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## Is It Time for a “Great Reset?” with Richard Florida and Umair Haque

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As we visited Florida on our 30 Million Jobs tour, Dylan had the chance to speak to [Richard Florida, Senior Editor at The Atlantic](#) and Professor at the University of Toronto’s Rockman School of Management, and Umair Haque, the Director of the Havas Media Lab and author of [\*Bettersness: Economics for Humans\*](#). (The full video and transcript are below.)

Last week we went to Florida, as its housing crisis is truly microcosm for what we’re seeing happen nationwide. The numbers themselves are staggering — there’s a 10% unemployment rate, a 16.5% poverty rate, and 21% of residents have no health insurance.

Florida is “ground zero” for America’s housing crisis — with 171,000 pending foreclosures, the 7th highest in the nation last year. And it’s not just foreclosures — in *one of out of every two homes* in Florida, the homeowner owns more than the home is worth, putting them effectively underwater. (The rate nationally is closer to 40%.) And we all know that nothing prevents social mobility more than trapping people in homes they can’t leave to take a new job somewhere else.

Prof. Richard Florida considers the state an illustrative example of exactly what's happening in other states and municipalities across the country. "When you go out to those outlying areas you see poverty, despair, you see service jobs or no jobs. You come here thought, and it's the globalization of Miami Beach. It's not Americans buying. It's Brazilians and other Latins and Canadians and Russians. While the rest of Florida sinks, Miami Beach comes back," says Florida.

So, how do we start fixing it? Dylan points out that first, we must decide on a set of established values in order to get to a clear, defined destination. More importantly, we need a more accurate set of gauges to evaluate whether we're getting closer to that goal.

Umair Haque expounds on this point:

*I think that part of the problem we have in this country is that we're still competing with an industrial age definition of prosperity. We built GDP decades ago. And GDP kind of tells us that we should maximize industrial output, which is kind of just stuff. And so the question for us today if we want to build better lives is what does prosperity really mean to us? Is it just about more bigger, faster, cheaper? Or is it much more about kind smarter, fitter, closer? The human stuff that tends to make life really good.*

*So we have to make a choice. And that choice is fundamentally about our values. But number two, what do we do once we craft these values? Can we build better measures of what prosperity is? And I think that's one of the challenges confronting us today. Don't forget, we're the nation that built GDP.*

Richard Florida believes that we need to redefine the American dream outside of the traditional, singular goal of owning a home. "The American dream isn't owning a house," says Florida. "It's being upwardly and economically mobile."

He points to what is happening in Miami Beach as an example of local groups redefining solutions for growing prosperity in their communities. "The Community Development Corporation of Miami Beach took over some failed condos. They finished them off, and they turned them into affordable housing for the service workers who work in this Delano Hotel. What a model! We have a surplus of housing. We have a lot of housing nobody is using – it's empty! Turn it into affordable housing — encourage mobility back from the suburbs to downtown where. And put people in affordable housing and give them a better way of life. It gives people that betterness that Umair's been writing about," says Richard.

Umair Haque believes we also need to reexamine the "gauges" we've traditionally used to measure economic prosperity. This begins with redefining GDP.

"Imagine we had a better GDP that measures exactly what Richard just talked about. This increase in social mobility. What's stopping us from building that?," asks Umair. "It takes billions to build high-speed train lines. It takes billions in stimulus to kick off all this stuff that the government is talking about. To build these measures and really get serious about changing our values. That's one of the best investments we can make — the returns are huge, and the

upfront costs are very very low. So I think that's really where we need to begin. I think that challenge is in front of us, and I think we can take it on tomorrow if we want," says Umair.

## **FULL TRANSCRIPT:**

**DYLAN:** Hello from the historic Delano Hotel right off the ocean here at Miami Beach. This was it the first big investment here. This hotel as they turned this beach area into what you all saw in Miami Vice and all those other tv shows and iconic movies about this place. But that was when this area had investments. That was when this area and this part of our world was a boom town. It has now been two decades and for too many, the boom has turned into a pure and cataclysmic bust. That's why we're calling our three days in Miami "Paradise in Peril." Because as I said before, obviously, this is not "Paradise Lost." Many people that we have talked to have answers. All around these communities in Miami and around this country. All we have to do is solve the problems with the integrity to identify them first. Align our interests to return investment to this country and get the 30 million jobs we desperately need. Florida is also the center of the Republican primary, and the action went like this at last night's debate. Shall we call it Mitt's revenge?

***MITT ROMNEY:** Speaker Gingrich was hired by Freddie Mac to promote them to influence other people throughout Washington, encouraging them not to dismantle these entities. That was a mistake. Instead, we should have had a whistle blower and not a horn tooter. He should have stood up and said these things are a disaster. It's a crisis. He should have been anxiously telling the American people these entities were causing a housing bubble that would cause a collapse here in Florida.*

***NEWT GINGRICH:** They have been attacking me inaccurately. The contracts we released said I would do no consulting. But we began digging in Monday night because I had enough of this. We discovered to our shock Governor Romney owns shares of both Fannie Mae and Freddie Mac. He made a million dollars off selling that. He has an investment in Goldman Sachs which is today foreclosing on Floridians. maybe he should tell us how much money he's made off houses that have been foreclosed by his investments.*

***NEWT GINGRICH:** First of all, my investments are not made by me. My investments for the last ten years have been in blind trusts managed by a trustee. Secondly, the investment we made have been in mutual funds and bonds. I don't own stock in Fannie Mae or Freddie Mac. Have you checked your own investments? You also have investments from mutual funds in Fannie Mae and Freddie Mac.*

**DYLAN:** We'll get a full reaction across the board. I cannot wait to hear from our Megapanel who made the trip. But right now, back to "Paradise in Peril." Florida is of course a microcosm for what's happening nationwide. 10% unemployment. 16.5% poverty rate. 21% have no health insurance in this state. And talk about the housing bust. This is ground zero, with 171,000 pending foreclosures. This state had been the 7th highest in the nation last year. Driving around, we have seen too many foreclosure signs ourselves, not to mention for those not been foreclosed upon, they find themselves deeply under water. One of out of every two homes in

Florida the homeowner owns more than the home is worth. Nothing prevents more than trapping people in a house they cannot leave to take a new job.

We start with Richard Florida, Senior Editor at The Atlantic and Professor at the University of Toronto's Rockman School of Management, and Umair Haque, who now wishes he came to Florida, the Director of the Havas Media Lab and author of *Betterness: Economics for Humans*. Richard, I'll start with you. Our premise is "Paradise in Peril" not "Paradise Lost." This is obviously spectacular. What sort of decisions can we all be making right now to save us from losing this to get more of this and get less of what you have when you move inland off the beach?

**RICHARD FLORIDA:** Well first of all, built from the bottom up. This was built by local people. The gay community, artists and creators coming here and renovating what was then a paradise in peril. And then the boom came, and then financialization came, and then came the bad mortgages and it collapsed. One of the things that's happening is this is America in miniature. When you go out to those outlying areas you see poverty, despair, you see service jobs or no jobs. You come here thought, and it's the globalization of Miami Beach. It's not Americans buying. It's Brazilians and other Latins and Canadians and Russians. While the rest of Florida sinks, Miami Beach comes back.

**DYLAN:** Umair, we have talked about this in the past. I want to get into it right now. You cannot get where you are going if you don't have a destination, if you do not have a set of values to get to that destination and most importantly, if you do not have an accurate set of gauges to evaluate whether you are getting closer to your goal. Elaborate for us on what that means in our effort to try to get to a destination of true betterness — economics for humans as you put it.

**UMAIR HAQUE:** Sure. I think that part of the problem we have in this country is that we're still competing with an industrial age definition of prosperity. We built GDP decades ago. And GDP kind of tells us that we should maximize industrial output, which is kind of just stuff. And so the question for us today if we want to build better lives is what does prosperity really mean to us? Is it just about more bigger, faster, cheaper — which is just one end of the Florida dream, right — the McMansions and the housing bubble? Or is it much more about kind smarter, fitter, closer? The human stuff that tends to make life really good.

So we have to make a choice. And that choice is fundamentally about our values. But number two, what do we do once we craft these values? Can we build better measures of what prosperity is? And I think that's one of the challenges confronting us today. Don't forget, we're the nation that built GDP.

**DYLAN:** One of the measures that has struck me. We talk about it on the show and we talk about it extensive in the book. Social mobility. That's the American dream. An opportunity for anybody who can create value and work and collaborate with other people to make their own lives better. Only 8% of U.S. men are in poverty today. 8% of them do not rise to the top 20% of incomes. What does that number tell you?

**RICHARD FLORIDA:** We have reached the record low in modern American history since numbers have been tracked. The American dream isn't owning a house. It's being upwardly and economically mobile. If that means, like my grandparents, coming from Italy to America or coming from wherever, you have to be mobile to get it. One of the things that's happening in Miami, it sort of blew me away Dylan. All the houses and condos that couldn't be sold, they are sitting there vacant. So sooner or later, they went, they got new owners and they turned them into rentals. People started flowing into the city from the suburbs — they started *creating energy in downtown*.

I'll tell you what's happening right here in Miami Beach, it's a model for this country of mobility and affordability. The Community Development Corporation of Miami Beach took over some failed condos. They finished them off, and they turned them into affordable housing for the service workers who work in this Delano Hotel. What a model! We have a surplus of housing. We have a lot of housing nobody is using — it's empty! Turn it into affordable housing — encourage mobility back from the suburbs to downtown where. And put people in affordable housing and give them a better way of life. It gives people that Betterness that Umair's been writing about.

**DYLAN:** Wow much of a barrier, we have Beau Biden on the show. We talked about this extensively. How much of a barrier to any form of adaptation or mobility is the big, giant slug of debt that lays by \$13 trillion across the backs of the American homeowner to achieving any of the things we talk about?

**UMAIR HAQUE:** Listen. It's a huge barrier. But the point is that if we're willing to confront these issues, then I think the changes that we need to make are eminently doable. Okay, imagine we had a better GDP that measures exactly what Richard just talked about. *This increase in social mobility*. What's stopping us from building that? It takes billions to build high-speed train lines. It takes billions in stimulus to kick off all this stuff that the government is talking about. To build these measures and really get serious about changing our values. That's one of the best investments we can make — the returns are huge, and the upfront costs are very very low. So I think that's really where we need to begin. I think that challenge is in front of us, and I think we can take it on tomorrow if we want.

**DYLAN:** How do we deliver the message? It's interesting. We have owned this 30 million jobs tour. We were in Southern California. We were in Northern California. We spent the past few days in South Florida. We're going to Washington, DC next week. We're going to continue with this throughout the year. Everybody gets it. Every community you walk into gets it. They understand what you're talking about. They understand what Umair's talking about. They understand what I'm talking about. And the message still does not seem to make it into the belly of the beast. How critical is it that we organize in Miami, in San Francisco, in Austin Texas, in Dallas Texas, and how does that organization help us drive to the Federal Government?

**RICHARD FLORIDA:** You're headed to Washington, and I lived there for four years. They don't get it. It's brain dead across both parties. Go to any town. Go to Miami Beach, Austin, Ann Arbor, go to the Rust Belt — the mayors in the communities. I was just talking to a German reporter. She said she came here expecting despair throughout the land. And of course, our

country has been devastated, but what she found in every little town — not the big cities — is people rebuilding. People starting coffee shops and cafes — people remaking their downtowns. And that's what's great about America. I call it a great reset. It's not coming from above. It's not coming from government leaders. It's coming from the bottom up. Sometimes I say — and maybe we think it's nuts — what if we let the mayors of this country be in charge for a year? Just give them a year. Republican, Democrat, Independent. They could begin to turn our country around. It's going to come from the bottom up, not the top down this time?

**DYLAN:** Umair, you agree with that?

**UMAIR HAQUE:** I couldn't agree more with that. I say decentralize the idea of these measures. Let every town in the country create their own measure of prosperity. Let it happen from the bottom up. Absolutely.

**DYLAN:** The fundamental barrier to all of this, and we talked about this extensive when we were looking at infrastructure and the Bay Bridge in San Francisco. We talked about it in the context of entrepreneurship in the Valley and also with the folks yesterday at University of Miami and Launch Pad. If you don't have a financial system. If you don't have a trade agreement, if you do not have a tax code that encourages the type of investment in all the things we're talking about. Can you drive the level of investment if you don't tackle our banking system, trade agreements, and tax law?

**RICHARD FLORIDA:** We lost our way, Dylan. We lost our way over the past couple decades. Instead of being what America has been, a building economy, incentives for building, for local economies and investing in building infrastructure, we became a trading economy. Flip some stocks, flip some houses. So we have to get our incentives right. We have to incentivize building and dis-incentivize trading. Umair's written all about that on jobs. You've been making this case we need 30 million good jobs. One thing we have to do — you know, we made manufacturing work good work. It was crappy work. William Blake called them “satanic mills.” We helped unions organize. We helped workers get a better go. We got workers involved in innovation. We have 60 million crappy low-wage service jobs like the people who work in these hotels. We have to make them good jobs. We we have to drive those wages up and create more just like you're talking about.

**DYLAN:** Thank you so much Richard. You're a teacher for me and I appreciate it and you too Umair. Thank you so much. Next time you'll make the trip.