

## Tolerance grows the economy

By Richard Florida

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Microsoft's days of floating along on the cloud of the American economy have officially come to an end, and now it's time to play politics.

Controversy erupted recently over the software giant's sudden disinterest in backing a Washington state bill that would ban discrimination against gays and lesbians. That momentary reluctance dragged it into the middle of America's culture wars. Some blamed the backtrack for the failure of the bill - by a single vote - in the state legislature on April 21.

In miscalculating the widespread public support for gay and lesbian equal rights, Microsoft, to its credit, quickly reversed course. In the face of an outcry from employees and concerned citizens, Gates and CEO Steve Ballmer quickly reiterated the company's support for gay rights, and eventually rededicated the company's lobbying heft to the cause.

But there's a larger issue at play, and it will weigh heavily on the American economy as a whole - if it hasn't already. For many in this country and around the world, Microsoft's initial withdrawal of support was a sign that even our leading high-tech companies are essentially caving in to pressure from social conservatives and the religious right. This is not just a values issue - a difference of opinion about how our citizens should or shouldn't live. It strikes deeper, as the very economic well-being of our nation.

Throughout the 20th century, America's real economic edge came from our country's legacy as an open and inclusive country. What truly powered American economic growth and our incredible leads in software and biotechnology is not our great stocks of raw materials, our huge market, or even our efficient factories. It has been our ability to attract the best and the brightest, the most hardworking, creative, and entrepreneurial people from around the world.

Now that edge is eroding. Part of the problem lies in our increasingly restrictive immigration policy, which makes it harder for top scientific, entrepreneurial, and cultural talent to get into the country.

An even greater problem is that America is seen as a less open and tolerant country than ever before - a place where religion and politics have become too closely intertwined. This affects everything from the kinds of research our government supports to our declining investments in arts and culture - and now even the way private companies view gay rights.

My research has spelled out the connection between prosperity, competitiveness, and the three T's of economic development: technology, talent and tolerance. Several years ago, UCLA demographer Gary Gates and I found a significant correlation between regions that boasted a large concentration of entrepreneurial high-tech companies and those with large gay, bohemian, and immigrant populations - places such as the San Francisco Bay area, Boston, Austin and Seattle, where Microsoft is headquartered.

Companies have often been in the lead on recognizing this fact. It's the reason hundreds of American firms such as Microsoft and General Motors actively recruit foreign talent and have policies that treat gay employees fairly and provide benefits to their partners. This is why Bill Gates, visiting Washington, D.C., recently, rightly lamented our tendency to leave talented foreigners "sitting on the border waiting for some bureaucratic thing to happen so they can get in - we're just wounding ourselves."

The same connection holds true for countries around the world. The University of Michigan's Ronald Inglehart, who has closely tracked the relationship between cultural values and economic growth, concludes that a nation's attitudes toward diversity, immigrants, and gays are key indicators of its capacity for long-term economic growth. My own rankings place the United States a lowly 20th out of 45 nations worldwide on tolerance and diversity.

And the stakes are rising, as other countries from Canada to Sweden to Australia improve their ability to compete for global talent by opening up to foreign students and immigrants, pumping money into research, the arts, and innovation, and becoming more progressive on gay rights.

If this increasing global competition for talent weren't enough, add to these trends our weakening ability to educate our own children. Hence Bill Gates' headline-grabbing words calls on our political leadership to remain attractive to global talent, criticizing our increasingly restrictive immigration policies, and spurring us to rethink our school system.

It's time for our politicians to stop moralizing and start listening to what works for our best companies, our regions, and our national economic competitiveness. As we've hunkered down into an internal cultural war on the domestic front and grown more outwardly protectionist, it has apparently become necessary for our business leaders to come to Washington and tell the political class how and why diversity, tolerance and openness works for them.

Let's hope they can learn the same lesson Bill Gates has.

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