

## **In the New Global and Multicultural Marketplace, Immigrants Hold a Key to Revitalizing NE Ohio**

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America is undergoing an economic and ethnic transformation fueled by globalization and new waves of immigration from Latin and Asian countries.

In 1995, the world's economic output was \$4 trillion. In 2000, it was \$21 trillion. With the end of the Cold War and the technological revolution in communication, people are connecting, competing, transferring information and engaging in "borderless" commerce at an irreversible and unprecedented pace.

Migration is a key component in globalization. In the largest increase in U.S. history, the number of immigrants increased 57% from 1990 to 2000. Hispanic annual purchasing power in the U.S. is almost \$600 billion. Asian-American annual purchasing power in the U.S. is \$300 billion. During the 1990s, Asian-owned businesses improved revenues by more than 463 percent, while Hispanic businesses grew by 417 percent. Foreign remittances from immigrants to their families in the homeland amount to \$28 billion per year. Immigrant households are projected to grow dramatically in the 21<sup>st</sup> century to represent more than one-quarter of overall household growth. The rate of business ownership is 20% higher for foreign-born than native born.

***To survive these turbulent waves of worldwide economic integration and capture its opportunities, cities must incorporate globalization policies that leverage the untapped power of its immigrant communities, the people on the front-lines of the emerging borderless economy.***

City planners around the country are taking notice that immigrant clusters have revitalized cities and spurred growth through technology start-ups; international trade; small neighborhood proprietorship; real estate investment, renovation, and repopulation in distressed areas; youth to counter aging populations; workforce development in shortage areas; and emerging multicultural consumer markets.

***Immigration, global trade, and multicultural diversity are the new inter-related frontiers for economic and community development as cities like Cleveland formulate policies to stem depopulation, reverse economic deterioration and support positive community relations. If properly channeled, immigrant entrepreneurs, investors, and technology innovators can provide an economic engine for revitalizing the region's economy and provide a bridge to the global and multicultural marketplace.***

Cities such as Pittsburgh, Baltimore, Indianapolis, Louisville, Philadelphia, Minneapolis, and Schenectady, and the state of Iowa, have examined ways to partner with their existing immigrant communities in order to attract more of their countrymen, who are already in the U.S. living in a high-cost or high-crime city, or who are outside the U.S. but are interested in relocating to the U.S. to expand their business operations, continue high-tech research, and place investment in the U.S.

Author Richard Florida sees cities with varied and engaged immigrant populations are multicultural meccas that encourage diversity of thought and attract the young entrepreneurs who drive the new knowledge-based economy.

However, Cleveland is not attracting its share of new immigrants, and it is suffering for it. Dr. Sanda Kaufman of Maxine Goodman Levin College of Urban Affairs at Cleveland State University recently released a study entitled, *Immigration and Urban Development: Implications For Greater Cleveland*, that identifies a handful of U.S. regions that have attracted the majority of the latest immigration waves and connects immigration and urban economic development. The study *concluded that Cleveland needs to attract more immigrants who can populate the region and help revitalize the economy.*

Perhaps *the most important contribution by the immigrant community in terms of providing economic turbocharge to a region is in the area of science and engineering innovation.* Professor AnnaLee Saxenian, of UCLA and the Public Policy Institute of California, recently published: "Silicon Valley's Skilled Immigrants: Generating Jobs and Wealth for California." She found that 1/3 of the scientific and engineering work force in Silicon valley, and 1/4 of all founders of technology start-ups, were immigrants, many of which have advanced degrees from U.S. universities.

Saxenian found that many foreign born scientists and engineers in Silicon Valley acted as entrepreneurs and as middlemen who facilitate trade and investment links with their countries of origin. *In 1998, immigrants collectively accounted for more than \$16.5 billion in sales and over 58,000 jobs in Silicon Valley.*

The internationalization of innovation is best represented by the following statistics:

- **Over 44% of all patents filed in the U.S. are filed by foreigners**
- **40% of all U.S. Ph.D's in science and engineering are awarded to immigrants.**
- **In the 1990s, 60% of the American based authors of the most cited papers in the physical sciences were foreign-born, while nearly 30% of the authors of the most cited life science papers were foreign-born;**
- **Almost half of the U.S. recipients of the 2000 Nobel Prizes were immigrants to the United States. Between 1901 and 1991, 44 of the 100 Nobel prizes awarded to U.S. researchers were won by immigrants or their children.**

Cities like Austin, Denver, Boston, and San Jose have greatly benefited from high levels of immigrant technology talent helping to shape a work force with skills that firms need. Nearly 25% of all technology start-ups in Austin in recent years were started by immigrant entrepreneurs. Almost 25% of the founders or chairman of the biotech companies in the U.S. that went public in the early 1990s also originally came from outside the U.S.

The entrepreneurial and risk-taking factor in the immigrant community, coupled with scientific accomplishment, networks of fellow countrymen providing seed capital and access to inexpensive overseas labor markets, provide a formidable combination.

Recent success by the Cleveland World Trade Center, the Ohio Israel Chamber of Commerce, and the India Ohio Chamber of Commerce to attract foreign companies to Northeast Ohio provides a blueprint

that should be duplicated in targeted regions worldwide. Other U.S. regions have accelerated their recruitment of foreign companies. Atlanta has attracted over 50 Israeli technology companies. Research Triangle Park in North Carolina attracted 41 Japanese, 34 English, and 25 German companies over a three-year outreach program. Maryland has attracted over 500 foreign-based businesses.

This economic development approach is not new. The King of Prussia, Frederick William, selectively invited outsiders to move to his kingdom, consciously choosing settlers who would bring money, expertise and skills.” By 1725, one-fifth of the residents of his Brandenburg province were born abroad. Berlin, its capital city, was transformed by the energy and skills of immigrants.

Modern day examples of selective in-migration as an economic development tool can be seen in Toronto (43% of total population is foreign born), Vancouver (38% foreign born), Singapore (25% foreign born), which are thriving with affluent and highly skilled newcomers. Singapore government official George Yeo defends selectively targeting talented foreigners to relocate to Singapore: “Every foreigner we bring to Singapore must be a net asset...in a post-modern economy, you need much more talent” referring to what author G. Pascal Zachary calls the armies of brain-workers who produce the intellectual property that has replaced raw materials and manufacturing as the primary source of new wealth.

This year both Hong Kong and Scotland adopted programs to attract immigrant talent and immigrant investment capital. Canada’s federal immigration laws and marketing budget already encourages a mass influx of foreign talent and foreign capital.

Pittsburgh is one of the cities leading the charge in the Midwest. *The Wall Street Journal* recently outlined Pittsburgh’s attempts to attract immigrant entrepreneurs, professionals and workers in shortage areas (“Feeling Snubbed by Immigrants, Pittsburgh Acts,” May 28, 2003). In that article, Cleveland was referred to as a member of an “unintentionally exclusive club,” alongside Pittsburgh, St. Louis, New Orleans, Baltimore, Milwaukee, and Buffalo, of big cities with “few new immigrants from Hispanic countries or almost anywhere else.”

The Heinz Endowments Foundation funded Pittsburgh’s efforts to build an immigrant-recruitment model, built on salesmanship of Pittsburgh’s amenities. Over \$800,000 has been awarded in foundation grants to help lure immigrants with jobs, encourage foreign students to stay after graduation, and teach the community about international diversity.

Commentator George Will described Pittsburgh’s plan to attract immigrants as a “splendid American story.” (“Pittsburgh seeks to return to its immigrant roots,” 6/1/03, abcnews.com.) :

Pittsburgh is no longer a ‘steel city.’ Its largest employer is the University of Pittsburgh and its medical center. But like the rest of America, it still needs a steady infusion of immigrants... immigrants go where other immigrants from their country have gone. when European immigration stopped, Pittsburgh did not become a destination for immigrants from Latin American and Asia. Americans who complain about immigration do not know what Pittsburgh knows: We still need immigrants. Always will.

While Pittsburgh is now engaging itself with its immigrant communities in an attempt to attract newcomers and international business, Cleveland has been slow to respond.

*A recent report by demographer William H. Frey found that Cleveland is ranked near the bottom of the 50 largest metropolitan areas in the nation in its share of new immigrants. (Cleveland: 43<sup>rd</sup>; Pittsburgh: 47<sup>th</sup>; Buffalo: 48<sup>th</sup>).*

This is important because the U.S. Census tells us that immigration is the dominant factor in overall population growth and stability. Put another way, cities generally can not replicate itself with its own population and must seek outsiders to grow, or at least slow the rate of depopulation.

*In light of globalization, emerging domestic multicultural markets, and the role that immigrants play in the knowledge-based economy, Cleveland's rich diversity and immigrant history provides a key to its future economic renaissance. Cleveland has a rich history in attracting immigrants and today boasts many diverse and vibrant immigrant communities from 117 countries worldwide. This gives Cleveland an advantage over many other cities which may be considering similar immigration strategies because the #1 factor in attracting immigrants is the presence of similar ethnic groups.*

A survey of Cleveland's international assets suggests that the foundation to "globalize" Cleveland and attract immigrant talent and entrepreneurship already exists. Many of our private sector and public institutions, trade organizations, social service providers, arts, culture and travel industries have already recognized the potential of these markets.

The challenge to "globalize" Cleveland will depend on its success in coordinating its existing international resources so that the region can send one clear message to the world that we are an international city "open for business" and that we will do all that is possible to assist foreign talent to relocate to Cleveland, to facilitate their business interests, and help them acculturate and integrate into Cleveland's multicultural fabric.

## **RECOMMENDATIONS**

Cleveland is not on the radar screen in many parts of the world, particularly in emerging foreign markets. Remediating this fact and globalizing NE Ohio will require the creation of a coordinated package of services and incentives, focused public awareness/education, and a marketing strategy, implemented by the following initiatives:

- **Create: The Mayor's Office of International & Multicultural Development to Coordinate and Promote NE Ohio International Assets**
- **Purchase and Develop: The Cleveland International Building to House Cleveland Int'l Organizations to Enhance Synergy**
- **Ramp-Up the Cleveland World Trade Center to Attract Overseas Businesses, Investment and Talent.**
- **Commodify Cleveland's Ethnic and Multicultural Resources, and Develop New Marketing Identity as a "International City – A Hip, Multicultural Mecca" that welcomes newcomers' energy, talent, and entrepreneurship**

- **Help existing local immigrant entrepreneurs expand their businesses and go “mainstream”**
- **Recruit immigrant talent and entrepreneurs who are already in the U.S. but living in high-cost, high-crime cities.**
- **Attract/Retain Foreign Students, Recruit Overseas Researcher Superstars, Lobby for Re-enactment of H1A Nurse Visa so that Cleveland Can Be National Leader in Foreign Nurse Recruitment.**
- **Develop Ethnic Identities of Commercial Corridors in Immigrant Clusters (Chinatown, Little Arabia, Spanish Village, etc).**
- **Apply for U.S. Attorney General Waiver of Restrictions for Investment Green Card Program; Develop Investment Vehicles that Can Be Marketed Overseas to Immigrants Seeking U.S. Permanent Residency Through Investment.**
- **Create “Cleveland Ambassadors” Program, and Create Commission of Local Immigrant Business Leaders to Increase Cleveland’s Exports**

### **Conclusion**

The city of Cleveland under the direction of Mayor Jane Campbell has begun to evaluate policies and programs to support a globalization plan. However regional support is necessary for seamless integration of a globalization culture.

Globalization and domestic multicultural markets are here to stay. *Multicultural meccas with hyper global connectivity will dominate the 21st century.* We can continue to be lulled into accepting the status quo and inhibit growth from the outside, or we can send a message to the world that “Cleveland is open for business,” and back it up with aggressive programs and projects that visibly demonstrate our international commitment.

In order to facilitate community dialogue on these issues, we encourage you to go to the website [www.\\_\\_\\_\\_\\_](http://www._____) to read the unabridged version of this article. We strongly encourage you to contact us at the e-mail addresses listed below. Community feedback and inclusion are indispensable to the difficult process of harnessing globalization forces for economic development.

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