



Phil Swann July 2011

The New Normal

Dolls House or Model Railway?

One of the top tips for this Christmas this year is a dolls house for boys. According to the FT this new product is designed to appeal to parents and grandparents as much as their kids. Nostalgia sells.

The fact that dolls houses still exist says a lot about the centrality of the house to how people think about themselves in the UK and the US. But, if Richard Florida's exploration of the post-crash world is to be believed, nostalgia may soon apply to home ownership as much as the dolls house as a toy.

In his new book, *The Great Reset: how new ways of living and working drive post-crash prosperity*, Florida explores the factors which caused the three great recessions of recent time and the implications of the first two in order to speculate about the implications of the most recent crash.

He looks at the long depression of the late 19th century and the great depression of the 1930s as well as the recent economic crisis. The most significant common factor he identifies is the housing market.

The idea of "the great reset", the core theme of the book, relates to the need for the economy to re-adjust – to reset – following a major disturbance. And those resets have massive social, economic and social consequences.

Florida argues convincingly that the reset following the long depression led to the growth of cities. The emergence of suburbia was the spatial bequest of the 1930s recession. In this book he explores what the spatial implications of the coming reset might be.

The most likely outcome, according to Florida, is the further development of what he calls "megaregions". It is these "concentrations of populations...encompassing several cities and their surrounding suburban rings" that are now driving the global economy.

The largest megaregion in North America is "Bos-Wah", stretching down the East Coast corridor and encompassing Boston, New York, Philadelphia, Baltimore and Washington DC.

According to Florida the world's 40 largest megaregions account for two thirds of global economic activity and 85% of the world's technological innovation – but only 18% of its population. In North America, megaregions account for 85% of corporate headquarters.

If the housing market has been a key factor in stimulating the last three economic crises, transport has been critical in shaping the economic and spatial reset. Tramways and buses facilitated the growth of cities. Suburbs depended on the private car. And, as Florida points out, high speed rail has helped to create megaregions and has a major part to play in consolidating them.

Florida's explores these issues from the perspective of North America, but much of his analysis rings true for the UK and much of Europe. He cites London as the hub of a giant megaregion, but says nothing about what its boundaries might be?

With the channel tunnel rail link now well established and plans well advanced for a new high speed rail link from London to Birmingham and beyond, the question strikes me as a challenging one.

Several of the megaregions Florida cites straddle national boundaries – Cascadia, encompassing Seattle, Portland and Vancouver, is one. Is it too farfetched to imagine an economic entity stretching from Birmingham through London to Lille, Paris and Brussels?

What a shock that would be to our political culture with its incipient little England mindset and an aversion to notions of regionalism. But if economic needs must.....

One thing is for certain: encouraging today's children to play with model railways rather than dolls houses is probably a good plan.

The Great Reset: how new ways of living and working drive post-crash prosperity, by Richard Florida (Harper New York 2010)

You can find Phil Swann's previous article on Public Service Reform [here](#)