Multiculturalism and Community Development in the New Economy

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Multiculturalism

- Multiculturalism is the acceptance/promotion of multi cultures, applied to the demographic makeup of places, organizations, neighborhoods, communities, cities or nations.
- Promotion of multicultural communities is a policy implemented in many countries since the 1970s for numerous reasons.
  - While it is an asset in some countries, it has become an issue in others.
  - Some strived to creative mono-cultural countries (Malaysia for instance).
  - Others have widely embraced it – Canada, Argentina, Australia, U.K. and others.
- Reasons for embracing multiculturalism:
  - Canada – economic advantages, social benefits (in 2001, Canada attracted more than 250,000 immigrants).
  - Argentina – to celebrate diversity.
  - Australia – similar policies as Canada (almost 50% are either foreign born, or have one parent who is foreign born).
  - U.K. hosts an increasing immigrant population, about 32% from Africa and 40% from Asia for economic and social reasons.
- Why multiculturalism for 21st Century communities in our region?
Communities and Community Development in the “Old Economy”

- Historically, communities across the U.S. featured significant prosperity:
  - Per capita income grew by more than 400% between the mid-1940s and mid-2000s (nearly 4% per year) – Bauer, et al. (2006).
  - Communities were vibrant, cities were growing in population and size at unprecedented rates.
- The U.S. economy was anchored in manufacturing and production, where technological innovation and productivity growth made the economy globally competitive.
  - Wage rates rose, along with wealth.
  - Communities prospered and were mostly viable.
- People migrated from rural and urban areas to production communities, expanding the tax base and affording communities with needed resources.
- For the most part, community development was so rampant that numerous policies were implemented to manage growth, and its impact on the landscape.
  - In short, economic development came almost automatically.
Community Development in the “Old Economy”

In the “Old Economy”:
- communities were built around places with access to natural resources.
- early birthplaces for manufacturing were cradles of prosperity.
- communities were defined by what they produced.
- city-regions anchored prosperity and growth was assured.
- skilled production workers constituted a growing middle class.

Fiscal Policy:
(1) fiscal incentives, such as lower interest rates, grants and loan guarantees;
(2) tax reductions, including tax credits, abatements, deductions and preferential rates;
(3) direct grants, including land, labor and infrastructure (see Fisher, 1997).

Infrastructure and Markets:
(1) product market proximity; (2) labor quality; and (3) quality infrastructure (Aschauer, 1989; Evans and Karras, 1994; Wylie, 1996).


Attraction of Manufacturing Enterprises and Skilled Workers:
Incentives to manufacturing firms, higher wages for skilled workers (Higgins et al., 2006).
Community Development in the “Old Economy”

- Since mostly the 1960s, however, a different momentum emerged - leading to reallocation of prosperity.
- The share of employment in the manufacturing sector started to decline significantly:
  - From around 41% in the 1950s to 9.1% in 2009.
  - Employment, income and where people prefer to live has shifted, along with the distribution of new prosperity.

**Game Changers:**
- Separation between “communities of production” and “communities of place.”
- Information/Communications Technology (ICT).
- Maturing knowledge-economy.
- Intensified globalization.
- These factors led to the emergence of the “New Economy.”
- Community Development in the “New Economy” is a different game!
Challenges of Community Development Today

Transition from the Old” to the “New” economy posed socio-economic challenges in manufacturing and goods producing states:

Manufacturing job loses, high unemployment, state and local government fiscal crisis, foreclosure, falling family income, rising poverty, high population loss, brain-drain, and other social problems.

- Manufacturing and production focus and Old Economy mindset.
- Entitlement mentality and little tolerance for change.
- Absence of cohesive strategy to leverage multiculturalism.
- Displacement of skilled workers in a knowledge-economy.
- Indifference to entrepreneurs and innovation.
- “Agency problem” in state institutions.
- Inflexible tax structure (no new taxes).
- Nearly absent state agenda--or regional agenda.
- Place competition, not cooperation.
- Go it alone attitude and “Suffering in Silence”.
- Disconnect from national trends.
- Global isolation.
The Mindset Problem

- A person's way of thinking and their opinions.
  - Cambridge International Dictionary of English

- A fixed mental attitude or disposition that predetermines a person's responses to and interpretations of situations.
  - American Heritage Dictionary of the English Language

- A mindset can be positive, such as supporting the notion of working together to tackle tough problems, or being optimistic about the future, or it can be damaging, such as the following example.

- A mindset example:
  - We can bring manufacturing jobs back to offer the same opportunities to our kids as before.
  - Immigrants are the root cause of social problems.
  - We will do fine if only we exclude certain segments of the population.
Out-Migration and Urban Decline

There is strong association between out-migration, brain-drain, urban decline and urban problems. This includes:

- Abandonment and blight, eg. Brownfield sites.
- Diminishing fiscal ability to provide services (size vs. population).
- Weak social infrastructure.
- Diminished property values due to excessive supply of abandoned homes.
- Diminished investments.
- Food desserts.
- Increasing distance between people and opportunities.
- Cities near bankruptcy.
- Crime.
- Poor quality schools.
- Agency problem (breakdown of the value of democracy).
- Rising socio-economic problems, such as concentrated unemployment, poverty, crimes.
- Loss of service sector jobs (employment out-migration) to gazelle communities.
- Brain drain; systemic loss of certain demographic groups.
- Problem is spiral.
The Global Perspective

- Rising population growth in emerging economies
- Growing Middle Class
- Rising GDP and purchasing power
- Brazil, Russia, India and China (BRIC) now account for more than 40% of the world’s population.

- Competition for community prosperity has become more intense:
  - requires a new set of strategies to anchor new opportunities.
- 21st Century communities will need to recognize that competition has gone global.
Spirals of Community Prosperity or Decline

Places left behind can easily spiral down, since mobile assets can in-fact move to other places.
The Rules of Community Development have Changed

Old Economy
- Old Industrial Complexes
- Strategies focused on attracting industry.
- Strategies focused on cheap land, willing workers, raw materials, low taxes, etc.
- Local orientation.

New Economy
- Great places are talent magnets.
- Strategies focused on attracting talented people.
- Strategies focused on social, natural, entrepreneurial, creative and intellectual capital.
- Global orientation.

Diverse, multicultural and tolerant places are parts of QOL.
Implications of the New Economy for 21st Century Communities

- Population and talent no longer tied to communities.
- Competition for growth.
- Past strategies less effective.
- New drivers of the economy are emerging.
- People move to quality and vibrant communities that are able to leverage multicultural advantages.

The Michigan Example:

- 58 out of 83 (70%) Michigan Counties lost population from 2006-2007.
- 36 out of 83 (43%) Michigan Counties lost population from 2000-2007.
- Economic output loss due to population loss from Wayne County (2000-2007) = $1.5 Bil.
- Home value loss in MI counties that lost population (2000-2007) = $5.3 Bil.

(Adelaja, Hailu and Abdulla, 2009)
## Declining Working Class Employment Share

<table>
<thead>
<tr>
<th>Change in % Working Class Employment</th>
<th>Rust Belt</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>Value</td>
</tr>
<tr>
<td>Iowa</td>
<td>2.31</td>
</tr>
<tr>
<td>North Dakota</td>
<td>1.38</td>
</tr>
<tr>
<td>Nebraska</td>
<td>1.01</td>
</tr>
<tr>
<td>Minnesota</td>
<td>0.86</td>
</tr>
<tr>
<td>South Dakota</td>
<td>0.57</td>
</tr>
<tr>
<td>Kansas</td>
<td>0.34</td>
</tr>
<tr>
<td>Colorado</td>
<td>0.09</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>-0.03</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>-0.08</td>
</tr>
<tr>
<td>Wyoming</td>
<td>-0.09</td>
</tr>
<tr>
<td>Delaware</td>
<td>-3.55</td>
</tr>
<tr>
<td>North Carolina</td>
<td>-3.66</td>
</tr>
<tr>
<td>South Carolina</td>
<td>-3.66</td>
</tr>
<tr>
<td>Alabama</td>
<td>-4.18</td>
</tr>
<tr>
<td>Maine</td>
<td>-4.38</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>-4.52</td>
</tr>
<tr>
<td>West Virginia</td>
<td>-4.62</td>
</tr>
</tbody>
</table>

The working class is shrinking in employment share.
### Changes in Creative Core Employment Share

#### Change in %Creative Core (1990-2000)

<table>
<thead>
<tr>
<th>State</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>2.23</td>
</tr>
<tr>
<td>Vermont</td>
<td>1.95</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1.87</td>
</tr>
<tr>
<td>Maryland</td>
<td>1.81</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1.61</td>
</tr>
<tr>
<td>Washington</td>
<td>1.50</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1.43</td>
</tr>
<tr>
<td>Virginia</td>
<td>1.37</td>
</tr>
<tr>
<td>California</td>
<td>1.35</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1.34</td>
</tr>
<tr>
<td>Arkansas</td>
<td>0.27</td>
</tr>
<tr>
<td>Nevada</td>
<td>0.22</td>
</tr>
<tr>
<td>Utah</td>
<td>0.05</td>
</tr>
<tr>
<td>Florida</td>
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<tr>
<td>Oklahoma</td>
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<tr>
<td>West Virginia</td>
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<tr>
<td>North Dakota</td>
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</tr>
<tr>
<td>Mississippi</td>
<td>-0.11</td>
</tr>
<tr>
<td>Wyoming</td>
<td>-0.20</td>
</tr>
<tr>
<td>Louisiana</td>
<td>-0.38</td>
</tr>
</tbody>
</table>

#### Rust Belt

<table>
<thead>
<tr>
<th>State</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>1.12</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1.00</td>
</tr>
<tr>
<td>Michigan</td>
<td>0.94</td>
</tr>
<tr>
<td>Illinois</td>
<td>0.87</td>
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<tr>
<td>Minnesota</td>
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<tr>
<td>Pennsylvania</td>
<td>0.81</td>
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<tr>
<td>Indiana</td>
<td>0.53</td>
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<tr>
<td>Ohio</td>
<td>0.35</td>
</tr>
<tr>
<td>West Virginia</td>
<td>-0.07</td>
</tr>
</tbody>
</table>

Surely, we are not competing enough with other communities, states and regions.
Implications to Community Prosperity in the 21st Century

Knowledge (Human Capital) Impact on Growth:
- Places with concentration of college educated are associated with population, income and employment growth.
  - 1% more college graduates associated with 554 additional people, $25 more per capita income, and 190 more jobs.

Creative Class Employment and Innovation:
- % Creative Class Employment: creative class employment is associated with employment and income growth.
  - 1% more creative class employment is associated with $23 more in per capita income.
  - 287 more jobs in metro counties.
  - 1 more patent is associated with $1.34 more in per capita income and 392 more jobs.
The Spatial Distribution of Opportunities

- Flexible Manufacturing L. Q.
- Information Technology L.Q.
- Food Innovation Location Quotient
- Healthcare Location Quotient
Do Diverse Multicultural Communities Grow Faster in the New Economy?

- At the Land Policy Institute at Michigan State University, we conducted a study that looked at a series of factors that determine population migration by age group.

- We looked at a series of factors, one of which was diversity and multicultural communities. Results suggest strong association between multicultural communities and their attractiveness to younger age cohorts.
Do Diverse Multicultural Communities Grow Faster in the New Economy?

- There is also strong evidence that communities that are diverse, and are able to attract numerous population cohorts, have an added advantage in economic development.

- Multicultural communities are appealing to diverse population cohorts, which are relevant to robust community development.
## Diversity and Entrepreneurship

### 2008 data

<table>
<thead>
<tr>
<th>2008 Data</th>
<th>% of adults starting a business each month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>0.42</td>
</tr>
<tr>
<td>Women</td>
<td>0.24</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>0.31</td>
</tr>
<tr>
<td>Black</td>
<td>0.22</td>
</tr>
<tr>
<td>Latino</td>
<td>0.48</td>
</tr>
<tr>
<td>Asian</td>
<td>0.35</td>
</tr>
<tr>
<td>Nativity</td>
<td></td>
</tr>
<tr>
<td>Native born</td>
<td>0.28</td>
</tr>
<tr>
<td>Immigrant</td>
<td>0.53</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>20-34</td>
<td>0.26</td>
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<tr>
<td>35-44</td>
<td>0.35</td>
</tr>
<tr>
<td>45-54</td>
<td>0.35</td>
</tr>
<tr>
<td>55-64</td>
<td>0.36</td>
</tr>
</tbody>
</table>

### Kauffman Foundation Entrepreneurial Index (2008)

- Places with more immigrants feature:
  - 654 more jobs/1% more immigrants.

Photo: Pure Michigan
What Are People Looking For?

- **Quality Places to Live, Work & Play!**
- **Active/dynamic living environment** with lots of fun:
  - Recreation, cultural amenities, *social interaction, diversity*.
- **Amenities driven**: parks, outdoors, thriving farms, sports, hunting, fishing, waterways, greenery, etc.
- **Diverse lifestyle choices**:
  - Multi-modal transportation (especially transit), housing type and range of prices, density range.
- **Business and entrepreneurial opportunities**:
  - Creativity, risk taking, good market for innovation, high wage jobs.
Some strategies for 21 Century Communities

1 – Assess the job impact of diversity and multicultural assets in your community and evaluate ways to make your community inclusive/welcoming. We are developing a tool to help you assess the role of diversity in your local economy.

2 - Communities will need to determine what relevant assets they have to anchor and support diverse population and talent.
Some strategies for 21 Century Communities

3 – Enhance regional collaboration in creating quality and livable communities and regions.

4 - “Placemaking” is an essential part of the strategy – placemake.

Younger college grads
Blue = With children
Red = Without children
Some strategies for 21 Century Communities

5 - Utilize unique features – brand your community.
- Such as cultural resources, community cohesion, inclusiveness, family-friendly environment, diverse opportunities, etc.
Community-Driven Actions

What Can You Do?

- Embrace a spirit of collaboration, optimism, tolerance, and inclusion
- View the long term and extend beyond community; regional
- Think globally and innovatively
- Build on existing assets and invest in people and systems
- Enhance healthy communities, with strong social capital; one that celebrates and leverages multiculturalism and inclusiveness.
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