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Out with the old

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To Richard Florida, calling today's economic woes the "Great Recession" doesn't begin to describe the tectonic forces at work. This is not simply a time when jobs are hard to find, says the urban theorist and best-selling author, who also runs the Martin Prosperity Institute at the University of Toronto's management school. Unlike previous downturns, such as the ones that kicked off the previous three decades, he believes today's recession is a "great reset" that will fundamentally change the work we do and the way we do it.

"Great resets are mechanisms by which technologies change, productivities improve," says Florida, whose latest book — titled, yes, "The Great Reset" — describes current and past transformations in American society. "But most important, they're shifts in the way we live and work."

When the economy melted like an ice-cream bar in Baghdad 18 months ago, Florida decided to look back for "historical analogues" to the current crisis. He landed on two: the "Long Depression" beginning in 1873 and the Great Depression of the 1930s.

In both cases, the economic woes were tied to a major cultural shift. In the first case it was the move from an agricultural economy to an industrial one. In the second it was the rise of suburbia and the subsequent boom in housing and consumer markets.

What we're undergoing right now, says Florida, is the end of that consumer-driven postwar economy and the rise of one built on knowledge work and the service sector.

"The housing, energy, consumption bundle was the powerhouse of the old industrial economy. Now we're in an economy of information, of technology, of science, of knowledge, where we need more skill development. And hopefully what we can do is what we've always done in this country — shift that talent and energy into new growth areas."

@Work spent an hour chewing the fat with Florida over what all this means for the American worker. Though he cautions that predictions are a dicey game, he spoke of whom he thought the workplace winners and losers would be, whether a college 'degree is worth its weight in debt and why New York City is in a better position than most places to benefit from the changes that are coming our way.

In both previous resets, a lot obviously changed, including a tremendous shift in the types of jobs people do. How will this reset change the jobs market?

In the first great reset, we shifted our economy from one where agriculture was the predominant form of work to one where industrial manufacturing became a predominant form of work. I think today we're going through a similar shift. Our economy has changed fundamentally. I just looked at the new [US Bureau of Labor Statistics] projections from 2008 to 2018. We are not going to create any manufacturing jobs. In fact, we're going to lose production jobs over this next cycle.

But we're going to create two kinds of jobs. We're going to create these high-end knowledge work jobs, which tend to be more skilled and higher-paying. But we're also going to create a lot of jobs in low-wage services — janitorial work, food preparation and service, home health aides, home health-service assistance and jobs of that nature. We have 60 million-plus of those jobs now. We're going to add another 6 or 7 million, and another 6 or 7 million of the creative jobs. I think the real task ahead is we're going to have to do something analogous for the service jobs to what we did for manufacturing work. We're going to have to put on the agenda that we're going to have to upgrade and make service work higher-paying.

How can we make service jobs better gigs?

To do so, we're going to have to use the same techniques we used in manufacturing. We made manufacturing work more efficient. We organized workers in teams. We had them contribute to productivity and engage in quality circles. But we tend to look at service work as very low-level work and work that we cannot make efficient. I think some of the better service companies are suggesting that that work can be made more efficient. As they engage in continuous improvement, as they work in teams and make suggestions, they make more pay. So I think that's where we have to head as a country.

What can service-industry workers do on their own to speed this process forward?

One of the things that's happening, slowly but surely, is that not only more highly educated people but entrepreneurs are beginning to go back to both manufacturing and agriculture and upgrade that work. In agriculture, we're seeing the rise of artisan meat producers. In manufacturing, all over major metropolitan areas companies are developing smaller-scale manufacturing, with a lot of design and value added.

We're finding the same thing in the service economy. I see many people with higher skill and higher levels of education saying, "You know, I might like to work in the service industry." But many people are saying, "I want to offer better services." And they're upgrading this work on their own.

I think the obvious thing is to obtain as many skills as you can and focus on the kind of company that will reward skill development and teaming and continuous improvement. Service companies are really split. I think many still do it the old way, treating workers not only as liabilities, but as quote-unquote enemies. Treat them terribly, pay them low, treat them as a non-asset.

But I think there is a minority of companies that see service workers as an asset. One place you see that is in hoteling, whether it's the Mandarin Oriental or the Four Seasons or the other high-end chains. They're saying, "If you come to work here, we can begin to move you up through the company. We have promotion from within. And you may have to start out in a low slot, but you can work your way up."

Finally, a lot of people are choosing service that is more creative. Folks are going into makeup artistry, hair-cutting, cosmetology, holistic health, high-end massage, who are seeing this as a much more high-end service. They're delivering a better service and can charge appropriately. There's a lot of entrepreneurial action.

You're high on New York City. What does it have going for it for the average worker?

Even with the absolute body blow in the financial markets and the devastating job loss and the devastating hit in terms of sales and income and revenue, New York had this incredible resilience. Certainly compared to Frost Belt cities or the booming Sun Belt cities of sand that were supposed to be the up-and-coming cities. Having grown up in New Jersey, I've seen this, but I never looked historically at how many times New York has been able to reinvent itself and the fact that New York isn't simply a financial center. It's always been an incredibly creative economy.

Where do you see this happening in the Big Apple?

We actually did an analysis at our institute. One of our colleagues looked at MySpace and the development of MySpace bands. If you looked at the diversity of popular music styles, New York, and Brooklyn in particular, outpaced anywhere else in the United States by a significant margin.

Design, too. Not just production design, but product design, industrial design, graphic design, entertainment, the invention of new forms of entertainment.

A reset takes two, maybe three decades to play out. What should people be mindful of in this reset?

The first thing I would say is, don't take unnecessary risk and don't be dumb. This is a time where one has to conserve assets and invest in skill development.

Do not make rash purchases. Be wary of buying real estate, no crazy investment schemes. You're going to have to earn money the good, old-fashioned way — by working for it.

You're not going to get out of college and land that job on Wall Street or wherever and become a gazillionaire overnight.

We're going to be in a protracted period of slow to moderate growth until, sooner or later, we become more innovative and productive and invent this new way of living.