



## Commerce Matters

Review of “The Great Reset”

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It's Friday afternoon and as the closing bell rings on Wall Street stocks have hit their lowest level since February, following the release of a dismal Labor Department report on job growth. Employers again are hiring fewer workers, and investors fear a 'double-dip' recession. It all looks pretty grim when coupled with Europe's debt crisis and concern over Hungary's financial situation. But for bestselling author Richard Florida, it's always darkest before the dawn and he thinks we may be in the midst of one of the greatest, most innovative times in history.

Florida's newest book, *The Great Reset: How New Ways of Living and Working Drive Post-Crash Prosperity*, looks beyond today and fast-forwards us to tomorrow. Comparing the financial crisis of 2008 with the Long Depression in the late 1800s and the Great Depression of the 1930s, the author sees the world's current financial situation as perfect for what economist Joseph Schumpeter called 'creative destruction.' Outdated economic practices and systems will be discarded so new technologies, industries and growth can emerge in an economic 'reset.'

So what will our reset bring? According to the author, the current state of the economy mimics the Long Depression of 1873. A painful period (starting with a banking crisis sparked by insolvent mortgages) left a struggling economy and rampant unemployment in its wake. But, it was followed by a deluge of what Florida describes as "incredible inventiveness," from transportation (like the bicycle and Daimler and Benz' gas-burning engine) to the organization of production itself, which made Henry Ford's idea of

automobile mass production a reality.

Florida predicts that America's morning after will see a population shift as a consequence of this economic downturn. But unlike 1873, when people moved from farms to cities and industrial centers, migration will be toward 'megaregions,' which in many ways will be the heart of our reset. The new destination will be several cities and their surrounding suburbs, like "Bos-Wash," which encompasses all the cities along the Eastern seaboard from Massachusetts to the nation's capital. "Chi-Pitts," encompassing more than 100,000 square miles between the Windy City and Pittsburgh, is already the second largest of these megaregions in the U.S. Could St. Louis and Kansas City converge as well, since these megaregions will theoretically serve as catalysts to power the global economy?

The denser economic landscape will serve as fertile soil for the development of new industries and new jobs. Inside megaregions, Americans will bike, walk or use mass transit to get to work faster and more economically. The reset will also bring change in consumption patterns. Rented houses or apartments will be better fits for a new residential attitude slanted toward mobility and flexibility. And employment, which in a city once focused on factories, will center on either lower-skill services or 'new knowledge' jobs.

Sometimes resets evolve over an entire generation. But, if the past is any indication of our future, we are all standing at the doorstep of another crucial era in the illustrious history of America.

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