

INTERNATIONAL BENCHMARKING FORUM 2009

**Openness:
Attracting international human capital to cities and regions**

Basel, June 19, 2009

Dr. Andrea Wagner, Economist BAKBASEL

Content

Why openness?

The concept of openness

The model behind economic performance and openness

How can openness be measured?

An example for benchmarking openness

Summary

Why openness?

- Cities in the Western hemisphere can only maintain their lead in economic welfare when they manage to keep ahead in productivity.
 - This requires permanent innovation which, in turn, requires the best people (talents, creative class, highly qualified).
 - The demand for talents is increasing and talents are increasingly mobile.
- ⇒ Cities and regions compete in attracting and retaining human capital from all over the world.
- ⇒ Discussion about the importance of location factors for both quality of life and openness.
- ⇒ Policy makers need indicators to evaluate differences in both quality of life performance and openness among regions and to better design and assess regional policies.**

What is openness?

Openness is the quality and sum of local conditions to attract and retain international populations (Towards OPENCities 2008)

Places are open to new people and ideas if they have “low barriers of entry” (Florida 2004)

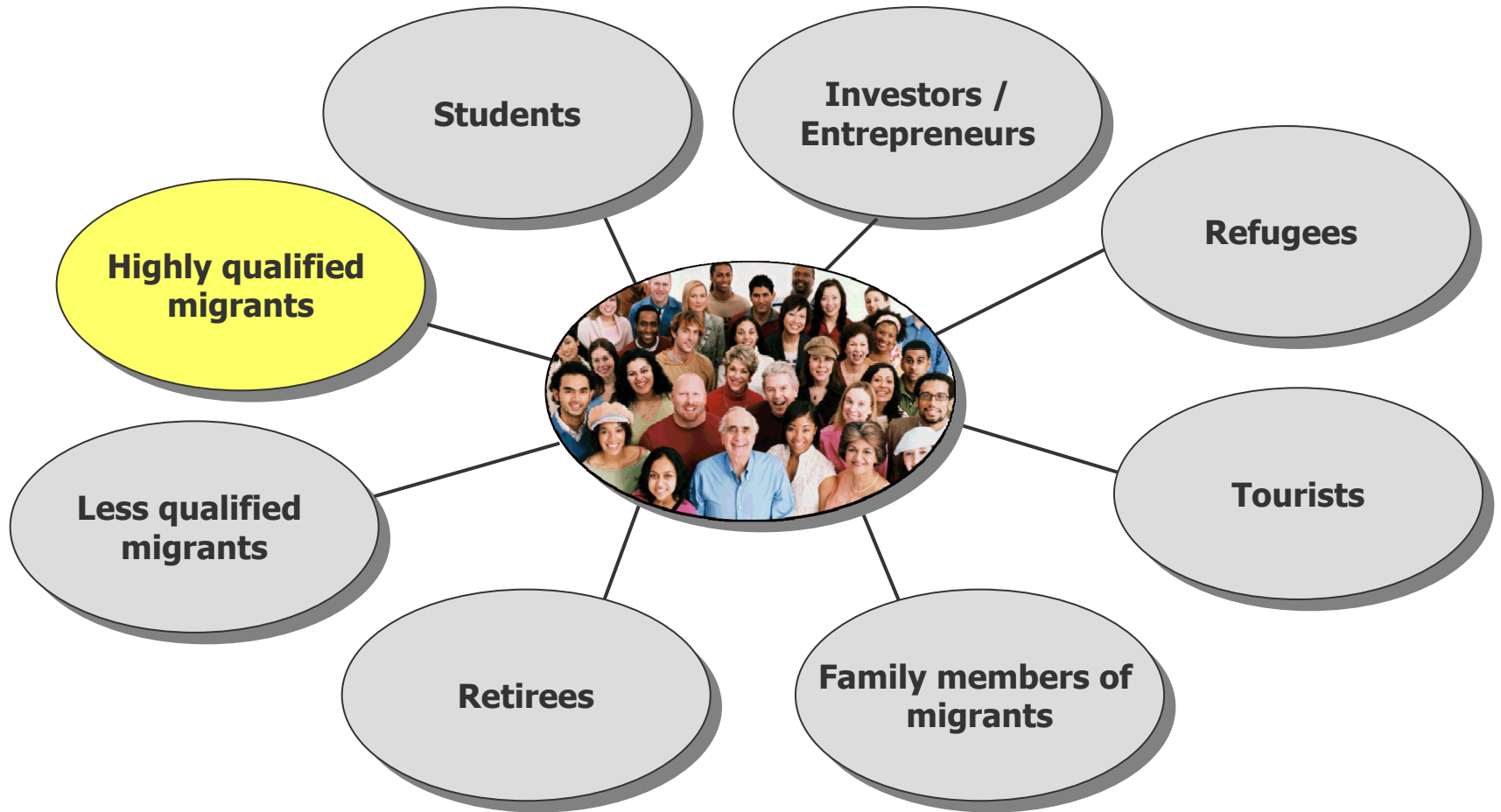
Thus cities have to be

- attractive, so that people want to go and stay there
- open, so that people can go and stay there

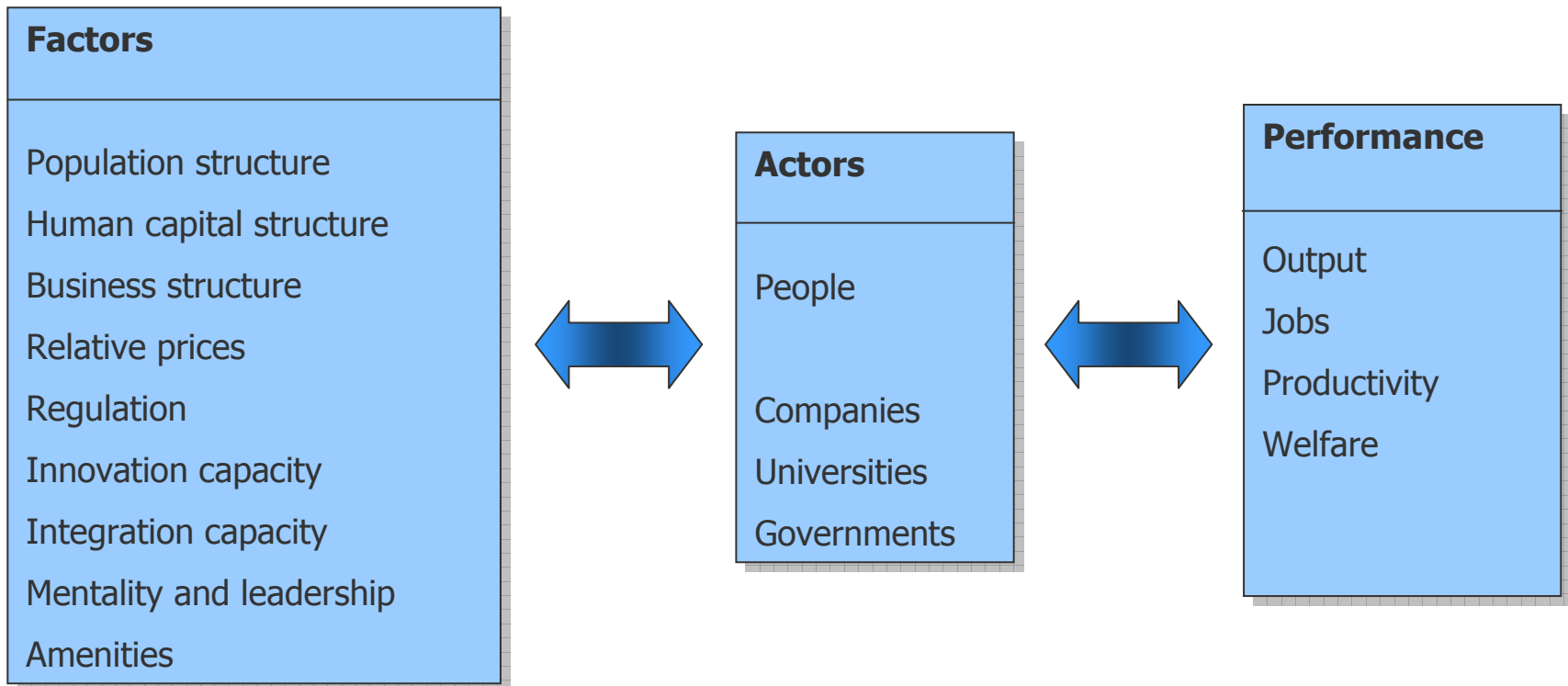
Openness is equivalent to

- low barriers of entry for international populations
- easy integration and participation for international populations

Open for whom?

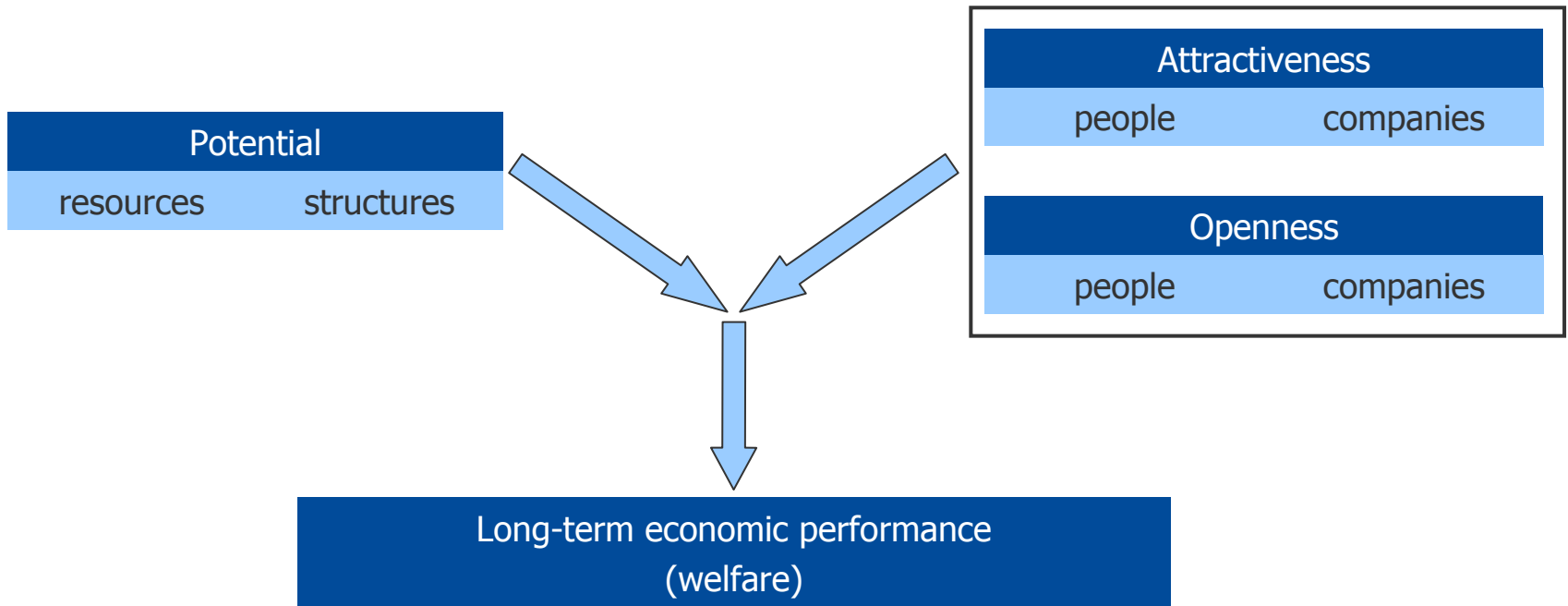


A model for long-term economic performance



The way to long-term economic performance

The ultimate goal is welfare. Its indicator is long-term economic performance.



Is there evidence that “openness for people” contributes to regional economic performance?

- Human capital is an important determinant of regional economic growth.
- In the long-run, population changes drive employment growth (“jobs follow people”) and thus increase regional output (Hoogstra et al 2005).
- The openness of cities and regions to international populations may increase total output through diversity:
 - More variety of individual skills increases total output (O`Reilly, Williams and Barsede 1997, Pratt 2000; Ottaviano and Peri 2003).
 - Cities which are open to new people and ideas show higher rates of innovation and a higher concentration of talents (Florida 2004).

How can openness be measured?

- Openness is a multidimensional and complex phenomenon.
- It can be measured by a large number of indicators which measure different aspects of openness.
- The indicators can be grouped thematically (e.g. into key factors).
- Each of these key factors represents one of the various dimensions of the quality of life of all inhabitants. Special attention is paid to the international populations which are important for the attractiveness and openness of the city.

Indicators can be grouped thematically (e.g. into 9 key factors)

- International populations
- Governance and leadership factors
- Regulatory factors
- Economic factors
- Social and societal factors
- Cultural and amenity factors
- Internationalisation factors
- Connectivity and accessibility factors
- Environmental factors

Economic factors

Good economic conditions are important in order to attract and retain human capital.

The economic indicators can be grouped into three components:

- Income and consumption
- Housing market
- Labour market

The economic factors also include the access of international populations to the cities' housing market / property market and labour market.

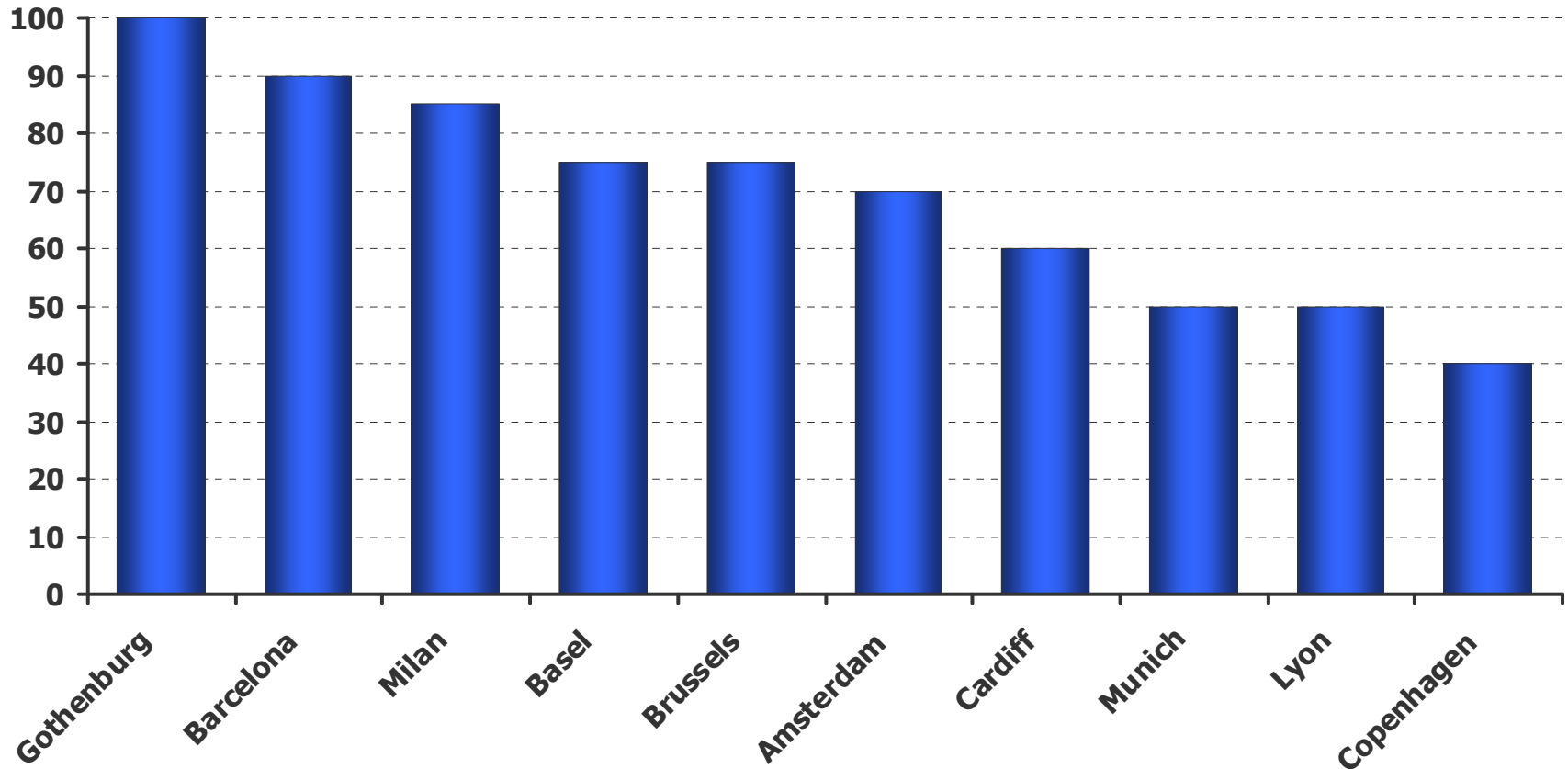
Components and indicators of the economic factors (conditions)

	Components	Indicators	
	Income and Consumption	<ul style="list-style-type: none"> ■ Disposable income per capita ■ Taxation (high income) 	A A
	Housing market	<ul style="list-style-type: none"> ■ Flat rents ■ Living area (average) ■ Access to property market 	A A O
	Labour market	<ul style="list-style-type: none"> ■ Total unemployment rate ■ Difference between the unemployment rate of non-nationals and nationals (in %) ■ Total labour force with university education (in %) ■ MIPEX: Labour market access ■ Work permits granted to non-European immigrants (in %) 	A O A O O

Note: A = Attractiveness / O = Openness

Economic factors: Access to the labour market

Indicator: Migration Integration Policy Index (MIPEX): Labour market access

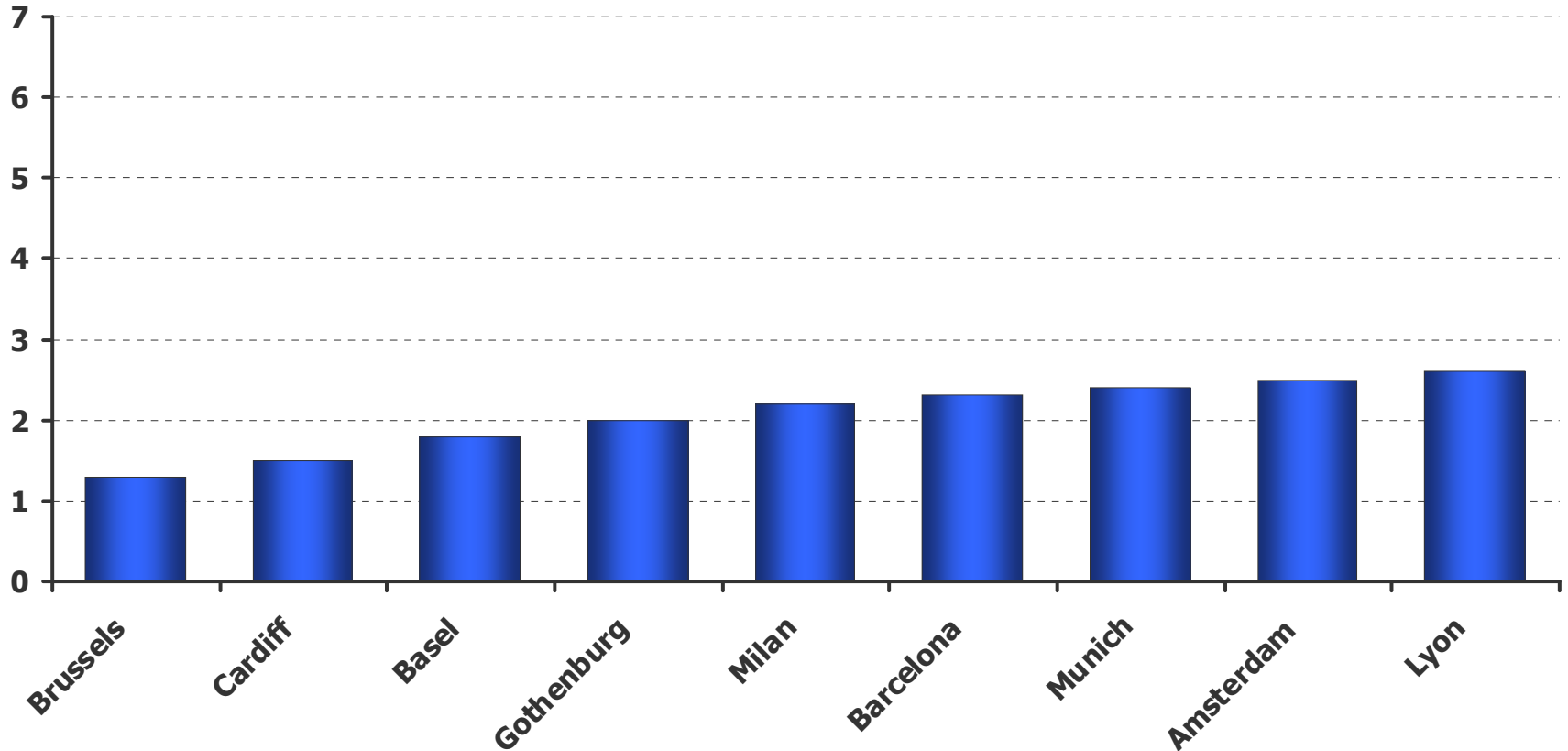


Note: 100 = Best practice of a country; 0 = critically unfavourable.

Source: MIPEX 2007

Economic factors

Ratio between the unemployment rate of non-nationals and nationals



Note: Index above 1 indicates that non-nationals have a higher unemployment rate than nationals.

Source: Eurostat, BAKBASEL

Benchmarking openness: Data aggregation and presentation

Presentation based on the single indicators

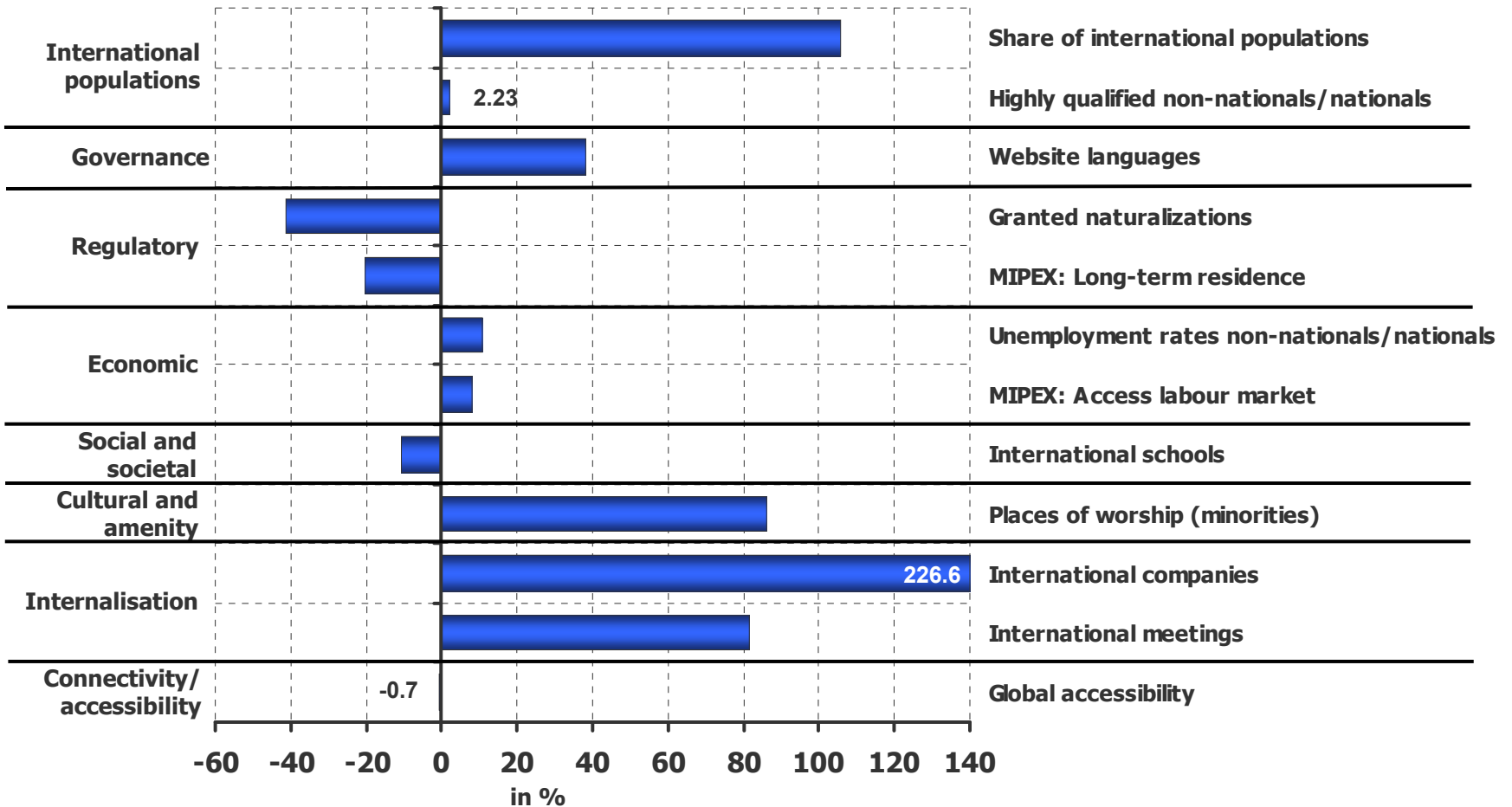
- Benchmarking single indicators
- City profiles (based on indicators)

Presentation based on aggregated information

- Benchmarking indices
- City profiles (based on indices)

Basel: City Profile (based on a preliminary and limited data set)

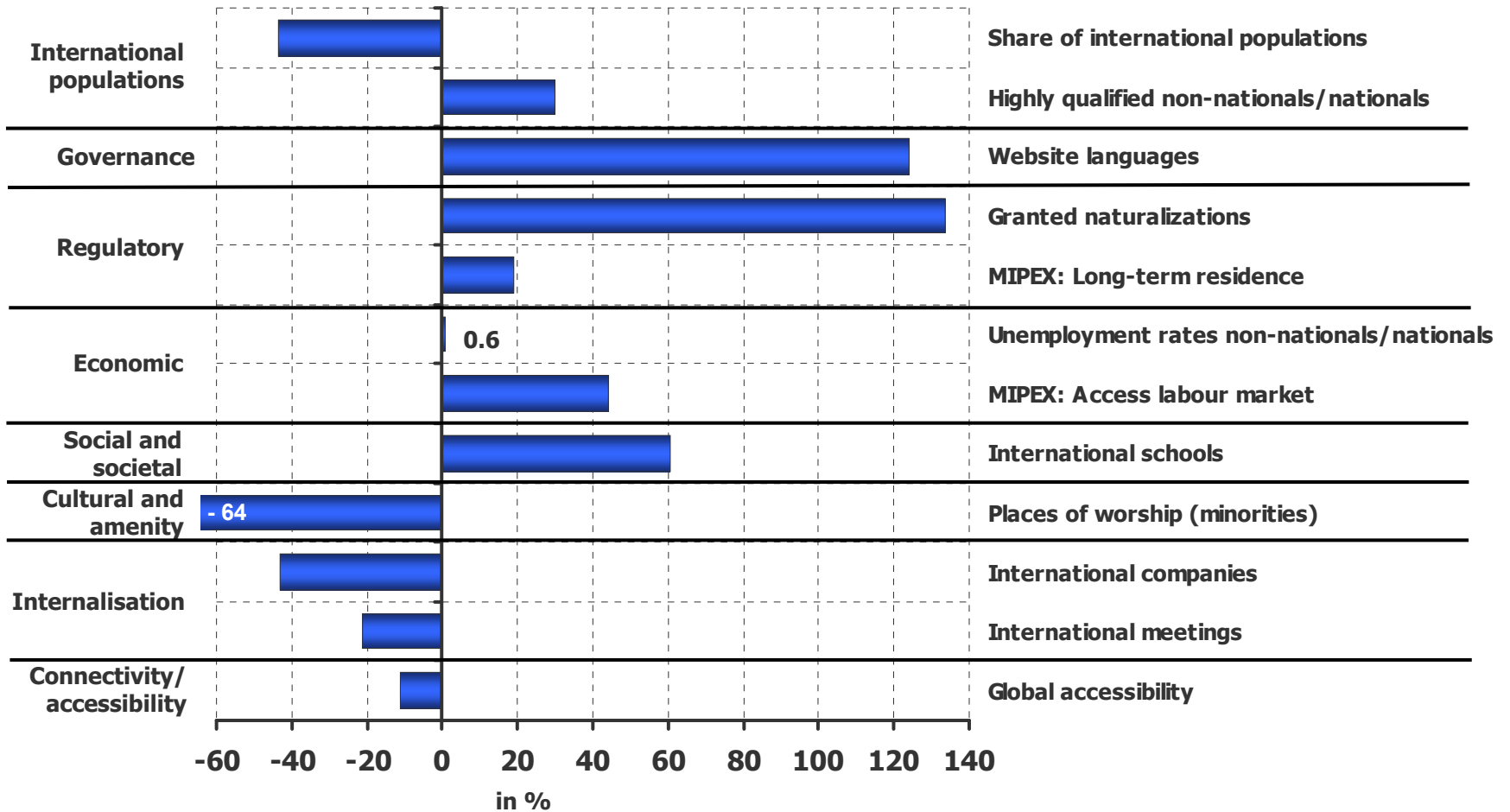
Basel compared to the following city sample: Amsterdam, Barcelona, Brussels, Cardiff, Copenhagen, Gothenburg, Milan, Munich, Lyon.



Note: Please do not cite, because it is a work in progress.

Gothenburg: City Profile (preliminary and limited data set)

Gothenburg compared to the following city sample: Amsterdam, Barcelona, Basel, Brussels, Cardiff, Copenhagen, Milan, Munich, Lyon.



Note: Please do not cite, because it is a work in progress.

Summary

- Openness for international people is important for regional economic growth in industrialised countries.
- To attract and retain international populations, regions and cities should provide a high quality of life for all inhabitants with special attention paid to international populations.
- Openness can be measured
=> supplement measures of regional quality of life with indicators measuring openness.