



Overview of Global Detroit Study

Global Detroit is an effort to revitalize southeast Michigan's economy by pursuing strategies that strengthen Detroit's connections to the world and make the region more attractive and welcoming to immigrants, internationals, and foreign trade and investment as a means to produce jobs and regional economic growth.

The study was funded by the New Economy Initiative, the Detroit Regional Chamber of Commerce, and the Skillman Foundation. The study was assisted by an Advisory Board of 38 regional leaders drawn from business organizations, universities, ethnic business chambers, race relations advocacy groups, foundations, hospitals, and immigration advocates.

Former State Representative and House Majority Floor Leader Steve Tobocman wrote the study while being housed at the Detroit Regional Chamber. The study's results were based upon academic research, interviews with national and local experts, best practice visits to other large metro areas, and dozens of local interviews.

Key Findings

The Global Detroit study found that southeast Michigan's foreign born residents provide enormous contributions to the region's economic growth and will play a key role in our economic future. Immigrants residing in southeast Michigan are 150 percent more likely to possess a college degree than the non-immigrant population (37 percent to 23.7 percent). As a metropolitan region, Detroit's immigrant community is the third most productive of the nation's 25 largest metropolitan areas, producing 130 percent more of regional economic output than their overall share of the regional population.

Global Detroit research revealed the important role that the foreign born play in transitioning our region's struggling auto manufacturing economy into to the New Economy. In addition to being educated, immigrants predominate the science, technology, engineering, and mathematics (STEM) fields that are critical to technologies, innovations, and businesses that power the New Economy jobs and firms. In fact, while the foreign born comprise only 12.5 percent of the U.S. population, they possess half of all new Ph.D.s in engineering; 45 percent of all new Ph.D.s in life sciences, physical sciences, and computer sciences; and 40 percent of all new masters degrees in computer sciences, physical sciences and engineering. In Michigan, while the foreign born account for 6.1 percent of the state's population, they are awarded 44 percent of all masters degrees in engineering and 62 percent of all Ph.D.s in engineering.

These remarkable results matriculate into the American workplace as well, where 24 percent of all scientists and engineers with bachelor's degrees are foreign born and 47 percent of all scientists and engineers with doctorates degrees are foreign born. One quarter of all practicing physicians in the U.S. are foreign born.

Founders of Key New Economy Businesses

Immigrants also are responsible for starting the critical business enterprises that power the New Economy. The National Venture Capital Association estimates that 25 percent of all public, venture-backed firms launched in the U.S. from 1990-2005 were started by immigrants. These are the most commercially successful of all new economy firms. Similarly, Vivek Wadhwa's work at Duke University uncovered that 25.3 percent of all high-tech startups in the U.S. from 1995-2005 had at least one immigrant founder. In Michigan, surprisingly 32.8 percent of all high-tech startups during that period had an immigrant founder, ranking Michigan 3rd among the 50 states and making Michigan's foreign born more than six times as likely to start a high-tech firm than non-immigrant residents.

Key Innovators

While the U.S Patent and Trade Office does not track the immigration status of patent filers, the World International Patent Office (WIPO) tracks the citizenship and residency of inventors. In 2006, 25.6 percent of international patent applications from the U.S. listed a resident alien inventor. This does not include naturalized citizens. Given the fact that approximately 40 percent of all immigrants to the U.S. are naturalized citizens, one would expect the true percentage of international patent applicants from the U.S. with a foreign born inventor to be closer to 35 percent. Michigan ranked 8th of the 50 states with 22 percent of international patents filings from 2006 listing a resident alien inventor. This suggests that more than 30 percent of such patent applications from Michigan had a foreign born inventor and that foreign born residents in Michigan are five times as likely to file an international patent as non-immigrant residents.

Entrepreneurial and Hard-Working

Nationally, the most recent Kauffman Index of Entrepreneurship shows immigrants are 1.89 times as likely as non-immigrants to start a business. A more longitudinal study from the U.S. Small Business Administration indicates that 15.8 percent of all Michigan businesses started between 1996 and 2007 were started by an immigrant. In 2000, these businesses produced over \$1.5 billion in annual business income. Michigan's foreign born were more than three times as likely as non-immigrants to start a new business during this time.

Immigrants in the U.S. and in Michigan make up slightly portions of the workforce than their share of the population. Most of that is due to the fact that immigrants are more likely to be of working age. For example, 64.4 percent of Michigan's foreign born are working-age compared to 50.8 percent of the non-immigrant population, a critical fact in a rapidly aging state that also is rapidly losing working-age residents due to out-migration. An example of immigrant industriousness can be found in the Hispanic population in southeastern Michigan who make up just 3.5 percent of the region's population, but 6.5 percent of its total employment.

Key Contributors to Urban Revitalization, Neighborhood Stabilization, and Population

Throughout urban American, immigrants have played a critical role in stabilizing neighborhoods and bringing population growth to central cities that haven't seen growth since the first half of the Twentieth Century. Immigrant entrepreneurs have shown an innate ability to provide commercial retail services in core city neighborhoods that are in desperate need of jobs, retail offerings, and investment. Ethnic enclaves in central cities are often characterized by lower crime rates, reduction in blight, increasing property values, and new energy. The existence of these neighborhoods can be a key magnet to attract and retain college-educated families and workers.

Southeast Michigan's Competitive Advantages

Given these findings, the Global Detroit study sought to develop strategies that could take advantage of these opportunities for the region. Despite our current economic challenges, metro Detroit is uniquely poised among Great Lakes metropolitan regions to capitalize on the contribution of immigrants and global connections. At 8.3 percent, metro Detroit has the third highest percentage of foreign born residents in the Great Lakes, following only Chicago and right on the heels of Minneapolis/St. Paul, but exceeding Buffalo, Cincinnati, Cleveland, Columbus, Indianapolis, Milwaukee, Pittsburgh, and St. Louis. Our 365,000 foreign born residents are the second largest immigrant population in the Great Lakes region, trailing only Chicago among metropolitan areas. With some 23,000 international students spending \$600 million annually, Michigan's colleges and universities rank 8th in the nation for size of our international student population.

Southeast Michigan is home to the largest concentration of Arabs outside the Middle East, as well as the largest concentrations of Albanians and Macedonians outside of their home countries. Significant Indian-

American, Bangladeshi, Pakistani, Mexican, African, southeast Asian, and Caribbean populations exist, as well. Our automotive heritage has left us with considerable international business acumen.

Strategy Recommendations

Given Southeast Michigan's strengths, the Global Detroit study recommends 11 strategies, including:

1. **Develop a Welcoming America Campaign for Michigan.** The Welcoming America program has active campaigns in 14 states that seek to help non-immigrant communities adjust to the changing makeup of American society in a global age. A Welcoming campaign in Michigan must tell the story of how immigrants, foreign investment, and global connections can be a positive development for our region's economic success, including the economic success of all of our residents.
2. **Create and Support an EB-5 Investor Visa Regional Center in Southeast Michigan.** The EB-5 investor visa program allows foreign investors who invest \$1 million in an American business that creates 10 jobs to receive permanent legal residency for themselves and their immediate family. Pre-approved regional centers can help pool EB-5 investments, lower the investment threshold to \$500,000 per investor (without lowering the job creation requirements), and identify key investment opportunities and industry sectors for growth. Currently, none of the nation's 79 approved regional centers work in southeast Michigan.
3. **Work with Canadian Economic Development Officials to Recruit Global Firms whose Growth and Expansion Is Hindered by Restrictive U.S. Immigration Laws.** American businesses, particularly in industries critical to the new economy, have faced significant hurdles to engaging the world's most talented workers because of restrictive U.S. immigration laws. Since the H-1B skilled worker visa cap was rolled back to 65,000, the demand by U.S. firms for these visas has far exceeded the supply, usually surpassing the cap only days after the application period is opened. As a result, in 2007 Microsoft opened its new software development center in Vancouver and pointed to restrictive U.S. immigration laws as the cause of locating such a facility outside the U.S.

Global Detroit recommends partnering with Windsor-Essex economic development agencies to aggressively recruit firms that want to expand operations in the U.S., but who are restrained by U.S. immigration caps on skilled international workers. By developing appropriate marketing materials, attending global IT conferences (and those of other industries particularly affected by the H-1B cap), and developing other strategies, Detroit-Windsor can become the leading "nearshoring" base for the New Economy.

4. **Develop Attraction and Retention Initiatives for Foreign Students at Michigan Colleges and Universities.** The state's need to retain college-educated workers, especially those with graduate degrees, is well understood and student retention initiatives for non-immigrants graduates are just getting underway. A similar effort for international students should be adapted to address the additional hurdles such students face to staying in Michigan after graduation.
5. **Create a Regional Cultural Ambassadors Program.** Welcome Mat services traditionally address the immigration and social service needs of immigrant families and new arrivals. A more robust integration effort is needed for skilled workers, foreign students, foreign companies, and diplomats.
6. **Connect Immigrant and Ethnic Communities with Regional Leadership.** Often immigrant communities feel "invisible" in discussions about diversity and race, in addition to discussions about the region. Making simple efforts to connect civic, corporate, political, and philanthropic leadership with immigrant and ethnic communities can go a long way towards making these communities feel welcome in southeast Michigan.

- 7. Develop and Implement Neighborhood Revitalization Strategies that Capitalize on Immigration and Immigrant Communities.** New immigrants have been the lifeblood of American cities for our entire history. Pockets of immigrant-led growth present some of Metro Detroit's most exciting neighborhood success stories, but we need to do more.
- 8. Make Detroit an Attractive Second Landing Destination for Foreign Born Residents.** Currently, approximately one-third of our state's new foreign born residents are moving here from other states, rather than from abroad. Metro Detroit has particular appeal to immigrant groups in traditional immigrant gateway cities like New York, Los Angeles, and San Francisco because housing and commercial retail space is tremendously inexpensive and many areas are under-retailed.
- 9. Create a Detroit Mayor's Office of Global Affairs.** An executive level position in the Mayor's office will help send the signal to ethnic communities, foreign companies, and the world, that Detroit welcomes them.
- 10. Support and Enhance a Welcome Mat of Immigration Services.** At least 50 Southeast Michigan nonprofit organizations already provide an array of services to help immigrants integrate with American society. The Global Detroit study provides an inventory of the specific services offered by this "Welcome Mat," as well as recommendation to improve those services.
- 11. "Institutionalize" the Global Detroit Initiative.** The ten above strategies are interdependent. Detroit cannot become a successful global region, feeding off of international talent and energy, by simply employing one or two strategies. The Global Detroit initiative must be "institutionalized" in the sense that a committed, broad-based group of advocates must be identified to allocate responsibilities for specific strategy initiatives, develop resources, and engage in continuous monitoring, process improvements, and mid-course corrections. Efforts must be sustained. To be successful, Global Detroit must pursue strategies that are coherent and strategic, rather than episodic and tactical.

Most importantly, Global Detroit's efforts must, in all ways, carry an underlying "welcoming" theme. The initiative must appeal to non-immigrants, such that its efforts are seen as being "in addition to," rather than "instead of."

Next Steps

In May 2010, the Global Detroit study, its findings, and recommendations are being presented to a number of audiences in the region, including Automation Alley, TiE Detroit, the Detroit Consular Corps, and ethnic media leaders. A more public press conference and web launch of the full 220-page report likely will be held in June.

Each of the eleven strategy recommendations is being moved forward by bringing strategic partners together, identifying targets and plans, developing budgets, and seeking funding and philanthropic support. While some initiatives, such creating a Welcoming America campaign in Michigan, have already made grant applications, others initiatives are still largely conceptual.

The Advisory Board is discussing how best to identify a committed group of champions and where best to house the coordinating functions.

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