

Creative Class **WAR**

HOW THE GOP'S ANTI-ELITISM COULD RUIN AMERICA'S ECONOMY

By Richard Florida
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Last March, I had the opportunity to meet Peter Jackson, director of *The Lord of the Rings* trilogy, at his film complex in lush, green, otherworldly-looking Wellington, New Zealand. Jackson has done something unlikely in Wellington, an exciting, cosmopolitan city of 900,000, but not one previously considered a world cultural capital. He has built a permanent facility there, perhaps the world's most sophisticated filmmaking complex. He did it in New Zealand concertedly and by design. Jackson, a Wellington native, realized what many American cities discovered during the '90s: Paradigm-busting creative industries could single-handedly change the ways cities flourish and drive dynamic, widespread economic change. It took Jackson and his partners a while to raise the resources, but they purchased an abandoned paint factory that, in a singular example of adaptive reuse, emerged as the studio responsible for the most breathtaking trilogy of films ever made. He realized, he told me, that with the allure of the *Rings* trilogy, he could attract a diversely creative array of talent from all over the world to New Zealand; the best cinematographers, costume designers, sound technicians, computer graphic artists, model builders, editors, and animators.

When I visited, I met dozens of Americans from places like Berkeley and MIT working alongside talented filmmakers from Europe and Asia, the Americans asserting that they were ready to relinquish their citizenship. Many had begun the process of establishing residency in New Zealand.

Think about this. In the industry most symbolic of America's international economic and cultural might, film, the greatest single project in recent cinematic history was internationally funded and crafted by the best filmmakers from around the world, but not in Hollywood. When Hollywood produces movies of this magnitude, it creates jobs for directors, actors, and key grips in California. Because of the astounding level of technical innovation which a project of this size requires, in such areas as computer graphics, sound design, and animation, it can also germinate whole new companies and even new industries nationwide, just as George Lucas's *Star Wars* films fed the development of everything from video games to product tie-in marketing. But the lion's share of benefits from *The Lord of the Rings* is likely to accrue not to the United States but to New Zealand. Next, with a rather devastating

symbolism, Jackson will remake King Kong in Wellington, with a budget running upwards of \$150 million.

Peter Jackson's power play hasn't been mentioned by any of the current candidates running for president. Yet the loss of U.S. jobs to overseas competitors is shaping up to be one of the defining issues of the 2004 campaign. And for good reason. Voters are seeing not just a decline in manufacturing jobs, but also the outsourcing of hundreds of thousands of white-collar brain jobs--everything from software coders to financial analysts for investment banks. These were supposed to be the "safe" jobs, for which high school guidance counselors steered the children of blue-collar workers into college to avoid their parents' fate.

But the loss of some of these jobs is only the most obvious--and not even the most worrying--aspect of a much bigger problem. Other countries are now encroaching more directly and successfully on what has been, for almost two decades, the heartland of our economic success -- the creative economy. Better than any other country in recent years, America has developed new technologies and ideas that spawn new industries and modernize old ones, from the Internet to big-box stores to innovative product designs. And these have proved the principal force behind the U.S. economy's creation of more than 20 million jobs in the creative sector during the 1990s, even as it continued to shed manufacturing, agricultural, and other jobs.

We came up with these new technologies and ideas largely because we were able to energize and attract the best and the brightest, not just from our country but also from around the world. Talented, educated immigrants and smart, ambitious young Americans congregated, during the 1980s and 1990s, in and around a dozen U.S. city-regions. These areas became hothouses of innovation, the modern-day equivalents of Renaissance city-states, where scientists, artists, designers, engineers, financiers, marketers, and sundry entrepreneurs fed off each other's knowledge, energy, and capital to make new products, new services, and whole new industries: cutting-edge entertainment in southern California, new financial instruments in New York, computer products in northern California and Austin, satellites and telecommunications in Washington, D.C., software and innovative retail in Seattle, biotechnology in Boston. The economic benefits of these advances soon spread to much of the rest of the country, as Ohio-born MBAs in Raleigh-Durham built credit-card call centers in Iowa, and Indian computer whizzes in Chicago devised inventory software that brought new profitability to car factories in Ohio, Kentucky, and Tennessee.

But now the rest of the world has taken notice of our success and is trying to copy it. The present surge of outsourcing is the first step--or if you will, the first pincer of the claw. The more routinizable aspects of what we consider brainwork--writing computer code, analyzing X-rays--are being lured away by countries like India and Romania, which have lower labor costs and educated workforces large enough to do the job. Though alarming and disruptive, such outsourcing might be manageable if we could substitute a new tier of jobs derived from the new technologies and ideas coming out of our creative centers. But so far in this economic recovery, that hasn't happened.

What should really alarm us is that our capacity to so adapt is being eroded by a different kind of competition--the other pincer of the claw--as cities in other developed countries transform themselves into magnets for higher value-added industries. Cities from Sydney to

Brussels to Dublin to Vancouver are fast becoming creative-class centers to rival Boston, Seattle, and Austin. They're doing it through a variety of means--from government-subsidized labs to partnerships between top local universities and industry. Most of all, they're luring foreign creative talent, including our own. The result is that the sort of high-end, high-margin creative industries that used to be the United States' province and a crucial source of our prosperity have begun to move overseas. The most advanced cell phones are being made in Salo, Finland, not Chicago. The world's leading airplanes are being designed and built in Toulouse and Hamburg, not Seattle.

As other nations become more attractive to mobile immigrant talent, America is becoming less so. A recent study by the National Science Board found that the U.S. government issued 74,000 visas for immigrants to work in science and technology in 2002, down from 166,000 in 2001--an astonishing drop of 55 percent. This is matched by similar, though smaller-scale, declines in other categories of talented immigrants, from finance experts to entertainers. Part of this contraction is derived from what we hope are short-term security concerns--as federal agencies have restricted visas from certain countries after September 11. More disturbingly, we find indications that fewer educated foreigners are choosing to come to the United States. For instance, most of the decline in science and technology immigrants in the National Science Board study was due to a drop in applications.

Why would talented foreigners avoid us? In part, because other countries are simply doing a better, more aggressive job of recruiting them. The technology bust also plays a role. There are fewer jobs for computer engineers, and even top foreign scientists who might still have their pick of great cutting-edge research positions are less likely than they were a few years ago to make millions through tech-industry partnerships.

But having talked to hundreds of talented professionals in a half dozen countries over the past year, I'm convinced that the biggest reason has to do with the changed political and policy landscape in Washington. In the 1990s, the federal government focused on expanding America's human capital and interconnectedness to the world--crafting international trade agreements, investing in cutting edge R&D, subsidizing higher education and public access to the Internet, and encouraging immigration. But in the last three years, the government's attention and resources have shifted to older sectors of the economy, with tariff protection and subsidies to extractive industries. Meanwhile, Washington has stunned scientists across the world with its disregard for consensus scientific views when those views conflict with the interests of favored sectors (as has been the case with the issue of global climate change). Most of all, in the wake of 9/11, Washington has inspired the fury of the world, especially of its educated classes, with its my-way-or-the-highway foreign policy. In effect, for the first time in our history, we're saying to highly mobile and very finicky global talent, "You don't belong here."

Obviously, this shift has come about with the changing of the political guard in Washington, from the internationalist Bill Clinton to the aggressively unilateralist George W. Bush. But its roots go much deeper, to a tectonic change in the country's political-economic demographics. As many have noted, America is becoming more geographically polarized, with the culturally more traditionalist, rural, small-town, and exurban "red" parts of the country increasingly voting Republican, and the culturally more progressive urban and suburban "blue" areas going ever more Democratic. Less noted is the degree to which these

lines demarcate a growing economic divide, with "blue" patches representing the talent-laden, immigrant-rich creative centers that have largely propelled economic growth, and the "red" parts representing the economically lagging hinterlands. The migrations that feed creative-center economies are also exacerbating the contrasts. As talented individuals, eager for better career opportunities and more adventurous, diverse lifestyles, move to the innovative cities, the hinterlands become even more culturally conservative. Now, the demographic dynamic which propelled America's creative economy has produced a political dynamic that could choke that economy off. Though none of the candidates for president has quite framed it that way, it's what's really at stake in the 2004 elections.

Yankees doodle

Roger Pederson is one of the leading researchers in the field of stem cells. But in 2001, he left his position at the University of California, San Francisco, to take up residency at the Centre for Stem Cell Biology Medicine at Cambridge University in the United Kingdom. His departure illustrates how the creative economy is being reshaped--by our competitors growing savvy and by our own cluelessness. Pederson bolted because the British government aggressively recruited him, but also because the Bush administration put heavy restrictions on stem-cell research. "I have a soft spot in my heart for America," he recently told Wired magazine. "But the U.K. is much better for this research.... more working capital." And, he continued, "they haven't made such a political football out of stem cells."

Stem cells are vital to the body because of their ability to develop any kind of tissue. Scientists play a similar role in the economy; their discoveries (silicon circuitry, gene splicing) are the source of most big new industries (personal computers, biotechnology). Unfortunately, Roger Pederson's departure may be among the first of many. "Over the last few years, as the conservative movement in the U.S. has become more entrenched, many people I know are looking for better lives in Canada, Europe, and Australia," a noted entomologist at the University of Illinois emailed me recently. "From bloggers and programmers to members of the National Academy I have spoken with, all find the Zeitgeist alien and even threatening. My friend says it is like trying to research and do business in the 21st century in a culture that wants to live in the 19th, empires, bibles and all. There is an E.U. fellowship through the European Molecular Biology Laboratory in Amsterdam that everyone and their mother is trying to get."

But the bigger problem isn't that Americans are going elsewhere. It's that for the first time in modern memory, top scientists and intellectuals from elsewhere are choosing not to come here. We are so used to thinking that the world's leading creative minds, like the world's best basketball and baseball players, always want to come to the States, while our people go overseas only if they are second-rate or washed up, that it's hard to imagine it could ever be otherwise. And it's still true that because of our country's size, its dynamism, its many great universities, and large government research budgets, we're the Yankees of science. But like the Yankees, we've been losing some of our best players. And even great teams can go into slumps.

The altered flow of talent is already beginning to show signs of crimping the scientific process. "We can't hold scientific meetings here [in the United States] anymore because foreign scientists can't get visas," a top oceanographer at the University of California at San

Diego recently told me. The same is true of graduate students, the people who do the legwork of scientific research and are the source of many powerful ideas. The graduate students I have taught at several major universities -- Ohio State, Harvard, MIT, Carnegie Mellon -- have always been among the first to point out the benefits of studying and doing research in the United States. But their impressions have changed dramatically over the past year. They now complain of being hounded by the immigration agencies as potential threats to security, and that America is abandoning its standing as an open society. Many are thinking of leaving for foreign schools, and they tell me that their friends and colleagues back home are no longer interested in coming to the United States for their education but are actively seeking out universities in Canada, Europe, and elsewhere.

It would be comforting to think that keeping out the foreigners would mean more places for home-grown talent in our top graduate programs and research faculties. Alas, it doesn't work that way: We have many brilliant young people, but not nearly enough to fill all the crucial slots. Last year, for instance, a vast, critical artificial intelligence project at MIT had to be jettisoned because the university couldn't find enough graduate students who weren't foreigners and who could thus clear new security regulations.

Nor is this phenomenon limited to science; other sectors are beginning to suffer. The pop-music magazine *Tracks*, for instance, recently reported that a growing number of leading world musicians, from South African singer and guitarist Vusi Mahlasela to the Bogota-based electronica collective *Sidestepper*, have had to cancel their American tours because they were refused visas, while Youssou N'Dour, perhaps the globe's most famous music artist, cancelled his largest-ever U.S. tour last spring to protest the invasion of Iraq.

These may seem small signs, but they're not. America's music industry has been, for decades, the world's standard setter. The songs of American artists are heard on radio stations from Caracas to Istanbul; their soundtracks are an integral part of the worldwide appeal of American movies. The profits earned from American music exports help keep America's balance-of-payments deficits from getting too far into the red zone. Yet part of what makes American music so vital is its ability to absorb and incorporate the sounds of other countries--from American hip-hop picking up Caribbean Reggae and Indian Bhangra beats, to hard rock musicians using industrial instrumentation from Germany. For American artists and fans, not being able to see touring foreign bands is the equivalent of the computer industry not getting access to the latest chips: It dulls the competitive edge.

Our loss of access to high-level foreign talent hasn't drawn much attention from political leaders and the media, for understandable reasons: We seem to have bigger, more immediate problems, from the war on terrorism to the loss of jobs in the manufacturing, service, and creative sectors to China, India, and Mexico. But just as our obsession with the Soviet Union in the last years of the Cold War caused us to miss the emerging economic challenge of Japan, our eyes may not be on the biggest threat to our economic well-being.

For several years now, my colleagues and I have been measuring the underlying factors common to those American cities and regions with the highest level of creative economic growth. The chief factors we've found are: large numbers of talented individuals, a high degree of technological innovation, and a tolerance of diverse lifestyles. Recently my colleague Irene Tinagli of Carnegie Mellon and I have applied the same analysis to northern

Europe, and the findings are startling. The playing field is much more level than you might think. Sweden tops the United States on this measure, with Finland, the Netherlands, and Denmark close behind. The United Kingdom and Belgium are also doing well. And most of these countries, especially Ireland, are becoming more creatively competitive at a faster rate than the United States.

Though the data are not as perfect at the metropolitan level, other cities are also beating us for fresh new talent, diversity, and brainpower. Vancouver and Toronto are set to take off: Both city-regions have a higher concentration of immigrants than New York, Miami, or Los Angeles. So too are Sydney and Melbourne. As creative centers, they would rank alongside Washington, D.C. and New York City. Many of these places also offer such further inducements as spectacular waterfronts, beautiful countryside, and great outdoor life. They're safe. They're rarely at war. These cities are becoming the global equivalents of Boston or San Francisco, transforming themselves from small, obscure places to creative hotbeds that draw talent from all over--including your city and mine.

Catch the waves

The sudden stalling of our creative economy threatens to undermine two decades of progress. Twenty years ago, America's economy had hit a crisis point, with record unemployment, stagnant productivity, a rusting industrial base, and an oil crisis that highlighted a dangerous dependence upon raw materials whose supply it could not necessarily guarantee.

But underneath the surface, some interesting things were happening. Previous investments in scientific research by both government and industry were yielding new technologies, from inexpensive computer chips to fiber optics. New financial instruments and practices were making capital more available for innovative new ventures. American film, television, and music were finding new export markets. U.S. corporations, spurred by competition from Japan and guided by best-selling books like Tom Peters's *In Search of Excellence*, were restructuring, pushing decision-making down the chain of command and into the hands of high-initiative line employees. And everywhere, economists and managers were talking about the need for more "human capital"--the buzz phrase meaning educated workers who could think on their feet.

Eventually, supply met demand thanks to two great migrations: first, a wave of foreign immigrants, following a loosening of immigration laws in the late 1960s. By the 1980s, more than six million immigrants settled in the United States, the greatest number in half a century. In the 1990s, 12 million more arrived. Most were unskilled and found work in factories, restaurants, and construction. But many came with good schooling and went into our universities and leading industries. Today, 11 percent of foreign-born adults in the United States have a graduate or professional degree, compared to only 9 percent of natives. Most of these educated immigrants originally congregated in a handful of big vibrant cities such as New York, Chicago, San Francisco, and Los Angeles, but many have since moved to smaller hotspots like Tucson, Chapel Hill, and Colorado Springs.

Without these immigrants, our high-tech economy would be unthinkable. Intel, Sun Microsystems, Google: All were founded or co-founded by immigrants from places like

Russia, India, and Hungary. Nearly a third of all businesses founded in Silicon Valley during the 1990s were started by Chinese- or Indian-born entrepreneurs, according to the detailed statistical research of Annalee Saxenian of the University of California at Berkeley. And thousands upon thousands more constitute the technical core of our high-tech economy.

The second great migration was an internal one: Millions of young, energetic and talented Americans from traditional industrial centers, small towns, and rural areas, packed up their Hondas and moved to more-thriving metro areas--generally the same ones that the immigrants came to. These native-born migrants helped to design and then feed the emerging creative industries that during the 1990s would come to define the age.

This influx of talent turned America's creative centers into boomtowns. Salaries skyrocketed, followed by housing prices--especially those in the funky inner-city neighborhoods and gracious close-in suburbs favored by the product designers, video editors, hedge-fund analysts, and marketing consultants who made up this emerging new creative class. The rising living costs and go-go lifestyles engendered by the incoming creative class in turn drove out some of the lesser-educated natives, and even many of these creative migrants eventually had their fill and returned to their hometowns. The statistician Robert Cushing has come up with telling evidence of the economic impacts of these reciprocal migrations. Using Internal Revenue Service data, he found that families moving from Austin, a high-tech boomtown, to slower-growth Kansas City in the 1990s earned an average of \$25,912 a year. Those going in the other direction, from Kansas City to Austin, earned over \$65,000. He found similar disparities between Austin and other older cities: Cleveland, Louisville, Indianapolis, St. Louis, and Pittsburgh.

But it's not as if the Clevelands and Kansas Cities didn't advance at all. Most added some jobs thanks to local nodes of creativity, such as university-connected medical centers, or managed not to lose as many jobs in their existing companies as they might have absent the help of innovations--primarily information technology--that the creative centers gave birth to. Average incomes in these places rose more slowly, or in some cases declined, but people's purchasing power generally increased, again thanks to creative-center innovations. Patrons of 7-Elevens in Moberly, Mo., could pick up a Motorola cell phone designed by Chinese-born engineers in suburban Chicago for \$30, or order any number of ever-lower-priced goods from Seattle-based Amazon.com (founded by the son of a Cuban immigrant) using ever-cheaper computers purchased at CompUSA, headquartered in Dallas.

The big sort

These migrations had not only economic consequences but cultural ones. The last 20 years has seen the rise of the "culture wars"--between those who value traditional virtues, and others drawn to new lifestyles and diversity of opinion. In truth, this clash mostly played out among intellectuals of the left and right; as sociologist Alan Wolfe has shown, most Americans manage a subtle balance between the two tendencies. Still, the cleavages exist, roughly paralleling the ideologies of the two political parties. And increasingly in the 1990s, they expressed themselves geographically, as more and more Americans chose to live in places that suited their culture and lifestyle preferences.

This movement of people is what the journalist Bill Bishop and I have referred to as the Big Sort, a sifting with enormous political and cultural implications, which has helped to give rise to what political demographer James Gimpel of the University of Maryland calls a "patchwork nation." City by city, neighborhood to neighborhood, Gimpel and others have found, our politics are becoming more concentrated and polarized. We may live in a 50-50 country, but the actual places we live (inner-ring v. outer-ring suburbs, San Francisco v. Fresno) are much more likely to distribute their loyalties 60-40, and getting more lopsided rather than less. These divisions arise not from some master plan but from millions upon millions of individual choices. Individuals are sorting themselves into communities of like-minded people which validate their choices and identities. Gay sales reps buy ramshackle old houses in the city and renovate them; straight, married sales reps purchase newly-built houses with yards on the suburban fringe. Conservative tech geeks move to Dallas, while liberal ones are more likely to go to San Francisco. Young African Americans who can write code find their way to Atlanta or Washington, D.C., while whites with the same education and skills are more likely to migrate to Seattle or Austin. Working-class Southern Californian whites priced out of the real estate market and perhaps feeling overwhelmed by the influx of Mexicans move to suburban Phoenix. More than ever before, those who possess the means move to the city and neighborhood that reinforces their social and cultural view of the world.

And while there are no hard and fast rules--some liberals prefer suburbs of modest metro areas with lots of churches and shopping malls, some conservatives like urban neighborhoods with coffee shops--in general, these cultural and lifestyle preferences overlap with political ones (which the political parties have accentuated with computer-assisted redistricting). In 1980, according to Robert Cushing's detailed analysis of the election results, there wasn't a significant difference between how high-tech and low-tech regions voted for president; the difference between the parties still depended upon other factors. By 2000, however, the 21 regions with the largest concentrations of the creative class and the highest-tech economies voted Democratic at rates 17 percent above the national average. Regions with lower levels of creative people and low-tech economies, along with rural America, went Republican. In California, the most Democratic of states, George Bush won the state's 14 low-tech regions and rural areas by 210,000 votes. Al Gore took the 12 high-tech regions and their suburbs by over 1.5 million.

Mutual contempt

Bill Clinton was, in many ways the midwife of the new creative economy. Present at the birth of the '90s boom, he recognized it quickly for what it was and helped spur it by such projects as wiring poor and middle-class school classrooms around the country for the Internet and beating back Republican efforts to cut immigration. For this, he was beloved not only by creatives, but also by many of those in Red America whom he convinced would benefit from the new economy. But he also personally symbolized the creative-class archetype--its libertine character, its cleverness, its global-mindedness. For this, he drew the lasting enmity of many millions of those in the "other" America. It's often been said that Clinton was the embodiment of the '60s, and one's position for or against him revealed one's attitude towards that era. It's perhaps more precise to say that with his constant hyping of new technologies and "bridge to the twenty-first century" rhetoric, Clinton was the

embodiment of what the '60s became--the creative class '90s, hip but pro-growth, open-minded and progressive but ambitious.

While Clinton and the Democrats increasingly drew their support from the high-tech parts of the country, the Republicans increasingly came to represent the low-tech areas. Republican leaders like Tom DeLay and Dick Arme were beginning, during the early 1990s, to articulate the cultural and political antagonism Red America felt towards the emerging creative-class culture. But the politician who most skillfully spoke to these grievances was George W. Bush.

Clinton's whole life is a testimony to the power of education to change class. Bush prides himself on the idea that his Yale education had no effect on how he sees things. Clinton was a famous world traveler, appreciative of foreign cultures and ideas. Bush, throughout his life, has been indifferent if not hostile to all of that. Clinton, especially in the early years of his administration, had the loose, unstructured management style of an academic department or a dot-com--manic work hours, meetings that went on forever, lots of diffuse power centers, young people running around in casual clothing, and a constant reappraising of plans and strategies. The Bush management style embodies the pre-creative corporate era--formal, hierarchal, with decision-making concentrated in the hands of only the most senior executives. Clinton was happy in Hollywood and vacationed in Martha's Vineyard. Bush can't wait to get back to Crawford. Clinton reveled in the company of writers, artists, scientists, and members of the intellectual elite. Bush has little tolerance for them. Clinton, in his rhetoric and policies, wanted to bring the gifts of the creative class--high technology, a tolerant culture--to the hinterlands. Bush aimed to bring the values and economic priorities of the hinterlands to that ultimate creative center, Washington, D.C.

As president, Bush chose a group of senior advisors whose economic backgrounds have a century-old flavor. His vice president is an oil man. His treasury secretary, John Snow, is a railroad man. The White House's economic and fiscal policies have been similarly designed to provide life support for these aging red-state industries: \$190 billion in subsidies for farmers; tariffs for steel; subsidies, tax breaks, and regulatory relief for logging, mining, coal, and natural gas. Even Bush's tax policy shows the same old-economy preference. His dividend tax cut was supported by mainstream, blue-chip companies, which stood to gain, but opposed by high-tech executives, whose company stocks seldom pay dividends.

Thanks to the GOP takeover of Washington, and the harsh realities of the Big Sort, economically lagging parts of the country now wield ultimate political power, while the creative centers--source of most of America's economic growth--have virtually none. Democrats Dianne Feinstein and Barbara Boxer speak for Silicon Valley and Hollywood. New York's Charles Schumer and Hillary Clinton, also Democrats, represent New York's finance and publishing industries. Washington State, home to Starbucks and Microsoft, has two Democratic senators, Patty Murray and Maria Cantwell. Boston's Route 128 and Washington's high-tech Maryland suburbs are also represented by Democratic senators. It's hard to understate how little influence these senators have with the Bush White House and in the GOP-controlled Congress.

The new Ellis Island

You don't have to be a Democrat to recognize that the political polarization of America and GOP dominance of Washington are not necessarily good news for America's economic future. Yet it's clear that Democrats themselves don't quite get it.

All the current Democratic aspirants to the White House have whacked Bush for undermining our alliances and diplomatic capabilities through his unilateralism. A few, including Sen. John Kerry, have criticized the president as "anti-science." But none seems to have understood--or at least articulated--the disastrous economic consequences of these Know-Nothing views. In the post-1990s global economy, America must aggressively compete with other developed countries for the international talent that can spur new industries and new jobs. By thumbing our nose at the world and dismissing the consensus views of the scientific community, we are scaring off that talent and sending it to our competitors.

If there is any candidate who speaks for the creative class right now, it is Howard Dean. His educated, tech-savvy supporters and grass-roots, non-hierarchical campaign structure perfectly represent the creative economy. Yet his economic message has so far focused on luring swing-state unionists--criticizing Bush, for instance, for not extending steel tariffs.

America must not only stop making dumb mistakes, like starting trade wars with Europe and China; it must also put in place new policies that enhance our creative economy. Here, too, neither party quite gets it. Most of the Democratic candidates for president have rightly sounded the alarm about rising college-tuition costs and offered ideas to expand college access. That's well and good, but we need to think far, far bigger. Our research universities are immigrant magnets, the Ellis Islands of the 21st century. And, with the demand among our own citizens for elite education far outstripping the supply, we should embark on a massive university building spree, for which we will be paid back many-fold in future economic growth. Building some of these top-flight universities in struggling red-state regions might give their economies a shot at a better future and help bridge the growing political divide.

Democrats have understandably seized on the corporate outsourcing of jobs as a campaign issue. But let's get real: Demanding higher labor and environmental standards in trade agreements--the Democrats' favorite fix--is not going to keep software jobs from migrating to Eastern Europe. Our only hope is to strengthen our creative economy so that it produces more jobs to replace the ones we're losing. That will require taking on the Washington lobbyists who put the fix in for established industries at the expense of emerging ones. Millions of new jobs in the wireless networking field, for instance, could be created if unused broadcast spectrum, currently controlled by TV networks and the military, could be freed up. When's the last time you heard a presidential candidate talk about that?

It is a sad irony: America's creative economy sparked a demographic shift and a political polarization that now threaten to choke that economy off. What America desperately needs now is political leadership savvy enough to bridge that gap. To his credit, President Bush has made the Republican Party much more immigrant-friendly. But his talk about diversity seems almost entirely pitched to win the working-class Hispanic vote; he seems uninterested, to say the least, in changing other policies that are driving away the high-end immigrants and generally undermining the creative economy. To his credit, Howard Dean has tried to speak

to his party of the need to put forth policies that appeal to citizens in both blue and red parts of the country. But as he showed with remarks about reaching out to guys with rebel flags on their pickups, he seems, to say the least, not to have found the language to do so.

The challenge for the GOP, if it wants to avoid running the economy into the ground, is to stop sneering at the elites, the better to win votes in their base, and to start paying attention to economic policies that might lift all boats. The challenge for Democrats, if they want to win, is to find ways of reaching out to the rest of the country, to convince at least some of its many regions that policies which operate to the interests of the creative class are in their interests as well.

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