



## Overview of Global Detroit Initiative

# Global DETROIT

*“One of the most powerful strategies to rekindle this spirit is to capitalize on and grow the talent that Metro Detroit’s international community brings.”*

Metro Detroit is at a crossroads in our history. The prosperity enjoyed throughout the 20th Century is in danger of disappearing unless the region re-connects to the innovative, industrious, and entrepreneurial spirit that guided the auto pioneers of a century ago. One of the most powerful strategies to rekindle this spirit is to capitalize on and grow the talent that Metro Detroit’s international community brings. 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.

Originally funded by the New Economy Initiative, the Detroit Regional Chamber of Commerce, and the

Skillman Foundation, a comprehensive Global Detroit study was released in May 2010 that documented the impacts that immigrants have on the regional economy and identified eleven strategic initiatives to revitalize the regional economy. 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 as likely to possess a four-year 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 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 3<sup>rd</sup> 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 8<sup>th</sup> of the 50 states with 22 percent of international patents filings from 2006 listing a resident alien inventor. Given that half of all immigrants in Michigan are U.S. citizens, this suggests that 45 percent of such patent applications from Michigan had a foreign born inventor and that foreign born residents in Michigan are more than seven 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.



## IMMIGRANT FACTS

- Immigrants residing in southeast Michigan are 150 percent as likely to possess a four-year college degree than the non-immigrant population.
- 25 percent of all public, venture-backed firms launched in the U.S. from 1990-2005 were started by immigrants.
- 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.
- 45 percent of international patent applications from Michigan had a foreign born inventor and foreign born residents in Michigan are more than seven times as likely to file an international patent as non-immigrant residents.
- Michigan's foreign born were more than three times as likely as non-immigrants to start a new business between 1996 and 2007.

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 20<sup>th</sup> 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, reduced blight, increased 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 8<sup>th</sup> in the nation for size of our international student population.

Southeast Michigan is home to the largest concentration of Arabic people 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

The Global Detroit study identified eleven strategic priority initiatives to capitalize on the economic opportunity that our international population presents. The Welcoming Michigan



campaign recently launched at the Michigan Immigrant Rights Center represents the first program to receive funding. Building off the Welcoming American program operational in 14 other states, Welcoming Michigan seeks to help Michigan's non-immigrant communities adjust to the changing makeup of American society in a global age. Welcoming Michigan will 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.

Several other initiatives are moving forward as well. Local economic development agencies in southeast Michigan and southwest Ontario have been meeting for nearly a year to develop a partnership to recruit global businesses who can thrive in Detroit-Windsor's cross-border economic region. 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 has been developing a cross-border partnership between regional 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.

Other projects emerging from the Global Detroit initiative include developing an international student retention program for the talent pool attending Michigan colleges and universities; supporting the region's EB-5 investor visa centers; developing a regional Cultural Ambassadors program; building a Welcome Mat network of the region's nonprofit agencies serving immigrant and ethnic communities;

connecting leadership in metro Detroit's emerging ethnic groups with regional leaders; creating a Mayor's Office of Global Affairs and neighborhood revitalization strategies in the city of Detroit; and developing the infrastructure to sustain these regional efforts.

## NEXT STEPS

In May 2010, the Global Detroit study was published. Its findings, and recommendations have been presented to a number of local and national audiences, including Automation Alley, TiE Detroit, the Detroit Consular Corps, Michigan Municipal League, Michigan Association of Planning, the National Immigration Integration Conference, Independent Sector Conference, and the Michigan Conference on Affordable Housing. Longer-term funding for several of the Global Detroit initiatives is being considered by the New Economy Initiative.

In January 2011, Michigan Governor Rick Snyder in his first State of the State address called for the state to be a "place that openly encourages innovators and entrepreneurs to come to our state." Noting that, "The evidence is clear that advanced college degree immigrants can make a tremendous difference in creating a positive economic activity environment that benefits us all," Governor Snyder committed to establishing "an exciting new initiative to encourage immigrants with advanced college degrees to come to Michigan to live and work." The Governor has asked the Michigan Department of Civil Rights and the Michigan Economic Development Corporation to work together to develop this initiative and Global Detroit has been collaborating on that effort.

Each of the eleven strategy recommendations in the Global Detroit report 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 as creating a Welcoming America campaign in Michigan, have already received funding, others initiatives are still largely conceptual.

For more information, please visit [www.globaldetroit.net](http://www.globaldetroit.net) or contact Steve Tobocman at [steve.tobocman@gmail.com](mailto:steve.tobocman@gmail.com) or (313) 516-9681.