

“GREAT LAKES CITIES, MICHIGAN’S GREAT PLACES FOR GLOBAL BUSINESS AND INVESTMENT”

Toward Strategic Planning Practice to Enable Michigan’s Urban Core Cities to Compete for and Attract Global Business and Investment to metroMichigan’s Core City-Regions

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Background

The Request For Proposal (RFP) that stimulated this project was entitled “*Economic Development and International Competition.*” The RFP’s wording was as follows. “Cities must reach out internationally to attract the business enterprises of the 21st Century. What strategies are best suited to enable core cities in Michigan to effectively attract businesses from outside the United States? What public policies should be enacted to assist in this regard?”

The mission inherent in this brief has crucial context. We must be clear that this task will be pursued under two largely new economic and technological forces. The first force is the impact and potential of **information and communications technologies (ICTs)** and their networks that span the connected areas of the globe. The second force is **economic globalization**. Nowadays one cannot separate the attraction of foreign business and investment attraction from the opportunities that are offered as a result of these two forces.

Michigan's urban core mayors represent thirteen cities that are located across the southern third of the state. These cities include: Ann Arbor; Battle Creek; Bay City; Dearborn; Detroit; Flint; Grand Rapids; Jackson; Kalamazoo; Lansing; Muskegon; Pontiac; and Saginaw. Note: in the spirit of **branding** and reinforcing the promotion of this network of Michigan's thirteen urban core city-regions, we have adopted for use in this paper the brand label "metroMichigan" (Cf., Gilmore July 2004). For an illustration of the kinds of attributes that may comprise the marketing of this regional brand, refer to the sub-section of the Support Section below entitled, "The metroMichigan Region."

On behalf of the urban core mayors of most of the major cities of Michigan, the **aim** of this discussion paper is to empower stakeholders for these areas to formulate strategic planning approaches that are intended to enhance the economic development competitiveness of these Michigan places in the global economy and network society. The **focus** of this concern is *to encourage the formulation of locally-specific effective policies to attract business and investment from outside the United States*. The **method** employed here is to offer a self-empowerment policy planning process framework, i.e., the ALERT Model, that can be used to mobilize local, regional and other resources to attract inward foreign investment and thereby to stimulate the creation of new business enterprises. In developing this narrative, examples, illustrations and the sources for these referrals are used to make the discussion as concrete and practical as possible. The references are provided with the expectation that the reader will pursue these leads and dig deeper into the literature and practice of foreign business and investment attraction.

Each city and its nearby support region **must invent its own unique strategy for attracting business and investment from abroad**. To be successful, such strategies must build on the particular advantages of the place. This briefing paper seeks to lay out ways that are tested and with local creativity and innovation, the city-regions of Michigan may set themselves on more effective paths of investment in intelligent development for the future. Refer to the Support Section below for a working definition of **intelligent development**.

In today's global economy, **the city-region is the proven principal functional unit** that must be the primary focus of policy and strategic attention (Scott 2001). However, on some substantive and policy implementation issues, e.g., economic development incentives, there has been a pattern in Michigan for places outside of its urban core cities to benefit less than its suburban and other nearby outlying areas (LeRoy, Lack and Walter December 2006). Limiting foreign business and investment initiatives only to the core city to the exclusion of the city's suburbs, commuter shed and economic hinterland is highly unlikely to be successful. So, given that the functional reality calls for the city-region to be the geographical and administrative unit for the targeting of inward business and investment, the principals of the urban areas of metroMichigan will have to craft working social contracts that result in the equitable distribution of whatever benefits result from successful inward foreign investment.

What is Involved in the Attraction of Business Enterprises from Outside the United

States?

The conventional terminology for attracting such business is **foreign direct investment**. Casually, this is referred to as **FDI**. A conventional definition is investment in a country by foreign citizens or foreign corporate enterprises that often involves majority stock ownership of the recipient domestic enterprise (Lagace June 17, 2002: 1). However, given the complexities of FDI in practice, it is important to develop a working understanding of its various other forms (Refer to Economist Intelligence Unit 2007; FDI Atlas n.d.; Financial Times 2007; and Hunter, Jr. May 2006).

The practice of FDI over the years has generated some conventional working definitions that have been embraced by most investment actors in the global economy. These conventions facilitate the measurement and tracking of changes in FDI patterns over time and within and between economies.

The Organization for Economic Co-Operation and Development (OECD) is one of the key actors that benchmarks and defines FDI. For our purposes here, such investment has an objective of obtaining a lasting interest by a Michigan city-region in a business enterprise investment from an economy other than that of the United States.

The lasting interest implies the existence of a long-term relationship between the direct investor [i.e., a resident entity in the Michigan economy] and the enterprise and a **significant degree of influence** on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated (Organization for Economic Co-Operation and Development 1996: 7-8).

OECD defines:

a **foreign direct investor** [as] an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which has a direct investment enterprise – that is, a subsidiary, associate or branch – operating in a country or countries of residence of the foreign direct investor or investors (Organization for Economic Co-Operation and Development: 8).

Operationally, it is conventional to define **significant degree of influence** in which “a foreign investor owns 10 per cent or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise” (Organization for Economic Co-Operation and Development: 8). This OECD document explicates further the details of the various means by which the foreign direct investor may exercise some control over the enterprise which is the target of investment. The document also identifies examples that appear to be FDI, but are not, and it defines the differences

between subsidiaries, associates and branches.

Who Benefits from FDI?

In the context of this project, the mayors of the urban core cities seek to be recipients of inward foreign business and investment for local benefit. In the context, typically, such recipients are enterprises located in metroMichigan or to be so located and they can benefit from the funds of the investment, the creation of jobs, and new technologies and from more efficient and effective business process approaches, plus improved management as a result of fresh perspectives and innovative mindsets. Additionally, metroMichigan foreign investment recipients can gain access to new business networks that can enhance marketing, sales and procurement.

What benefits are sought by investors and firms from outside the U.S. and also are seeking to do business in these metroMichigan areas, i.e., the principal city-regions of Michigan? Typically, investors seek new and expanded markets, lower-cost labor, cost reductions by means of economies of scale, access to needed skill sets, talent, technology, natural resources and or control of enterprises that might enable the extension of expertise and business reach within their same industry and or breaking into a new industrial sector. In sum, most companies that engage in international business and investment do so to take advantage of comparative and competitive advantages.

Mergers and acquisitions (M&A) traditionally are major forms of foreign investment. Such investment and its associated control have been used to block competitors and or to dominate the supply-side of business resources.

Over the last generation, many economies of Asia especially have employed these kinds of inward foreign direct investments for their own respective growth and development. As a consequence, this region of the global economy is rich in lessons and analogous approaches for stimulating innovative strategic planning and emulation, with tailoring, for FDI attraction to Michigan cities and their urban regions (Urata November 1997).

Introduction to the ALERT Model

The policies planning and strategic planning process outlined here has been derived from extensive scanning of the global economy in search of localities and sub-national areas or city-regions that for some time have been engaging these issues. From these cases we have selected and organized policies, strategies and tactics that merit attention and reflection. However, these practices and benchmarks from elsewhere should not be copied and re-potted directly into the Michigan core city-region context. Rather, we intend for the readers of this discussion paper to use development examples from elsewhere as illustrations of how other places have **constructed their own unique pathways** to attracting foreign investment for the purposes of intelligent development (Refer to the definition in the Support Section below). It is this task of innovative idiosyncratic comparative and competitive advantage-based strategic planning that must be conducted by metroMichigan's leaders and stakeholders and tailored to the local

particularities.

The method employed here is to lay out a policies planning process that enables one to break down and make more understandable and manageable the complex relations that must be harnessed and aligned to produce successful economic development and enhanced international competition for Michigan's city-regions. What is required from would-be users of the process introduced here is **sustained and creative engagement supported by the will and on-going commitment** to have their city and its region prosper in the new realities of the global economy.

The sobering news here is that there are no silver bullets or quick fixes. The good news is that tenacity of purpose and infusion of innovation and entrepreneurship throughout the culture and behavior of a locality's individuals and institutions can make a difference in improving the intelligent development trajectory of a place.

The policies planning and strategic planning process outlined here is the ALERT Model. The Model is an organizational and strategic planning construction that assists us in framing complex policy formulation activities in the context of the global economy and network society. The principal elements of the Model consist of five activities or components that need to be led and executed by representative stakeholders of the city-region and its partner city-regions of Michigan's core mayors. The Model is elaborated in the recently published book, *Urban and Regional Technology Planning: Planning Practice in the Global Knowledge Economy* (Corey and Wilson 2006). It is not a guide book with recipes; rather it intends to offer a framework for empowerment and self-invention that must tap into and mobilize the unique assets and potentialities of each core city-region and across the thirteen regions. The book is intended to be used for this project because those who want to practice these suggested strategic planning activities have a supportive companion resource to draw on and seek deeper understandings when engaging in this process of innovation and enterprise culture development for attracting foreign investment and business. For example, the book defines and illustrates comparative and competitive advantages and elaborates on tested planning pathways to intelligent development.

The ALERT Model's five components or elements are: Awareness; Layers; E-Business; Responsiveness; and Talk. From the first letter of each of these five words, the acronym ALERT has been derived. Once each of these elements has been staged and developed initially, then there need not necessarily be further linear sequencing in the continuous execution of these activities. Who are the actors and their roles in executing the ALERT Model?

Stakeholders and Organization

The ALERT activities to promote foreign business and investment attraction should be actualized not only by actors from government. In order to build a base of sustained support for the foreign investment attraction effort and related strategic initiatives, there needs to be widespread, diverse and representative stakeholders from metroMichigan

involved and influencing the development and evolution of policies to attract business from outside of the United States. Stakeholders should include representation from groups with interest and stakes in the attraction of foreign business and investment.

Such stakeholders need to engage in awareness development to inform the strategic planning that will enable the particular economic assets of the locality to be identified and activated so as to compete more effectively in the global economy. Among others with interest, the stakeholders, **in general**, should include professional urban and regional planners and corporate planners, as well as citizen and volunteer planners, plus other representatives from the for-profit sector, the trade unions and organized labor sector, the institutional and nonprofit sector, individuals and of course various actors from government sectors at all levels of relevant governments.

In order to conduct the evidence-building work of analyzing and assessing the individual target city-region's competitive advantages, both current and planned, the following stakeholder questions need to be answered in **the concrete reality of each specific place**. Who are the city-region's **principal stakeholders** on these foreign business and investment issues, i.e., the **actors** and their **roles** who should participate in the foreign investment development and promotion of the area? Who are, and what is the source of the city-region's **leadership** for enabling the realization of such assessment and promotion? Who are and should be **champions** of such continuous and sustained intelligent development?

A **key principle** that needs to be taken into account and operationalized is **one must be organized to be positioned to accomplish a mission and a mandate**. Therefore, in order to accomplish the overall strategic planning task of attracting foreign investment as embodied in the ALERT Model, consideration must be given to **organization**. This might take various forms. Such organization in its initial phases most likely needs to be temporary and not conceived as permanent during its formative period; and it probably needs to be an informal organizational construct rather than a formal one; it needs to be advisory, nonpartisan in party political terms, and it needs to be inclusive with participation based principally on expertise and direct stakeholding interests. These are illustrative ideas intended to stimulate initial discussion and action. Of course, there are many other criteria for involvement and the structure of organizing for implementing the ALERT Model; the challenge is to construct an organization or highly coordinated organizations such that effective and transparent foreign business and investment attraction results and those outcomes strengthen the economic competitiveness of (1) the thirteen individual urban core areas and (2) the system of these cities and their immediate regions, which for the purposes of this paper, we are **branding** the thirteen-city region "metroMichigan." Lastly, note "organization" has at least two major functions; there is a **deliberative and representative function** that should ensure that voice is given to the major interests of the city region. The other crucial function is an **administrative and leadership** one; there needs to be an individual charged with and responsible for the convening, the management and the execution of the strategic planning for the attraction of inward business investment to the urban cores and metroMichigan city-regions. Such a role, for current discussion purposes, might be labeled **Director of Foreign Business**

and Investment. The mayors would have to determine the direct and indirect lines of accountability for this role. Further, each city needs to have some one or multiple staff responsible for foreign business and investment. Given the range and variation of capacity across each of the thirteen cities of the metroMichigan network, some cities, maybe the larger ones, may have the need and capability to have an **Agency for Foreign Business and Investment.** Or another approach is for some or all of the thirteen urban core cities to collaborate in creating and sustaining such an agency. For an introductory discussion of a framework for an inward investment agency and for assessing regional competitive advantages in that context, refer to Weber, Chapman and Hardwick, 2006.

Awareness: The Evidence

The principal outcome of this component of the Model is **actionable knowledge.** The basic function of the Awareness element of ALERT is to identify the locality's principal assets, their supply, resources, issues, needs, problems, and aspirations of the city-region. Ultimately, such factual compilation would be used in the city-regions respective governance structures for the purpose of attracting business from outside the United States to one of the thirteen metroMichigan urban areas. Such findings may be in the form of data, statistics, facts, incentives and regulations (for an illustration of the kinds of initial evidentiary information, refer to United Way Twin Cities 2004). These Awareness factors and this body of **evidence** will serve as the foundation from which both understandings and policies planning will be derived.

For the purposes of **matching** would-be investors to the most appropriate recipient city-region in metroMichigan, targeting must be conducted. So that the analysts do not have to scan all of the countries of the global economy, it is practical and important to narrow down the number of places so that strategic targeting may be executed. Beginning the analysis and initial matching process with information such as the following, is the way to engage in the process of strategic planning for the attraction of foreign business and investment. Refer to About.com: Geography July 1, 2007.

The principal **international trading partners** of the United States are:

Canada
China
Mexico
Japan
Germany
United Kingdom
South Korea
France
Taiwan
Netherlands
Brazil
Italy
Singapore

Malaysia
Ireland

The top five countries **receiving U.S. exports** are:

Canada
Mexico
Japan
China
United Kingdom

The top five countries **supplying U.S. imports** are:

Canada
China
Mexico
Japan

Germany (About.com: Geography July 1, 2007; and U.S. Census Bureau April 2007).

LOCOmonitor (n.d.) is a source for such rankings; it has tracked over 47,000 foreign direct investment projects by multinational companies globally including into North America since 2002. Such projects tracked to the U.S. have totaled 2,955. The top five countries investing in the U.S. since 2002 **as measured by the number of FDI projects** invested by companies from the following top source countries are:

| | | |
|---------|-------|-----|
| Japan | 448 | 17% |
| Germany | 376 | 14% |
| UK | 374 | 14% |
| Canada | 260 | 10% |
| France | 197 | 07% |
| Other | 1,029 | 38% |

In what **industries** have these investments been made? LOCOmonitor classifies each FDI project into specific industry clusters, sector and technology area. The number of FDI projects in the U.S. within each industry cluster has been:

| | | |
|-------------------------------|-----|-----|
| Transport equipment | 529 | 18% |
| ICT | 411 | 14% |
| Heavy industry | 398 | 13% |
| Business & financial services | 281 | 10% |
| Light industry | 273 | 09% |
| Chemicals, plastics & rubber | 233 | 08% |
| Life sciences | 211 | 07% |
| Electronics | 196 | 07% |
| Food, beverages & tobacco | 144 | 05% |
| Consumer products | 141 | 05% |

| | | |
|-----------------------------|-----|-----|
| Property, tourism & leisure | 75 | |
| Logistics & distribution | 63 | |
| Other | 138 | 05% |

These activities should result in a detailed baseline picture of the city-region on these factors, and they are more useful to would-be investors when they can be and are **compared** and **benchmarked** to other city-regions. Benchmarking, i.e., this comparative monitoring is critical because it assists in understanding the nature and dynamics of other **competitive** city-regions throughout the state’s and nation’s economy, and the global economy (Greene, Tracey and Cowling March 2007). This evidence gathering further needs to include the identification of **best practices** and **good practices** of other places and their effectiveness in attracting businesses from beyond the U.S. The key suggested use of such practices is NOT to copy what other cases have done; rather, by studying other cases and their foreign business and investment attraction practices, the goal is to determine the “good” practices and effective strategies that have worked for other places. Again, it must be reiterated that it is essential that localities devise their own unique approaches. These approaches, indeed need to be informed and influenced by innovative development processes from elsewhere, but the task is to ensure that the unique local factors of attraction for foreign business and investment be identified so that their competitive advantages and their comparative investment advantages are branded and marketed effectively.

To compare some of the more effective and longstanding inward business and investment practices across the global economy, analysts must **examine promotion approaches** that are likely to be most appropriate to, in this case, the metroMichigan city-region. To illustrate, one might begin by exploring such promotion cases as Singapore and the Netherlands. For their respective market regions, i.e., Asia and Europe, they are recognized widely as best practice examples in promoting and being successful in attracting investment from overseas. See the Web sites of Singapore Economic Development Board and Netherlands Foreign Investment Agency that are cited in the References section below. In the highly competitive environment of today’s global economy, it is essential that places seeking foreign investment have such agencies that facilitate inward business. The range and the working details of such promotion services may be discerned from close study of these exemplary agencies. One might subscribe to their newsletters, list servs and compile additional specialized promotional materials and ideas to be considered for tailored emulation in Michigan to stimulate local innovations in foreign business attraction. It should be noted further that such agencies, especially some of those whose missions are to attract foreign investment into selected Asian countries, also have evolved effective **intelligence gathering functions** that can inform strategic planning for inward business attraction and other economic knowledge exploration.

Another **best practice source of learning** is Sweden. In several ways, Sweden has comparabilities with Michigan. In addition to both places having four distinct seasons, which means that there are some similarities and analogies in tourism and forestry, both areas have total populations at the nine to ten million person levels. Sweden is a bit less

than twice as large as Michigan, in terms of size of area. Similar to the other countries and economies in the Nordic and Baltic regions, Sweden has fully embraced information and communications technologies, in terms of business application, use and manufacturing. Sweden and the Nordic-region economies also have engaged the opportunities and challenges of globalization – including the pursuit of foreign business and investment. At the end of August 2007, Michigan Governor Jennifer Granholm visited Sweden seeking for Michigan the creation of new jobs and learning how Michigan might provide new sources of alternative energy (Weekly Newsletter August 29, 2007). Sweden’s Invest in Sweden Agency has published a useful report, *Business and Investment Opportunities*. It is a “must” read for metroMichigan foreign investment stakeholders and policies planners (Invest in Sweden Agency 2007).

Other exemplars should be explored (OCO Global October 24, 2007). Internationally, the IDA Ireland (Industrial Development Agency) organization is recognized as an effective global best practice agency for attracting inward foreign investment. Refer to IDA Ireland, n.d. Domestically, Enterprise Florida and Pennsylvania’s newPA.com should be examined for the range of inward foreign investment and business services that, in practice, have proven to be effective. The city-regions and metroMichigan as a system can benefit from drawing on these models in designing their own operational programs and activities for attracting investment from outside the United States. Refer to Enterprise Florida, n.d. and newPA.com, n.d.

Included in the Awareness building process should involve becoming familiar with the resources locally that are directly relevant to advancing inward foreign investment to metroMichigan. For example, recently in Ann Arbor, the New Enterprise Forum and Ann Arbor SPARK will have hosted a meeting addressing the question: **“Who is the right investor for your business?”** For continuous monitoring and self-learning, another valuable local resource for advancing metroMichigan’s engagement with international business is the Center for International Business and Education and Research (CIBER) of Michigan State University. MSU-CIBER’s Newsletter and its Web site (Center for International Business and Education n.d.). MSU also has an Office of China Programs; its function is to facilitate scholarly linkages with scholarly institutions in China and to work with the State of Michigan government’s China Office to promote economic development. One may subscribe to the newsletter of the MSU Office of China programs. From these kinds of information sources located in the metroMichigan region, for example, one may stay abreast of such current topics as women in business, scheduled upcoming activities and information on making linkages with potential foreign targets for enhancing business and investment. Also, one may be sent notices of special events such as the 2007 International Trade Symposium, the purpose of which is encompassed by this accurate preamble:

The State of Michigan is in the midst of a decades long transition from a predominantly manufacturing economy, largely geared to North American markets, to successful participation in an increasingly complex global economic political system. Well informed, skillful use of existing and new resources will be a key factor in achieving a common goal: a more

diversified Michigan economy and broadly educated workforce, which not only benefits the people of Michigan but contributes to a better life for the world's citizens. The purpose of the 2007 International Trade Symposium is to offer a timely educational contribution to the international phase of this complex transition (Center for International Business Education and research, International Trade Symposium n.d.).

Layers: The Context

The outcome from this element of the ALERT Model should be a working understanding of the **context** of each metroMichigan individual city-region's **competitive** position and linkages. Given that this initiative for attracting business from abroad is being formulated in the context of the forces of economic globalization that are facilitated by the networked technologies of information and communications technologies, these important drivers and facilitators of change must be included explicitly in the foreign investment-attraction assessments and resulting strategies and tactics.

The policies planners and stakeholders need to identify the relations of the various levels, dimensions and **different geographies** of each individual metroMichigan city-region relative to: the sub-regions of Michigan; the state; the nation; the North American economic region; the European Union; the Asia-Pacific region; and the global economy. The sub-regions within the state may involve understanding the relations among such layers locally as the core central city; its rural periphery and other subdivisions such as old suburbs, new suburbs, and special precincts such as technology parks, historic districts and other attractive neighborhood communities. There also are **temporal and content or substantive functional domains** to consider as in production, consumption and quality of life amenity factors and the relative competitiveness among these various layers of economic functions. It is important that individual metroMichigan core cities and a networked alliance of these thirteen core cities be assessed and explored both for independent and interdependent strategic planning and program implementation.

Given that this foreign business attraction endeavor occurs and is made feasible because of globalization and its many opportunities and significant downsides, it is important to have an understanding of this larger global economic context. For example, the *UNCTAD Investment Brief* can assist in providing some insight into this macro context.

FDI Inflows, by Host Region and Major Host Economy, 2004-2006
(Billions of dollars)

| Host region/economy | 2004 | 2005 | 2006 | Growth rate (%) |
|-------------------------------------|--------------|--------------|----------------|-----------------|
| World | 710.8 | 916.3 | 1,230.4 | 34.3 |
| Developed economies | 396.1 | 542.3 | 800.7 | 47.7 |
| European Union | 213.7 | 433.6 | 589.8 | 36.0 |
| France | 31.4 | 63.6 | 88.4 | 39.0 |
| Germany | -15.1 | 32.7 | 8.1 | -75.1 |
| United States | 122.4 | 99.4 | 177.3 | 78.2 |
| Japan | 7.8 | 2.8 | -8.2 | -395.5 |
| Developing economies | 275.0 | 334.3 | 367.7 | 10.0 |
| Southeast Europe and the CIS | 39.6 | 39.7 | 62.0 | 56.2 |

From the context of global-scaled layers related to the Michigan layer, one again may discern patterns of foreign direct investment. There are 3,760 business operations in Michigan from outside the United States. The largest numbers of international operations are from: Germany, Japan, the United Kingdom, Canada and the Netherlands. In all, forty countries have invested in Michigan's diverse industrial and service sectors.

International Operations in Michigan

| | |
|--------------|-------------|
| Germany | 610 |
| Japan | 549 |
| U.K. | 512 |
| Canada | 500 |
| Netherlands | 476 |
| France | 295 |
| Other | 818 |
| TOTAL | 3760 |

Source: Michigan Economic Development Corporation, 2007

The Michigan Economic Development Corporation (MEDC) has specialists in the Canadian, German and Japanese markets who are experienced in promoting investment from these markets. MEDC also offers extensive support services in facilitating the exportation of Michigan goods and services to global markets. The principal export industries of Michigan are listed here. The state's major export markets are to: Canada; Mexico; Germany; Japan; China and Michigan's main export sectors are listed here.

Michigan Top Exports by Industry 2006

(Billions of dollars)

| | |
|---------------------------------|------|
| Vehicles, Parts | 17.9 |
| Industrial Machinery, Computers | 6.3 |
| Coal, Petroleum, Natural Gas | 1.8 |
| Electronics | 1.8 |
| Plastics, Plastic Products | 1.7 |
| Instruments, Optics | 1.1 |
| Furniture | 0.9 |
| Iron, Steel | 0.9 |
| Iron, Steel Products | 0.7 |
| Organic Chemicals | 0.6. |

Source: Michigan Economic Development Corporation, 2007

Strategists at the Michigan city and regional scale need to scan the external global investment environment for trends and future opportunities for attracting inward investment. For example, Michigan's automotive suppliers recently have begun to attract foreign investment (Snively June 25-July 1, 2007). What other would-be investments are

suggested for Michigan cities from the other sectors listed above as well as from additional sectors? Researching and tracking such potentialities are imperative. This is an important basis and means of formulating future strategies for attracting business enterprise investment from beyond U.S. borders.

Part of the Layers function is to analyze and to seek alignment of city-region level layers for foreign business and investment policies and programs at the state of Michigan layer and the national, U.S. layer. The Michigan layer may be studied, among other sources, via the information resources of the Michigan Economic Development Corporation. The United States national layer may be researched initially by delving into the recent inward investment initiative of the International Trade Administration of the U.S. Department of Commerce. This initiative to attract foreign investment was launched in March 2007 (Ward March 2007).

The key issue and goal at this stage of using the ALERT Model is to plan and work to ensure that there is alignment between the foreign investment and business strategies, policies and programs among the local city-region layer, the state layer and the national layer. Without such interdependence and convergence, there will be ineffective results. Such incongruence sends the message to would-be foreign investors and business leaders that metroMichigan's cities and regions do not have their international economic development competitive "act together." This must be avoided. This is the value of executing these analyses during the Layers component of the Model.

E-Business or Electronic-Business Spectrum: The Content

Ideally, the state of the art of **regional competitiveness** should be such that clearly and simply it would inform public policy formulation and action. However, there is no generally accepted theory of regional competitiveness (Kitson, Martin and Tyler 2006). Consequently, we have constructed a working conceptual framework to begin to address this need. It is the E-Business and Network Linkages Spectrum that may be used by urban core area leaders, policy makers and metroMichigan stakeholders to assist in ensuring that the principal economic functions are used to attract foreign business and investment and enable these Michigan city-regions to be competitive.

The outcomes of this ALERT Model component are the identification and then the strategic planning of the content, i.e., the substantive business activities of the particular city-region that may be marketed to attract foreign investment. To help organize analysis and the planning, these activities may be framed across a spectrum of largely economic functions that range from **production** business functions, to **consumption** business functions and to **amenity and quality of life factors** that are instrumental in attracting and retaining business in today's and tomorrow's global economy. Refer to the graphic entitled "The 'Business' of Electronic-Driven Economic Development and Network Linkages;" it is attached as the last page of the paper. The economic and business functions in each of the nine cells are suggestive of the major and generalized sectors that need to be considered in policies analysis and policies planning and priorities for attracting foreign investment and business in the context of the global knowledge

economy and network society.

The E-Business Spectrum component of the ALERT Model makes two essential contributions: (1) it provides a **conceptual framework** for organizing this broad swath of urban and regional economic functions, i.e., production, consumption, and amenities and quality of life factors; and (2) it includes generalizations about the **locational patterns**, or the different geographies for each of the generic economic functions among the nine E-Business spectrum cells. The E-Business Spectrum was constructed, therefore, to capture the current state in the evolution of electronically-facilitated and traditional transactions of economic functions for particular city-regions. Further, the organization of a city-region's unique principal assets and resources of the contemporary knowledge economy can serve as the baseline for informing strategic planning for future states of intelligent development. The Spectrum further can be used as a checklist to ensure that the major economic functions, sectors and or activities are considered when strategizing the matching process between the demands of would-be foreign investors and the requirements of the recipient city of the metroMichigan region.

In addition to these content and economic sectoral themes and industrial clusters noted above in the discussion of the Awareness element of the ALERT Model, another useful substantive source for catalyzing strategic thinking is the Foreign Direct Investment service of *The Financial Times*. This global business newspaper conducts FDI competitive rankings of cities in major regions from around the world. These **rankings and competitions** are organized by means of the following **categories and criteria**:

Economic potential

- Economic potential (judged)
- GDP
- GDP growth
- Level of inward investment
- FDI deals (judged)

Cost effectiveness

- Out-of-town office rent
- Centrally located office rent
- Industrial rent
- Secretarial salaries
- Middle management salaries
- Manual labor rates

Human resources

- Universities (judged)
- Number of 2006 graduates
- Percentage of population with a degree

Transport

- Transport (judged)

IT and telecommunications

- Phone lines per 1000 people
- Mobile phone ownership (% of population)
- Broadband connectivity (% of population)
- Maximum broadband speed available
- Telecommunication charges

Quality of life for expatriates

- Housing (judged)
- Hospitals (judged)
- International schools (judged)
- Natural and cultural heritage (judged)

Best FDI promotion strategy

- Promotion strategy (judged)
- Three biggest attractions for FDI (judged)
- Incentives (judged)
- Infrastructure and urban planning projects (judged)

The Financial Times notes that this information comes from government sources, and that it is not possible to verify all the information provided by government agencies. These kinds of criteria are important to know about and to take into account as city-regions in Michigan strategize and plan to attract 21st century business enterprises from outside the United States. Indeed, *The Financial Times' Foreign Direct Investment Magazine* uses these categories and criteria to do precisely this, that is use these factors to identify those "cities and regions of the **future** for Asia 2005/06" and "Europe" for 2006/07. Such findings can be useful in implementing the Talk stage and element of the ALERT Model that is discussed below.

For example, some illustrative results of these competitive rankings include the following "cities and regions of the future." In the European context, *FDI Magazine's* editorial team and judging panel used the following methods for the competition. It was conducted in three stages: (1) cities and regions were invited to submit bids to be selected for their respective regions and cities; (2) the winners of this stage may compete in five broad geographical categories; and (3) lastly, the best locations in Europe compete for *FDI Magazine's* top awards in each category noted above. Winners and runners-up are named by each regional or geographical category.

This kind of ranking approach generates these kinds of differentiations, that is ones that can be used to stimulate and inspire analogous ideas and innovations for city-regions in the Michigan context. Such selected clusters of **factors of attractiveness** help distinguish city-regions and or their investment development agencies one from another. In other words, what strategies and factors of attractiveness are best suited to enable core cities in Michigan to effectively attract businesses from outside the United States? These **generic illustrations** can assist in providing answers to this question.

Top universities, transport, hospitals, international schools and heritage

A development agency for its confident promotional strategy

A promotional team that is judged “excellent” because of its promotional strategy, clearly explained investment incentives, overall heritage attractiveness, hospitals, housing and universities

A city was able to tout its recent investment results, such as number of foreign investments and number of new jobs created combined with listing particular firms that made such investments

A city was noted for its cost-effective office and industrial rents and lower-wage costs, and for its incentives and IT infrastructure

Another city was noted for its overall quality of life and overall promotion and development strategy, and especially its clearly explained incentives. This city also was distinguished by its ambitious urban planning projects, with details provided for specific projects, e.g., the transformation of an industrial quarter into a new technological district, high-speed trains and an integrated and expanded port

A city judged to have the “best” human resources and the highest level of FDI for its general region; further, specific industrial projects and regional headquarters are listed

A city was noted for its competitiveness on costs within its region

Another place was ranked because of a range of infrastructure projects such as: an important new bridge connection, a tunnel, a subway project, an airport expansion and a rail extension to the airport

A city judged to be competitive based on its IT and telecommunications, greater telephone density, cheaper overseas telephone rates and higher levels of mobile telephone ownership

Human resources, quality transport and quality of life are factors that are competitive for multiple places. Similarly, an educated workforce, good universities, and IT and telecommunications networks are assets that cause competitive rankings to be assigned

Another city used economic growth, as measured by gross value added increasing over an average of seven years

A city’s international financial services district has been promoted by listing the

number of companies and the number of persons employed by those companies, combined by also providing the number of FDI projects

A city received a competitive ranking based on its transport plan for the future which includes new expressways connecting major cities, expanding the capacity of the public transport system by adding light rail lines and subway or metro lines

Modern housing close to fashionable shopping areas and high levels of access to the Internet and high connection speeds are criteria used to promote inward investment

Another factor is location, for example being a hub located at the seam of two different and complementary market regions has been used as a point of attraction for foreign investment

Property costs and the fact of the attraction of a new research center have been noted as elements of competitiveness

High quality international schools and hospitals have impacted competitive rankings

Having a regional economic development strategy and clear incentives with resulting public investment projects have been combined to produce competitive rankings

A city impressed the judges with a range of economic performance outcomes, including: gross domestic product; volume of FDI; recent FDI deals; wage levels for manual work; number of graduates; universities; broadband speed; hospitals; international schools; and heritage.

Business Differentiation, Services and Occupations. We should remind ourselves that all “business” is not the same. Not only are there qualitative differences, functional differences and among others, there are size-of-firms differences. Company size is important, especially given that, by definition, new firms are the generators of new-job creation. Further, it is the small- and medium-sized enterprises (SMEs) that produce new firms. As a consequence, there needs to be consideration and priority for foreign investment strategies that attract SMEs. An anticipated intended result thereby would advance the investment promotion for new small firms that are most likely to create new jobs.

Further, continuing the point that not all business and general economic functions are equal, there is evidence that in today’s new economy,

it is one with relatively high levels of capital investment in information technologies. Shifts in consumer demand have favored growth in services, including those with high levels of investment in information technologies

[and] patterns of production related to rising levels of consumption in many lines of information-dependent services (Beyers June 26, 2007; and Beyers December 5-9, 2000).

William Beyers has identified further that there have been shifts in consumption – especially in recreation and cultural industries. The trajectories of these shifts in the United States Personal Consumption Expenditures (PCE) is for growth in such sectors as medical care, education, research, personal business, religious and welfare activities, and recreation services. The U.S. Bureau of Economic Analysis (BEA) Recreation Account Components for 1960-2005 evidence economic growth in: commercial participant amusement; cable television and Internet service provision; admissions to spectator amusements; film development, photofinishing, videocassette rental; clubs, fraternal, recreation programs; and pets, veterinarians (Beyers June 26, 2007). Casino hotels and gambling services also need to be factored into these generalizations about recent growth in such consumption and personal services.

Lastly, respected Princeton University economist Alan S. Blinder recently has come to conclusions that have related implications for the point that there are important differences among economic functions, and in the case of Professor Blinder’s recent conclusions **occupations** and their differentiations also matter a great deal. Some are more offshorable than others (Blinder March/April 2006). Among 817 occupations, he has identified the following selected occupations as “highly offshorable”

| <u>Occupation</u> | <u>Number of U.S. Workers</u> |
|---|-------------------------------|
| Computer programmers | 389,090 |
| Data entry keyers | 266,700 |
| Actuaries | 15,770 |
| Film & video editors | 15,200 |
| Medical transcriptionists | 90,380 |
| Interpreters & translators | 21,930 |
| Economists | 12,470 |
| Graphic designers | 178,530 |
| Bookkeeping, accounting & auditing clerks | 1,815,340 |
| Microbiologists | 15,250 |
| Financial analysts | 180,910 |

Source: Wessel and Davis (March 28, 2007)

In policy terms, it will be important to seek investments and businesses that are most likely to have longevity and permanence. This point should be factored in the strategizing that is conducted in the Talk Section of the ALERT Model discussed below.

Knowledge Economy Rankings. Since 2002, Robert Huggins Associates in the United Kingdom has conducted and published four recent rankings that measure and index “world knowledge competitiveness” (Huggins, R., Izushi H. and Davies, W. 2005; Huggins, R., et. al. 2004; Huggins, R., et. al. 2003; and Huggins, R. and Izushi H. 2002).

These World Knowledge Competitiveness Indexes have special relevance to the Michigan urban core cities. In each of these four published rankings, the Grand Rapids city-region and the Detroit city-region have measured relatively highly in knowledge competitiveness in the global economy among, in the most recent report, 125 city-regions of the world. **In promotional and attractiveness terms this is noteworthy and should be considered by each and all of metroMichigan's urban core cities in formulating strategies and policies of economic development and international competition.** Refer to the Support Section below for each year's descriptions of the global economy's rankings. The Michigan results for these rankings were:

- In 2005 Grand Rapids region ranked sixth globally and the Detroit region ranked 39th (page 6)
- In 2004 Grand Rapids region ranked third globally and the Detroit region ranked 12th (page 6)
- In 2003-2004 Grand Rapids ranked ninth globally and the Detroit region ranked 14th (page 10)
- In 2002 Grand Rapids region ranked 14th globally and the Detroit region ranked 39th (page 18).

The data used to make these measurements are at the city-region scale. As used by Huggins Associates, the city-region of Grand Rapids also includes Muskegon and Holland. The city-region of Detroit also includes Ann Arbor and Flint. Refer to the Support Section below for the existing components and their respective variables used in the Robert Huggins Associates research.

One can envision a foreign business and investment promotional tactic that frames the urban core city-regions of Michigan as anchored in the east of the state by the Detroit-Ann Arbor-Flint and Dearborn and Pontiac city-regions and anchored in the west of the state by the Grand Rapids-Muskegon city-region. The in-fill of the remaining urban core city-regions in between the two largest and anchor regions of metroMichigan consequently would be composed of: Bay City; Saginaw; Jackson; Lansing; Battle Creek; and Kalamazoo. This regional network of Michigan's urban core cities, in turn, would be **branded** and global campaign strategies also would have to be planned and executed to attract business and investment from targeted locations around the global economy (Refer to the entry entitled "The metroMichigan Region" in the Support Section below).

City Vitals Rankings. Other kinds, and additional rankings can be useful also for revealing knowledge economy gaps and suggestions of possible policy planning priorities. For example, Carol Coletta's organization, CEOs for Cities has published various statistical measures that metropolitan area mayors and other local urban leaders may use to understand, to assess and to compare the competitive position of their respective places (Joseph Cortright Impresa Consulting 2006). These analyses were based on selected metrics that generally were reported for the fifty most populous federally designated metropolitan areas in the U.S. These indicators were organized by four principal themes that have been identified as comprising factors for urban

development success: (1) the talented city; (2) the innovative city; (3) the connected city; and (4) the distinctive city. Selecting from some of the *City Vitals* rankings, one's strategizing for the future can be stimulated to enact policies intended to attract businesses and investment from outside the U.S.

These *City Vitals* rankings can suggest acting on the following; they may be suggestive of opportunities and challenges that can be built on for the future. **For the Detroit city-region**, populated at 5,456,428 people according to the Cortright study, future development opportunities might be represented from scoring respectably on two of the five measures as a "Talented City," the metropolitan area ranked 11th nationally on the Creative Professionals variable and 16th on the Foreign Born BA or Higher variable. As an "Innovative City," the Detroit area ranked 10th nationally on the Patents variable and on the critical indicator of Small Business, Detroit metro measured 18th. As a "Connected City," the city-region of Detroit was 11th in the Voting variable and 17th in the International Students variable. The Detroit urban region does not rank highly as a "Distinctive City," indeed, it ranked 44th nationally on the variable "ratio of ethnic restaurants to fast food restaurants in the metropolitan area." The Detroit region faces significant additional challenges that need to be addressed to be more competitive in attracting businesses and investment from beyond U.S. borders. The Detroit area measured 49th of the 50 metros nationally on the increasingly important metric, "number of wi-fi hotspots per 100,000 population." College Attainment and Poverty Rate variables are major barriers to investment attractiveness; for the Detroit metropolitan area, it ranked 49th in College Attainment and 50th in Poverty Rate. The core area of the Detroit metropolitan area is similarly challenged; it ranked at 50th on both of these metrics.

The smaller **metropolitan area of Grand Rapids** has a population of 1,088,514 according to the Cortright study. Among the four "City" themes used in the *City Vitals* research, the Grand Rapids city-region only registered significantly as a "Connected City;" and even this is a mixed picture, with two extremes; on the positive measures for such a city, it ranks 3rd in the nation in Voting and on the Community Involvement variables; it ranks 2nd nationally on the Economic Integration variable. However, it measures 41st in the nation on the Foreign Travel and WiFi Hotspots variables, and 48th nationally on "number of foreign students enrolled in institutions of higher education in the metropolitan area per 1,000 population." In terms of strategic challenges that need to be addressed in order to enhance the Grand Rapids region's foreign business and investment attractiveness, it measures relatively poorly across the board on the Talented City indicators: 50th in "foreign born BA or higher" variable; 39th in "College Attainment;" 42nd in "Creative Professionals;" 35th on "Young and Restless;" and 42nd on "Traded Sector Talent." On the four metrics for an "Innovative City," it performs poorly, i.e., in the forties nationally on Patents, Venture Capital, and Entrepreneurship. On the "Distinctive City" component, the Grand Rapids city-region is 45th nationally in Restaurant Variety and suggests some potential for the future by measuring 18th on the "Weirdness Index;" this is the "average of the extent to which the metropolitan area's 10 most distinctive consumer behaviors exceed the national norm for each behavior." On the *City Vitals* metropolitan areawide measures, Grand Rapids is in the middle nationally

on College Attainment, and third in the nation in terms of a low poverty rate. The region's core area ranks 17th nationally on College Attainment, and 10th in the nation with a low poverty rate.

Lastly, the E-Business and Network Linkages Spectrum can be useful as a checklist to ensure that a relatively comprehensive set of contemporary knowledge economy business functions are considered, studied and planned in terms of policies and actions. The challenge then is to match the generic elements in the cells of the Spectrum to the unique specifics of these functions both empirically and conceptually, and then to match these place-specific economic assets to the investment requirements of would-be foreign investors.

Responsiveness: The Demands and the Needs

This, the fourth element of the ALERT Model should result in investment by means of the systematic identification of the economic **demands** of the market and the societal **needs** of government and the nonprofit institutional sectors in relation to the target city-region and its capacity to respond from its unique set of development assets and resources. At the heart of this component is the requirement to understand the disparities, gaps and patterns of non-responsiveness between the demands of business from beyond the U.S. and the supply of assets of attractiveness of the locality to respond to those demands for investment. Measuring the degrees of responsiveness and the distribution of gaps and disparities that are instrumental in informing effective strategies of business attraction and retention is the principal task of this element of the ALERT Model. The findings from this component of the Model should be used to brand and distinguish the target city-region and its network of allied city-region partners in this initiative to strengthen their individual and collective international competitiveness for attracting foreign business and investment.

To illustrate this approach here, the *City Vitals* indicators are used, and the Huggins Associates competitiveness index are referenced. In actual real-world operation, more and diverse metrics would need to be considered and used for even more representative variables to portray a city-region's investment attractiveness and competitiveness challenges.

For the Detroit city-region as a whole, it presents a traditionally strong set of business and investment attractiveness factors. Refer below to the Support Section, see the variables that comprise the 2005 World Knowledge Competitive Index; these variables reflect the economic assets that have resulted in Detroit's 15th place ranking globally. As the origin region of the world for "the machine that changed the world," i.e., the automobile, this urban area offers would-be foreign investors both opportunities and challenges in the new context of the global knowledge economy. The city-region's experience in, and organization of manufacturing production and management have been world-class; as the human capital of the urban area works at re-establishing its global competitive edge, these re-thinkings and shifts in business models will offer new opportunities for business investments and investors who want to add their external

innovation and creativity to the locally-based mix of stakeholder investors.

The legacy especially of the auto manufacturing infrastructure and its organizational network of producer business services and suppliers of the Detroit city-region also is reflected in the relatively competitive position and the possible **opportunities** of the urban area on the *City Vital* variables. For example, the area ranks nationally as follows: 11th on Creative Professionals; 16th on Foreign Born BA or Higher; 10th on Patents; 18th on Small Business; 11th on Voting; and 17th on International Students. It should be noted further, the importance of the role of local human capital development investment in higher education and higher education that attracts students from outside the U.S. The Voting variable is suggestive further of a relatively active local civil society.

Some of the key **challenges** and somewhat contradictory measures, when compared to the investment opportunities discussed in the preceding paragraph, that are identified by the *City Vitals* research include: middling to poor performances on the College Attainment variable (36th nationally); the Young & Restless variable (25th nationally); the Venture Capital variable (33rd nationally); the Entrepreneurship variable (37th nationally); the Community Involvement variable (24th nationally); the Transit Use variable (36th nationally); the WiFi Hotspots variable (49th nationally); the Culture/Cable variable (35th nationally); the Restaurant Variety variable (44th nationally); and the Movie Variety variable (35th nationally).

For the Grand Rapids city-region, analogous to the Detroit urban area, but with different loadings on the variables from *City Vitals*, there are patterns of indicators that are suggestive of both foreign investment and business attractiveness and challenge. Refer below to the Support Section, see the variables that comprise the 2005 World Knowledge Competitive Index; these variables reflect the economic assets that have resulted in Grand Rapids' 6th ranking globally. Compared to the Detroit metropolitan region, the population of the Grand Rapids metropolitan region is much smaller. Its economic and social history have evolved differently. Consequently, its metrics are inherently and somewhat different from the Detroit regional investment and development context.

The legacy of the Grand Rapids city-region, as measured and ranked via the *City Vitals* variables has resulted in the following patterns of **opportunities** for relative attractiveness to foreign investment and business. The area ranked nationally as follows: 3rd nationally on the Voting variable; 3rd nationally on the Community Involvement variable; 2nd nationally on the Economic Integration variable; 26th nationally on the Small Business variable; and 18th nationally on the Weirdness variable.

The **challenges** facing the Grand Rapids city-region that can be derived from assessing the *Vital Vitals* indicators are numerous and are measured and ranked as follows; it should be noted that this west Michigan metropolitan area loads generally poorly nationally. The urban area ranked nationally as follows: 39th on the College Attainment variable; 42nd on the Creative Professionals variable; 35th on the Young & Restless variable; 42nd on the Traded Sector Talent variable; 50th on the Foreign Born BA or

Higher variable; 42nd on the Patents variable; 49th on the Venture Capital variable; 42nd on the Entrepreneurship variable; 41st on the Foreign Travel variable; 48th on the International Students variable; 41st on the WiFi Hotspots variable; 35th on the Culture/Cable variable; 45th on the Restaurant Variety variable; and 35th on the Movie Variety variable. Of the 20 *City Vitals* variables, the Grand Rapids metropolitan area loads in the 30s, the 40s and 50th on 14 of the 20 indicators. The relatively poor-to-modest showing from this research contrasts sharply with its strong global competitiveness rankings from the Huggins Associates research. An important part of the Grand Rapids' modest *City Vitals* rankings is a function of not having a major research university and by being one of the smaller U.S. city-regions – among other factors.

Talk: The Engagement and Continuous Policies Planning Element

The Task of Talk. This task is labeled “talk” to bring home the point that discussion, dialogue and debate need to be occurring **across the traditional old economy boundaries** between business, governments, nonprofit institutions, organized labor and individuals; further, embedded in the intent of the “talk” label is the **ongoing nature** of such essential cross-sectoral interaction. After having executed and fleshed out fully each of the earlier four ALERT components (i.e., Awareness, Layers, E-Business and Responsiveness) of the Model, the preconditions will have been established to enable an effective policies planning effort. The Talk component is a policy planning effort that must **focus on the future**, and especially the intended, **the desired foreign investment future**. This is the stage and element of the ALERT Model dedicated to strategizing for foreign business and investment attraction when **policies such must be debated and planned** for desired futures. This is the stage for **taking strategic action** that is based on evidence that has been thoughtfully analyzed and interpreted. In turn, this is the stage for these findings to inform directly: (1) what additional **survey research** is needed; and (2) what **planned scenarios** will be constructed. These planning scenarios are intended to catalyze discussion and debate among the principal stakeholders of the urban core mayors and their city-region constituents. From such give and take about alternative strategic futures, specific operational steps should be planned and implemented to move forward each of the individual thirteen urban core city-regions **and** the collective network, i.e., metroMichigan, of these urban areas to realize their visions and aspirations for successfully attracting businesses and investments from outside the U.S. Such visions and aspirations will drive the formulation and crafting of the needed locally tailored public policies.

The individual city-region and its other partners in the urban core mayors network need to be clear about their respective goals for attracting foreign business and investment. One of the most important reasons for this task is that such attraction at its essence is a **matching process**. In order to be successful in attracting inward foreign investment, both the foreign investor and the recipient metroMichigan city-region need to have their respective interests addressed, met and the action steps taken must result in a working convergence of these common interests.

In order to stimulate initial fresh and creative thinking by the stakeholders of an individual city-region, it may be helpful to know and consider the **general types of strategies** that often have been identified from past such practices that have enabled places to attract business thereby improving their competitiveness:

1. attract tourist and business visitors
2. attract businesses from elsewhere
3. retain and expand existing business
4. promote small business and foster new business start-ups
5. expand exports and outside investments
6. expand the population or changing the mix of residents (Kotler, Haider and Rein 1993: 231; also refer to Greene, Tracey and Cowling March 2007).

Another stimulant source for planning scenarios that should be consulted for **futuring** and for generating tested development ideas is the *FDI Magazine* that is a product and service of the *Financial Times*. This resource was introduced above in the section on the E-Business Spectrum. For example, in 2007, *FDI Magazine* conducted a benchmarking exercise into “North American Cities of the Future for 2007/08;” it produced rankings from the increasingly integrated marketplace of the United States, Canada and Mexico. Chicago headed the most recent ranking of the North American cities of the future (Finger April 25, 2007). Analysis of such futures ranking methods can be expected to suggest innovative thinking for enriching planning scenarios for the future in the case of Michigan core urban areas (Cf., Economist Intelligence Unit 2007).

Knowledge exploration of the literature on local economic development market oriented strategies that do not rely on federal resources also can be used to stimulate applicable policies formulation. Susan Clarke and Gary Gaile (1998) have identified **forty-seven such strategies**. These were derived from over one-hundred communities. Clarke and Gail further identified **eighteen additional strategies** from an earlier survey. After initial review, many of the strategies can be selected for further assessment to determine their relevance to particular urban Michigan contexts. For example, tax reforms may play an important role in enhancing the business and investment attractiveness of localities. Were Michigan leaders and stakeholders interested in taking forward tax innovation, Professor Charles Ballard, author of the recent book, *Michigan's Economic Future*, has laid out a tax reform agenda that should be consulted and thoughtfully considered for policy planning purposes (Ballard 2006).

An active network of the state's urban core areas may have in the aggregate, other business and investment attraction goals different from, but compatible with particular places of the network. This is the strategic context for Michigan's urban core cities to pursue a strategy of attracting businesses from outside the United States. The Layers discussion from above illustrates the broader context that a foreign investment strategy should be one part of a cluster of a multiplicity of future development strategies. In constructing such a comprehensive strategy of economic development and international competition, ideally it should be couched within the broader suite of general business attraction and marketing strategies such as those six strategies that are listed above. This

would facilitate coordinative and collaborative linkages, synergies and the likely realization of economies of scale.

Our ultimate brief here however, is to catalyze Michigan mayors, other leaders and local stakeholders to formulate public policies and corporate policies to assist their urban core areas to attract businesses from outside the U.S. Survey research and planning scenarios are useful ways to help identify and to construct would-be policies.

Survey Research. The Talk activities are continuous and ongoing. As a consequence, it is essential that regular periodic assessments be made of the market demand and societal need at the individual city-region level and at the metroMichigan network of all thirteen city-region level. These soundings also should be taken within the context of the State of Michigan, i.e., the broader economic business frame. Survey research is an effective means of executing such tasks. The survey research approach can be productive in stimulating policy recommendations. For example, Professor Mark Wilson designed and implemented a survey research project on the use of information and communications technologies among Michigan households that enabled the generation of **ten policy initiatives** that should be considered for action as an important means of Michigan maintaining and enhancing its competitiveness in the global economy (Corey, Wilson, Helmholdt and Frederick January 2005: 22-26).

The metroMichigan region has several excellent and complementary assets in survey research that should be known and considered for contributing to the effort to attract foreign business and investment. As has been noted here, **matching** the foreign investment interests and Michigan's urban core mayors interests is central to the potential for success in attracting foreign direct investment to metroMichigan's areas. Toward the end of systematically surveying the interests and motivations of would-be foreign investors **and** plumbing the interests and requirements of the urban core mayors, local Michigan policy planners have access to several expert centers of resources in survey research. These centers should be researched and considered for commissioning and conducting tailored surveys, the purposes of which are to produce evidence on both sides of the investor/recipient coin. The **Institute for Social Research (ISP)** at the University of Michigan and the **Institute for Public Policy and Social Research (IPPSR)** at Michigan State University are premier resources with extensive experience in survey research work. See the References Section below for the contact information to follow up on this suggestion.

The primary intended policy-formulation stimulant for this element of the ALERT Model are **planned scenarios** that can be used as pilot efforts or test beds and to catalyze debate and dialogue about **policy options** and policy implementation actions. Thereafter, experimental implementation of the sub-phases of **piloting, demonstrating** and **full implementation** of selected scenarios need to be executed in the forms of **programs** and **projects** (Corey and Wilson 2006: 237-239).

A Planning Scenario Approach to Effective Policies Planning. At this phase in the implementation of the ALERT Model, the primary attention must be to the future. It

should be clear however that the future can be seen and constructed in several ways. When planning future policies, it becomes important to differentiate and plan for the appropriate time period, both present and future. The Awareness, Layers and E-Business components of the Model will have been devoted to producing a useful understanding of what IS, i.e., an evidence-based assessment of the current economic performance and position of a city-region. During the Talk element of the Model however, strategic attention needs to shift dominantly to futuring. In simplest terms, two future states conventionally must be considered, i.e., what WILL BE and what SHOULD BE. Scenarios can be created that seek to capture the essence of the city-region's current situation; open systems planners (Corey and Wilson 2006: 212-213) refer to this form of scenario construction as the "creation of present scenario," i.e., what IS (Jayaram 1976). This type of current-condition scenario is relevant particularly to this project for promoting the attractiveness of foreign business and investment to metroMichigan's city-regions. The scenario of what IS requires identifying the foreign investment expectations internal to each urban core region and to the network of the thirteen urban core regions. In turn, the identification of the external foreign business and investment expectations and demands may be, indeed must be, used to **ensure the best match between local Michigan aspirations and the needs of would-be investors from abroad.** It is imperative that Michigan's urban core areas attract foreign business that is determined to be compatible with, and supportive of the community's intelligent development goals.

With this foundation based on the present, one may more effectively turn one's full attention to the future, i.e., both to what WILL BE and what SHOULD BE. Open systems planners refer to these futures scenarios planning forms as the "creation of realistic future scenarios" and the "creation of idealistic future scenarios." Respectively, the realistic future scenarios are visions of futures that are derived from projected, sometimes predicted, i.e., what WILL BE, or forecasted futures, and the idealistic future scenarios are constructed from desired, normative futures, i.e., what SHOULD BE (Jayaram 1976).

The construction of a **limited number of alternative planning scenarios** can be most helpful in laying out a range of future foreign investment policies options. Especially useful are planning scenarios that are of the idealistic or SHOULD future type of planning scenario. This approach enables thoughtful and reflective discussion of desired futures. Such a method, combined with initial policy implementation that is sequenced by piloting, and then demonstration before moving to the full implementation of desired policies in the form of programs and projects, is an effective way of avoiding making the big mistake. Instead, by making small experimental, learn-by-doing tests, small trial-and-error "mistakes" can be used to systematically advance the likelihood of a policy success. In addition to having the method for such open systems planning to draw on, this kind of a futures scenario planning approach actually has been used in Michigan. The famous Greek planner Constantinos A. Doxiadis directed an extensive five-year study in the late 1960s entitled "The Developing Urban Detroit Area Research Project." This strategic planning research generated a spectrum of planning alternatives such as: "The Inevitable Future;" "The Desirable Future;" and "The Realistic Future." The process of systematically selecting among the alternative future planning scenarios is

explicated and is informative for those interested in inventing their own contemporary global knowledge economy era and locally-unique scenario planning approach (Doxiadis 1970: 161-208). Further, the Corey and Wilson book discusses the presentation and interpretation of eight planning scenarios (Corey and Wilson: 139-166), including several scenarios from Michigan. Also, see an additional experimental planning scenario approach that has been applied to the Saginaw-Bay City, Michigan region at the sub-state scale (Corey and Wilson: 235-236; and Singh 2004).

What are the city-region's conditions and readiness for future development for its: (1) **human capital** development; (2) **culture of enterprise**, entrepreneurship and innovation; (3) **governance** in terms of public-sector and private-sector structures and major programs; (4) **equity** and disparities in terms of income, education and access to ICTs; and (5) **mindset** for planning for change. See Part V, Relational Planning Concepts, A-Z of the Corey and Wilson 2006 book for working definitions of these terms. **It has been revealed that these five lessons from analyzing locally-based and city-region scaled global knowledge economy development around the world are important instrumental factors in digital development and intelligent development.** Progress on these factors can enable mayors, other leaders, policies planners and stakeholders to assess and evaluate the status of mindset change and thereby take the measure of the transformation of the localities from pre-foreign investment strategic performance to post-foreign investment strategy performance.

Human Capital Development. In order to have any significant level of competitiveness in attracting business and investment from the global marketplace outside of the United States, metroMichigan leaders and stakeholders **MUST** place highest priority on developing and retaining **talent** that will advance the kind of economic functions to be promoted for this region of urban areas (Compare to Coletta July 18, 2007; and Joseph Cortright Impresa Consulting 2006). In today's era of human capital criticality (Reich 1983: 229-282), this is quite a serious problem for the region and the State of Michigan. Support for the state's research universities and its other higher education institutions, including its community colleges, has not been as forthcoming as is needed to convey to would-be foreign investors that Michigan is a business environment that has knowledge economy talent development as one of its highest future development priorities (Miller September 24, 2007). Bond issues in support of local schools need to be supported. Basic and advanced school-based education in science, mathematics, technology and in creative fields such as art, design, performance and literature must be enhanced and sustained. Such support needs to span the human development life-span from early childhood nutrition and pre-school investment through to graduate school and in-service job training and education for targeted adult training needs. Further, job creation, job retention and related experts need to be mobilized to work with the state and metroMichigan region leaders to address the problem of the high degree of mobility of locally educated talent, i.e., the "leaky bucket dilemma."

The costs, processes, and returns from investments in human capital are 'inescapably social.' The logistical difficulty of capturing returns complicates investment in developing human capital. The mobility of

human capital, its flexibility, its ‘non-ownability’ and the long time lags involved before returns are realized serve to discourage local public and private investors (Clarke and Gaile 1998: 193).

While Michigan’s state government and the communities that have been awarded Cool Cities grants have demonstrated some noteworthy initiative to retain young persons who have been raised and or educated in Michigan, this step should be seen as a first step of a long and badly-needed journey. Follow-up steps to be considered are to have Michigan’s core urban mayors and other leaders of the metroMichigan regions to formulate a comprehensive strategy of city-regional human capital development that demonstrates a high-priority commitment across the life-span, i.e., from pre-natal care, to early childhood nutrition, to pre-school, to K-12 schools, to community colleges, to four-year colleges and universities, and crucially to research universities (refer to Kirp 2007; and Lynch 2004).

Recently, on the occasion of Volkswagen moving its North American headquarters from Michigan to Virginia, the relatively uncompetitive talent environment of Michigan was cited as the principal impetus for this move. Commenting on this, former Michigan superintendent of schools Tom Watkins has written that the Michigan legislature (and we would add the state’s mayors) should

Measure every policy decision they are about to make against what their actions are doing to make Michigan the Talent Bank of the world. Are we investing in educating our youth and retraining our existing workforce? Are we setting policies that will retain the talent that currently resides in Michigan and are we fostering policies and laws that will make Michigan a world-wide talent magnet? We need to realize that if we are not, our neighboring states and global competitors are (Watkins September 13, 2007).

Closely related to the imperative for the highest policy priority for all levels of Michigan decision-making for robust investment in talent development and retention, is the long-term need to develop and establish an enterprise culture throughout the state and especially in the metroMichigan regional network of urban core areas.

Enterprise Culture. In this context, enterprise culture is an attitude that is widely recognized and dominant in behavior throughout a city and region; these behaviors have the characteristics of risk taking, entrepreneurship, imagination, creativity and innovation to be successful in economic profitability and in the capacity of a community to anticipate, to adapt, and to be agile and flexible in relating to external forces of change.

Recall that all business is not equal. As noted in the E-Business Section above, Alan S. Blinder’s theory of differential offshorable and nonoffshorable occupations should be considered explicitly when planning foreign investment and business strategies (Blinder March/April 2006; and Wessel and Davis March 28, 2007). Highest priority should be considered for attracting inward foreign investment that is likely to generate jobs the

occupations of which are least vulnerable to being temporary or ephemeral because of the greater likelihood of offshoring. These occupations include, but are not limited to: general and operations managers; stock clerks and other filers; shipping, receiving, and traffic clerks; and sales managers. The criterion of differentiation here is that those services that require personal, often face-to-face proximity, i.e., from a physician to a hair dresser, are least subject to offshoring. Alternatively, those services that can be delivered and exchanged over distance electronically are more subject to potential offshoring. Following up on the principle that one should be organized to realize the mission, the city and its region should consider forming an organizational entity the mission of which is to ensure that the locality engages its business community, and among other interests and institutions, its research university, in “helping lead the community’s business and governments through the shift to the global economy” (Opinion September 23, 2007). Lansing leaders recently launched such an organization; it is the Lansing Economic Area Partnership (LEAP). LEAP will be collaborating with others whose job it is to promote innovation and entrepreneurship. Already LEAP has begun a process of transformation by identifying the powerful development potential of the area, with the expectation that new businesses will be attracted to, and existing enterprises will be retained in the Lansing area (Refer to Opinion September 23, 2007).

In its history, Michigan has demonstrated early and extraordinary inventive and innovative behaviors that served to make this local economy the heart of the global automobile industry and a productive contributor to other industries in the manufacturing sector. At this stage in the evolution of Michigan’s business culture, the question is **can the leaders and the workforce of the cities and regions of the state re-invent themselves to be highly competitive again, but this time, under the new conditions, the new ascendant economic functions and new demands of the global knowledge economy and network society?** If the answer is to be yes, then it will require the development of strong, entrepreneurial local firms comprising a business community with robust established local support institutions and a climate that attracts and retains the top talent of the workforce. These entrepreneurial attributes attract FDI (Lagace, June 17, 2002). In tandem with human capital development, the enterprise culture

literature repeatedly underscores three characteristics. One is youthful dynamism and entrepreneurial risk taking. They are the source of energy, new starts, productivity in the workplace, and high savings that are transformed into complementary physical capital. A second is the level of skill and how rapidly the composition of skills can be varied in response to market demands. A third is creativity, which is associated with skills and level of education, but whereas skills are correlated with productivity and efficiency, creativity is linked to innovation (Yusuf and Nabeshima 2006: 81).

A core challenge therefore is for the mayors, leaders and other stakeholders of the cities of metroMichigan to work with others in the state on a sustained-commitment basis to enable Michigan’s enterprise culture to overcome its recent collective history of risk averse performance and relative lack of innovation in key sectors of its business, labor,

government and institutional cultures. The ingredients for making such a transformation have been outlined here; without their mobilization, one cannot expect a general pattern of success in attracting foreign business and investment to these core cities. As new planned actions and programs for strengthening an urban area's enterprise culture are initiated, it will be important to **benchmark, monitor and evaluate progress** and the status of these efforts. The World Bank has resources that are available to assist in benchmarking business environments (World Bank n.d.).

Governance. In addition to developing individual-city strategies, foreign investment policy planning for Michigan's urban core cities should consider taking advantage of their **collective** competitive assets. For example, investors around the global economy can be influenced by rankings of various development related themes. Competitiveness, and especially competitiveness within the context of the knowledge economy, is a particularly relevant theme for the development of effective future international advantage. Our **working definition of governance** here involves inventing "modes of organization and practice through which collective affairs are managed" (Healey July 2003; Healey 2007; and Corey and Wilson 2006: 201-202). Governance includes governments, but goes beyond to embrace and engage the other major interests and stakeholders of each city-region (for elaboration of institutional and organizational issues, refer to Prakash September 30, 1999). As noted above in the section on Stakeholders and Organization, a governance mechanism that might be considered by the urban core mayors to facilitate the advancement of their interests in attracting business and investment from abroad would pool the existing foreign investment, business attraction and related expertise and capacity that exists across the thirteen-city network. Such a governance strategy would seek to complement the respective strengths across the metroMichigan region. For example, glimaWest has experience in promoting the Grand Rapids city-region; this might be a special source of best practice from which the other city-regions of metroMichigan might learn for local tailored application. Similar potential complementarities might be inventoried across the thirteen-city region so as to be prepared systematically to take advantage of the collective good practices that can advance foreign business investment locally. **Continuous coordinated planning and liaison in implementation are essential and will require new disciplined behavior and practice among those assigned these critical responsibilities.** Globally competitive places have human resources who routinely practice and perfect such inter-organizational and inter-institutional strategic behavior.

Equity. The goal here is to enhance **social justice**, strengthen disparities in development opportunities and to attain **social cohesion**. That means that there needs to be a commitment for the reduction of spatial socio-economic-technology inequalities. Should all of the intelligent development aspirations inherent in this paper be realized, it will not be good enough that there might be significant unevenness in the distribution and location of the benefits of such development. Consequently, a high priority in policies planning and implementation must be placed on social justice, technological justice and the attainment of social cohesion, i.e., the reduction of spatial and socio-economic inequalities. The economically distressed communities and individuals of Michigan's cities and regions must receive effective policy attention and domestic investment.

Attractiveness to foreign business investment will be undercut were the metroMichigan region continue to have significant development disparities among the city-regions' households, businesses and institutions. For example, universal access and cost patterns associated with the use (or non-use) and full embracing of the Internet and other ICTs need to be rectified and sustained. Wireless Washtenaw and Wireless Oakland, for example, might be considered for modeling throughout metroMichigan and the rest of the state (Corey, Wilson, Helmholtz and Frederick January 2005). Wireless Washtenaw states on its WEB page, that it "is a county community coming together to provide free or lower-cost access to the Internet for anyone in Washtenaw County, regardless of their location or economic status" (Wireless Washtenaw September 17, 2007); Wireless Oakland also offers a portion of its wireless Internet services free. Another and relevant goal for Oakland County is to support the integration of high-tech investments in local governments (Wireless Oakland September 17, 2007). In general then, equitable distribution of intelligent development opportunities and benefits will result in the improvement of higher levels of overall economic productivity and enhanced competition for business investment from abroad. **The Responsiveness component of the ALERT Model is the opportunity strategically for policy-makers, stakeholders and their planning to address identified gaps in market demand and societal need.**

Mindset Change. It needs to be recalled that the state and the places of metroMichigan did not just suddenly awake one morning and discover that these local economies were no longer as competitive, as productive, as profitable, and as prosperous as they once had been seen to be. This change took a long time in coming. For well more than a human generation the corporations, the governments, the institutions and the people of Michigan have been content to allow "active inertia" to prevail. This is Harvard University Professor Donald Sull's relevant concept

wherein leaders and managers of firms remain so committed to past approaches and strategies that have been successful for them, that they are unable to change with the times. Sull has developed operational actions that are intended to change status-quo behavior; these include strategic frames, relationships, processes, resources and values (Corey and Wilson 2006: 210; and cf., Sull 2003; Sull July-August 1999).

Economists speak of *path dependence* that is current and future human behavior, the trajectory of which is observed to be dependent on the path of the past (Corey and Wilson 2006: 212). In order for metroMichigan leaders and stakeholders to chart a new more outward looking, open-minded global intelligent development path in general, and specifically to attract foreign business and investment, a new pervasive region-wide mindset will be required. Fragmented, piecemeal approaches to foreign business and investment attraction is a pathway to failure. The changed mindset should embody the characteristics and behavioral traits of **intelligent development**, that among other elements, includes investment in places and regions for wealth creation, higher wage employment and improved quality of life via human capital development and enterprise culture development. Refer to the Support Section below for an elaborated operational definition of intelligent development.

It should be clear to all that needed mindset change will take a great deal of time and sustained effort to be realized. It took a long time for Michigan and its cities and regions to get to its present state of development and relative competitive position. In turn, there should be every expectation that it also will take a great deal of time to change the metroMichigan mindset sufficiently to realize the kinds of futures that will be desired and intended. Professor Howard Gardner has outlined the kinds of methods and actions that can be used to affect such mindset change (Gardner 2006).

Toward Policies Planning for Attracting Foreign Business and Investment

What Public Policies Should be Enacted to Assist in Attracting Foreign Business and Investment? This question was central to the brief that stimulated the execution of this project. Based on our knowledge of what makes for successful foreign business investment, our position is that public policies are but one part of a complex equation that can lead to success. In particular, it is important for **public and private partnering** that leads to joining in strategizing and complementing each other's special resources in collaborative efforts to attract additional partners from abroad (Clarke and Gaile 1998). Under this conception, private-sector and nonprofit-sector policies, i.e., corporate policies also need to be integral to collective community effort at business attraction.

Digital Development and Globalization Investment Strategies and Policies. Early in the paper, the criticality of the two principal forces of the new global knowledge economy were noted. Firstly, **digital development** facilitates and enables the attraction of foreign investment and business attraction. Secondly, **economic globalization** is the major macro external force for localities to connect to and to tap for successfully attracting inward foreign investment.

Taking into account the importance of equity and the need for widespread access by business and households to the Internet by means of networked ICTs, it is imperative that close attention be given to the locational distribution of these technologies within each of the thirteen urban core area cities and among the system of the city-regions of metroMichigan.

Digital Development Strategies and Policies. Recent survey research across Michigan's regions at the statewide scale suggest that Michigan leaders, including mayors, need to pay close attention to the **access** and the **modernity** of ICTs and their networks.

As a result of the analyses of these research findings, the following actions, strategies and would-be policies recommendations were made. They are relevant directly to the ability and capacity of Michigan's localities to be competitive in attracting foreign business and investment.

- Since, the principal urban and functional unit of observation to today's highly interconnected world of globalization is the city

and its region, and given that metroMichigan's thirteen core urban areas are spatially distributed across the southern part of the state, there are many areas that are unserved and underserved by high-speed broadband infrastructure. Therefore, consideration and action should be given to **accelerating the Government of Michigan's existing policies and programs for extending and deploying broadband infrastructure to the areas of the regions of the cities and overall area of metroMichigan's system of city-regions.**

- The survey research revealed that there was locational variation in the distribution of faster and higher-volume broadband access relative to narrowband access. For example, dense and urban Detroit City exhibited a higher level of broadband access, rather than the more widely distributed narrowband access to the Internet. Given the increasing demands and requirements of e-commerce, e-business, e-government and multimedia applications Michigan's governments and Internet service providers at all levels need to consider **early policies and actions for significantly changing to a dominance of broadband access for all of its regions.**
- As Internet capacities continue to become more complex and as Internet applications expand and become near mandatory (e.g., commercial banking), the need for training and the enhancement of Internet user capacities becomes less an option and more a requirement for residents (e.g., older users) and business actors alike. The kinds of information services and self-empowerment programs of the e-NC Authority should be studied for adoption and tailoring to the Michigan context (North Carolina Rural Economic Development Center n.d.). Michigan's community colleges, universities, libraries, extension offices and other nonprofit organizations may have a special role to play here in addressing this need. Funding and support by the Government of Michigan, telecommunications corporations and selected programs of the U.S. Federal Government can be instrumental in implementing such needed activities. As a consequence, it is recommended that there is a **strong need for policies and a package of programs designed to improve user abilities in Internet applications and to increase the frequency of accessing the Internet.**
- In order to move forward strategically and intelligently, all of Michigan's local and regional economies, and levels of government need to have a **strategic plan for its digital development** and for its niche applications of the resulting modern ICT infrastructure.
- Local government plans alone are not sufficient to do the future intelligent development job that is needed in Michigan, its

regions and localities. **Corporate plans** are required also. Each firm and nonprofit institution should develop a technology and digital development plan. There remain too many Michigan corporations that have not fully realized the productivity and efficiency benefits of informatization and automation. Digital development must become pervasive in metroMichigan's cities and regions in order for these urban core areas to compete effectively. It should be recognized that costs also are associated with these benefits.

- Policies planning and program planning need to take place at all levels for emerging **future technologies**. For example, hot spots in downtown areas, wireless communications and WiFi systems need to be analyzed for application in appropriate places throughout the urban areas of metroMichigan. Longer-term strategies need to be formulated for more emergent technologies, e.g., latest mobile and personal technologies.

It should be reiterated that ICTs principally are means to ends, rather than primarily ends in their own right. This has several implications. It means that attention and effort must be devoted to addressing the **content and substantive function and factors** that are communicated and processed with these technologies. Also, it means that one must anticipate near ubiquity of these technologies some time into the future; plans and strategies therefore need to be devised that take for advantage of such a new state and set of conditions. For example, it will be essential for each of the core urban areas to market themselves as places that are attractive for and receptive to foreign business investment. Many cities and regions in Europe have been using ICTs in their day to day management – and in their **place promotion**. Urban front-end informational Internet sites have been developed for these purposes. They are referred to as a “digital city” and a “network city” (Aurigi 2005).

What Strategies and Policies Might Flow from Some of the Global Trade Information Provided from Above? One conventional stream of logic is to target foreign investment attraction strategies toward locations that already are making investments in Michigan. From the Awareness Section above, it may be recalled that the top five FDI source countries as measured by number of FDI projects invested in the United States are: Japan; Germany; the United Kingdom; Canada; and France. Another strategic stream of logic is to target sources that have knowledge of the U.S. business market in general, but are not yet among the top foreign investors in Michigan. For example, after Canada, China and Mexico are the second and third highest general international trading partners of the United States. They might represent potential and profitable sources of FDI for Michigan as well. This jibes with the top five countries supplying U.S. imports, i.e., Canada, China, Mexico, Japan and Germany.

Looking to the Future Through the Lenses of Evidence and Content to Enact Strategies and Policies. It is important to make strategic and creative use of the information and evidence that was compiled in the first, the Awareness component of the

ALERT Model process. An early strategic assessment should be conducted of China's potential for inward business investment to the cities of metroMichigan. For example, China is well known as a major global recipient of foreign direct investment from outside China. China has been so successful and profitable in this regard that it has been able to accumulate huge foreign exchange reserves of US\$1,400 billion. Already, as part of its development maturation, China has begun to scan the global economy beyond its borders in search of places to make strategic and profitable investment. It is a relatively small supplier of FDI at the moment; recently China has been estimated to have assets of around US\$45 billion with annual outflows of US\$5.5 billion (Winters and Yusuf 2007: 23). These investments have been principally in Asia and Latin America, with growing outflows to Africa. China is ensuring its future access to fuels and other raw materials and commodities.

China also is

increasingly investing in the rich world. To some Americans, in particular, this is distasteful. In 2005, citing national security concerns, Congress succeeded in thwarting the [U.S.] \$19 billion bid by China National Offshore Oil Corporation (CNOOC) for Unocal, an American oil major with reserves in Asia. Competing resource companies from the West often claim that Chinese companies outbid them in third markets, using cheap, state-subsidized funds. Yet in growing numbers of countries, rich and poor, the Chinese presence is welcomed for bringing jobs, cash and infrastructure (The Economist March 29, 2007).

In 2006, China's net overseas investment was US\$21.16 billion. The government of the People's Republic of China has reported an annual growth rate of 60% over the last five years (Business Desk October 2, 2007). Forty per cent of this investment was in the form of purchasing and acquisition; an example was Lenovo's acquisition of U.S. IBM's personal computer business. What are China's motivations for making such acquisitions? The **reasons** are:

- Domestic enterprises' continuous search for developing room overseas;
- Loosening of the state control over overseas investment; and
- Recognition of overseas mergers and acquisition as a means to become globalized (Business Desk October 2, 2007).

These motivations, combined with the following strategic intentions by China, should be used by metroMichigan's mayors and other leader-stakeholders to plan for and work at **matching** the respective needs and requirements of would-be local-area recipients of inward investment to the demands of investors from abroad. China is expected to actively explore:

International acquisition and other investment patterns to acquire famous brands,

Advanced management experiences and marketing network[s], and

The gradual fostering of its own international giant companies (Business Desk October 2, 2007).

China has indicated that it would create an investment agency (Sesit April 9, 2007). The accumulation of foreign exchange reserves reflects in part the robustness of a country's economy and the holding of sizeable reserves indicates that a country is investing and or has to potential to invest in other countries. As a consequence, in addition to the countries noted in the paragraph above on "Global Trade Information," **other countries** with large foreign reserves should be researched and explored for possible investment interest in metroMichigan's cities might include: selected Western European countries, e.g., Norway and Spain (refer to Shea September 18, 2007) selected East Asian economies, e.g., Taiwan, Hong Kong, and South Korea; Abu Dhabi; Russia; and Brazil.

The **role of national government** in the political economies of some East Asian economies is significant in deciding on foreign investments; this is the case for example with tiny Singapore. The Government of Singapore Investment Corporation is estimated to have U.S.\$330 billion and Temasek Holdings of Singapore has an additional U.S.\$100 billion in reserves (Sesit April 9, 2007: 1). Though tiny, Singapore is the world's fifth largest center for foreign exchange trading. This center, along with the other top global centers for foreign exchange, i.e., the United Kingdom, the United States, Switzerland and Japan, should be monitored for inward investment opportunities for Michigan's urban core cities.

While it has a much smaller accumulation so far when compared to China, Asia's other giant emerging economy, India, also has amassed sizable foreign exchange reserves, i.e., U.S.\$221 billion. One can expect in the near and medium term for these accumulations of foreign reserves to grow, and to grow significantly over time. So, from here onwards, China and India should be perceived not only and merely as destinations for investments and offshoring of investments and business functions **from the U.S. and Western Europe** to China and India. In addition, China and India should be studied closely for their respective goals and interests for investing their own assets and for doing business overseas. To the extent that Michigan in general, and metroMichigan's city-regions in particular have potential for satisfying such foreign investment goals, or could do, then systematic and strategic attraction and matching efforts should be made to address the business and investment requirements from abroad. Transparency frequently is low-to-nonexistent when attempting to divine foreign investment priorities, but smart intelligence gathering tactics are conducted by other would-be recipient places elsewhere throughout the global economy. As a consequence, one must be confident that, in the end, metroMichigan stakeholders also are likely to be successful in such knowledge exploration.

Consequently, one can envisage planned strategies such as short-term cultivation and promotion of potential investors to metroMichigan from Western Europe, e.g., Germany, U.K., France, the Netherlands, Italy and Ireland; and from Japan; Abu Dhabi; Singapore and longer-term cultivation and outreach to the emerging giant economies of China and India. And medium-term attention might be considered and planned for the other East Asian economies noted several paragraphs above, e.g., Taiwan, Hong Kong and South Korea. It is critical however, that the close monitoring, research and planning for formulating such targeting and matching should begin immediately. Special attention needs to be devoted to Hong Kong. Recently, China announced that Chinese investors located in the Tianjin Binhai New Area will be permitted on, a trial basis, to make investments, through the Hong Kong share market, to locations overseas. This scheme is a way for China to relieve its large volume of foreign reserves liquidity. The scheme remains to be approved. Further, some informants have reported that investors from Beijing, Shenzhen and Shanghai also might be permitted to invest in Hong Kong stocks (Fong September 2, 2007).

In order to be able to conduct effective intelligence gathering and monitoring activities metroMichigan and its member cities must mobilize for attracting foreign business and investment. Similar to countries that have long experience in such work and in prospecting research, there will need to be organization and coordination mechanisms devised and employed. Drawing analogies and lessons from other investment agencies from abroad and in Michigan, e.g., Singapore and Automation Alley, are recommended.

It should be noted that perception of and confidence in **U.S. currency** can be an important factor here. At the present time, the declining dollar and the pace of that change needs to be taken into account in strategic analysis and scenarios planning for foreign investment. Further, the current decline of the U.S. dollar is not the same for all regions around the global economy. The economy of the Eurozone and the Asian-currency economies that are pegged to the U.S. dollar differ. Such variations also must be considered in scenario planning. Of course, none of these macro forces can be controlled by the cities of metroMichigan, but these factors, their trajectories and locational distribution across the global economy should be included in the policies planning and the analyses that will inform the futures scenarios.

Foreign Investment Policies Knowledge Exploration. It is important to scan the external environment further. One must be satisfied that the principal policy options for the enhancement of foreign business attraction and inward foreign investment have been exhaustively explored, identified and thoughtfully considered for applicability to individual cities of the urban core area mayors, as well as to the city-regions of the metroMichigan region as a whole.

Action. Lastly, each mayor should consider taking at least two steps as a way to initiate action to enhance her or his city's foreign business and investment attraction position. (1) A **foreign investment attraction unit**, or at a minimum, a person, in whole or in part, should be assigned to be the point person to pursue this mission. (2) A **strategic**

planning process should be initiated to enable this mission to be advanced. This process should result in a working plan that is dynamic and subject to continuous updating and improvement. If such a plan already exists for a core city, then it should be re-visited on the occasion of this paper and the discussion that it is intended to stimulate. An effective strategic planning process, especially if it produces new policies, **requires continuous monitoring and periodic evaluation** as to what degree the policies are meeting the intended outcomes and milestones.

Conclusion

Inward foreign investment is a relatively new and a generally little practiced endeavor for policy makers, policies planners and other stakeholders of Michigan's core urban areas. This paper has been prepared as an introductory self-teaching and self-learning tool to enable local investment strategists, local stakeholders and policy makers to have some stimulus for inventing and initiating their own individual city strategies and for constructing collective multiple city-region strategies for future intelligent development stimulated in part by foreign business investment. To facilitate the self-learning process, this paper has offered the conceptual framework of the ALERT Model and the companion book, *Urban and Regional Technology Planning: Planning Practice in the Global Knowledge Economy* (2006) as additional support for executing the task of planning for policies to assist in attracting inward foreign investment.

It should be noted also that much of this work should be driven by **common sense**. For example, conventionally, when businesses and investors consider making investments in economies of the developing world, i.e., the so-called "third world," a great deal of attention is given to the **stability** of the place where they are contemplating an investment. There is an analogous lesson for us as we analyze the situation of investing in Michigan cities today. One must ask the fundamental question, **would YOU invest in places in a state that is not competitive in its support of its universities, especially when compared to its neighboring states** (Miller September 24, 2007; and Andrews October 3, 2007)? Ask yourself another basic common sense question, **would you invest in a state that cannot pass a state budget on time after months of deliberations?** With 70 per cent of the state's critical cohort of 18-24 year olds saying that they would leave the state if they had the opportunity, **does this portend well for inward foreign investment to Michigan urban core areas ?** (Robinson October 2, 2007). The lesson must be that Michigan leaders and stakeholders, its cities and its regions have a great deal of work to do; they must be imaginative and strategic in solving these problems; they must be co-investors, and unified and functional enough to avoid being destructive of the public interest. There are many other places that do not have these obstacles to becoming attractive and competitive recipients of foreign business and investment, and Michigan's core urban areas have to compete with these other more advantaged places.

This paper therefore has illustrated a practical action pathway, i.e., using the ALERT Model, for Michigan's urban core mayors and their stakeholders to be empowered to attract businesses and inward investment from outside the United States to their respective cities. The approach taken here has been to offer the **means**; it remains for the

leadership of the mayors to ensure that the **ends** are devised that will operationalize the details of constructing and following the proffered pathway. Each city's mayor must cause **two major organizational tasks** to be undertaken: (1) initiate the process and organization necessary to enable their city to attain the capacity for autonomous and independent foreign business and investment attraction; and (2) coordinate with the mayors of the other urban core areas to explore the foreign business and investment goals that the thirteen city-regions may have in common. The goal of this exploration should be to determine the interest and feasibility also of creating an alliance of the thirteen urban core cities to pool and complement their collective foreign business and investment expertise and experience for the benefit of the metroMichigan region as a whole.

CEOs for Cities' President and CEO Carol Coletta recently stated during a talk in Lansing, "smart cities are attracting smart people" city-regions not doing this increasingly are relegated to a "have-not" position in today's global knowledge economy and network society (Coletta July 18, 2007). This paper will be considered "successful" if it contributes to the urban core areas of the metroMichigan's region ultimately being in a "have" position in the not distant future of the global business investment environment.

In the end, the message implicitly to be conveyed by the urban core areas to would-be foreign business investors might be motivated by sentiments such as this:

we invite you to join with us as we seek to make a full, successful and profitable transition into the global knowledge economy. In order to accomplish this, we are working on changing our mindset so that increasingly our cities are embracing and taking up the attributes of the new global economy and network society. We are progressive, tolerant and proactive to innovation and creativity as explicit factors that are important to our future development. We are engaged in these intelligent development strategies planning for the long-term and on a sustained basis. We welcome partners who are similarly inclined to join us and to benefit from the excitement of creating new development and business opportunities.

To the urban core mayors, the key task ahead therefore, is to organize, and using the suggestions offered here combined with your own creativity, you are encouraged to invent the unique place-specific approach to attracting inward foreign business and investment that is appropriate to and effective for your particular city-region.

Support Section: The Elaborative Details that are Extensions of the Text Above

This section of the paper includes elaborative material on selected issues that are discussed more briefly in the main body of the text above. The intent is to keep the core narrative relatively free of too much detail so that the principal message is communicated as straightforwardly as possible, while at the same time providing additional information in support.

The 2005 World Knowledge Competitiveness Index is described on the Web site of Robert Huggins Associates as follows:

The World Knowledge Competitiveness Index 2005 is an integrated and overall benchmark of the knowledge capacity, capability and sustainability of 125 regions across the globe, and the extent to which this knowledge is translated into economic value, and transferred into the wealth of the citizens of these regions, utilising 19 knowledge economy benchmarks, including employment levels in the knowledge economy, patent registrations, R&D investment by the private and public sector, education expenditure, information and communication technology infrastructure, and access to private equity. The World Knowledge Competitiveness Index 2005 is the only existing instrument that benchmarks such regional performance at a global level, with the index comprising of 55 North American regions, 45 from Europe and 25 from Asia-Pacific (Robert Huggins Associates 2005).

The variables that The 2005 World Knowledge Competitiveness Index Robert Huggins Associates used to benchmark the city-regions of the world knowledge economy are (Huggins, Izushi and Davies 2005: 3):

Human Capital Components

- Economic Activity Rate
- Number of Managers per 1,000 Inhabitants
- Employment in IT and Computer Manufacturing per 1,000 Inhabitants
- Employment in Biotechnology and Chemicals per 1,000 Inhabitants
- Employment in Automotive and Mechanical Engineering per 1,000 Inhabitants
- Employment in Instrumentation and Electrical Machinery per 1,000 Inhabitants
- Employment in High-Tech Services per 1,000 Inhabitants

Financial Capital Components

- Per Capita Private Equity Investment

Knowledge Capital Components

- Per Capita Expenditures on R&D Performed by Government
- Per Capita Expenditures on R&D Performed by Business
- Number of Patents Registered per One Million Inhabitants

Regional Economy Outputs

- Labor Productivity

- Mean Gross Monthly Earnings
- Unemployment Rates

Knowledge Sustainability

- Per Capita Public Expenditures on Primary and Secondary Education
- Per Capita Public Expenditures on Higher Education
- Secure Servers per One Million Inhabitants
- Internet Hosts per 1,000 Inhabitants
- Broadband Access per 1,000 Inhabitants.

The population of Michigan’s metropolitan areas and urban core cities

| | |
|--|-----------|
| Detroit-Ann Arbor-Flint metro area | 5,456,428 |
| (Joseph Cortright Impresa Consulting 2006) | |
| Detroit | 886,671 |
| Ann Arbor | 114,024 |
| Flint | 124,943 |
| Grand Rapids-Muskegon-Holland metro area | 1,088,514 |
| (Joseph Cortright Impresa Consulting 2006) | |
| Grand Rapids | 197,800 |
| Muskegon | 40,105 |
| Battle Creek city | 53,364 |
| Bay City city | 36,817 |
| Dearborn city | 97,775 |
| Jackson city | 36,145 |
| Kalamazoo city | 77,145 |
| Lansing city | 119,128 |
| Pontiac city | 66,337 |
| Saginaw city | 61,799 |

Sources: Joseph Cortright Impresa Consulting, 2006; and Mileage-Charts.com n.d.)

Intelligent Development: A Working and Operational Definition

- It is today’s **locally-unique** value-added content & city-region’s assets
- Builds on the goal of **universal** digital infrastructure roll-out & continuous modernization, i.e., digital development
- Uses best locally-applicable strategic planning practices and benchmarking – **but not copying**
- **Invests** in places and regions principally for wealth creation, higher wage

employment and improved quality of life via human capital development and enterprise culture development

- Develops a community and region **holistically and equitably** while recognizing the supportive development role of amenity factors and quality of life functions
- Draws on **contemporary research, theory & methods** (Corey and Wilson 2006).

The pervasive and widespread practice of these intelligent development behaviors is the end-state goal of the mindset change that is needed to envisage and realize desired futures for metroMichigan.

Theory in Assisting the Planning of Policies

Given the increasing complexities of the global knowledge economy, strategic planning and policies planning practitioners are urged to become knowledgeable about, and to use theory. For the purpose of attracting foreign business and investment to the urban core areas and the metroMichigan region, **location theory** and **regional competitive theory** especially are relevant and critical.

It must be noted however that these theories are not necessarily definitive. In spite of this, by understanding the degree to which such theories may assist in explaining general analogous empirical situations, theory can be quite helpful in offering the intellectual discipline and a systematic framework for grasping the functional and operational details of some of the factors that are most likely to influence the decision makers for inward foreign business and investments coming into Michigan's urban core areas. In order to illustrate such usefulness, some pro and con discussion is provided.

Location theory for high technology industries: Implications for Policies Planning. In the case of the requirements of these industries, transportation costs are minimal and speed of access is important. "Such industries may also involve complex and costly marketing and servicing operations by specialized and skilled personnel, easy access to major airport passenger facilities will again be essential" (Markusen, Hall and Glasmeier 1986: 133). These researchers went on to state the following hypotheses about the location factors for such industries; we have deleted some of the less applicable elements so as to tailor the factors to the Michigan context:

1. High tech industry is attracted to major airports with good national and international passenger and air cargo activities.
2. High tech industries are drawn to areas with good natural amenities.
3. High tech industries concentrate in areas offering attractive housing at reasonable prices.
4. High tech industries are attracted to areas with educational and cultural advantages, including good educational opportunities, an array of specialized cultural services, low levels of pollution and good recreational opportunities.

5. High tech industries are attracted to regions which have low wage rates and high unemployment rates.
6. High technology industry will be attracted to areas with a high degree of internal accessibility and connectivity, as for instance areas with well developed highway systems.
7. High technology industries will be drawn to areas with a well-established infrastructure of specialized business services.
8. High technology industries are drawn to places which have an anti-regulatory, free-enterprise ideology.
9. High tech industry will be drawn to centers of industrial R&D which will tend to locate close to the headquarters of major industrial corporations.
10. High tech industry will be generated in locations with concentrations of federally funded fundamental scientific research.
11. High tech industry will be generated in areas with high concentrations of defense spending (Markusen, Hall and Glasmeier 1986; 132-143).

These locational factors, for the purposes of informing public policies formulation in metroMichigan, should be updated and tailored for the particular local context and to accommodate to the continuously changing technological environment. Further, they should be expanded to include the production and consumption of **services** as well as the production of goods, i.e., “high tech industries” (Beyers June 26, 2007; and Beyers December 5-9, 2000). The addition of the services should include, among other such functions, **financial services** (Bogle Summer 2007) and **health care services** (Monk October 2007). These are likely to continue their growth trajectory into the future. In addition, **it is important to encourage more research into these relatively new and emerging economic functions.** What role, for example, do the high and rising costs of health care in Michigan play in influencing investment decisions (Altarum March 31, 2004)? Despite recent conventional wisdom, there is initial evidence that suggests that government financed health care has made little difference in attracting investment and enhancing competitiveness (Monk October 2007). The need for this kind of place-specific and generic research underscores the importance and the imperative of Michigan public-sector and private-sector leaders to ensure that a program of **translational research** is initiated and sustained.

Translational research is executed by means of a working partnership and collaboration between practitioner and basic-researcher. The goal of such research is to advance, in an integrated and interdependent sustainable manner, the application and new knowledge-generation in the field of inward foreign business and investment attraction from abroad to the U.S. including explicitly to Michigan and its city-regions. This translational research approach comes from working partnerships between the fields of medical practice clinicians and fundamental medical research. The U.S. National Institutes of Health has advocated, promoted and funded translational research. Ideally, the clinician and the researcher function and behave in a two-way, hand-and-glove relationship. The clinician brings to the relationship, the needs and questions that arise from everyday practice; in turn, the researcher brings to the relationship, theoretical and methodological issues that must be addressed and answered by means of systematic empirical data

collection and observation designed to discover findings in response to those practical, theoretical and methodological needs. Mayors and leaders of the urban core cities and the metroMichigan region should consider encouraging the establishment of a program of sustained transactional research to advance our unique and collective inward foreign investment requirements. This would entail stimulating working partnerships between selected individuals from the academic and think-tank sector and individuals from the foreign business investment practitioner sector. It might function not unlike the current program under which this research paper is sponsored, i.e., from the program entitled “Policy Analysis on High Priority Urban Issues.”

Regional Competitiveness Theory: Implications for Policies Planning. It is worth reiterating that it is the stance here that policies planning practitioners need to incorporate into their practice and be informed by the latest research findings and theory. However, it is the reality that such academic influences always are “in process” and are not necessarily settled knowledge and definitive. This is the case also for our collective understanding of regional competitiveness, i.e., this is understanding competitive advantage at the sub-national and within-state scale, such as are cities and their surrounding regions of metroMichigan. Despite the fact that this research and theory are not determinative, there is significant value in understanding the state-of-the-art such as it is. If nothing else, such knowledge demands that the practitioner dig deeply and systematically into the functional and locational details of local competitive advantage, thereby enabling the policy planning practitioner to be much better prepared and empowered to invent and construct approaches and actions which can be successful in advantaging one’s city-region in attracting foreign business and investment. It helpful here to lay out some of the principal arguments and issues about regional competitiveness.

If there is no generally accepted definition or theory of regional competitiveness, this has not stopped policy-makers from devising policies designed to boost the competitiveness of this or that region or city. Just as productivity has been used as the dominant indicator of ‘revealed competitiveness,’ so it has tended to be a prime target for policy intervention (Kitson, Martin and Tyler 2006: 11).

In order to offer the mayors and stakeholders of the cities of metroMichigan some background to this issue, we summarize next the literature on competitiveness at the sub-national scale. This literature has documented the drivers of productive performance of a country’s regions and cities. For **regions**, the drivers are: skills; enterprise; innovation; competition and investment. For **cities**, the drivers vary a bit, they are: innovation; human capital; economic diversity and specialization; connectivity; strategic decision making; and quality of life factors (Kitson, Martin and Tyler 2006: 11). We assert that it is **the commonality among the regional and urban systems drivers** that is THE lesson to be taken away from this discussion of the literature on city-regional scale competitiveness. Note, all of these drivers are encompassed within the E-Business Spectrum conceptual framework that was discussed above. Further, this literature suggests that there are two essential behaviors if public policies for the realization of

competitive urban areas are to be successful in overcoming market and institutional failures. The essentials are that there needs to be: (1) in the planning and implementation, a **comprehensive package of policies** that are informed by the regional and city drivers listed just above; and (2) a **coordinated approach** to the execution of the policies package, such that the beneficial synergies of the drivers are realized, using their known or expected interdependent and sequenced relationalities. Further, effective coordination also includes the requirement that cross-jurisdictional administrative and public policy fragmentation be overcome by means of attaining unity of purpose or intent. Even if these two essentials are in place, there is no guarantee for policy success.

The regional competitiveness literature has identified a number of **problems** that should be taken into account when employing the coordination and comprehensive policies planning and implementation of the productive performance drivers approach just discussed. These problems include:

- There is no underlying general coherent theoretical justification for the selection of particular drivers
- Given that, in practice, most such regional competitive advantage policies are supply-side in nature; this means that city-regions seeking to attract foreign business and investment, should put greater attention and effort into the demand-side. This means that local and external demand should be raised such that the locality's goods and services are in demand. Alternatively, the situation to avoid is a low level of local demand, such that local innovation and entrepreneurship are not undercut. Should this occur, it could mean the outmigration of skilled and educated workers who are seeking a better working environment elsewhere.
- The need to avoid taking actions that reflect the belief that drivers produce the same outcomes anywhere. So, place-specific policies must be devised, such that local specificity is designed into strategic planning and policy implementation.
- The appropriateness of spatial scale needs to be determined. Some highly localized policy interventions may enhance competitiveness, while at more regional macro scales, similar actions may have lesser impact. Thus, more research, at various scales, is needed to provide general lessons and guidance that are likely to strengthen the competitiveness of particular places. Important at this juncture is to ensure that complementarities are sought, in contrast to having localities within the same region compete with each other on the same issues; complementarity is the smarter collective tactic. So, universalism of specific policies may be less intelligent than taking a place-specific and a function-specific approach. Tailoring development action to the particular demands of the of the city-region's unique capacities and assets need to be the

primary foreign investment-attraction goal. Refer to Kitson, Martin and Tyler 2006: 11-12, for details on the explanation of each of these problems, and the implications for their solutions.

Thus, in spite of the ambiguities and lack of definitive operational guidance of the current state of regional competitive theory and practice, by drilling down into the working details, the policies planner may better understand these functions and their dynamics, and in the process be better positioned to formulate effective strategies of foreign business and investment.

The metroMichigan Region

This is the network of Michigan's urban core city-regions that is located in the southern quarter of the state. The metroMichigan network spans this east-to-west sector of the lower peninsula from lake to lake. In today's global knowledge economy, this regional network is well positioned to compete; it hosts three of the nation's most innovative and productive research universities, i.e., the University of Michigan in Ann Arbor, Wayne State University in Detroit, and Michigan State University in East Lansing. These great knowledge generating institutions have formed an alliance, i.e., the **University Research Corridor**. The URC is empowering Michigan's communities and economy by attracting talent, investment and by producing the knowledge workers needed for today's global knowledge economy and network society (Refer to University Research Corridor n.d.; and Anderson Economic Group September 10, 2007). Given the convenient access to these institutions, businesses investing in the metroMichigan region and any of its urban core city-regions are making **investments in ideas**. Ideas are the drivers of innovation, creativity and enhanced quality of life in today's new economy and society.

New Strategies and Would-Be Policies for the "Fourth Wave"

Clarke and Gaile have defined the "fourth wave of local policy initiatives [that] will center on linking localities to global webs and investing in human capital" (Clarke and Gaile 1998: 9). They have identified eighteen policy suggestions organized by three categories. They also identified forty-seven market-oriented strategies that are not reliant on federal government resources (Clarke and Gaile 1998: 225-230). One may use these sixty-five would-be policies and actions as a kind of check list to ensure that a comprehensive analysis of business and investment attraction actions have been considered for local applicability and prioritization. Refer to the original source, i.e., Clarke and Gaile 1998: 225-232, for brief elaborations of each of these.

Globalization

- Sister cities.
- International development planning.
- International tourism initiatives.
- Links with universities/colleges on improving global competitiveness.
- Attracting international direct investment.

World trade centers.

Telecommunications

Fiber-optic networks.

Using Internet resources.

Home pages on the Internet.

Linking government offices via e-mail.

Public access to job and education information.

Public access to the Internet

Telecommunications access to low-income residents

Human Capital

Job training

Job training targeting specific economic sectors

City/college collaboration

Youth internships

School-to-work programs

Market-Oriented Strategies and Would-Be Policies Relying on Nonfederal Resources

Tax abatements, general

Tax abatements, targeted for new business

Tax abatements, targeted for selected sectors

Marketing and promotion

Trade missions abroad

Export production promotion

Streamlining permits

Procurement assistance

Enterprise funds for public services

Capital improvement budgeting

Strategic planning

Comprehensive planning

Infrastructure as in-kind development contribution

Industrial parks

Annexation

Foreign trade zones

Enterprise zones

Business incubators

Special assessment districts

Tax increment financing

Revenue bonds

General obligation bonds

Zero-coupon bonds

Taxable bonds
Historical tax credits
Revolving loan funds
Below-market-rate loans
Loan guarantees
Interest subsidies
Venture capital funds
Cash-flow participation
Equity participation
Equity pools funded by public-private consortia
Community development corporations
Local development corporations
Industrial development authorities
Linked deposits
More metropolitan and regional cooperation
Land acquisition and building demolition
Sale-leasebacks
Land leases
Land banking
Donating land
Earmarking tax revenues for economic development
Use program income for economic development
Use pension funds for economic development

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