

From the Planners' Bookshelf...

The Great Reset, How New Ways of Living and Working Drive Post-Crash Prosperity.

Richard Florida [www.creativeclass.com/Richard_florida]
HarperCollins Publishers, ISBN 978-0-06-193719-4, 2010.

Summary
Implications
YouTube
Published
Reviews

Summary.

Before COVID, but after The Great Recession, this 2010 book continues Richard Florida's mission to describe the new world we live in; in this case as viewed from the bottom of the business cycle. A good read, as usual, with an historic tour d'force that provides perspective on the present Great Recession and the prospects for what will happen on the other side. His view is that the Second Reset of the Great Depression of the 1930s created the conditions for the accelerated prosperity of the post-World War Two economy. The hypothesis of *The Great Reset*, based on a convincing argument, is that this will happen again once the damage of the Great Recession is cleared.

Implications for the American City.

1. **We are experiencing the third reset.**
 - 1st Reset – 1st Industrial Revolution: factories sans science, industrial cities.
 - 2nd Reset – 2nd Industrial Revolution: mass production, science, suburbs; the old industries that will soon become dysfunctional are still being subsidized at the expense of investments in the industries of the future.
 - 3rd Reset – New industries, knowledge-based, urban services and products are becoming in demand. Industrial clusters, mass transit, smaller homes with larger, collective amenities and team education are emerging.
2. **Move away from the past.** Recognize that home ownership is no longer the American dream, encourage mass transit rather than automobile industries, accept the idea that commuting is no longer acceptable, create systems that conserve energy and natural resources, and get ready for e-commerce, e-learning and e-entertainment.
3. **Accommodate the inevitable multi-cultural demographics descending upon America.** Harness the economic power of immigrants [see *The Arrival City* by Doug Saunders], acknowledge the needs of the baby boomers as they age out, prepare for the coming of age of the Millennials, and most of all, create systems that respect and accommodate many different types of people, economies, social systems and cultures.

YouTube: Check out the author's presentation: *The Great Reset Once Again New York* by Richard Florida on June 21, 2013.

LINK: <http://www.youtube.com/watch?v=jGBqyEWjklU>

From the Planners' Bookshelf...

Published Reviews.

REVIEW: NON-FICTION

Ready, reset, go!

REVIEWED BY MICHAEL ADAMS

Special to The Globe and Mail

Published Friday, May. 14 2010, 1:09 PM EDT, Last updated Thursday, Aug. 23 2012, 3:33 PM EDT

Excerpts:

"Florida's new book brings his perspective on cities to the current economic crisis, the Great Recession. He tells us that this is the third great economic crisis, the first being the Long Depression of the 1870s and the second the Great Depression in the 1930s, which some still remember first-hand. Each led to what economist Joseph Schumpeter termed "creative destruction": dramatic transformations of the economy, huge technological innovations and, in Florida's term, fundamental "resets" that resulted in massive changes in land-use patterns and in the values and lifestyles of ordinary people.

"Most view the 1930s as a time of deprivation. That may be so, Florida says, but that image disguises a time of rapid technological innovation and improved productivity that was subsequently unleashed during the Second World War and the postwar boom of the late 1940s, 50s and 60s. The affluent period led Americans into some patterns - car culture and the dream of universal home ownership - that Florida exhorts them to abandon in the 'reset' he believes is now at hand.[Florida]believes Americans should give up the dream of home ownership."

"*The Great Reset* chronicles the recent financial collapse and the reasons for it, and argues it is time for the urban creative classes to lead us out of the false financial economy based on Ponzi schemes to a real economy based on innovation and wealth creation. We need more computer engineers, not more financial engineers, he declares. Americans, aided and abetted by brilliant but amoral financial wizards, sustained their unbridled materialism through mortgage debt, based on the assumption house prices and incomes would continue rising forever. The bubble has burst and now nearly a third of middle-aged Americans own houses worth less than their mortgage debt."

"Indeed, I closed Florida's immensely stimulating book with a sigh as I reflected on what seems to be a poverty of ideas in the political marketplace in this country at all levels. Are we destined to muddle through in self-satisfied complacency, assuming that our beloved banks and natural resources will see us through? Will we ever again debate, implement and ultimately celebrate big ideas that matter?"

Michael Adams, president of Environics, walks to and from work when not on his Vespa and is author of a soon-to-be-released book on baby boomers, Stayin' Alive.

From the Planners' Bookshelf...

Interviews MARCH 2009

The Great Reset

Urban theorist Richard Florida explains why recession is the mother of invention.

CONOR CLARKE, FEB 11 2009, 7:02 PM ET

Conor Clarke is a new media fellow at The Atlantic and the editor, with Michael Kinsley, of [Creative Capitalism](#).

This is a great review that includes a conversation between Mr. Clarke and Mr. Florida. The discussion brings out many of the great points made in the book and provides very useful perspective. It is too involved to condense into an abbreviated clip. Check out the full package.

CharacterTowns.org's Commentary.

The Long Depression of 1873 is the starting point. The story begins as the First Industrial Revolution is giving way to the Second. President Grant was still in his first term. The Second Industrial Revolution, the 2nd Reset, having gained traction after the American Civil War, was now producing results. The "robber barons" were just about to exercise their strangle hold on the levers of economic power. The Battle of the Little Big Horn was still three years in the future; Queen Victoria was in the 36th year of her 54-year reign and Otto von Bismarck was Chancellor of the new German nation. The American "age of imperialism" is a quarter century in the future.

Railroads, oil, steel, electricity and engineering all flourished during and after this period. The technology for these innovations existed before 1873, but they became focused and accelerated after 1873. The period is characterized by:

- The 1st Industrial Revolution [1780s to 1830s] was based on brute force, the 2nd Industrial Revolution was based on science and engineering,
- The exploding urban population between 1887 and 1900,
- The growth of immigrant peoples; immigrants made up a bigger percentage of the total population then than now...14%,
- Flourishing public education; the new factories needed workers and the purpose of free public education was to produce factory workers,
- The understanding of Edison and others about the interplay of science, engineering and commerce,
- The massive population movement to the industrial cities,
- The focus of factories in the new industrial towns,
- The shifting of consumption to manufactured goods, and
- The new interdependencies of consumption, production and city formation that all fit together.

From the Planners' Bookshelf...

Over the next half century, the Nation endured nine recessions and five economic panics; then came the Great Depression of the 1930s. Professor Florida's take on this time of misery is balanced by his discovery that the Great Depression was accompanied by an explosion of technological advances and innovations. His view is that the Second Reset created the conditions for the accelerated prosperity of the post-World War Two economy with:

- Improved economic efficiency,
- Investments in research and development, and
- Growth in education infrastructure that created a skilled and talented workforce as the cornerstone of America's economic competitiveness.

The thoughtful hypothesis of *The Great Reset* is that a post-recession resurgence will happen again once the damage of the Great Recession is cleared. Professor Florida focuses on a few key variables. The main features of the post-reset socio-economy world will be:

- **The Spatial Response.** "Economic systems do not exist in the abstract; they are imbedded within the geographic fabric of the society – the way land is used, the location of homes and businesses, the infrastructure that ties people, places and commerce together.
 - People need to be able to move to where the jobs are, nationally and internationally.
 - Home ownership in a down market stifles mobility.
 - People need to live close to their work,
 - People want to shop close to where they live.
 - People want to be close to where their children go to school.
 - Speed the movement and enable the mobility of goods, people and ideas.
 - Cars have two functions: some folks just want their car, some folks only want mobility.
- **Housing and Households.** The "spatial fix" will require a new cultural paradigm and national policy regarding home ownership. Homes become traps that stifle mobility.
 - A dynamic society based on job movement needs people movement which is prevented by the housing trap of ownership. The national policy of home ownership defeats the policy of economic development.
 - Trends needed: small rental housing [luxury to workforce], fewer cars with better intra-city mobility.
 - The apartment over the studio will replace the apartment over the family store; but the return of the "family business" is coming as more people become self-employed contract workers.
 - During the Great Depression, children believed they had productive roles to perform for the family's betterment [p32].
 - Since 1950, five sunbelt cities replaced five industrial cities on the list of the ten most populace cities in America:
 - Sunbelt: Phoenix, San Diego, Houston, Dallas, San Antonio, and
 - Industrial: St. Louis, Boston, Baltimore, Cleveland, Washington DC.
 - New forms of housing have always been important in Resets.

From the Planners' Bookshelf...

- Housing is the biggest element of the U.S. capital stock and investment flow; bigger than factories, buildings, roads, and more; and has been since the 1920s.
- Levitt Homes, they were expandable, but still serve a purpose these many decades later.
- How do Americans create wealth if it is no longer in their homes?
- Mega-regions [list on p. 143] become the natural environs of business and populations; they also enable effective competition in the global market.
- **Economic Base.** Cities become known for their economic base.
 - Cities enable people to meet and collaborate; “human capitals externalities”, the advantage of talented people clustering together.
 - Read *The Greater Journey: Americans in Paris* by David McCullough (May 15, 2012) to understand the historic trend of travelling to cities that are the centers of learning.
 - New York is more a mecca for fashion designers, musicians, film directors, artists and psychiatrists than it is for financial professions.
 - London, with New York, Tokyo and Hong Kong, is the world’s global financial center.
 - Innovation, in the long run, is what keeps cities vital and relevant. Cities are global centers for talent.
 - Hong Kong is leading in global financial service in the Asian context, but it is not open to innovation and talent.
 - American Cities with an edge:
 - Chicago, financial, industrial management and consulting, regional power,
 - Los Angeles, entertainment,
 - Silicon Valley, venture capital,
 - Miami, central and south American finance center,
 - Charlotte, banking
 - Ottawa, Austin and the North Carolina Research Triangle, technology,
 - “The Three Torontos” is typical: wealthy core, inner suburban disadvantages, outer suburbs with shrinking middle class and working families overlaid with ethnicity.
- **Big Government and College Boomtowns.** Washington’s biggest economic sector is technology, not government; also bio-tech and broadcast media. College Towns, as witness *Cities of Knowledge*, are places that attract talent and capital.
- **Death and Life of Great Industrial Cities.**
 - Detroit was the epitome of the “abandoned” city; read *Detroit, An American Autopsy*.
 - Pittsburgh’s makeover is due to local boosterism and the benefits of education.
 - Unemployment is highest in Michigan, Ohio, Indiana and North Carolina.
 - Shrinking cities must choose, should policy focus on people or places?
- **Economic Development.**
 - The core stuff of economic development is many small local accomplishments [p 85], rather than a few big industrial relocations. The emphasis of local and regional economic development activities should be the expansion of existing businesses and start-ups with major relocations being a bonus.

From the Planners' Bookshelf...

- **“There are three key attributes that make people happy in their communities and cause them to develop a solid emotional attachment to the place they live in” [p 86].**
 - The first is physical and the level of maintenance of the place itself; beauty.
 - The second is the ease with which people can meet each other; socialization.
 - The third is the community’s level of open-mindedness; diversity and acceptance.
- **Sun Sets on the Sunbelt**
 - Real estate, mortgage finance, [insurance] and construction became the economy.
 - Los Angeles, San Jose, Nashville, Houston, Charlotte, Las Vegas, Phoenix, Miami, Orlando, Naples.
 - Double whammy: decline in housing values, decimated savings.
 - Housing is not a sustainable economic engine.
 - Robert E. Lang [p101], The trick is to turn its [“the sand cities”] advantage in conventions and business networking into something more than tourist dollars, by generating new industries in the sun...permanent trade shows, centers for convening intellectual forces.
- **The Reset Economy**
 - The Full Package:
 - New technologies,
 - New economic systems,
 - New patterns of consumption,
 - New spatial patterns, and
 - New governance compacts.
 - Real wealth is based on goods and products.
 - The age-old conflict between traders and builders.
 - NGOs are a growing part of every city’s economic base.
 - Don’t give up on the Service Industry; it can be the source of innovation, entrepreneurship and job wealth creation.
 - Move past the old economy based on physical skills and manual dexterity.
 - The new economy relies on analytical and social intelligence skills; team building and management.
- **The New Normal, The Resetting Point**
 - Debt is capitalism’s dirty little secret; we will continue to rely on debt financing.
 - Invest in building the economy of the future rather than shoring up the old economy.
 - Basic guiding principles [p182]:
 - Everyone is creative,
 - School is not the only source of education,
 - A new social compact is necessary,
 - The old compact:
 - Large companies with stable employment.
 - Government with a safety net.

From the Planners' Bookshelf...

- The new compact will/could be based on:
 - Less debt, greater flexibility.
 - Fewer things/more experiences.
 - More family.
 - Systems improvements for education, infrastructure, creativity and connectivity.
 - Government should establish the enabling framework for a new era of shared prosperity.
- Places that will thrive in the 3rd Reset [2010 and beyond] will have:
 - Velocity of ideas,
 - Density of talent,
 - High rate of metabolism, and
 - Diversity of all things physical, social, economic.
- Diversity enables adaptability.
- **Clusters are important.**
 - **Location Quotients** are used to identify elements of a specific condition, a city/region, e.g., that are out of balance with the bigger system. Understand why. The imbalance may be ok or not. Respond accordingly.
 - **Comparative Advantage** may require the imbalance. Prosperity may be created by imbalance. Understand the dynamics.
 - **Clusters produce economies of agglomeration** which benefit companies due to the transport cost saving (Glaeser); the closer you are to your neighboring firm the easier it is to exchange goods and ideas. Moreover, the steady presence of an unchanging customer base guarantees their business and steady income.

wck.