‘One of the critical things for Ireland will be developing strategies and approaches that continue to harness the creativity and innovation of the entire workforce’
Academic and best-selling author Richard Florida has long been documenting how creativity is revolutionising the global economy. His latest book, *The Great Reset*, says our post-crash prosperity depends on it all the more. He spoke to Ann O’Dea.

“Richard Florida is author of such best-sellers as ‘The Rise of the Creative Class’ and ‘Who’s Your City?’. His new book, *The Great Reset*, looks at how new ways of living and working will drive post-crash prosperity. He begins by looking back to the previous big recessions of the 1930s and 1870s, and examining the lessons that can be learnt.

“Economies and societies invariably remake themselves in the wake of a crisis,” says Florida. “It’s a necessary component of rebound and recovery. Outmoded industries and tired consumption habits make way for new goods and services, new careers and forms of employment, and population realigns itself in the landscape.”

Interestingly, he says these developments are all connected to lifestyle changes. “Look at the Reset that took place as the 19th century became the 20th – it involved the changeover from an agrarian economy to an industrial manufacturing economy. The Reset of the post-war, post-Depression era had to do with the rise of a high-powered consumer economy, in which it seemed like every worker had been handed the keys to the American Dream – a house and everything to fill it, cars and college for their kids so the next generation could live even larger.”

He says both these “Resets” were vibrant periods of innovation. “Innovators and entrepreneurs rushed to fill the voids left by struggling industries, with new ideas and new technologies that led to new forms of infrastructure like railroads, subways and highways systems. All of that innovation powers economic growth.”

“The First Reset saw power and communication grids and streetcar and subway systems spread across the country, speeding the movement of goods, people and ideas. This was the era of Thomas Edison and Alexander Graham Bell, Andrew Carnegie and JP Morgan, after all.”

The Second Reset, says Florida, brought huge developments in media, mass-produced consumer goods, and the role of large corporations. “That is when companies like IBM rose to prominence and when what was good for General Motors was good for the nation. It also saw the rise of a suburban, mass-consuming nation.”

**THE HOUSING-AUTO COMPLEX**

In his new book, Florida says its time for a radical shift away from the “housing-auto” complex where the aim of the population is always to own that house and those car keys.

“Housing has always been a key to Great Resets,” he tells me.

“We need an even more radical shift in housing today. Housing has consumed too much of our economic resources. It has trapped people who are underwater on their mortgages or can’t sell their homes. And in doing so has left the labour market unable to flexibly adjust to new economic realities.”

He believes it is time to remake and reinvent our housing system so that it broadly supports the flexibility and mobility of our economic system. “For example, home ownership is rewarded by the US federal tax code, which made great sense when that piece of the American Dream, and all the consumption that came with it, was essential to rebuilding the economy.”

“These days, however, it feels like a huge penalty to people who want to travel light within the new mobile economy without a mortgage to hold them back.”

Florida says the signs are already there of a shift in this area. “Already, new forms of short-term and long-term rental housing are popping up in some regions. You can take on a house or apartment for a few months or even a year or two in developments that are striving to provide critical elements of community – schools, healthcare, social and cultural institutions – even for people who are living there only temporarily.”

“People invested in a home, mortgage or community are less likely to move to more economically vibrant locales. That kind of entrenchment is going to be an impediment to the coming spatial fix,” he says.

**RISE OF THE MEGA REGION**

As the debate continues in Ireland as to whether to prioritise regional development, or to concentrate on the development of Dublin as our successful city-region, I ask Florida for his view.

“Cities and regions are likely to rise and fall, possibly dramatically,” he says. “Places with diversified economies and high concentrations of highly educated people and those that work in the “creative class” have done much better in weathering the current economic storm. Dublin has been one of the regions.

“Even as financial industries are shedding jobs, historic financial capitals are better positioned for the future because of the large, diverse, open economies populated by innovative and entrepreneurial talent. The new spatial fix will be bigger than the industrial city and mass suburbanisation combined.”

“The history of capitalism is a history of the more intensive and expansive use of land and space. It’s no longer city versus suburb but the rise of a new and larger form of economic landscape – the mega-region,” he says.

Mega-regions, according to Florida, are gigantic complexes of cities and suburbs. “The world’s 40 largest mega-regions produce two thirds of all economic output, and nine in 10 new innovations, while housing only 18pc of the world’s population. Mega-regions are to our time what suburbanisation was to post-war growth.”
Governments now have choices to make, Florida says. We can either wait for these mega-regions to take shape and for populations to move and then try to retro-fit infrastructure and services to accommodate those changes or we can anticipate these developments, and begin planning and implementing the technology and infrastructure that can enable the spatial fix, and hasten a return to economic prosperity.

“Dublin’s regional leaders have to keep pushing the envelope if Dublin is to maintain its competitive advantage. I’m talking about universal broadband access, high-speed rail, new forms of housing and so on, which can only take shape through a thoughtful alliance of government action and private development.”

**THE THREE TS**

And can the Dublin region adopt and replicate some of the learnings from the likes of Silicon Valley, which has given birth to so many innovations?

“Talent, Technology and Tolerance represent what I call the 3Ts of economic development,” he begins. “The 3Ts approach represents a comprehensive strategy for organisations, cities, regions and countries alike to compete and prosper in the creative age. It’s a framework that has helped places like Austin, San Francisco, Denver, Seattle, Boston and Silicon Valley make great innovative and economic advances. It’s a framework that Ireland – and Dublin – should look to as well.”

**FLORIDA DESCRIBES THE THREE TS THUS:**

**Talent:** The driving force behind any effective economic strategy is talented people. We live in a more mobile age than ever before. People, especially top creative talent, move around a lot. A community’s ability to attract and retain top talent is the defining issue of the creative age.

**Technology:** Technology and innovation are critical components of a community or organisation’s ability to drive economic growth. To be successful, communities and organisations must have the avenues for transferring research, ideas, and innovation into marketable and sustainable products. Universities are paramount to this and provide a key hub institution of the creative age.

**Tolerance:** Economic prosperity relies on cultural, entrepreneurial, civic, scientific and artistic creativity. Creative workers with these talents need communities, organisations and peers that are open to new ideas and different people. Places receptive to immigration, alternative lifestyles and new views on social status and power structures will benefit significantly in the creative age.

**REPOSITIONING IRELAND**

And is a small open economy like Ireland well-positioned for the Great Reset – can we be a hub of innovation and creativity, in Florida’s view? “One of the critical things for Ireland will be developing strategies and approaches that continue to harness the creativity and innovation of the entire workforce – not just the creative class but both industrial and service-oriented workers as well,” he says.

“Every single human being is creative, and maximising that creativity will be critical to our happiness and economic growth. Economic growth is driven by creativity, so if we want to increase it, we have to tap into the creativity of everyone. That’s what makes me optimistic.”

“For the first time in human history - and even more so since the Great Reset - the basic logic of our economy dictates that further economic development requires the further development and use of human creative capabilities. The great challenge of our time is to find ways to tap into every human's creativity.”

It is vital that a country like Ireland looks beyond its focus on science and technology and focuses its efforts too on the burgeoning creative economy, he says. “Ireland has to look to the entire creative economy. Yes, technology and science are important elements of the creative economy. But remember, I define the creative economy and class to be a broader view of knowledge creation and human capital.”

According to Florida “the creative class” is the core force of economic growth in our future economy, and he says it includes two groups of workers:

**Creative Professionals:** These professionals are the classic knowledge-based workers and include those working in healthcare, business and finance, the legal sector and education.

**Super-Creative Core:** These workers include scientists, engineers, techies, innovators and researchers, as well as artists, designers, writers and musicians.

According to Florida, Ireland has a good headstart here. “The full creative workforce represents nearly 40pc of workers in Ireland, ranking it among the top creative centres in the world.”

**NEW MODEL WORKER**

Whether we are talking about the US or Ireland or elsewhere, Florida has strong views on how we can transform low-skill, low-paid jobs into high-skill jobs. He points to the massive shift that took place in the way people worked in the middle of the 20th century in the US.

“Manufacturing jobs – the bulk of employment in America – transformed from low-paying and generally oppressive menial jobs and became jobs that weren’t just respectable but actually desirable. The American Dream was now within reach for the average factory worker.”

“Today, most of those great jobs have gone overseas and the great majority of America jobs are now service jobs. We need to find ways to transform the more than 60 million service jobs which make up 45 percent of US employment in the same way – rewarding workers financially, encouraging and empowering creative participation and creating professional communities.

“We can look to any number of new companies – from Zappos,
to Starbucks, to American Apparel – for examples of how this idea might play itself out. We need to do more to make service jobs into higher-paying family-supporting jobs of the future.”

**THE GREAT RESET**

Recessions inevitably create despair and pessimism, but Florida sees this latest “Great Reset” as an opportunity to transform our economies in a positive and more sustainable way.

“We will see sustainability as a common practice rather than an added value in the future,” he says. “Many of the economic forces – the concentration of assets, for example – will require us to evaluate our choices and needs more holistically. Infrastructure, for example, will have to develop and adapt to our new economic reality.

“We need new infrastructure that can dramatically speed the movement of goods, people, and ideas. Part of that will mean people moving closer to where they work, working flexibility and walking or riding a bike to work – a more sustainable approach. It will also require new infrastructure like high-speed rail that can speed the connection and reduce the commuting time between far-flung places.”

Changes in consumption and lifestyle are key to Great Resets, says Florida. “For one thing, I think we’ll start defining wealth and success differently and develop new approaches to consumption. Things that have always signified wealth and security – home ownership, new cars, luxury goods – have become a burden for many people and will be replaced by more experiential consumption like travel and recreation, self-improvement, and so on.

“By divesting themselves of certain big-ticket possessions that have been keeping them tied down, people will gain a new freedom to live more meaningful lives.” It is a lesson that many here in Ireland are learning now.

Richard Florida is professor at the Rotman School of Management at University of Toronto. His latest book, The Great Reset: How new ways of living and working drive post-crash prosperity, is published by HarperCollins.

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