

Promoting Economic Prosperity by Welcoming Immigrants

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WELCOMING AMERICA

Civic leaders are catching on to what savvy businesses already understand: diversity and immigration are opportunities that can improve prosperity for all.



When it comes to running a business, maintaining competitive advantage involves adapting quickly to an increasingly diverse employee and consumer base. In the global economy, attracting the right talent and reaching today's demographically changing consumer market is imperative. With the Hispanic and Asian markets in the United States expected to reach a combined \$2.5 trillion in buying power by 2015, strategies that welcome newcomers as employees and customers are a recipe for growth for *Fortune* 500 businesses and smaller firms alike.¹

A growing number of cities today are working to create a more immigrant-friendly culture.² From Boston to East Providence, from Dayton to Salt Lake City, more civic leaders are promoting their communities as welcoming places that can attract and retain a global workforce and maximize the local economic development and growth opportunities that newcomers bring.

The Business Case

A growing body of research demonstrates how immigrant-friendly cities can create positive opportunities for all. Immigrants from across the skills spectrum contribute economically and are often highly sought after to fill critical gaps in the labor market.³ Immigrants are also more likely to start a business than nonimmigrants. Consider a Fiscal Policy Institute report indicating that small businesses owned by immigrants employed an estimated 4.7 million people in 2007 and were generating more than \$776 billion annually.⁴

Some studies have correlated increased immigration with increased earnings of American workers. Other research has documented immigrants' significant purchasing power, which translates into more demand for local consumer goods.⁵ Moreover, by helping to balance the ratio of workers to retirees, immigrants give cities and the nation as a whole a structural advantage over many trading partners. And immigrants' home purchases have helped boost housing prices.⁶

Although it is more difficult to quantify, immigrants also contribute to localities through a "diversity advantage"—the potential for greater innovation, creativity, and even cultural renaissance that results when communities and businesses manage diversity well.⁷

Researcher Richard Florida has written about the diversity advantage, concluding that "nations that are more accepting of and better at integrating new immigrants have a higher level of economic growth and development."⁸ In 2007, the U.S. Congressional Budget Office calculated that the fiscal impact of immigrants as a whole is positive, with the tax revenues they generate exceeding the cost of the services they use.

Research also has shown that over the last two decades, the metropolitan areas with the fastest economic growth were also the places with the greatest increase in immigrant share of the labor force.⁹ Similarly, a study by Global Detroit found that immigrants in southeast Michigan "provide enormous contributions to the region's economic growth."¹⁰

A Movement Grows

More cities are seeing immigrants as offering a competitive edge.¹¹ Take Dayton, Ohio, which made headlines last year with the release of its Welcome Dayton plan. Dayton city manager Tim Riordan's comments reflect why other cities should take note: "Immigrants are more than twice as likely as other citizens to become entrepreneurs and create jobs. We want to make every effort we can to not only attract more of these creative and industrious people, but also to encourage them to stay in our community and plant deep roots."¹² Welcome Dayton includes strategies aimed at fostering a welcoming climate and increasing immigrants' access to the kinds of services (banking, English classes, and the like) that can help them contribute at their full potential.

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Meanwhile in Chicago, Mayor Rahm Emanuel announced plans in 2012 to make Chicago the "most immigrant-friendly city in the world."

"Throughout its history," says Adolfo Hernandez, director of Chicago's Office of New Americans, "Chicago has benefited from the immeasurable economic contributions of its immigrant populations, and from the rich fabric of distinct and vibrant neighborhoods they helped to create. ... As we build a thriving 21st century economy, we must work together to attract and retain immigrants by helping them to succeed and grow in a safe and welcoming city."

In the Great Lakes region, initiatives such as Global Michigan/Global Detroit are working to revitalize the regional economy by making the area more welcoming to immigrants, international residents, foreign trade, and foreign investment. The effort includes programs to retain international students, microenterprise training and lending, a network of immigration and social services, attracting foreign investment (for example, through a cultural ambassadors program and ramping up investor visas) and the Welcoming Michigan initiative, which promotes understanding between native and foreign-born residents.

Says Welcoming Michigan Director Steve Tobocman, "If Michigan is to compete, we have to welcome the investment, the jobs, the

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workers, and the ingenuity of immigrants and refugees. Welcoming Michigan is the foundation of a global economic growth strategy to return prosperity to our state.”¹³

Cities such as Houston and Boston have similar initiatives. More recently, Baltimore declared itself a welcoming city and committed to investing in support for immigrants, while ensuring that long-time residents garnered benefits from new vitality and talent.¹⁴ Said Mayor Rawlings-Blake, “It’s about all of us growing and getting better and being successful together.”¹⁵

Since 2009, the nonprofit Welcoming America has been working with a nationwide network of member organizations and partners to promote a welcoming atmosphere—community by community—in which immigrants and native-born residents can find common ground and shared prosperity. Welcoming initiatives have been launched in 22 states. Welcoming America has worked with government leaders in 11 states to pass or issue Welcoming proclamations—formal statements that articulate openness to immigrants and the need to create a positive climate that benefits the whole community.¹⁶ The proclamations are important steps toward creating more actionable and comprehensive welcoming plans.

In New England, where demographics have changed significantly over the past decade and immigrants account for the majority of population growth, Welcoming initiatives in Massachusetts, Rhode Island, New Hampshire, Connecticut, and Maine are creating a climate that is not only about attracting immigrants, but about helping them to stay and thrive.¹⁷ As Boston’s Mayor Menino has said, “It is not enough to just welcome immigrants. . . . We must make a collective effort to ensure that immigrants feel welcomed.”¹⁸ In 2012, governors in Massachusetts and Rhode Island both signed Welcoming proclamations, and resolutions have passed in Boston, East Providence, and other communities in the region.

More than ever, efforts like these are a recognition that our communities are most likely to be economically successful when all members are welcomed and supported to offer their potential.

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Endnotes

- 1 See *State of the Hispanic Consumer: The Hispanic Market Imperative, 2012*, <http://www.nielsen.com/content/dam/corporate/us/en/microsites/publicaffairs/StateoftheAsianAmericanConsumerReport.pdf>; and *The State of the Asian-American Consumer, 2012*, <http://www.nielsen.com/us/en/insights/reports-downloads/2012/state-of-the-asian-american-consumer-q3-2012.html>.
- 2 “Immigrant” refers here to all foreign-born residents of the United States.
- 3 The Brookings Institution identifies eight industries where immigrants fill critical gaps. See <http://www.brookings.edu/research/papers/2012/03/15-immigrant-workers-singer#2>.
- 4 David Dyssegaard Kallick, “Immigrant Small Business Owners: A Significant and Growing Part of the Economy” (report, Fiscal Policy Institute, New York City, June 2012); and U.S. Small Business Administration, “Frequently Asked Questions,” <http://www.sba.gov/sites/default/files/sbfaq.pdf>.
- 5 Giovanni Peri, “The Impact of Immigration on Native Poverty through Labor Market Competition” (National Bureau of Economic Research working paper no. 17570, Cambridge, Massachusetts, 2011); Örn B. Bodvarsson, Hendrik Van den Berg, and Joshua Lewer, “Measuring Immigration’s Effects on Labor Demand: A Reexamination of the Mariel Boatlift,” *Labour Economics* 13 (2008): 201–245; Francesca Mazzolari and David Neumark, “Immigration and Product Diversity,” *Journal of Population Economics* 25, no. 3 (2012): 1107–1137; “Assessing the Economic Impact of Immigration at the State and Local Level” (report, Immigration Policy Center, Washington, DC, April 13, 2010), <http://www.immigrationpolicy.org/just-facts/assessing-economic-impact-immigration-state-and-local-level>; and “Strength in Diversity: The Economic and Political Power of Immigrants, Latinos, and Asians” (report, Immigration Policy Center, Washington, DC, June 19, 2012), <http://www.immigrationpolicy.org/just-facts/strength-diversity-economic-and-political-power-immigrants-latinos-and-asians>.
- 6 Gianmarco Ottaviano and Giovanni Peri, “Rethinking the Gains from Immigration: Theory and Evidence from the US” (Centre for Economic Policy Research discussion paper no. 5226, 2005); Albert Saiz, “Immigration and Housing Rents in American Cities,” *Journal of Urban Economics* 61, no. 2 (2007): 345–371; and Dowell Myers, “Immigrants’ Contributions in an Aging America,” *Communities & Banking* 19, no. 3 (summer 2008), http://www.bostonfed.org/commdev/c&b/2008/summer/myers_immigrants_and_boomers.pdf.
- 7 Qamrul Ashraf and Oded Galor, “Cultural Diversity, Geographical Isolation, and the Origin of the Wealth of Nations” (Williams College Department of Economics Working Papers, Williamstown, Massachusetts, 2011); Phil Wood and Charles Landry, *The Intercultural City: Planning for Diversity Advantage* (London: Earthscan, 2007); and G. Pascal Zachary, *The Diversity Advantage: Multicultural Identity in the New World Economy* (New York: Basic Books, 2003).
- 8 Richard Florida, “Immigrants and the Wealth of Nations,” http://www.creativeclass.com/_v3/creative_class/2011/04/20/immigrants-and-the-wealth-of-nations.
- 9 See http://keystoneresearch.org/sites/default/files/ImmigrantsIn25MetroAreas_20091130.pdf.
- 10 See “Overview of Global Detroit Initiative,” http://www.globaldetroit.com/wp-content/files_mf/1327698551Global_Detroit_Study.overview.pdf.
- 11 Dylan Scott, “Immigrant-Friendly Cities Want What Arizona Doesn’t,” *Governing Magazine*, September 2012, <http://www.governing.com/topics/economic-dev/gov-immigrant-friendly-cities-want-what-arizona-doesnt.html#>.
- 12 Jill Drury and Tom Biedenharn, “Welcome Dayton Immigrant Plan Approved,” WDTN-TV, October 5, 2011, <http://www.wdtn.com/dpp/news/local/dayton/welcome-dayton-immigrant-plan-approved>.
- 13 See <http://welcomingmichigan.org/>.
- 14 See <http://www.theatlanticcities.com/politics/2012/08/can-baltimore-woo-immigrants-its-inner-city/3009>.
- 15 “In Growing Baltimore, Are Immigrants the Key?” <http://www.npr.org/2012/08/03/158049388/in-growing-baltimore-are-immigrants-the-key>.
- 16 See <http://www.slccouncil.com/agendas/2012Agendas/Dec11/121112B3.pdf>.
- 17 See <http://www.bos.frb.org/commdev/data-resources/immigration/index.htm>; www.welcomingma.org; www.welcomingri.org; and www.welcomingnh.org.
- 18 See <http://www.cityofboston.gov/newbostonians/>; and <http://www.forbes.com/sites/ashoka/2012/06/25/immigration-decision-day-at-the-supreme-court-an-entrepreneur-responds>.