophy of welfare and how it should be paid out?" The evaluator's hazard is particularly disturbing. Quaid points to at least two jurisdictions (California and New Brunswick) in which formal evaluations were completely deceptive, suggesting that the workfare program was a success, when in fact the opposite was true. In some cases, the relevant information was withheld from the public. This is completely unacceptable and, if I have a modest quibble with Quaid, it is that this issue could have been more forcefully highlighted. If we are going to have good policies for disadvantaged people and if we are going to avoid the mistakes of the past, we absolutely need blunt, objective, timely and thorough evaluations of *all policy initiatives at all levels of government.* It is shameful that, in 2003, we do not have clear protocols in place mandating external evaluations in every jurisdiction.

This is an important and insightful book that leaves students of policy with a useful framework for understanding success and failure of policy ideas. Quaid is remarkably balanced, in my view, in her critical evaluation of both workfare itself and the hazards that ensured failure. She is refreshingly blunt in her analysis of the intransigent (administrators, unions, front-line case workers), the incompetent (policymakers and designers, some evaluators) and the inattentive, particularly the media. Simply a terrific book!

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Capitalist Development in the Twentieth Century: An Evolutionary-Keynesian Analysis
by John Cornwall and Wendy Cornwall. Cambridge: Cambridge University Press, 2001

True Keynesians are increasingly hard to find these days. Even though many still proclaim themselves as disciples of John Maynard Keynes, the truth is that even the so-called "New Keynesians" are, in many ways, much more neoclassicals than traditional Keynesians. New Keynesian theory is mostly neoclassical economics plus the "Keynesian" assumption of sticky prices and wages, implying that the markets might not clear and hence the economy will not be at full employment. However, the New Keynesians are averse to the single most important assumption made by Keynes: since capitalism is inherently unstable, governments should actively intervene in the economy in order to stabilize aggregate demand.

In contrast to that school of thought, John and Wendy Cornwall are unrepentant Keynesians. In their latest work, *Capitalist Development in the Twentieth Century: An Evolutionary-Keynesian Analysis*, the Cornwalls use an original evolutionary-Keynesian analysis, which blends Schumpeterian, institutional (mainly Svennilsonian), and Keynesian economics in a framework that attempts to revive the role of aggregate demand in economic management.

The Cornwalls blame the neoliberalist policies that have dominated economic policy in the last two decades for the high unemployment registered in the developed world, and contrast this record with that achieved by Keynesian policies during the golden age of economic growth in the post-World War II period. According to them, the record of neoliberalism on unemployment is indeed troubling, especially when compared with the success achieved by Keynesian policies during the golden age. The Cornwalls argue that the golden age was made possible by active Keynesian policies as well as by the establishment of a social contract that emphasized full employment. In their view, the end of the golden age was chiefly caused by the breakdown of the accomplished social bargains and the rise of inflationary pressures. In order to stem inflation, governments and central banks responded by restricting aggregate demand, which further aggravated the problems of unemployment.

According to the authors, the persistence of high unemployment in the last three decades can only be resolved with the creation of institutions that entail the establishment of social bargains and a strong aggregate demand. Under the "current program of neoliberalism" this is not likely to occur and hence it is probable that full employment (as the authors define it) will remain illusive for the foreseeable future, at least while the neoliberal policies remain dominant.

Although most of the analysis of the book is intuitive and sound, there are some problems associated with the framework used by the authors. For instance, the Cornwalls dismiss the recent success of the American economy far too casually. According to them, in spite of the economic growth in the 1990s, the American performance in terms of unemployment is by no means exceptional when compared with other OECD economies, since the official American rate of unemployment does not take into account discouraged workers, the increasing role of part-time jobs as well as a very substantial rate of incarceration. Hence, contrary to the mainstream explanation of the 1990s, the authors conclude that the neoliberal regime of the American economy did not provide any major advantage in substantially reducing the "true" rate of unemployment, which is almost two percentage points above the official rate. Nevertheless, even if we accept that the American economy does not generate lower rates of unemployment than, say, some of its European counterparts in which there are social bargains, could the American economy generate higher growth and productivity? For instance, many studies point out that the flexibility of the American economy has been instrumental in generating new innovations (and, consequently, growth), which has been one of the sources of American technological and economic leadership in the last 150 years. Unfortunately, the authors do not attempt to answer this important question, mainly because the framework they use is not incorporated into a true growth setting.

All in all, in spite of a sharply marked and somewhat dated Keynesian bias, the Cornwalls have written a provocative and thoughtful book that is worth reading, not only because it summarizes much of the evolutionary-institutional literature on economic development in the twentieth century, but also because of its interesting amalgamation of the three traditions mentioned above.

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Political Parties, Games and Redistribution
by Rosa Mulé. New York: Cambridge University Press, 2001. US$55.00

The most interesting fact that can be gleaned from this book is that calling a party left- or right-wing does not tell us much about how it will distribute income. President Clinton signed the most conservative anti-welfare Bill in 60 years. Tony Blair seems like a born-again capitalist. Pierre Trudeau started out as a big social spender, but became conservative at the end of his career. The least interesting part of this book is the author's analysis.

Her thesis is that conflicts within party élites shape redistributive policies. Redistributive policies are handed down from on high, or, as she puts it "my account suggests that the dominant coalition consolidates its position within the party organisation not by devising redistributive programmes that reflect social cleavages, but by constructing new social constituencies which support and legitimise its dominant position ... my account ... highlights that social constituencies are not pre-given constructs." Put differently Mulé might be saying that the preferences of voters result from the power-grabbing shenanigans of rival factions within a party. Research on shirking by politicians suggests that they have some wiggle room in which to indulge their preferences to the detriment of voters, but no serious empirical work has shown us that their backroom conflicts reshape the way voters think.

Mulé's book does not rely on statistical analysis, but is rather a mix of anecdote, stiffened by her notion of game-theory. She seeks support for her hypothesis in qualitative analysis but insists on pronouncing that her "results confound formal theories of redistributive policies that are associated with Downsian spatial modeling" such as the median-voter hypothesis. Whom does she hope to convince by using her qualitative analysis to pass judgement on a huge and carefully worked statistical effort to test the median-voter hypothesis?

Her lack of awareness of statistical studies also leads her to assert that her "study differs from recent trends in comparative politics devoted chiefly to examining the effects of policies rather than to explaining the reasons behind policy changes." Economic journals bristle with attempts to explain policy outcomes, and many of these use what statisticians would call a comparative approach by contrasting policy outcomes in different jurisdictions while controlling for institutional factors such as the presence of referenda, or term limits. Mulé proceeds in ignorance of this research movement, just as she seems ignorant of the efforts of economists in the 1990s to explain why some countries have a greater income spread than others when she states that "comparative political economy has paid little attention to distributive issues and has chiefly concentrated on explaining cross-national differences in economic policies." The attempts by Alesina and his colleagues to study global data to unravel the simultaneous relationship between income inequality and democracy are nowhere near Mulé's radar screen.

Disregard for others' research may not cripple a study provided that study helps us understand something new about a phenomenon. Mulé's writing is hard to follow and has a tendency of making simple notions sound like arcane wisdom. In seeking to formulate "several theoretically derived expectations about income redistribution" she states that "emerging factions need supporters ... to legitimise their struggle for internal power. Since redistributive policies define the categories in need, new redistributive programmes may forge new electoral alliances among protected or risk-exposed categories." As far as I can tell, she seems to be saying that if you want to "make it" in politics you need some pie-cutting platform around which supporters can gather. Getting through this book means slogging through phrases such as the ones above and wondering why one was taken in by the sexy title which has all the magic keywords: parties, games, redistribution. Perhaps the most deceptive thing about the title is that it makes the reader think he or she will be getting a game-theoretic analysis of redistributive policies. Never mind that Mulé does not mention one of the great game theorists of redistribution in elections, David Austen-Smith. Mind that she thinks that in a two-player game a player can choose the particular cell where he wants to be in a two-by-two payoff matrix, and mind even more that she cooks up such matrices with payoffs of her choosing to explain why politicians in Canada, the US, Australia, and the UK acted as they did, and then that she uses this demonstration to give the reader the impression that game theory supports her ruminations. I saw little in this book that supported her argument that internal party struggles drive policy or that made me snap my fingers and say that now I can see better than I saw before why governments redistribute income. I could quibble with her neglect to discuss how regulations redistribute income, and to have a stab at explaining why governments churn money by taxing income from and transferring income to the same people, but these weaknesses are minor compared to the ones I discussed above.

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