BRAIN GAIN IN LEGACY CITIES

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By Nicholas Hamilton

My fellow urban policy thinker and sometimes debating partner Aaron Renn at the Manhattan Institute just released a report on Brain Gain in America's Shrinking Cities. Next City ran an article on Thursday on the topic with some interesting examples of the types of programs Renn advises against. Renn makes some essential points to which every leader in a legacy city should take note. It boils down to this: "brain drain" isn't happening in your city or it isn't happening the way you think it is, so change your strategy. His main points are pasted below, but the full report is well worth the read and is packed with insightful charts and tables that unpack these observations:

- Every major metro area in the country that has been losing population and/or jobs is actually gaining people with college degrees at double digit rates.
- As a whole the shrinking city group is holding its own with the country in terms of educational attainment rates, and in many cases outperforming it.
- Even among younger adults, most shrinking cities are adding more of them with degrees, increasing their educated population share, and even catching up with the rest of the country in their college degree attainment levels.

An emerging national movement around immigrants as economic development engines devotes itself not to "brain gain" but the more active brain attraction. Through their work they have identified a wave of evidence that supports strategic investment in New Americans as forces of economic development. Indeed 40% of fortune 500 companies were founded by immigrants or their children. Welcoming America, **Welcoming Economies (WE) Global Network**, and the Partnership for a New American Economy work closely with local governments and nonprofits to support this movement and help cities to learn from one another and understand the evidence that supports these strategies.

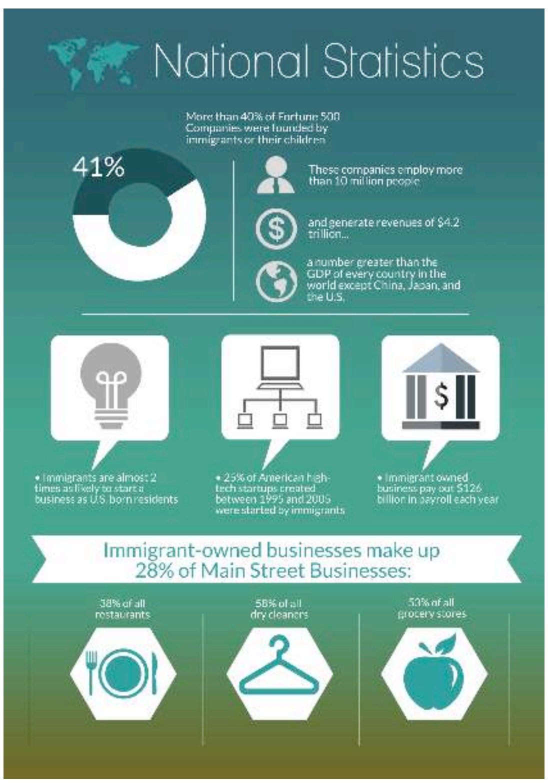
Cities looking for good bets in entrepreneurship need look no further than these statistics:

- Immigrants accounted for nearly **40% of all Midwest metro area growth**
- Immigrants are **twice as likely** to start a business as a US born resident and that immigrants **own 28% of main street businesses**
- Immigrant-owned businesses **pay out $126 billion** in payroll each year

Sergio Martinez, one recent new American homeowner helping to make vibrant the Chadsey-Condon neighborhood of Detroit.
Image credit: Beth Szurpicki/Global Detroit

WE Global Network has a wealth of data useful to communities looking to be smarter about how to attract immigrants to legacy cities. Image credit: WE Global Network

Instead of worrying about brain drain, what if cities used a different metric for success? What if cities measured how globally competent their city is, how welcoming they are to newcomers, and how likely it is that they will be the home of some of the next immigrant-owned businesses in our country? While there are no silver bullets, what can legacy cities do to attract these new American entrepreneurs and job creators? Steve Tobocman, Director of **Global Detroit,** recently released a **Guide to Immigrant Economic Development**, which tackles that question and covers a host of strategies that cities are currently doing today. Such an immigrant integration and economic development model is rooted in rediscovering the assets you already have. It's not purely about attracting newcomers, but also supporting recent arrivals in being successful entrepreneurs and active members of the community. This is the best way to attract new talented individuals, because immigrants that do well will in turn recruit effectively among their own social networks. Tactics include programs as simple as translating small business registration forms to multiple languages, to international student support programs, to adjusting local home ownership support systems. All recognize the unique role foreign born residents can play in the economic development of their communities while at the same time improving the well-being of their own families.



WE Global Network has a wealth of data useful to communities looking to be smarter about how to attract immigrants to legacy cities. Image credit: WE Global Network

Two caveats: first, having highly trained individuals in the metro area does not necessarily translate to having them within urban core cities municipal boundaries, tax rolls, or seeing their children diversifying inner city school districts. While metropolitan area is clearly the unit of economic productivity and labor markets–as Renn correctly argues and the Brookings Metropolitan Policy Program and others have demonstrated for years–many of those high skilled individuals are still skipping the core city and moving direct to suburbs. The legacy of federal incentives to suburbanize still presents a continuing challenge to leaders of central cities.

Second, with respect to both immigrants and domestic born residents, it is worth pointing out the clear economic benefit of both "high" and "low" skilled workers: innovators and small business generators come from all economic backgrounds. Fantastic work done by the Institute for a Competitive Inner City and its partners are devoted to how to support entrepreneurship in inner cities for decades, and while the field is fighting an uphill battle, there are a host of examples like Cleveland's Evergreen Cooperatives and tools that we know work like inclusive clusters, which connect local human capital with regional economic strengths. These are strategies that should be invested in heavily. [As a teaser: look for more on this topic soon from Stephanie Sung, my colleague at the Legacy Cities Partnership.]

Broad coalitions in America's legacy cities like Dayton, Pittsburgh, and St. Louis see this opportunity and are not waiting for much needed comprehensive immigration reform to come down from the Federal level. They are acting now despite a national context where current leading presidential candidate of a major US political party fails to see the role of immigrants in strengthening the American economy, despite all evidence to the contrary. In the Rust Belt, leaders from across the political spectrum embrace a vision of new Americans playing an essential role in strengthening their local economies and thus the American economy. Michigan's Governor Rick Snyder continues to drive the national conversation among Republicans with his plan to welcome 50,000 immigrants to the state.

Innovative economic development strategies are one of the many assets in America's legacy cities. There are opportunities to leverage these assets at prices affordable to newcomers: from historic buildings and walkable neighborhoods, to vacant land with plenty of urban services in legacy cities. While people chose to move from one city to another for a complex variety of reasons, making these cities attractive places to live and create businesses can be greatly improved by investing in the ability of new Americans to be successful entrepreneurs and job creators. There is a ton of positive activity in legacy cities today despite the very real challenges. Don't believe all of the negative hype. As Renn's analysis indicates, the data tells a different story. If you spend some time in a legacy city today, you'll probably come home with a different story too. Or, like so many new Americans, you might just decide to stay.