

## Understanding The Great Reset: an interview with Richard Florida



**Richard Florida, a professor at the Rotman School of Management and senior editor at The Atlantic magazine, is a sought-after speaker on global trends, economics, prosperity, competitiveness and growth.**

[Richard Florida](#) is author of the global best-seller *The Rise of the Creative Class* and *Who's Your City?*, a national and international best-seller and Amazon Book of the Month. His latest book, *The Great Reset*, explains how new ways of living and working will drive post-crash prosperity. His other previous books, *The Breakthrough Illusion* and *Beyond Mass Production*, paved the way for his provocative views of how creativity is revolutionizing the global economy.

Florida is one of the world's leading public intellectuals on economic competitiveness, demographic trends and cultural and technological innovation. International diplomats, government leaders, filmmakers, economic development organizations and leading Fortune-100 businesses have benefited from his global approach to problem-solving and strategy development.

Director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management, Florida has taught at Carnegie Mellon University and has been a visiting professor at Harvard and MIT. He also heads The Creative Class Group, which develops pioneering strategies for businesses, governments, universities and communities worldwide.

Ontario Business Report interviewed Richard Florida via email.

**Ontario Business Report:** *The subtitle of your latest book, The Great Reset, says it all: "How the post crash recovery will change the way we live and work." You point out that recoveries usually take a lot longer than most people realize, as in the 30-year recovery from the Great Depression of the 1930s. Where are we now (February 2012) on the post crash recovery continuum?*

**Richard Florida:** Since writing the book, I've been able to see for myself what I've long suspected: that Great Resets unfold not from top-down policies and programs, but gradually, as millions upon millions of people respond to challenging economic times by changing the ways that they live. We are starting to see that change, but we still have a long way to go in this reset.

The economic crisis has taught us the hard way that we need to live within our means, to forestall debt. It's made us understand that we don't have to define ourselves in terms of material goods, that we can achieve a more meaningful and sustainable way of life.

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We need to break with the past and engage with the future that is already upon us. There is no stopping this ongoing Great Reset. But left to its own devices, it will unfold in a stop-and-start, trial-and-error fashion over the course of the next two, maybe three decades. My hope is that we can move more quickly down the path to real recovery, minimizing the pain and suffering faced by too many, and ushering in a new era of sustainable prosperity for everyone.

**OBR:** *Your research has shown that lasting recovery hinges on four key factors: technological innovation, new systems of innovations, upgrades in the education system and major changes in the way people live. Can you give us short examples of what Ontario could do to leverage its strengths in each of these four areas?*

**Richard Florida:** First, to increase technological innovation, we need to make the core products of the industrial age – housing, cars, energy – cheaper if we want to fuel demand for the new technologies and industries of the future, from health care and biotechnology to new information, educational and entertainment industries. By increasing the demand, we'll create a new market for innovative products and services.

Second, to develop new systems and methods of innovation, we have to build a new infrastructure that adapts to the new realities of collaboration and creativity. We need new infrastructure that can dramatically speed the movement of goods, people and ideas.

Third, our current system is failing to educate and train our workers for a creative economy, which requires individuals to think creatively and be innovative and flexible. Our future education system has to be more about leveraging the assets and capabilities of our future workers. The greatest challenge of our time -- a challenge for nations, enterprises and individuals

– is to find ways to tap into every human's creativity. To do this, our education system has to do more to spark the creativity inside our future workforce and ensure they are driven down paths determined by their passions and natural skills. This will require a new way of thinking about education: we will have to experiment with new partnerships, models and environments. As all research indicates, education and training cannot be a one-size-fits-all model. It must be individualistic, entrepreneurial and innovative.

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Finally, on a personal level, we all have to define 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. I expect they will be replaced by more experiential consumption, like travel and recreation and self-improvement, thereby creating growth in other sectors and ultimately making us a happier society.

***OBR:** As you and many other observers have pointed out, the biggest failure in the current recovery is the lack of new jobs. Assuming this situation does improve over the next few years, give us your description of some jobs of the future in Ontario. And will there be a dominant job creator, as the auto industry has been for so many years?*

**Richard Florida:** One of the sectors that we know will grow in the future is the service sector, not only in Ontario but all across Canada and North America. The challenge with these jobs is upgrading them to higher wage and more creative opportunities. This will require us to tap into the creativity of everyone, not just knowledge and creative workers. As I have written many times and continue to believe, every single human being is creative, and as the economy continues to be driven by creativity and innovation, we have to tap into the into the creativity of everyone. This includes the people in the service sector, like those who take care of our homes, prepare our food, and provide personal care. For the first time in human history, the basic logic of our economy dictates that further economic progress requires the further development and use of human creative capabilities.

***OBR:** The financial services sector is a pillar of Ontario's economy, and Toronto is definitely a player on the world financial stage. Is there potential for us to move up to the top tier of financial capitals?*

**Richard Florida:** We know that given the Great Reset, we are going to see the concentration of economic assets, particularly those in the financial services sector. So, sure there is potential. The key will be continuing to maintain a climate and ecosystem that is appealing to the financial services industry. This includes fostering deep talent pools, a favourable regulation environment and collaboration networks.

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***OBR:** Some observers believe that, with global supply chains, the concepts of "export" and "import" are rapidly disappearing. Thomas L. Friedman recently wrote in the New York Times that the U.S.A. (and by extension, Canada) has enormous advantages that we can exploit to drastically increase our participation in all aspects of the global supply chain. We have steady immigration, excellent post-secondary education systems, solid infrastructure, government support for research, yet it seems we are falling behind other jurisdictions. How can Ontario regain its share of the global supply chain to create new jobs and prosperity?*

**Richard Florida:** As I've written before, Ontario and Greater Toronto continue to be significant players in the global economy. The region is one of 40 true mega-regions that have a significant impact on the global economy, accounting for nine in 10 of the world's innovations, and two-thirds of global economic output. To maintain this position, Ontario and Greater Toronto should continue to focus on the "4 Ts" that drive economic growth and prosperity: Technology, Talent, Tolerance and Territory Assets. All four are critical in generating the social and cultural conditions that form the ecosystem of an enduringly successful creative economy. They form the foundation for growth in the creative economy and maintaining Ontario's competitiveness.