

## How the Financial Crisis Is Good for New York

2/15/09 at 1:01 PM



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The Downturnaround just about wept with joy while reading "[How the Crash Will Reshape America](#)," Richard Florida's fantastic cover story in the March issue of the *Atlantic*.

Florida, who is a scholar and the author of *The Rise of the Creative Class*, has become semi-famous in recent years for arguing that the U.S. economy is now based on the development and exchange of ideas, and that the best places for that to happen are those that attract and coddle creative, educated people. Places, in other words, like New York.

Naturally, we've always liked that about him. (We also like his name.) And now we like him even more, because his *Atlantic* piece devotes special attention to New York.

After arguing that the city is not likely to lose its status as the preeminent financial center anytime soon, he says:

The financial crisis may ultimately help New York by reenergizing its creative economy. The extraordinary income gains of investment bankers, traders, and hedge-fund managers over the past two decades skewed the city's economy in some unhealthy ways. In 2005, I asked a top-ranking official at a major investment bank whether the city's rising real-estate prices were affecting his company's ability to attract global talent. He responded simply: "We are the cause, not the effect, of the real-estate bubble." (As it turns out, he was only half right.) Stratospheric real-estate prices have made New York less diverse over time, and arguably less stimulating. When I asked [Jane] Jacobs some years ago about the effects of escalating real-estate prices on creativity, she told me, "When a place gets boring, even the rich people leave." With the hegemony of the investment bankers over, New York now stands a better chance of avoiding that sterile fate.

Frankly, we were never all that worried about sterility, because as areas of Manhattan and Brooklyn became whitewashed by cash, new pockets of creativity always seemed to spring up around town. But, [as Joel Lovell observed in our magazine last spring](#), extravagant status symbols had become a sickness.

Florida sees hard times ahead for Sun Belt areas like Phoenix and Las Vegas, where the economies are based largely on suburban expansion; he calls them "giant Ponzi schemes." But this is the first story we've read that manages to see past the current crisis with optimism about the future of the country, and of New York, that is tempered by the hard realities of the present but not broken by them. The Downturnaround hails Florida as an ally!

By: [Hugo Lindgren](#) Filed Under: [the downturnaround](#), [new york will rise again](#), [richard florida](#)