

Los Angeles Times

California has right stuff for a down economy

In his new book 'The Great Reset,' Richard Florida says the Golden State has three qualities that may help it lead the country out of its fiscal maelstrom: technology, talent and tolerance.



By Evelyn McDonnell, Special to the Los Angeles Times

July 19, 2010

To Californians weary of reports of government insolvency, soaring unemployment and foreclosure nightmares, economic development expert Richard Florida has a sunny forecast — sort of.

According to data compiled by his Creative Class research group, California has the highest Creativity Index in the United States. This means the state has what the University of Toronto professor considers the prime ingredients for future growth: technology, talent and tolerance.

"Even though the whole state has been hit hard and you're in this terrible budget situation ... you have some economies that are proving resilient," says Florida, whose new book, "The Great Reset: How New Ways of Living and Working Drive Post-Crash Prosperity," picks up where his 2002 bestseller "The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community, & Everyday Life" leaves off.

Florida has an admirable if somewhat quixotic tendency to make lemonade out of lemons. He chose the name for his new book, which deals with the current economic crisis, because "reset" sounded better than "depression" or "recession." Tell that to an unemployed carpenter or photojournalist.

Expanded from a 2009 article in the Atlantic, "The Great Reset" compares what we're living through now to the Long Depression and the Great Depression, and his findings aren't encouraging.

"Today's Reset will affect our society at a deeper level than did the Resets of the past," writes Florida, who directs the Martin Prosperity Institute at Toronto's School of Management. "We are living through an even more powerful and fundamental economic shift, from an industrial system to an economy that is increasingly powered by knowledge, creativity, and ideas."

Florida urges financial and governmental systems to take radical steps to adjust to this new economy. That includes avoiding the impulse to salvage the very dead weights that are dragging us down: the automobile, home and financial-derivatives industries.

People too must fundamentally change their ways of living. That 20th century suburban dream of car and home ownership? Fuhgeddaboutit. Mobile and independent workers of the future will flit from job location to job location by high-speed train around "mega-regions" such as Southern California.

As for California — a state that essentially defined the 20th century suburban dream — the outlook is decidedly mixed, Florida says. Tech-driven San Jose is third out of about 350 regions nationwide on the Creativity Index, while industrial and agricultural regions such as Chico and Stockton linger in the bottom half. "What strikes me," he says, "is the range. You have three or four metros that perform near the top of the economic pile. And then a bunch that perform at the very bottom."

Of course, as goes the Golden State, so goes the country. The varying ranks of California urban areas on Florida's index correspond to the way the recent crash — er, reset — has affected Americans with and without higher education.

"The U.S. unemployment situation is another tale of two resets," says Florida. "Unemployment is ungodly high for blue-collar people and construction workers and more modest for people who work in professional jobs, technical jobs, creative jobs, or people who have a college degree."

The Reset thus proves the resiliency of what Florida has dubbed "the creative class," a group of brainiacs including not just artists and musicians but also knowledge, professional and technical workers — what some might term the cultural elite.

As opposed to Richard Sennett, Matthew B. Crawford and other advocates, Florida sees little hope for the economic growth of American tradesmen. He's nonetheless a champion of the proletariat and has a broad understanding of creativity as a universal quality that should be nurtured in all. "Service jobs offer lots of potential for innovation, entrepreneurship, and the upgrading of employment opportunities," he writes.

Not surprisingly for a tenured academic, Florida places a strong emphasis on the importance of education. California's technology and entertainment industries and its residents' progressive pursuit of green lifestyles will pull the state out of its current quagmire, he thinks. But he's appalled by the way government is undermining one of its prime resources: the [University of California](#) system.

"This is just a great tragedy," Florida says. "It's the envy of the world, the greatest university system in the world. The colleges are the driver of the whole economy. It makes no sense. It's anti-Reset policy."

The only government move Florida sees as more inimical to the Great Reset is Arizona's clampdown on immigrants. Many crucial U.S. knowledge and tech workers are foreign-born, and Florida's research demonstrates that highly skilled labor needs lesser-skilled workers to support and sustain it.

"Arizona is doing the dumbest thing of all," he says. "Arizona sends out a message to the world that you're not welcome here. 'We don't want new and different people here.' It's tragic for Arizona and it's bad for us as a whole."

Tolerance is one of the three main factors in the Creativity Index. California's reputation for open-mindedness has taken a blow with the ban on gay marriage but not enough to knock the state off its top perch.

"There's something that happens in big, vibrant, economically diverse cities: metabolism," Florida says. "A city like Los Angeles is able to overcome problems because it's a fast place."

McDonnell is an assistant professor of new media and journalism at Loyola Marymount University.