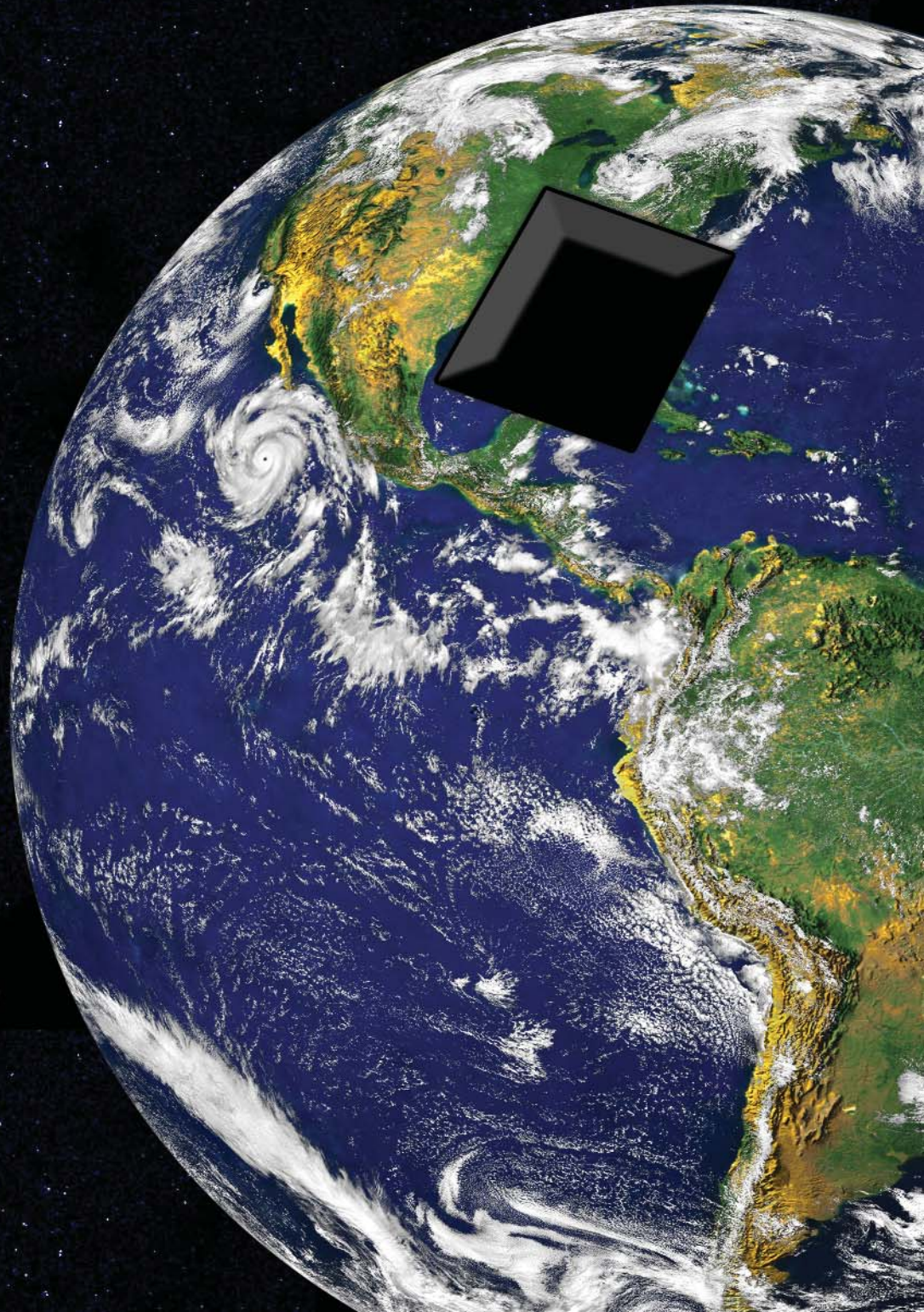
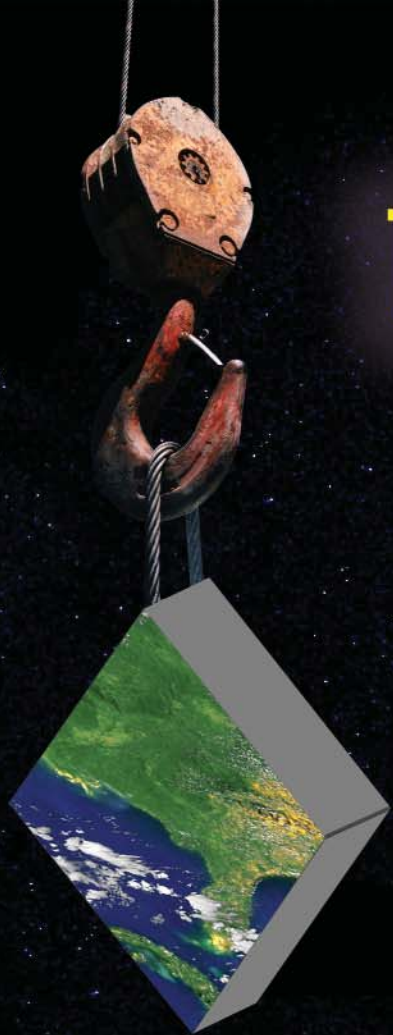
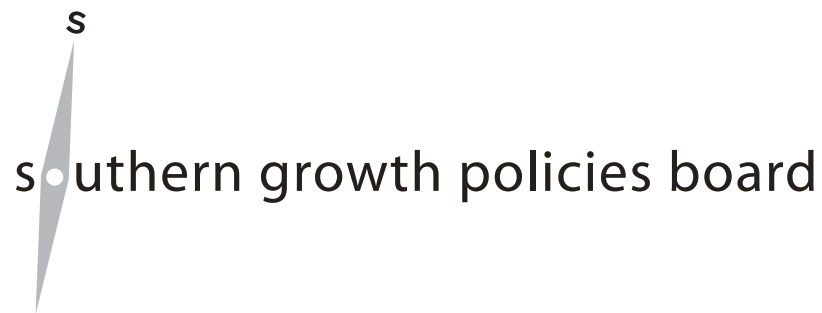


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Hard Hats & Safety
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2004 Report on the
Future of the South



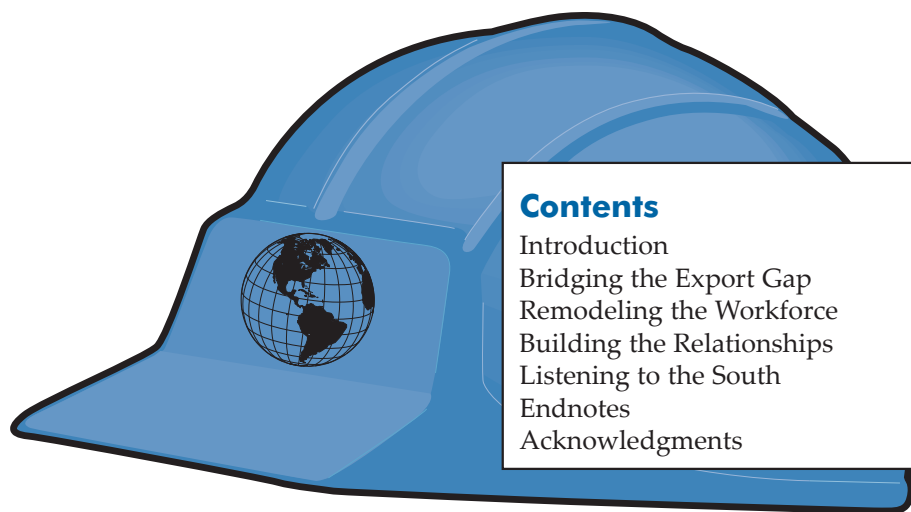


2004 Report on the Future of the South
The Globally Competitive South
(Under Construction)

By Jim Clinton
Carol Conway
Linda Hoke

with contributions from Scott Doron and Karen Barlow

A project of the Global Strategies Council

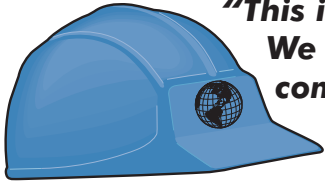


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Introduction



“This is a time of great economic challenge for the Southern states. We need to better understand the impact of globalization on our communities and businesses. We must make sure that our businesses are competitive and are fully engaged in global commerce. This is a chance to add billions of dollars and thousands of new jobs in the region.”

**— Governor Brad Henry, Oklahoma
Chairman, Southern Growth Policies Board**

The term “globalization” has evolved in recent years from a word used primarily by policy wonks to describe complex international processes to one a worldwide protest movement uses as the symbol for all that is wrong. To many anti-trade activists, globalization is seen as something the World Bank created to further American economic dominance in the world rather than as the cumulative actions of millions of different interests operating across national borders. Globalization has changed from a marginal issue in the wings of public policy to a divisive and contentious issue at center stage.

This movement has been mirrored by Southern Growth Policies Board's own elevated commitment to globalization research and policy. Throughout much of the 1990s, Southern Growth devoted significant staff resources to support trade and international education. Since the creation of the Global Strategies Council (GSC) in 2000, these issues have consistently been a part of deliberations at a Board level.

This *2004 Report on the Future of the South* has an explicit focus on globalization, and is released with a certain amount of trepidation given the state of the world. Terrorist attacks and related events are visible evidence of global instability. Some television and radio commentators seem to make a living by demonizing immigrants, foreigners and multinational corporations. The very real loss of jobs to foreign competition threatens to trigger protectionist measures, and state legislatures are introducing anti-trade legislation. It's a tough time to be talking about global opportunities.

The Main Chance

Pursuing global opportunities, however, is exactly what the South must do.

The Southern export gap — the difference between what the region actually exports and what the South would export if our performance as a region were at the national average — was \$28 billion in 2001. Closing the gap in that year would have created approximately 382,000 more jobs in the Southern economy.

There are many reasons for pursuing the recommendations of this report — more stable international relationships and richer cultural experiences, for example — but the South need look no further than the compelling economic case represented by the export gap. In 2001, there were 382,000 reasons to close the gap.

A New Goal and Three New Objectives

We enlisted the support of more than 1200 Southerners in developing these recommendations. “Listening to the South” on page 53 provides details of a regional retreat on globalization, community forums, focus groups and an on-line survey that were used to gather input.

Central to this report is the recommendation to add a new goal to Southern Growth's Statement of Regional Objectives. That goal is:

Southern businesses, institutions and residents will pursue global opportunities and relationships with an entrepreneurial spirit.

Southerners clearly believe that responsibility for implementation of this goal (and the objectives that follow) rests on all the region's citizens. It is not the exclusive province of the government. Instead, success in this arena demands that business, government, academia and citizens work together in pursuit of these opportunities. It also implies that entrepreneurial behavior — visionary, opportunistic, non-bureaucratic behavior — must be encouraged and celebrated in every business, institution and person.

Objective 1: Eliminate the gap between the export performance of Southern businesses and the national average.

This objective places trade opportunity front and center. By achieving this objective, the South will create more income, wealth and jobs. Businesses will necessarily become more competitive, and that process, while geared towards international markets, will have positive implications for better performance in domestic markets as well. Objective One is an unvarnished business goal that will require expertise and support from state and local economic development professionals and organizations, as well as the understanding and support of the general public.

An excellent example of the kind of action that will be necessary to achieve this goal is the creation of GLOBE (Global Leadership Opportunities for Business Executives) by the Kansas City Chamber of Commerce. During this nine-month program, business executives learn how to export. Each participant completes the course with a specific export plan and a peer network to turn to for ongoing advice and support. Business executives with extensive international trade experience teach the courses. The program includes a full day meeting each month, a trip to Washington, D.C., and participation in a trade mission. Attendees can receive college credit for completing the course.

While GLOBE's activities are focused in an urban area, the Southwest Virginia Higher Education Center tackles the difficult task of building trade capacity in a rural area. In 2003, the Center created the International Business Program to help smaller firms in southwest Virginia become more competitive in the international marketplace.

In a region of the country that has been economically devastated by plant closings, this program holds international videoconferences with U.S. federal offices in Chile and China, and uses interactive videoconferencing to introduce individual companies to potential buyers. The program also offers Web site design and translation services for small firms, as well as seminars on effective e-commerce strategies. Students from a new international business degree program at a local college prepare international marketing research and plans for area businesses.

Examples of good work in export development are all around us, and their replication is necessary, but not sufficient. When asked what was the greatest barrier to creating more jobs through trade, a participant in the Alabama focus group replied, "Fear and inaccurate information."



"As Southern businesses face worldwide competition, we have a choice of learning to work smarter or being willing to work cheaper. Since the second option is unacceptable, we must make sure that our workforce is always globally competitive."

**— Governor Bob Riley, Alabama
Chairman, Global Strategies Council**

Objective 2: Internationalize P-16 and adult education to respond to evolving business and community challenges.

This is a prerequisite for closing the export gap. As a very practical matter, we must have better international tools and capabilities for our businesses to be more globally competitive. That means businesses and educational institutions must work more closely in development of curricula and programs. International considerations must permeate coursework in history, language, science and math. The results will be a stronger business community, a more globally literate workforce, and better relationships across cultural lines within our communities.

OASIS (Oklahoma Organizations Supporting International Studies) is an innovative coalition already focusing on this objective in Oklahoma. The Oklahoma State Regents for Higher Education, the Oklahoma Department of Commerce and the Oklahoma State Department of Education came together determined to create a workforce that is fully prepared for global competition. OASIS maintains a Web site of international teaching materials aligned to curriculum standards. It produces posters and brochures to increase international awareness. It generates international statistics, contacts, and databases about Oklahoma's global and educational outlook and holds university forums for globalizing curricula.

Another ahead-of-the-curve initiative is the International School of Louisiana (ISL), which provides French and Spanish language immersion, builds international awareness, and celebrates diversity. Founded by parents in 2000, the school has 300 students in kindergarten through third grades.

The school is committed to the socioeconomic diversity of its student body — about 50 percent of the students qualify for the federal lunch program. ISL aims to provide each student with the multilingual skills that will lead to an enriched university experience and global career opportunities.

Given limited funds for new educational programs, collaboration is crucial. As a participant in Southern Growth’s fall retreat said, “The education system should be providing culture classes and a job-readiness curricula. This requires collaborative associations, but the process has to be contrived because neither education nor business naturally promotes collaboration. There’s no push to align business and education around the new market realities.”

Objective 3: Achieve a shared sense of community by drawing upon the strengths, talents and interests of all residents.

What began as a discussion of immigration broadened into a more universal objective during our focus groups and forums. Our Puerto Rico members, for example, asked, “What is an immigrant?” They reminded us that a native of Puerto Rico who moves to Georgia is not an immigrant but a U.S. citizen from birth. We began, then, speaking of newcomers rather than immigrants.

Our recommendation is not a critique of immigration policy. It is a practical suggestion for how communities can better cope with and benefit from immigration. It arises from the knowledge that each wave of immigration in U.S. history has been seen as problematic at the time, and as a benefit in retrospect. Our intention here is to shorten the time elapsed for the benefit to become the reality.

Louisville, Kentucky has been especially effective in supporting immigrants in this process through its Office for International Affairs (OIA). This organization serves as a central clearinghouse of information and help for international newcomers to Louisville, be they immigrants, students or visitors. This includes information related to: 1) business and economic development issues, including career and leadership opportunities, legal services, and information on hiring non-U.S. citizens; 2) social services and education issues, including links to free English classes and bilingual health care providers; and 3) public events that highlight Louisville’s cultural diversity. OIA also maintains a Community Language Bank — a database of interpreters and translators in the community. OIA sees Louisville as an international city, where immigrants, students, tourists, and visitors feel welcome, recognized, and appreciated.

Facing a rapid increase in immigration from Latin America, North Carolina’s Center for International Understanding (CIU) launched the Latino Initiative in 1998 to help state and local leaders respond to the challenge. The program begins with an orientation, during which multi-disciplinary teams discuss immigration challenges and participate in two days of workshops led by experts on Latino issues. This is followed by a one-week trip to Mexico, where officials learn first hand about the economic, political, cultural and social influences on the immigrant population and come to a better understanding of their needs.

After returning home, participants discuss policy implications and begin to identify practical solutions for their home communities. More than 350 North Carolina legislators, mayors, county commissioners, law enforcement officers, and business, church, health, and education leaders have participated in the initiative.

Asked what is the most important thing communities could do to help newcomers become fully engaged, an immigrant in the Louisville focus group replied, “Provide better English as a Second Language, support organizations that enable immigrants to speak with one voice, and offer fast track employment [certification] options.”

Thoughtful, deliberate action is needed regardless of the scale of demographic change. As one member of a focus group in West Virginia put it, “Even with only one immigrant child in a school, there are few mechanisms for dealing with this child. Everyone panics.”

Perception, Reality, Action

When asked what the greatest barrier was to becoming a more globally competitive region, one member of a South Carolina focus group said, “The infrastructure is fairly simple to build; it is our mindset that must change.”

In listening to the more than 1200 Southerners who contributed to this report, we became aware of the need for two fundamental mind-shifts in the South.

The first is that we must transcend any perceptions that we are global victims. Because of the cumulative impacts of terrorist attacks, the recession, the loss of manufacturing jobs to other nations, and the recent focus on outsourcing of professional-level work, many in the South now see themselves as victims of globalization. While we certainly have suffered the consequences of these things, the overall view of victimization is both historically inaccurate and, for our future, self-defeating.

As a nation, we have benefited far more from globalization than anyone else. Outside the United States, we are often perceived not as a global victim but as a global predator. The United States is the sole surviving superpower in the world and we continue to be the most important and efficient economic machine. Even today, with outsourcing of professional jobs emerging as a hot topic, *The Economist* reports, “More jobs are outsourced to America than the other way around. American workers, in other words, are net beneficiaries of outsourcing (it goes without saying that consumers always were). And in the cross-border trade of white-collar services, a chief concern, America's surplus with the rest of the world is not shrinking; it is growing.”¹

Perhaps more important than fact is the perception. It is simply bad for our self-image and our strategic orientation to view ourselves as victims. We are already global competitors and we must devote time, attention, and resources to becoming the best competitors we can possibly be. That movement from global victim to global competitor is a requisite mind-shift for our future success.

The second mind-shift has to do with our perception of economic transitions. We have a long-standing tendency to think of the South at any given point as being a region *in* transition. What we must understand, however, is that this is a region *of* transition.

Just as businesses have come to understand the necessity of constantly reinventing themselves, we must constantly reinvent our regional economies. We must understand that no product, no technology, no business sector is permanently safe. Southern Growth Policies Board has been writing about the potential loss of textile jobs since the mid-1980s. *The 2002 Report on the Future of the South* called for more “upwardly-competitive” growth strategies. We must constantly move our workforce capabilities and our competitive focus towards more knowledge-intensive enterprises.

The process of capitalism is necessarily relentless. We must be equally relentless in our pursuit of innovative, globally competitive economic opportunities for the South.



Bridging the Export Gap



“In the post-NAFTA environment, the days of competing regionally with cheap land, cheap labor and right-to-work status as your top tier incentives are over. I think it's critical for states to focus on technology-based economic development clusters in emerging growth markets.”

— Governor Mark Sanford, South Carolina

OBJECTIVE 1: Eliminate the gap between the export performance of Southern businesses and the national average.

When we see studies that show the South below the national average, we often see it as a product of our history or as being consistent with our generally lower cost of living. Unfortunately, either of these responses can cause us to miss opportunities of significant proportions. Closing the “export gap” is an opportunity that must not be overlooked.

If the ten Southern states currently performing below the national average each closed its own export gap — that is, if the businesses within those states exported at the national average for businesses in all states — the South would enjoy \$48 billion annually in increased revenues and over 660,000 more jobs (see chart 1).

**Chart 1
Unrealized Exports Sales and Jobs, for 2001²**

	Sales (millions)	Jobs
Alabama	\$1,566	21,544
Arkansas	\$2,632	36,211
Georgia	\$9,239	127,129
Kentucky	(\$517)	(7,116)
Louisiana	(\$7,824)	(107,656)
Mississippi	\$1,697	23,351
Missouri	\$9,170	126,169
North Carolina	\$4,050	55,729
Oklahoma	\$5,448	74,967
Puerto Rico	(\$9,828)	(135,233)
South Carolina	(\$2,210)	(30,402)
Tennessee	\$2,422	33,326
Virginia	\$10,680	146,950
West Virginia	\$1,077	14,814
South (net)*	\$27,602	379,782

Source: Export data from U.S. Department of Commerce, International Trade Administration (<http://ese.export.gov>).

* The figures in parentheses show the extent to which four states exceeded the national average. If we omit the four states, the total missing opportunity would be \$48 billion in sales and some 660,000 jobs.

Four of the Southern states (Kentucky, Louisiana, Puerto Rico and South Carolina) appear to export at rates above the national average, which narrows the regional export performance gap to 382,000 jobs and \$28 billion in sales revenues in 2001. However, some of the data is misleading. In the case of Louisiana, we know that many goods manufactured or grown elsewhere are recorded as Louisiana exports because of the extensive port operations in New Orleans. This is a flaw in the trade data system that we address more extensively on page 23.

Exporting Moves to Center Stage

In the late 1980s members of the National Federation of Independent Businesses (NFIB) consistently ranked trade as 74th out of 75 possible business issues worthy of attention. This is understandable for the time, given that most NFIB members — many in construction and retail — sold exclusively into local and national markets. Now trade is much higher in importance and becoming even more so with the globalization of retail operations and acceleration of free trade in the service sectors such as legal and architectural services.

Trade accounted for about a third of U.S. growth during the 1990s. Two-thirds of the world's purchasing power and 97 percent of the world's consumers live outside the U.S. As such, global markets will increasingly drive local markets. In 2002, a sluggish year for exports and production, 13 percent of the world's entire output consisted of merchandise exports.³ The export share of world production could rise to 20 percent with service exports included. International service and retail sales become more significant each year. Soon virtually all products and high value services will be traded on the global market.

Problems associated with globalization have drawn much criticism. However, studies of tens of thousands of companies by researchers at Carnegie Mellon University indicate that exporting is a natural step in the evolution of growth-oriented companies.⁴ This is born out in the performance of businesses that export:

- On average, manufacturing exporters use technology 50 percent more intensively than their counterparts that only sell domestically.⁵ Relatedly, worker productivity in exporting plants is 10 to 15 percent higher, and the return on investment is 8 to 22 percent better.⁶ This exceptional performance is seen in both large and small exporters, with the larger firms tending to be at the higher end of the scale.
- Exporters are able to pay better wages, an average of 13 to 18 percent more than firms that sell only domestically.⁷ High-tech exporters pay even more — 34 percent above the domestic average.⁸ The employee benefits of exporting firms are also better — up to 50 percent higher than the U.S. average. And it's not just the highly educated workers who get paid better; the average pay for a low-skill worker at an exporting plant is at least five percent higher than in a non-exporting facility.⁹

- For most firms, entering the export business doesn't make them more profitable — most enjoy above-average profits even before they start exporting. But research does show that exporting increases the longevity of a firm and the rate at which it creates jobs.¹⁰
- Sales growth at both large and small exporting plants allows them to add jobs 18 percent faster.¹¹ Notably, virtually every manufacturing job lost in the 1990s was from a non-exporting plant.
- Increased firm longevity may be due in part to increased learning. Going global does more than increase sales, it gives companies a chance to learn, innovate and stay competitive. In an update of the Carnegie Mellon University study, researchers found, to their surprise, that *any* level of international activity enhanced the odds for business survival and growth.¹²
- Manufacturing exporters invest significantly more in plant and equipment than their non-exporting counterparts.¹³ Exporters also spend more on worker training — 13 to 27 percent more — and help raise local workforce performance standards.¹⁴ Exporters tend to be both more critical of worker quality and more willing to do something about it.¹⁵

Overseas markets are also critical for farmers—roughly one in three acres of cropland are destined for export markets.

Finally, it is important to note that the term “exports” is not synonymous with “trade.” Exports and imports are a unified mechanism for commercial exchange. Imports raise demand for exports by putting cash in the pockets of foreign businesses and consumers. They also translate into cost-competitiveness for industry and a savings for the American consumer at an estimated rate of \$1,500 or more per family each year.¹⁶

The Trade and Technology Division, International Trade Program, Greater Mobile Chamber of Commerce

The Greater Mobile Chamber of Commerce is one of the most internationally active chambers in the country. In addition to organizing trade missions, brokering information and raising awareness among local business and community leaders, it is attempting to increase the global competitiveness of the Gulf Coast region through a rare multi-state collaboration. Its Gulf Coast Regional Chamber Coalition, consisting of chambers from Louisiana, Mississippi, Alabama and Florida, is analyzing, discussing and developing solutions to international business challenges. Other activities of the chamber include a quarterly newsletter, the creation of a regional strategic plan for international trade programs, and an annual regional World Trade Conference.

Passive Exporting

The United States as a whole, however, has been inordinately passive in the pursuit of exports. Although it is the number one exporter in the world, the U.S. shipped little more than seven percent of its Gross Domestic Product overseas in 2003, versus 28 percent for Germany or Canada.¹⁷ (Both figures would be bigger if service exports were included.)

Aside from multinationals, few U.S. firms have a plan for going global. Yet for most firms, going to a global basis for sales and competition is enormously complex and risky. International law firms have found a lucrative market in cleaning up after the missteps of neophyte exporters. Truly planning for globalization involves many steps and several years may pass before payback (see the box on the Ten-Step Road Map on page 16).

The majority of U.S. companies that do export usually trade with just one country (most often Canada or Mexico) and export at a fraction of their potential.¹⁸ It is telling that the majority of U.S. merchandise exports are made either by one U.S. firm exporting to another U.S. firm overseas, or by a foreign-owned firm operating in the U.S. that sells to customers back overseas.

On a per capita basis, there is wide variation within the South in total merchandise exports (see chart 2).

Chart 2
Total Manufactured Exports Per Capita, 2003

	Exports (Millions)	Per Capita*
Alabama	\$8,340	\$1,859
Arkansas	\$2,962	\$1,093
Georgia	\$16,286	\$1,903
Kentucky	\$10,734	\$2,623
Louisiana	\$18,390	\$4,102
Mississippi	\$2,558	\$891
Missouri	\$7,234	\$1,275
North Carolina	\$16,199	\$1,947
Oklahoma	\$2,660	\$761
Puerto Rico	\$11,914	\$3,087
South Carolina	\$11,773	\$2,866
Tennessee	\$12,612	\$2,175
Virginia	\$10,853	\$1,488
West Virginia	\$2,380	\$1,321
South Total	\$134,895	NA
South Average	NA	\$1,997
United States	\$723,743	\$2,510

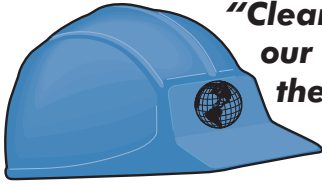
Sources: Export data from U.S. Department of Commerce, International Trade Administration (<http://ese.export.gov>).

* Based on Census population estimates for 2002

The 10-Step Road Map to Export Success

1. Company profile — review the company's sales and marketing materials to ensure foreign customers understand the product offerings. This is especially relevant for high technology products that only another engineer could understand.
2. Company readiness to export — assess motivation and staff international skills.
3. Initial planning — select a world region, look at global trends and talk to businesses that have been there.
4. Strategic planning, pricing and budgeting — figure out when, where and how price breaks occur.
5. Foreign market entry plan — create a global vision for the company and a set of strategies for achieving it.
6. Product planning and promotion — find out the servicing requirements, develop the brand and decide on the portfolio of products to be offered internationally.
7. Foreign partner selection — decide what local legal assistance is needed, and start developing relations and trust with potential partners.
8. Compliance with standards and regulations — understand the duty structure and local certifications required to sell in the country.
9. Finance — terms of sale, mode of shipment and local pricing are major factors in profitability.
10. Physical presence — for those needing to be close to an end consumer, there is no replacement for face-to-face contact with people at the potential site.

Source: Printed with the permission of Myron Miller. Derived from his presentation to the World Trade Center of North Carolina, April 13, 2004. For more information, see www.globaledge.msu.edu.



“Clearly, Louisiana's export growth will be in Latin America — due to our geographic proximity and cultural ties — and in China because of the size of the market and the growth of their economy. We will support our companies' pursuit of these new opportunities and in maintaining their existing markets.”

— Governor Kathleen Blanco, Louisiana

Trade, Job Quality and the Standard of Living

Industry sectors do not so much disappear as evolve. Those hammered by imports may shrink dramatically, but some firms within that sector will evade failure through innovation. For example, in the case of the textile and apparel industry, some surviving firms are using technology to distinguish themselves from the foreign competition, offering sportswear made with high tech fibers. Surviving firms must continually reinvent themselves. This is the “creative-destructive” process at the heart of capitalism — the continuous cycle of the birth and death of firms, products and industries.

Global pressures cause firms to specialize as they innovate, focusing on what they can do that no one else can easily replicate. America's competitive edge is in knowledge-intensive and culturally unique products and services: biotechnology from North Carolina or Georgia, music from Tennessee or Louisiana, aerospace products from Alabama, drilling services from Oklahoma, or race horses from Kentucky.

This specialization adds to the pool of human knowledge and enables Americans to benefit from ever more useful and enjoyable products and services. It also makes companies more efficient, meaning more profits and better pay for workers. Specialization also opens up new careers. While this makes it hard to predict future skill needs, it offers exciting and rewarding careers to well-educated young people and adults who never stop learning.

Although the economic gains of trade outweigh the losses, the distribution of pain and gain is uneven. Market forces act to maximize wealth, not fairness. The fairness of trade's impact is a matter of public policy. Economists are fond of saying that because trade increases total national wealth, the “winners” have both the incentive and ability to compensate “losers” and still walk away with gains. The distributional impact of trade depends on: 1) the government's policies towards preventing or compensating for individual income loss through education, training, transition assistance and subsidies; and 2) the individual's own efforts and ability to continually anticipate and prepare for job change.

A striking example of how some firms survive and even flourish in the face of fierce global competition can be found in the beleaguered textile sector. Although cheap overseas labor has been widely blamed for the loss of textile jobs, the reality is somewhat more complex. According to research on textile firms at the University of North Carolina (summarized on page 18), globally aware and modern management was one of several predictors of firm survival.

Why Some Declining Industries Stay in Business: Findings from a Study of the North Carolina Textile Sector, 2004

- Top performing textile plants are privately owned. The quarterly stockholder report does not drive company policy.
- Surviving plants have learned to export or engage globally.
- Surviving plants make a heavy commitment to design and innovation, of both products and processes.
- Technology on the factory floor is superior. Persisting plants invest in the equipment and skilled people to maintain high standards. This helps to explain why the remaining textile plants tend to be located in higher income counties.
- Customer service is a priority. Quality control and reliability are paramount.
- Supply chains are well managed. The persisting firms share information with the firms in their supply chain, and tend to work towards group profits as opposed to every-plant-for-itself.
- The product line is diversified. Most of the surviving companies are no longer in basic apparel. Many have moved into industrial fabrics and home furnishings and have a wide portfolio of products (and some services).

Source: "Community Based Adjustment to Textile Plant Closure and Downsizing," conference, University of North Carolina, Center for the Study of the American South, (www.unc.edu/depts/econ/PlantClosure/index.html).

Why does the South appear to export far less than its potential?

Some of the many reasons more firms don't export or export more intensively, are:

- ***Lack of awareness and expertise.*** Businesses are awash in information, but have neither the time nor inclination to sift through the noise to capture the intelligence. Most small and medium-sized firms don't have staff expertise in international trade. Moreover, business advisors like banks or accountants may also not have the expertise needed for a specific international transaction. If a firm asks their regular banker about export financing, the request may be passed up to a bank headquarters where the advisor often knows little of the firm or the market opportunity.
- ***Traditional industry structure.*** The South has relatively fewer large or headquarters companies that have the internal capacity to productively address international opportunities. From a volume standpoint, exporting has primarily been a big company pursuit. However, it should be much less so in the future with the fragmentation and specialization of business, global supply chains and the economy's rapid expansion into services and Internet-based sales.

- **Internal disconnect.** Going global means more than responding to unsolicited buyer requests, or placing an ad in a journal. It means being willing to reinvent the company. Existing sales and marketing staff can only go so far. The parts of the firm handling certifications, packaging, cost accounting, and supply chains all need to be revamped to maximize a firm's global potential.
- **Rigidity.** For many businesses, it is hard to recognize the point where proven success strategies are no longer effective at keeping the firm competitive. For some, going global means fundamentally altering what they are and how they conduct business. For others exporting represents too big a risk, too large a shift in scale. Whether the decision involves adding a shift, remodeling a building, or investing in new technology, management may resist the “creative destruction” necessary to move the business to the next level.
- **Lack of planning and commitment.** Many firms have attempted to export and failed, often because they were ill informed or uncommitted. Firms must do their homework — and get help with it — before they become entangled in unprofitable arrangements. In addition, most foreign buyers seek reliable, long-term supplier relationships. American firms have too often been viewed as on-again off-again suppliers.

Southern firms also have limited knowledge of international joint ventures, product portfolio enhancements, technologies, major contracts, and imports that could enable them to stay cost-competitive and in business. Except where there are strong business clusters within a region, peer networks tend to be very limited. In addition, the public sector is rarely organized to effectively advise firms on the total range of skills and knowledge needed to broadly pursue international opportunities.

Taking Action

Most people seem to realize that exports are generally good for economic development, while imports and overseas investment can have both positive and negative impacts. From a state and community standpoint, many factors are outside our areas of immediate influence — trade policy, enforcement of trade treaties, exchange rates, tax policies and many other levers that affect international trade and investment flows. Yet critical levers are available that could allow Southern businesses to get the most out of global opportunities.

Small businesses create two-thirds of the new jobs in the United States, and represent 97 percent of all exporters. A greatly heightened awareness of international opportunities is needed along with the confidence that Southern businesses can productively engage the global business community. New ways to drive down the cost of exploring and expanding exports are also needed to enable more small firms to participate.¹⁹ The approaches need to transcend the incremental increases in existing export programs.

This does not mean, however, that states and communities should subsidize export operations. Quite the contrary, direct subsidies are inefficient and violate international agreements. Those agreements also enable U.S. firms to export without having to compete against subsidized foreign firms.

The South Carolina Export Consortium

The South Carolina Export Consortium is a nonprofit organization that provides education and encouragement to neophyte exporters and their community leaders. Working in tandem with other trade service providers in the state, the Consortium offers or brokers consulting services to small, homegrown and private firms who are hesitant to enter international markets or expand into new markets. Services include market studies, business plans, and direct consulting. The Consortium also hosts an annual trade mission to the United Kingdom. Graduate students at the state's universities provide some of the Consortium's services.

Among the responses that states and communities might consider are:

- ***Invest in systematic educational programs for existing business owners and their key personnel.*** This could be accomplished through matching grants or tax incentives to individual firms or professional associations. (Educational programs are generally not considered export subsidies and therefore would not compromise international trade agreements.) A broader recommendation on internationally related education reform follows in Objective Two of this report.
- ***Organize and support alliances and collaborations among trade service stakeholders.*** The landscape of public and private service providers is pitted with gaps, overlaps and acrimony. Government, foundations and corporate champions can motivate these groups to come together to develop and implement strategic plans. Non-traditional stakeholders should be recruited for the effort — academics, professional associations and chambers may not yet view themselves as stakeholders.
- ***Create structures for businesses to learn from and encourage each other.*** Exporters say that much of what they know about trade they learned on their own or from their peers.²⁰ Industry alliances or clusters are a good starting point for developing peer networks, as well as sector-specific strategic plans. They may help overcome the paradox of smaller companies being the most dynamic part of industry, while also being the hardest to organize. Exporter breakfast clubs and other such peer events are helpful, but not enough to generate widespread industry interest or the energy needed to overcome the dozens or hundreds of obstacles to international business success.
- ***Develop systems to spread business intelligence.*** International certifications, standards, regulations, politics, competitors and consumer taste shift rapidly and all at the same time. Industry journals and professional associations help, but the equivalent of a daily international briefing would be more effective to those companies just starting to explore or expand into new markets. Textile and apparel firms are the South's poster children for global disruption. Tellingly, in a recent report on the closure of North Carolina textile firms, researchers found one of the predictors of closure was limited management information about, and response to, global trends.²¹

Conversely, one of the predictors of remaining in business was learning to export. The furniture and software engineering sectors appear to be following the same route. Although it seems to come as a surprise to many in local economic development, global industry analysts predicted both global shifts several years ago.

- ***Increase contact opportunities for firms, entrepreneurs and their key personnel.*** Time spent face-to-face with potential buyers is essential for business people to get the feel for the international market and how a product might fit into that market. It is relatively easy and inexpensive to attend an international trade fair in North America, or to work with universities and International Visitors programs to channel foreign visitors into the local business community. States might also consider educational tax incentives for non-exporting companies to travel to shows and fairs.
- ***Invest in the hard infrastructures of transportation and communication.*** Federal and private funding make it possible to upgrade infrastructure, but not to direct or accelerate it in a manner that's best for a state and its regions. Alabama is an example of a state that set aside \$100 million for expansion and modernization of the Port of Alabama at Mobile. Aimed at developing world-class container facilities, this public sector investment will be used to leverage another \$200 million in investment from the private sector. The port will eventually have the capacity to handle 400,000-600,000 containers per year versus 20,000 today. Additionally, a maritime museum and cruise terminal are components of a \$50 million waterfront development along Mobile River known as Mobile Landing. Currently under construction, it will be a homeport for Carnival Cruise Lines, securing the city's place as a tourist destination in the ever-growing tourism market.



“Puerto Rico has always had close ties to Latin America, but the Commonwealth has had to search directly and proactively for new markets and new relationships in order to bring more opportunities to local entrepreneurs. Puerto Rico is a bridge between Latin America and the mainland United States, now more than ever.”

— Governor Sila Calderon Serra, Puerto Rico

PRIMAGE

The goal of PRIMAGE, a project of the Puerto Rico Department of Economic Development and Commerce, is to promote a coordinated image of Puerto Rico to the United States and the rest of the world. The project was launched in 2003 in recognition of the need to coordinate the messages being sent by a growing number of government agencies and related entities — from the Puerto Rico Tourism Company to the Film Corporation to Promoexport, an organization that promotes Puerto Rican trade and exports. PRIMAGE also works to identify shared business opportunities and maximize investments in marketing and communications among entities with international interests.

There are other types of hard infrastructure that would also advance global competitiveness. Some business parks, for example, might improve their attractiveness by a closer examination of the foreign competition.²²

Export performance is also affected by the level of investment in traditional public sector services, such as education, infrastructure and economic stability. One of the most important public sector roles is educating firms to plan and behave proactively. Laissez-faire approaches may have worked adequately in the past, but in the emerging global economy, change and increasing complexity render traditional responses ineffective.

It must be noted that no single state has fully addressed all of the challenges outlined here. That the South and the U.S. as a whole under-perform in exports may not be so surprising when one considers there may be only three states in the nation that have a trade policy person in the governor's office. In a report of the Council of State Governments, three-quarters of states had delegated international policy matters to a program director within the Commerce Department.²³ The Secretary of Commerce or the Secretary of State was the point person in only 16 percent of the states. There are, however, many champions working hard to address the barriers and strategies described above.



“Southern states have much to offer: our special quality of life, vibrant communities, skilled and productive workers and countless numbers of products that are marketable across the world. To be competitive in today's global economy states must work together as regions; we must tell our story together because the economic potential for our states is unlimited.”

— Governor Bob Holden, Missouri

A Call for Trade Data Reform

Imagine trying to run a business if you were not able to accurately record your sales, if you had no way of knowing for sure what your revenues or expenses were.

Most people want government to operate like a business, but we don't talk much about what that means. Sure, it means that we want efficiency, responsiveness and a minimum of red tape. It also means that we want accountability: we want clear and reliable performance measurements.

If we are to respond to the great challenges and opportunities of globalization outlined in this report, a bedrock necessity is good information on a timely basis. No business can be successful without a sound accounting system.

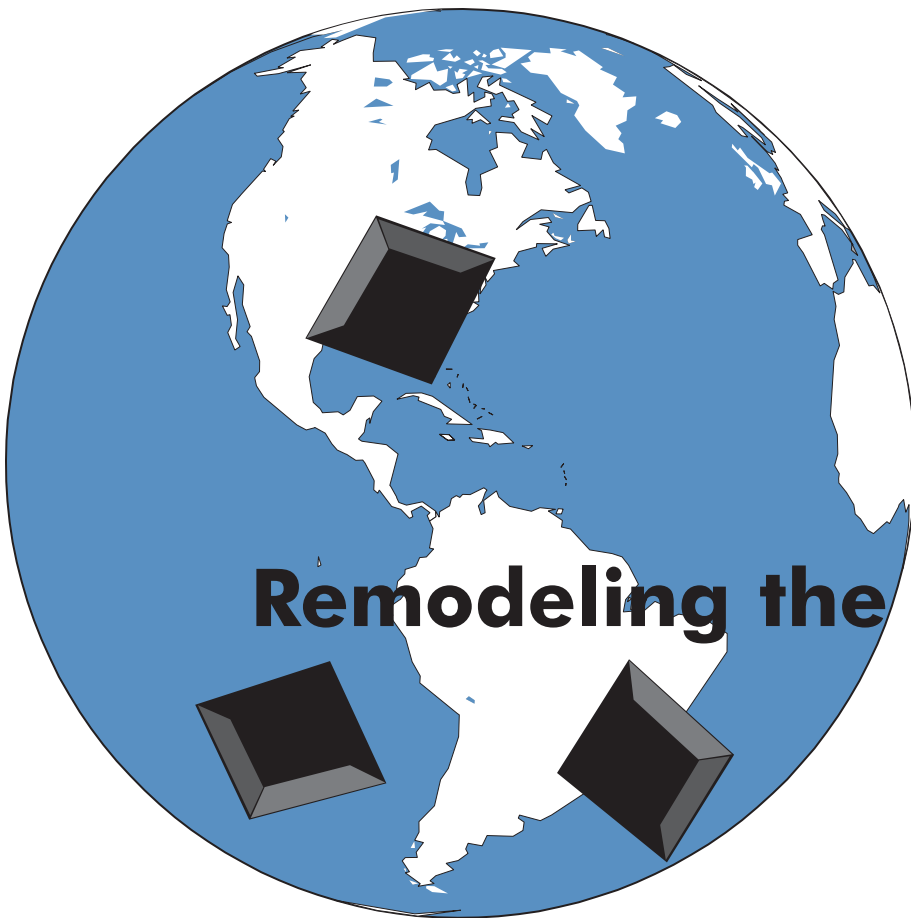
That is just the position that the states find themselves in when promoting job growth through trade. For more than fifteen years, Southern Growth Policies Board and other organizations have called for reform in the federal trade data system. If anything, the effort backfired. Once top officials focused on the flawed data, they terminated rather than improved a data series that tried to record exports from their point of origin. The data that we now use are deeply suspect.

The system for collecting trade data was created more than 40 years ago to track the movement of goods. It focuses on how goods exit the country but does not necessarily record their point-of-origin. As a result, we have no reliable way of knowing what percentage of a state's output is exported. An item manufactured in state X may be recorded as an export from state Y because the manufacturer fills out the shipping documents from state Y. More often, the item will be recorded as an export of the state where it exits the country. Either way, all states involved get a distorted view of their export activities.

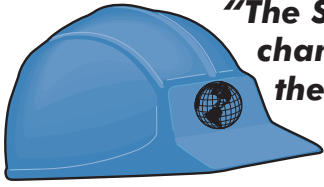
In addition, there is no accounting for the export of services at the state or local level. Services are a large and fast growing segment of American exports, and are the subject of future trade negotiations. States will be unable to understand their potential gains and losses from this sector without accurate reporting of their current connections to the global market for services.

The U. S. Department of Commerce requested an FY2003 appropriation of \$5.5 million for a proposed Trade Data Enhancement Initiative that would have addressed some of the problems discussed here. The appropriation was not included in the final budget.

Without business-like accounting, we cannot demand business-like behavior. Congress should move expeditiously to modernize the trade data system and provide the accounting support upon which sound, business-like decisions can be made.



Remodeling the Workforce



“The South has tremendous potential to position itself in this ever-changing market. We should encourage young people and provide the tools needed for them to experience other cultures, economies, and new technologies. Harnessing these new skills and adapting to what the market demands will ultimately bring more and better jobs to our region.”

— Governor Haley Barbour, Mississippi

Objective 2: Internationalize P-16 and adult education to respond to evolving business and community challenges.

Most exporters say that the language of global business is that of the customer. Some will add that the language of global business is also English spoken well — slowly and precisely.²⁴

Either way, our workforce needs additional communication skills, not only the functional ability to speak excellent English and a foreign language, but a solid grasp of world geography, history, cultures and geopolitics. The aim is not simply cultural awareness, but cultural effectiveness. The American Council on Education agrees, stating, “Globalization is driving demand for internationally competent citizens in almost all fields of endeavor.”²⁵

International Competence

While there is consensus on the need for more skills, there is little agreement about specifically what constitutes intercultural competence. In 2000, the American Council on Education (ACE) published a report entitled, *Internationalization of U.S. Higher Education*. ACE found that many gaps exist in the known data on internationalization. Furthermore, the ACE report concluded that there has been little improvement in the internationalization arena of higher education in the United States since ACE’s assessment in this same area in 1986–87. Until there is a defined standard, universities won’t know if they are achieving their goals and companies won’t know what to look for in hiring or training.²⁶

The need for standards in international education is evident in *Asia in the Schools: Preparing Young Americans for Today’s Interconnected World*, a report by The Asia Society that documents how Americans are alarmingly uninformed about cultures, regions and languages other than their own.²⁷ The report documented:

- More than eight of every ten U.S. adults and students don’t know that India, with a population that is more than four times greater than that of the United States, is the world’s largest democracy.
- Two out of three people don’t know that Mao Zedong, commonly referred to as “Chairman Mao,” was the first leader of the People’s Republic of China.
- Despite the painful legacy of U.S. military involvement in Vietnam, half of adults and two-thirds of students incorrectly identify Vietnam as an island nation.

The Market for International Skills

It is fair to ask whether international skills are relevant to the ordinary student or worker. The answer is that these seemingly “soft skills” are becoming core business tools. The market will be the strongest driver of demand for international competency, along with the federal government’s concern for homeland security. The strongest market needs are for:

- **Trade.** The future growth in U.S. exports will clearly be in services and high technology products. High-tech products alone already represent 12 percent of Southern exports (see chart 3). These sectors represent America’s competitive advantage. They are not, however, commodities — things that buyers can purchase more or less sight unseen. Instead, exporting services and high-tech products is a trust-based, high-contact enterprise. Many firms competing in this area are, in essence, selling concepts or prototypes. Deals are completed only as a result of close cooperation with the customer. This in turn requires the ability to build up deep relationships and understand nuances, which in turn requires informal socializing that often takes place in the home of the customer.
- **Education services.** Education is also an export — America’s largest service export. The vast majority of foreign undergraduate students and a significant share of graduate students pay their own way through school with money from family, international charities or their government.²⁸ These students, paying out-of-state tuition, bring revenues to the university as well as the community. Foreign students also play a key role in supporting otherwise low-demand graduate programs, like math.

Chart 3
High-Tech Exports as a Percent of Total State Exports, 2002

Alabama	12%
Arkansas	4
Georgia	17
Kentucky	10
Louisiana	1
Mississippi	4
Missouri	8
North Carolina	19
Oklahoma	12
Puerto Rico	18
South Carolina	7
Tennessee	15
Virginia	17
West Virginia	6
South	12
United States	24

Source: *Cyberstates 2003*, American Electronics Association.

- **Investment.** Foreign investors, who usually arrive first as tourists or business visitors, have the same expectations for quality, comfort and respect as would any American investing in the U.S. To achieve that, however, may require the host to know the prospect's corporate culture and the political relationship of the U.S. with the home country. It may also require post-location services, such as helping investors' families find housing, schooling and an entrée to the civic side of the community. This means everyone from teachers to realtors need cultural competency.
- **Innovation.** Innovation — the principal tool firms use to stay competitive — depends to a large extent on research and commercial intelligence and the ability to spot and pursue an advantage before anyone else. The information that enables innovation is not always printed in English.
- **E-commerce.** If a company has a Web presence, it is likely to receive unsolicited orders from overseas. In the absence of planning for this opportunity, there may be no means of determining the creditworthiness of the buyer or nuances in their product specifications. Moreover, the Web itself is a multi-lingual medium. One study puts the number of non-English on-line users at 57 percent of the world's online population.²⁹ Translation software helps but remains imperfect.
- **Immigration.** Some 20 percent of the children in the United States were either born overseas or in the United States to a foreign-born parent.³⁰ Given the impending retirement of baby boomers, and accompanying shortage of prime age workers, the South's future depends in large measure on the performance of the foreign-born population. Many sectors are already dependent on foreign-born labor: agriculture, health care, hospitality, construction and higher education, to name a few.
- **Tourism.** Hosting international visitors is a form of exporting, but few people view it as such or realize the enormity of its impact. In 2000, the U.S. was second only to France as a destination for international tourists. With more than 50 million international visitors, the U.S. brought in some \$85 billion in foreign exchange, not even counting what was spent on international transportation.³¹ Most visit just one state, and few Southern states are major draws.³² That can change as the region gets better known and organized. It will only happen, however, if the quality of a visitor's stay is high enough for them to repeat or recommend it to others. Quality service depends on the host's ability to anticipate a visitor's needs and communicate in a language comfortable to the customer. Any major foreign language might do — many foreign visitors will know more than two languages.



“The Kentucky Derby and Kentucky's thoroughbred industry are world renowned. Therefore, we are able to attract visitors from all parts of the globe. Tourism is Kentucky's third largest industry, with an economic impact exceeding \$9 billion annually. As Governor of the Commonwealth of Kentucky, my top priority is to cultivate economic growth. I believe that foreign tourism can serve as an economic engine for Kentucky.”

— Governor Ernie Fletcher, Kentucky

What can be done

The internationalization of education needs to be an across-the-board initiative that involves all schools as well as institutions providing adult education. The range of actions include:

- Curriculum reform to add or inject international studies, languages, etc.
- Growing and diversifying study abroad and exchange programs
- Strategic recruitment of foreign students and scholars
- Public education
- Comprehensive state planning

Curriculum reform

Many K-12 schools, particularly rural and high-minority schools, are cutting back on foreign language offerings as well as other forms of international study. The Council for Basic Education recently released a survey of more than 1,000 school principals, and reported that schools are spending more time on reading, math and science, and squeezing out social studies, civics, geography, languages and the arts.³³ High-minority schools reported an average 23 percent decline in instructional time in these areas. Nearly a third of high-minority schools anticipated future decreases; half of those cuts will likely be large.

Chart 4
Percent of Students in Postsecondary Institutions Enrolled
in a Foreign Language, 2002*

	All Colleges	Two-Year Colleges
AL	5.3%	1.8%
AR	7.8	5.8
GA	9.1	6.1
KY	8.7	4.1
LA	8.5	1.0
MS	8.0	5.2
MO	7.3	5.6
NC	13.8	11.7
OK	7.7	7.9
SC	13.8	7.7
TN	9.9	7.3
VA	9.5	8.7
WV	7.6	8.2
South	9.3	6.8
US	11.9	9.0

Sources: Foreign language enrollments by state provided by ADFL at www.adfl.org. Data on 2000 enrollments available at (www.nces.ed.gov/programs/digest/d02/tables/dt201.asp).

* Credit-bearing enrollments; not including American Sign Language

Only 28 percent of Southern students in grades 7-12 were enrolled in a foreign language class during 2000, versus 36 percent for the U.S. as a whole.³⁴ The good news, however, is that foreign language enrollments in postsecondary institutions are rising faster in the South than elsewhere in the nation, and as of 2002, 9.3 percent of Southern college students were enrolled in a foreign language class versus 11.9 percent for the U.S. as a whole (see chart 4).³⁵

Most encouraging of all, the fastest growing foreign language enrollments are in community colleges. These institutions offer affordable access for adults to learn a new language (see chart 5). While Spanish is the predominant language taught by community colleges, a number of states, particularly North Carolina and Oklahoma, offer a wide range of languages through their community college systems.

Immersion is the most effective way to learn about foreign cultures and languages, and how other countries perceive the United States. Among those parents that already see international skills as a way to advance their child's future, enrollment in an immersion school, where available, is highly competitive. These schools teach all subjects in a selected language, with no apparent injury to subject comprehension and test scores.

Chart 5
Selected Foreign Language Enrollments in Higher Education, 2002*

	Total Enrollments	Spanish	Japanese	Chinese	Arabic
AL	12,493	7,901	143	70	66
AR	8,965	5,870	158	69	74
GA	31,553	19,045	998	658	215
KY	16,440	8,991	561	189	64
LA	19,102	9,793	292	170	119
MS	10,935	7,562	150	35	0
MO	22,700	12,939	485	349	103
NC	55,682	36,051	1,095	666	234
OK	13,673	8,389	275	234	97
SC	25,569	15,583	356	137	69
TN	26,039	15,601	420	199	91
VA	36,263	19,723	855	675	747
WV	6,712	4,248	201	0	0
South	286,126	171,696	5,989	3,451	1,879
US	1,336,472	746,267	52,238	34,153	10,584
South Share	21.4%	23.0%	11.5%	10.1%	17.8%

Source: State data provided by ADFL (Association of Departments of Foreign Languages) U.S. data available at (www.adfl.org/resources/enrollments.pdf).

* Credit-bearing enrollments; not including American Sign Language

A report based on a recent Phi Delta Kappa/Gallup Poll, *The Complete Curriculum: Ensuring a Place for the Arts and Foreign Languages in America's Schools*, made several recommendations for state policymakers to promote instruction in international study and the arts.³⁶

- Adopt high-quality licensure requirements for staff in the arts and foreign languages that are aligned with student standards in these subject areas.
- Ensure adequate time for high-quality professional development.
- Ensure adequate staff expertise at the state education agency to work in the areas of the arts and foreign languages.
- Incorporate both the arts and foreign languages into core graduation requirements, while simultaneously increasing the number of credits required for graduation.
- Incorporate arts and foreign language learning in the early years into standards, curriculum frameworks and course requirements.

The National Commission on Asia in the Schools, co-chaired by former North Carolina Governor James B. Hunt, has additional recommendations for internationalizing education. Among its many ideas are:

- Include teachers in state trade missions.
- Create a governor's task force on international education.
- Make a commitment to hiring teachers who have knowledge about or experience in other countries.
- Ask the private sector to write op-ed articles on the importance of international education.
- Solicit private sector support for international education activities, such as scholarships for study abroad.³⁷

The Mississippi Children Cultural Connection

Mississippi Children Cultural Connection (MCCC) helps children develop positive attitudes about those who are different. Its goal is to show how each color or culture has a meaningful purpose in making society whole. Activities include creation of cultural connection lesson plans pertaining to currency translations, learning languages, cultural history, holidays, field studies, videos and contests. A pen pal project connected Mississippi students with their counterparts in Nicaragua. High school Spanish Club students became tutors to lower elementary students. The Mississippi Pioneers — a volunteer group of BellSouth employees — along with the BellSouth Foundation and volunteers from BellSouth companies in Latin America began and sustained the project.

States and communities may also get some help from foundations. On September 18, 2003, the Asia Society announced a five-year grant of \$7.5 million from the Bill & Melinda Gates Foundation to establish the first national network of urban secondary schools devoted to international studies. Ten model schools in five cities will provide a rigorous, engaging education for low-income and minority students in order to prepare them for college and work in an increasingly global society.³⁸ A team of experts in international studies, standards-based instruction and youth development will collaborate with local school district leaders to create the schools. The schools will begin operation in New York City, Los Angeles and North Carolina during the 2004-2005 school year. Additional cities will be added in 2005.³⁹

Growing and diversifying study abroad and exchange programs

Study abroad is another kind of immersion experience that higher education can promote. Not long ago, the realm of study abroad was dominated by a narrow subset of college students — well-off white females in liberal arts programs. The study abroad field has expanded dramatically in recent years — 62 percent in just five years — but it still has not reached anything near critical mass (see chart 6). Some colleges and universities are placing great emphasis on this field, however, by making study abroad a central feature of the college experience.

Chart 6
Students in Study Abroad Programs

	Participants		Percent Change	As Percent of
	2001-2002	1996-1997	1997-2002	2001-2002 College Enrollments
AL	1,004	1,147	-12 %	0.4%
AR	787	625	26	0.7
GA	4,716	2,077	127	1.4
KY	1,622	1,093	48	0.9
LA	1,532	631	143	0.7
MS	784	772	2	0.6
MO	2,995	1,489	101	0.9
NC	5,664	4,154	36	1.4
OK	933	501	86	0.5
PR	NA	14	NA	NA
SC	1,882	1,250	51	1.0
TN	2,155	1,123	92	0.8
VA	5,746	3,593	60	1.5
WV	494	301	64	0.6
South	30,314	18,770	62	0.9
US	160,920	99,448	62	1.4
South Share	19	19	-	-

Sources: 2001-2002 study abroad data from *Open Doors 2003*, State Fact Sheets, at (<http://opendoors.iienetwork.org/?p=36562>).



“Globalization creates a new set of cultural, economic and security needs for our communities. Now more than ever, the South is competing and collaborating in a global marketplace. Our colleges and universities must continue to do what they do best — turn research and ideas into practice and products — to help communities throughout our region adapt to an increasingly global environment.”

— Governor Bob Wise, West Virginia

Strategic recruitment of foreign students and scholars

As we develop ways to internationalize our education systems, it is important to factor in foreign students and scholars as resources for education, intellectual capital and business development.

Chart 7 shows the number of foreign student enrollments and their impact on local economies. The South has generally kept pace with the nation in increasing international student enrollments, growing 22 percent over the five-year period, though it is still below the South’s share of total enrollments. The South had 15 percent of all foreign students versus 21 percent of the nation’s postsecondary enrollments in 2000.⁴⁰

Chart 7
Foreign Students and Their Net Contribution to the State Economy

	2002-2003 Economic Contribution* (in millions)	Enrollment 2002-2003	1997-1998	Percent Change
AL	\$100.3	6,384	4,991	28%
AR	\$50.7	2,679	2,702	(1)
GA	\$248.1	12,267	7,655	60
KY	\$84.6	5,018	4,036	24
LA	\$126.8	6,533	5,978	9
MS	\$30.9	2,143	2,153	(0)
MO	\$215.7	10,181	9,048	13
NC	\$183.4	8,599	6,279	37
OK	\$172.7	9,026	8,292	9
PR	\$14.7	853	606	41
SC	\$77.5	3,977	3,238	23
TN	\$118.6	5,687	5,207	9
VA	\$250.8	12,875	10,296	25
WV	\$36.7	2,173	2,059	6
South	\$1,711.5	88,395	72,540	22
US	\$12,851.2	586,323	481,280	22
South Share	13	15	15	

Source: *Open Doors 2003*, Institute of International Education.

* Net of U.S.-bestowed financial support

Notably, the newest numbers suggest a decline in foreign student applications for U.S. colleges and universities. The decline is likely attributable to aggressive marketing from other English-speaking countries, and the greater difficulty for students to get visas in the post-9/11 era. In a recent letter to the *Wall Street Journal*, NAFSA: Association of International Educators, wrote, "The number of international students attending college in Great Britain has increased markedly; Australian institutions are heavily recruiting in Asia; and a number of other countries are offering academic programs in English in order to woo international students." ⁴¹

A similar story can be told with international scholars. These scholars come to the United States on a temporary basis to conduct teaching and research, often in fields where there are shortages of experts or researchers. Chart 8 shows a five-year growth pattern in international scholars. The South has only 16 percent of the nation's international scholars versus 23 percent of the nation's faculty. ⁴²

States and institutions of higher education can capitalize on this opportunity by helping international students and scholars to secure visas and comply with the new Homeland Security requirements. State and local leaders can also take steps to ensure students and scholars are engaged with the campus and community rather than isolated.

Chart 8
International Scholars By State

	2002-2003	1997-1998	Percent Change
AL	979	765	28%
AR	197	199	-1
GA	1,730	1,592	9
KY	387	517	-25
LA	743	591	26
MS	229	161	42
MO	2,137	1,509	42
NC	2,929	1,776	65
OK	352	432	-19
PR	55	45	22
SC	726	964	-25
TN	1,676	893	88
VA	1,227	1,191	3
WV	60	33	82
South	13,427	10,668	26
US	84,281	65,494	29
South Share	16	16	

Source: *Open Doors, 2003*, Institute of International Education.



“We now live and work in a highly competitive, global marketplace. Goldman Sachs Foundation recognized our efforts by awarding North Carolina with the Award for Excellence in International Education. We will continue to look for innovative practices to make sure every child in North Carolina is ready to enter the ever changing workforce.”

— Governor Mike Easley, North Carolina

Public Education and Outreach

For schools without major new funding, expanding international education seems incompatible with existing educational mandates and budget pressures. The case for investing part of the school week in international studies will continue to be difficult without a supportive general public. The Frameworks Institute, a nonprofit policy institute, warns in a new study that, “Problematically, when given more vivid descriptors of international education, the public believes this is already happening in their schools and has little information with which to measure progress toward a defined goal.”⁴³ Given this reality, one of the first steps for a school without international education might be a parent awareness initiative. Few parents or school districts will be sold on the advantages of global knowledge in the absence of a compelling economic case.

Even where there is little support for significant new funding for international education, there are ways to enhance skills and cultural competency. (See the box on Low-Cost Approaches to International Education on page 37.)

Comprehensive State Planning

West Virginia has begun to address the needs for improved international education. At the request of the Southern Growth Policies Board, Senate leaders convened a focus group of diverse public and private leaders to talk about options. Some of their recommendations were:

- West Virginians need to become more aware of diverse cultures and how these impact international business. Cultural understanding must be developed by more student and business exchanges. This must be more than the quick visit of a “tourist.” Longer involvements of a continuing nature should be promoted.
- Provide more education to the general public about international issues in order to raise the quality of the debate on globalization.
- The K-12 education system should make the fundamentals of economics and international trade an integral part of the curriculum. Economic education should be mandatory. More U.S. students should be encouraged to study abroad and more foreign students, particularly from nations other than those in Europe, should come here to study.

- Higher education should place more emphasis on globalization. All aspects of international commerce and understanding are now located in “academic silos” that are poorly integrated. More college graduates should have foreign language competence and consideration should be given to making it a graduation requirement.
- Foreign students on our campuses should be better integrated into community and home life. Business mentors should be found for foreign students so they can gain a better appreciation of how businesses operate in a market environment.

The West Virginia report also said, “Improved basic education in math, communications and science at the elementary and secondary level is seen as the most important single step to be taken. Even though achievement of West Virginia students is showing improvement, it is felt that we lag behind both the nation and foreign countries in the essential skills needed for a global-ready workforce.”

Faculty and Course Development in International Studies (FACDIS), West Virginia University

FACDIS is a statewide faculty consortium that enhances the quality of global education for thousands of West Virginia college students. Annual teaching workshops help improve course syllabi, revise lectures and enhance instruction with new materials. Faculty further hone their international skills by traveling overseas on grants. FACDIS also supports faculty attendance at seminars with government officials, think-tank scholars and foreign dignitaries in Washington, D.C. Teaching modules, developed by program participants, are made available through a constantly updated website.



“It’s no longer enough to worry about what’s happening in Ohio or California. We must know what’s happening in Chile and Japan. What occurs today in Osaka can affect what happens tomorrow in Forrest City, Ark. It’s imperative that we develop a workforce in the South that has the skills necessary to move from the jobs of the -20th century to the jobs of the 21st century.”

— Governor Mike Huckabee, Arkansas

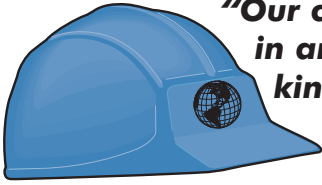
Low-Cost Approaches to International Education

- Take advantage of the Virtual Trade Mission, an on-line resource for teaching students about trade. (See <http://www.virtualtrademission.org>)
- Infuse international subjects into core courses, such as English composition. Even state history can be a vehicle for learning about the rest of the world. Each state has a unique story to tell about its past links to the rest of the world. Internationalizing existing courses, however, may require plenty of encouragement and curriculum assistance for educators to update their instruction.
- Train the trainer. Offer continuing education credits or other incentives, such as recognition and awards, to educators taking and designing courses in this subject area. Raise standards at teacher colleges by requiring future educators to obtain functional international skills, such as knowledge of world history or fluency in another language. A period of study abroad would also significantly enhance the quality of teacher education.
- Seek federal grants and scholarships. For security reasons, the federal government has stepped up spending on international studies and foreign language education. It has also begun a study abroad mini-grant program for disadvantaged students, called the Gilman Scholarship.
- Encourage higher education to share course materials, as West Virginia's 2004 Regional Innovator, FACDIS, (described on page 36) has done.
- Tap resident community leaders for ideas and help. In Hickory, North Carolina, a Latina leader arranged for the local school to bus children to her after school language program. The program doubled as a place for Hispanic students to get English instruction from the other students.



Building the Relationships

Building the Relationships



“Our common prosperity depends on our ability as a workforce to compete in an Information Age global economy. Educational opportunity for all kinds of workers is the best way to instill confidence for those who invest in or choose to live in the American South.”

— Governor Mark R. Warner, Virginia

Objective 3: Achieve a shared sense of community by drawing upon the strengths, talents and interests of all residents.

Like the nation as a whole, the South has been shaped by immigration throughout its history. New opportunities in America and misery in their home countries caused English, Irish and other Europeans to settle in the South, largely displacing the region’s first residents, the Native Americans. In addition to these waves of voluntary immigration, the forced immigration of the slave trade played a pivotal role in the development and history of the region.

While the pace of immigration slowed significantly during most of the Twentieth Century, domestic in-migration became the more dominant trend. For example, New York alone lost a net average of 10,000 residents each year between 1995 and 2000 to Georgia, and lost another 22,000 annually to the Carolinas.⁴⁴

Notwithstanding our early history, for most of the South international immigration is a new and growing phenomenon. The number of foreign-born residents reaching the Southern Growth Policies Board states doubled between 1980 and 1990, and more than doubled again between 1990 and 2000 (see chart 9). In places like Nashville, the foreign-born population went from one in 25 residents in 1990 to one in eight in 2000, with most of them arriving in the last half of the decade.⁴⁵

The rapid growth in immigrant population was unpredicted, even by the Census Bureau. Caught by surprise, schools, social services, justice, health and other public service systems were under-financed and ill-equipped to conduct business in multiple languages.

Businesses, too, were unprepared. Many supervisors could not communicate with their non-English speaking workers, leading to inefficiencies and safety issues. Nor were businesses well informed about the legal requirements for documenting the legal status of the people they hired. Some firms knowingly hired undocumented workers and paid them wages below the legal minimum.

Public Reaction

According to the National Immigration Forum, about 20 percent of the public has strongly held views on immigration — half for and half against.⁴⁶ Most, however, either view immigration as a mix of positives and negatives, or don't think about it much at all. Those who seek sweeping restrictions on immigration often blame foreign-born people for creating job dislocation among native-born workers, dampening wages for all, draining government resources, and displacing the English language.

Research supports the notion that immigration costs society, but the costs are not as definable or negative as some might assume. For example, according to a report from the National Research Council, immigration during the 1980s reduced the wages of low-skill native-born workers by about one to two percent (or five percent for workers without a high school education).⁴⁷ Other experts suggest that the wage suppression is more intense in certain occupations (e.g., waiters, poultry processors, housekeepers and textile workers) where there is a high concentration of low-skill immigrant labor. Still, immigration has put upward rather than downward pressure on high-skill wages since newcomers increase demand for services from the higher wage professions, such as education and health care.

It is, however, somewhat ironic that those who suffer the sharpest wage losses from new immigration are the most recent prior waves of immigrants.

Chart 9
Foreign-Born Residents By Decade of Entry into the State*

	Total As of 2000	Entered Between 1990-2000	Between 1980-1990	Before 1989	Percent Change 1990-2000
AL	87,772	46,520	17,460	23,792	102%
AR	73,690	40,741	16,916	16,033	196
GA	577,273	344,763	132,683	99,827	233
KY	80,271	47,225	13,321	19,725	135
LA	115,885	42,849	29,075	43,961	33
MO	151,196	79,223	27,435	44,538	81
MS	39,908	19,781	8,091	12,036	96
NC	430,000	268,357	86,441	75,202	274
OK	131,747	69,879	29,287	32,581	101
PR	109,581	46,007	23,949	39,625	NA
SC	115,978	60,807	21,739	33,432	132
TN	159,004	91,804	32,164	35,036	169
VA	570,279	269,121	157,176	143,982	83
WV	19,390	6,916	3,434	9,040	23
South	2,661,974	1,433,993	599,171	628,810	146
US	31,107,889	13,178,276	8,464,762	9,464,851	57

Source: U.S. Census Bureau, Census 2000 Summary File 3, Table 23, at (<http://factfinder.census.gov/home/en/c2ss.html>). To calculate the 1990-2000 change, actual totals from 1990 were used, from Census 1990 Summary File 3, Table 42.

The fiscal impact of immigration is also a tangled story of mismatched public revenues and expenses. On average, both legal and undocumented immigrants send more tax dollars to the U.S. federal government than they receive back in federal services, largely because many don't qualify for programs such as Social Security, Medicaid, Food Stamps or Temporary Assistance to Needy Families (TANF).⁴⁸ At the same time, immigrants own less property and have more school-age children than the average native-born family. This means that they end up paying less in state and local taxes than they consume in the form of local services. Over a lifetime, the assets and incomes of younger immigrants tend to rise, mitigating the effect. It is this mismatch between the flow of tax revenues and the flow of services that creates a fiscal burden on the local community. In the midst of a recession, with structural changes in the economy and slow job recovery, the wage and fiscal impacts of immigration are amplified.

Those who favor current or more open policies towards immigration tend to view foreign-born people as filling a labor shortage at both extremes of the education continuum. Low-skill immigrants often take jobs no one else wants, jobs that involve difficult working conditions, low pay and low status. High-skill immigrants fill specialty jobs, such as professors of math and physics, or as doctors to rural communities. Immigrants are also hailed as entrepreneurs and for adding vitality to American life through the introduction of new foods, arts and perspectives.

Latinos are the fastest growing immigrant population in many Southern cities. North Carolina's Latino population grew by 73 percent between 1995 and 2000 — the highest rate in the nation.⁴⁹ In one rural community, Siler City, some 50 percent of students enrolled in one of the elementary schools are from Hispanic families, versus none a generation ago.

Well over half of the recent Latino arrivals are from Mexico, and estimates show that about half of them are in the country as undocumented workers. The family and community dynamics surrounding undocumented workers can be complicated. For instance, one parent may have a valid visa, but not the other parent, and only some of the children may have American citizenship. Those who lack documentation may be unable to get a marriage license in the U.S., further muddying family definition and status. The large number of Latinos affected by undocumented status perpetuates the misperception that the majority of Latinos in low-skill jobs are here without legal authorization.



“Visionary leadership at the regional, state, and community levels has provided Georgia with substantial foreign investment. This 'insourcing' of foreign capital will continue to provide jobs for Georgians due to the economic strength of the Southern region and the supportive business environment we continue to provide.”

— Governor Sonny Perdue, Georgia

Basic Facts on Immigration⁵⁰

Numbers

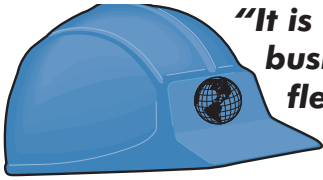
- About ten percent of the U.S. population is foreign-born, or 28.4 million. This is down from an earlier era, 1870 to 1920, when the foreign-born population was 13-15 percent of the total U.S. population.
- One-fifth of the U.S. population in 2000, 55.9 million, was “foreign stock,” that is, foreign-born adults and children born overseas, plus children born in the United States to a foreign-born parent.
- The top three sources of immigrants to the U.S. are Mexico, China and India.

Immigrant status

- Legal immigration in 2002 was 1.1 million, slightly lower than 2001.
- Total non-immigrant admissions (tourists, students and other visitors) in 2002 were 27.9 million, down by 15 percent from 2001 levels.
- Refugee arrivals dropped by 61 percent in 2002 to 26,787, down from 68,925 in 2001.
- Almost 40 percent of foreign-born residents are naturalized U.S. citizens.
- The Immigration and Naturalization Service (INS) naturalized 573,708 people in 2002, sending the total number of naturalized citizens up to 10.6 million.
- The number of illegal aliens located in the U.S. in 2002 was 1.1 million, down 23 percent from the year before.
- About 75 percent of all immigrants come into the U.S. legally, and 75 percent of those come to join close family members.
- Some 40 percent of illegal aliens enter the U.S. with a legitimate student, tourist or other temporary visa but don't leave when their visa expires.

Economic impact

- A 1997 study concluded that the net economic impact of immigration on the U.S. economy is a boost of as much as \$10 billion per year.
- After ten or 15 years in the country, most immigrants switch from being a net cost to a net contributor. The typical immigrant and his or her descendents pay an estimated \$80,000 more in direct taxes than they will receive in government benefits over their lifetime.



“It is incumbent on our states to focus on education and training. Future business growth around the globe will begin migrating toward smart, flexible and well-trained people.”

— Governor Phil Bredesen, Tennessee

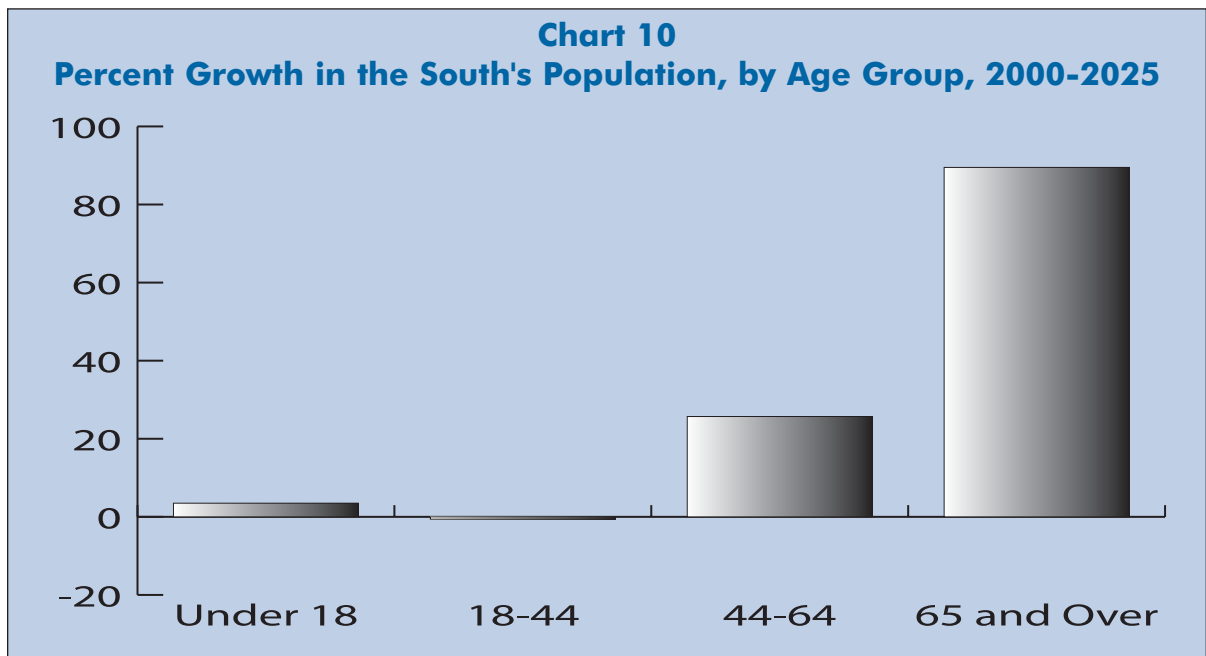
States and Communities Need a Comprehensive Plan to Respond to Immigration

States and communities have primary responsibility for workforce development, economic development and civic engagement. Immigration affects each of these in complex ways. State and local action can therefore make a major difference in the impact of immigration on this generation and the next.

Workforce Skills and Supply Issues

With the impending surge of retiring baby boomers and relatively slow projected population growth, the United States is at risk of a significant labor shortage in the next few years. The Bureau of Labor Statistics predicts a 14 percent increase in U.S. job openings between 1998 and 2008, but labor force growth of only 12 percent over the same period.⁵¹

Census Bureau statistics further project that most Southern states will experience a demographic challenge greater than that of the country as a whole. The total number of prime age workers (ages 18-44) in the South is projected to be slightly less in 2025 than it was in 2000, versus 7.1 percent growth for the U.S. as a whole. Similarly, the South’s under-18 population will grow by only 3.5 percent over the same period versus 14.1 percent for the U.S. as a whole. The South’s population of retirees — even without Florida — will more than offset any increase in young people (see chart 10).

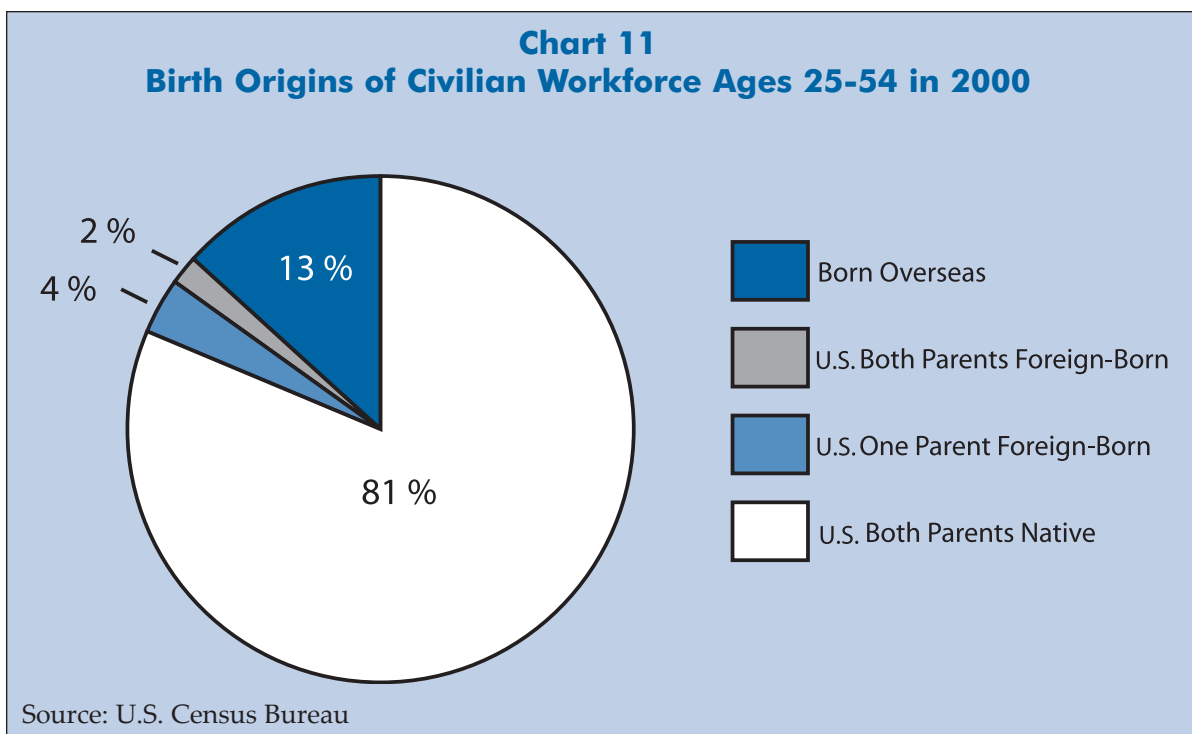


Most foreign-born arrive during their prime working years. Without this projected immigration, the U.S. labor force would actually start to shrink after 2015.⁵² If current levels of legal immigration hold, at about a million people per year, then a little over half of the growth in U.S. population between 1995 and 2025 will be attributable to new immigrants and their descendents.⁵³ As it is, foreign-born individuals accounted for 14 percent of the labor force in 2002, and were the source of 51 percent of U.S. labor force growth between 1996 and 2002.⁵⁴

Immigration usually slows when the U.S. economy slows. While the immigrant population rose by 6.1 percent between 2000 and 2001, it grew by only two percent when the recession hit, between 2001 and 2002.⁵⁵ Illegal immigration from Mexico also slowed down as laborers quickly realized there were fewer jobs to be found in the U.S.

Communities therefore need to be pragmatic investors in newcomer families to insure that these families become assets to the local workforce and economy. The Greater Nashville Chamber of Commerce is one local organization that understands the region’s business climate hangs in the balance. It has worked closely with the state’s Bureau of Refugees as well as with non-government organizations linked to the immigrant community. Refugees and asylum seekers are the only kind of immigrants for which the federal government provides states financial support for resettlement.

Nationwide, in 2001, the percent of high school dropouts among people ages 16 to 24 was 27 percent for Hispanics versus 11 percent for African Americans and seven percent for whites.⁵⁶ For children from low income and undocumented immigrant families the drop out rate is even higher — many drop out to work and support their family, and others drop out on the assumption they cannot get into college and will get the same low-skill job with or without a high school degree.



Economic Development

Many immigrants come to the U.S. with advanced skills, entrepreneurial drive, or both. For example, 20 percent of U.S. medical doctors are foreign educated and immigrants have started many high tech firms. Half of the 2,300 high-skilled foreign workers in Silicon Valley participating in a 2001 survey had started or were managing a new company, often using links from their home countries.⁵⁷

It is, however, commonly the case that immigrants with advanced blue-collar and professional skills cannot get a job in their field in the U.S. The chief reasons are language barriers and lack of U.S. professional certification. Some certifications would require them to repeat their education and take long apprenticeships under a licensed professional. At the same time, English as a Second Language (ESL) for adults isn't always readily accessible. Class hours and locations can put ESL out of reach, as can a shortage of classes and volunteers to teach them. In 2000, nearly two million Southern residents were not fluent in English (see chart 12).

Immigrants and foreign visitors are also important consumers in the local economy. In 1999, the median income for foreign-born households was \$36,048 compared to \$41,383 for households of native families.⁵⁸ And although not all Hispanics are immigrants, it is also significant that by 2007, Hispanics are expected to account for 9.4 percent of U.S. buying power.⁵⁹

Chart 12
Population 5 Years and Over Not Fluent in English,
2000 and 1990

	2000		1990	
	Number	Percent	Number	Percent
AL	63,917	1.5%	36,018	1.0%
AR	57,709	2.3	21,385	1.0
GA	374,251	4.9	109,050	1.8
KY	58,871	1.6	29,423	0.9
LA	116,907	2.8	128,305	3.3
MO	103,019	2.0	62,938	1.3
MS	36,059	1.4	24,512	1.0
NC	297,858	4.0	86,814	1.4
OK	98,990	3.1	51,885	1.8
SC	82,279	2.2	37,757	1.2
TN	108,265	2.0	45,524	1.0
VA	303,729	4.6	161,229	2.8
WV	13,550	0.8	13,594	0.8
South	1,715,404	2.9	808,434	1.6
US	21,320,407	8.1	13,982,502	6.1

Source: U.S. Census Bureau, Census 2000 Summary File 3, Table QT-P-17. Census 1990 Summary File 3, Table DP-2.

Yet foreign contribution to the U.S. economy has been crimped in the post-9/11 era. The more lengthy and expensive visa application and approval process has led to drastic declines in visas for business people, students and tourists. According to the Federal Reserve Bank of Dallas, “There has been a 37.4 percent drop in [business and tourist] visas — from 3.5 million visas in 2001 to 2.2 million in 2003.”⁶⁰ The weak global economy is partially to blame, but the new screening requirements are also a major factor.

The drop in temporary visitors was not mirrored in the number of foreigners granted permanent legal status. The number of foreigners granted a green card was 1.1 million in 2001, and the same number were admitted again in 2002.⁶¹ This can likely be attributed to the large number of applications that were already in the pipeline before 9/11. The number of green card holders may eventually decline, however, since foreign students are a significant source of green card applications.

Communities can benefit by leveraging existing relationships with immigrants and foreign students. Foreign students and immigrants often have the connections, bilingual skills and cultural understanding needed to develop sales in an overseas market. Foreign students and tourists also play a role in attracting foreign investment. Oklahoma, for example, has successfully tapped the foreign alumni of its universities to solicit investment in the state.

Civic Engagement

Too often, native-born citizens equate an inability to speak English with low intelligence or aloofness. After visiting Mexico on a study tour, the mayor of Hickory, a medium-sized city in North Carolina, recently said he better understood the loneliness and discomfort the Mexicans in his community were experiencing, and that it was important for him to smile at them on the street even if they couldn’t speak the same language.⁶² Another native-born leader who participated in the study tour, having experienced an anti-immigrant rally in his community added, “You can’t let the bad feelings sit. Otherwise the bad rumors become ‘truth.’”⁶³

La Vida Loca and Police and Communities Together, Oklahoma

Faced with a resurgence of gang activity in Tulsa's eastside neighborhoods — particularly involving undocumented students seeing little or no hope for future education — the Hispanic Resource Center of Martin Regional Library and the East Tulsa Prevention Coalition joined forces to develop a program aimed at preventing gang involvement. The focus of the program is on building trust and communication between non-English speaking immigrant parents and their “Americanized” teens. The program uses poetry, music and short stories to bring families together. The East Tulsa Prevention Coalition is also working with the Tulsa Police Department to build better relations between the Hispanic community and the police department. Key goals include: 1) reducing immigrants' fears of the police; 2) familiarizing immigrants with city laws; and 3) increasing police officers' cultural awareness.

There are also barriers to civic engagement beyond language. Many new arrivals have a fear of government authorities and institutions that they acquired in their home countries. Undocumented immigrants clearly have to worry about deportation, but even green card holders often fear that they will inadvertently break some rule, or anger an official, and thus derail their plans for citizenship. The fear of institutions sometimes carries over to the commercial world, such as banks, for immigrants coming from countries where there are few protections from unscrupulous businesses.

Transportation is another major barrier to community and workforce participation. Getting a driver's license can be a challenge, or even an impossibility for the undocumented alien. At the same time, public transportation may be unavailable in poorer communities.

All of these pressures contribute to the segregation of neighborhoods and commerce. Housing segregation in particular is on the rise. For African-Americans, there was a decline in housing segregation between 1980 and 2000, while Hispanics, Asians and Pacific Islanders experienced an increase in segregation.⁶⁴ Neighborhood segregation is often voluntary, but it can isolate residents from the larger civic life and responsibilities of the community as well as vital job networks. It also leads to low levels of leadership participation, and unfamiliarity with the native-born community and its laws and culture.

Taking Action

States and communities on the receiving end of rapid immigration have, in the absence of long range planning, been forced to cope rather than strategize. Below are some strategies for responding to immigration through state and local action.

Workforce Skills and Supply

- **Target K-12 school success.** Immigrants and their descendents will be a major segment of the future workforce and taxpayer base. A key focus for communities, then, should be on school success. Dropout prevention, early reader programs and intensive English training are essential interventions for immigrant communities with traditionally low school achievement or literacy. The Leave No Child Behind legislation will drive some of these efforts, but care should be taken to make the interventions specific to a culture or individual. In one North Carolina community, educators created a nine-week before-school program to give hardship cases an intensive exposure to U.S. culture and the English language. In one instance, the focus was on reducing the fear and anger towards society felt by some newly arrived Russian teenagers.⁶⁵ School leaders can also work with the Parent-Teachers Association (PTA) and school clubs to attract Hispanic students and parents into life at the school.⁶⁶ To encourage high school graduation among Latinos in Dalton, Georgia, the main carpet companies agreed to make a high school degree a minimum requirement for entry-level positions.

- ***Increase college attendance.*** In today's economy, postsecondary education or training is necessary for upward mobility. States should re-examine policies regarding in-state college tuition for immigrant students. Legislatures in Georgia, North Carolina and Oklahoma have proposed legislation to extend in-state tuition or state scholarships to high school graduates who have been resident in the state for at least some of their high school education.⁶⁷
- ***Bolster adult ESL (English as a Second Language).*** According to the National Immigration Forum, the overwhelming majority of immigrants want to learn English. Communities might therefore assess the accessibility and quality of available programs. Hickory, North Carolina, for instance, now offers round-the-clock ESL classes. ESL could also be made available at worksites with large numbers of immigrant employees.
- ***Certify skilled workers.*** The community might also take steps to encourage and support the re-certification of immigrants who were professionals in their home countries (e.g., accountants, doctors and mechanics). Community colleges or industry associations might be able to develop accelerated education and certification programs that focus on teaching the uniquely American aspects of the profession.

Economic Development

- ***Cultivate relationships with foreign business communities overseas.*** Immigrant connections can be useful in building commercial bridges into new markets, but states and communities need to be strategic in selecting and designing a manageable number of overseas relationships. Friendship agreements often lack outcome measures or the financial and political means to sustain business and cultural exchange. And, in the past, many Sister Cities were initiated more for cultural exchange than for commerce. This is beginning to change as foreign cities insist on commerce-based exchanges, and as American cities realize the value of private sector involvement. One illustration of the benefits of a long-term investment in overseas relations is the U.S. Southeast-Japan Association. Massive amounts of Japanese investment in the South can be attributed to the more than two decades of business exchange under this association.

With the rising importance of contact-intensive trade (e.g., service exports, international R&D, joint ventures, acquisitions, partnerships), consistent and strategic business exchange is vital for the community's future.

Information Technology Training Program, The University of Arkansas - Fort Smith

The University of Arkansas - Fort Smith launched a new information technology training program in 2001 in an effort to provide current professionals, students and displaced workers with the skills needed to compete globally. The program is self-paced and is centered on learner outcomes, allowing students to exit at multiple points along the educational continuum — from the certificate to the associate's degree to the bachelor's degree levels. Individualized instructional support is available at nights and on weekends in order to further accommodate the schedules of adult learners. Educators continually assess industry feedback in order to ensure that graduates possess the appropriate knowledge, skills, and abilities for success.

- **Identify barriers to commerce.** Consider doing a survey of foreign business visitors, tourists, students, and residents to identify specific barriers to participation in the local economy. The survey could also reveal their interests in a long-term investment — financial or personal — in the community and the entrepreneurial activities of green card holders.
- **Help existing industry stay within the law.** Businesses often have difficulty understanding and complying with the complex laws regarding hiring of immigrant workers. This can lead to errors in hiring and an atmosphere where hiring illegal workers is accepted practice. Communities should organize educational sessions in settings without federal agents, so businesses feel safe asking whether their current practices are in compliance with the law.

Civic Engagement

- **Increase immigrant “investment” in the community.** Much has been said about immigrants sending large portions of their earnings out of the local community and into families back in the home country. Communities might consider doing more to build economic and social attachment to the local area. Ownership in the community begins with civic engagement, home ownership and entrepreneurship. Communities might examine local immigrant progress in these forms of community participation and take action to remove barriers to greater involvement.
- **Encourage leadership travel.** As noted in previous sections of this report, immersion is the best way to gain insights into another culture. Programs such as North Carolina’s Center for International Understanding (CIU), profiled on page 7, are highly effective at building communication between foreign-born and native-born people. At a debriefing following two CIU leadership study trips to Mexico, every single person told a story of how much they had learned and what they were already doing to build bridges into their immigrant communities.⁶⁸
- **Raise public awareness.** There are many myths and misunderstandings about immigrants that can cause resentment. The public needs to understand that not all immigrants are alike. Those coming from Latin America have highly distinct cultures from one country to another within the region. For example, some immigrants from South America may feel unwelcome in organizations that primarily serve Mexican immigrants. Community leaders might therefore consider a public awareness initiative, drawing on: 1) local immigrant leaders to develop talking points; 2) civic clubs and chambers to convene an audience; 3) and the media to convey the facts and tell the stories of those in the community affected by immigration. An effort should be made to identify and emphasize the values held in common between the foreign- and native-born residents.

- **Develop new leaders.** In preparing Southern Growth's 2003 *Report on the Future of the South*, many people in the focus groups pointed out that traditional leaders did not know their new constituency well and therefore had trouble representing them. The report, *Reinventing the Wheel: New Models for Southern Leadership*, called on communities to strengthen the political voice of new immigrants. Leadership Asheville, for instance, recently realized it hadn't had any Hispanic participants in its program. Although scholarship funds were available to encourage diversity, the funds were used primarily to widen African American participation. Because Leadership Asheville did not want to divert that funding, the organization committed to finding new money for scholarships for immigrant representatives.
- **Help service providers to serve.** Language and culture training for people on the front lines of public services (e.g., educators, police, division of motor vehicles) is a growing business. Community leaders should check to see if and how such training is going on among first responders and others with a high rate of public contact. It may be helpful to develop targeted strategies for certain kinds of public service providers. For instance, health care providers could benefit from knowing more about the health profile of the countries their clients come from, and any cultural practices that might affect how illnesses are identified and treatment is provided.
- **Create welcome handouts.** Whether they are green card holders, tourists, students or investors, many newcomers are forced to learn by trial and error how to navigate through the legal, institutional and social mazes in their new community. Something as ordinary as renting an apartment or buying a house is made complex for lack of knowledge about the neighborhoods, real estate law and the English language. Communities might therefore put together a packet of materials that, for instance, explains local customs and events, expectations for school children, where to find information on a topic, the role of the local police, and how to sign up for an ESL class.

Communities for International Development: Blount County, Tennessee

"What started as a dynamic Sister City relationship has now blossomed into a productive partnership that is working to foster world peace," says the director of the Blount County Sister City Organization, in describing an international alliance known as Communities for International Development. In 2000, Blount County and the cities of Alcoa and Maryville entered into a Sister Cities relationship with Zheleznogorsk, Russia, a formerly closed nuclear city. Faced with the planned closure of the town's major employer — a plutonium production nuclear reactor — Zheleznogorsk was particularly interested in exploring options for diversifying the community's economic base. A July 2000 visit by the Tennessee delegation to Russia was followed by several citizen-to-citizen exchanges and a visit by a Russian delegation to Tennessee. In 2003, an effort was made to bring five similar U.S. and Russian Sister City pairs together to form an alliance, Communities for International Development, to work together to enhance and improve the communities.

- **Target transportation barriers.** In the post-9/11 era, some states have taken action to restrict the issuance of driver's licenses to those with proof of legal residency. The exact impact of such restrictions is unknown, but according to the Center for Policy Alternatives, "In most states, law enforcement officials have been part of coalitions supporting the elimination of restrictions on driver's licenses for immigrants. As reasons for their support, they cite public safety, fraud prevention, and the desire to reduce courtroom congestion."⁶⁹

Clarkston Community Center, Clarkston, Georgia

The Clarkston Community Center in Clarkston, Georgia has made considerable progress in integrating an influx of refugees into the community, through a community-wide program of recreational, educational, community building, and health promotion activities. A recent program, in partnership with the county's Board of Health, focused on teaching immigrant women the basics of health and hygiene. The need is particularly great, since one-third of the community's residents were born outside the U.S. and 40 percent speak a foreign language at home. The Center was originally started by a group of community residents who convinced the county school board to lease them an old high school building.



Listening to the South

Listening to the South

One: Community Forums on Globalization

What are the best choices for our communities in responding to the challenges and opportunities of globalization? To help answer this question, the Southern Growth Policies Board developed a community discussion guide, entitled *Globally Positioning the South: Making Choices for Your Community*. The goal of the guidebook was not to suggest a single correct path for all communities, but to encourage communities to hold public forums in which to explore many pathways to the future, each with its own trade-offs and consequences.

To spur conversation, deliberation and action, three possible approaches were outlined in the *Globally Positioning the South* guidebook. Each of these represented different viewpoints that citizens might have about future directions for their community. These options and the guide itself were intended to serve as the beginning points for a community's discussion about what is important as it pursues sound, informed decisions about its future.

Approach 1: Focus on Strengthening the Workforce

In this view, strengthening the workforce is the best approach to securing our future in the global economy. We can't stop all job loss, but we can recover faster. Jobs will follow skills, so we need to make sure that everyone is upwardly mobile. This approach calls for boosting college attendance and completion, promoting training of current workers, beginning career awareness and counseling in the early grades, and internationalizing the school curricula, including putting more emphasis on foreign language training.

Approach 2: Focus on Strengthening Businesses

Losing jobs to trade and technology requires no effort, but gaining jobs does. Supporters of this view argue that we should use international trade to support business viability, in turn creating plentiful, good jobs. Strategies would focus on giving businesses access to a steady stream of useful information about global markets and new technologies and providing them with assistance until they gain experience.

Approach 3: Focus on Strengthening Civic Relationships

Supporters of this approach see overseas relationships, foreign investors and visitors, immigrants and exporters as untapped assets in the community. They call for strategies that build on the market connections and expert knowledge of these international stakeholders. They say that our best approach for the future is to tap into these resources by convening the community's international stakeholders to plan strategically for the future, nurturing overseas relationships, and better integrating immigrants into community life.

To date, more than 500 people have participated in *Globally Positioning the South* forums in 25 communities across the South. As noted below, the forums have drawn people from a variety of perspectives.

- Participants ranged from students to seniors. Although the largest group of participants were in the 50-64 age category, a special effort was made to include the voices of young people. This included the convening of a Youth Summit in Oklahoma City, in partnership with Leadership Oklahoma.
- Forums tended to attract a highly educated population, with nearly two-thirds of participants holding at least a college degree.
- Participants were divided fairly equally between urban, rural, and suburban communities.
- More than half of the participants had a current passport, and more than three-quarters had visited at least one country outside the U.S. at some point during their lifetime. Taken as a whole, participants had traveled to nearly 100 countries — from Iceland to India to the Ivory Coast.

Although Southern Growth heard a great variety of discussion from the participants, five major themes emerged from the forums.

Theme One: Communities need to start by raising public awareness of issues and facts related to globalization.

“Attitude remains the number one issue and obstacle to globalization and economic security and progress,” said a participant in Nashville, Tennessee. In West Virginia, a participant said, “Widespread ignorance is a barrier to creating public policy that could address the issues.” “Globalization is coming whether we like it or not,” according to a participant in Huntsville, Alabama. In fact, participants in nearly every forum expressed the need to raise citizen awareness of issues — and especially facts — related to globalization. More than half of all participants told us that they were thinking differently about the issue after participating in their community’s forum.

Theme Two: Education is key to changing attitudes and preparing the workforce for a global future.

The importance of education was a common thread in many of the forum discussions. “Opinions and beliefs take a long time to change,” emphasized a woman in Raleigh, North Carolina. In Oklahoma City, young people were concerned about the disparities of international education between urban and rural schools. “Urban schools at least offered classes where you heard about [global issues]. Rural schools heard nothing,” according to the participants. In the post-forum questionnaires, more than 96 percent of all the participants in the region said that students should be required to take a foreign language in high school.

Theme Three: The global economy offers opportunities for job creation — not just job loss.

Many stories of jobs lost to foreign competition emerged from the forums. In Fort Smith, Arkansas, appliance-maker Whirlpool had recently announced it was moving production to Mexico. In Sumter, South Carolina, the Robert Bosch Corporation announced the closure of its automobile brake factory, again with the jobs going to Mexico. A number of participants were optimistic about the region’s potential to grow, however. “Exporting seems to be the only way Mississippi can compete,” according to one participant. Participants in Nashville, Raleigh, St. Louis and elsewhere felt the need to make businesses more aware of export opportunities. Participants in Bullitt County, Kentucky saw a need to reach start-up companies to get them thinking “bigger” and “more globally.”

Theme Four: Strike a balance between expecting immigrants to conform to “mainstream” culture and making efforts to identify their unique skills and talents.

A forum participant in Oklahoma City said, “Instead of viewing many immigrants as burdens, we should utilize their skills and connections to improve business.” A participant in Atlanta said, “Latinos have more skills than our dropouts and are taking jobs from our people.” Opinions often conflicted on how much immigrants should be expected to conform from both cultural and language standpoints. “If I became an immigrant to France, I would speak French,” said another of the Oklahoma City participants. Several participants saw an opportunity for Southern communities to take better economic advantage of the skills and connections of newcomers. “We need to utilize the immigrant population as a resource for trade,” according to a Nashville participant.

Theme Five: It is urgent that we address issues related to globalization.

“We must act now,” said a participant in Charleston, West Virginia. A Montgomery, Alabama participant noted that job training is useless in the absence of job development. Participants in Nashville, Knoxville and Jackson, Tennessee recognized a need to make more personal commitments to action, committing to spend “...more time with immigrants in the community.” Several forums discussed the need for specific community action. In Huntsville, for example, there was a recommendation to bring together various international organizations to create a community strategic plan on globalization.

A full report on the findings of these forums is available on the Southern Growth Policies Board Web site at www.southern.org/forums.

Forum Locations		
Birmingham, AL	Lexington, KY	Charleston, SC
Huntsville, AL (3)	St. Louis, MO	Sumter, SC
Montgomery, AL	Greenwood, MS	Jackson, TN
Fort Smith, AR	Meridian, MS	Knoxville, TN
Pocahontas, AR	Summit, MS	Lawrenceburg, TN
Athens, GA	Raleigh, NC	Nashville, TN
Atlanta, GA	Oklahoma City, OK (3)	Charleston, WV
Baker County, GA	San Juan, PR (2)	
Bullitt County, KY	Barnwell, SC	



Listening to the South

Two: Regional Retreat and Focus Groups

While the community forums were designed as public conversations on globalization, Southern Growth also conducted a regional retreat and a series of focus groups to concentrate more directly on the specific language of policy recommendations for this report.

Southern Growth started the process with a two-day regional retreat in Research Triangle Park, North Carolina on September 16-17, 2003. About seventy-five Southerners participated, including members of Southern Growth's board and each of the advisory councils. Representatives from the Southern Consortium of University Public Service Organizations (SCUPSO) also participated. After a day of briefings and exercises, the group vigorously debated and settled on a series of preliminary recommendations.

Those recommendations became the basis for focus groups that were held throughout the region. Between October and March, focus groups were convened in Georgia, South Carolina, Kentucky, Louisiana, West Virginia, Puerto Rico and Alabama. More than 200 people participated in these sessions.

Focus group participants told us that communication problems and trust issues were preventing immigrants from becoming fully engaged in their new communities. A participant in Kentucky remarked on the broad world perspective that newcomers can bring to a community, "Typically they have lived in more than one place, speak more than one language, and have been exposed to more than one ethnic group." A Louisiana participant urged us to work harder to "...prevent immigrants from feeling totally isolated and living and interacting only with their own." In Georgia, a suggestion was made to "...welcome them into our communities — their communities — by inviting them into our churches, our recreational programs."

A focus group participant in South Carolina talked about the potentially paralyzing fear of the unknown, "Where will replacement jobs come from? How will we compete?" An Alabama participant focused on the positives, noting "... trade has created the larger market to serve, happier citizens, more money locally and a better quality of life." Calls for more effective leadership were often heard in the focus groups, such as from the Louisianan who said, "We need public officials to use their offices to educate, explain and address our fears rather than play on them." Many participants talked about habits and behaviors being a barrier to more global engagement. A West Virginian remarked, "We are unwilling to leave comfortable surroundings and ideas."

The recommendations were changed in accordance with suggestions from the focus group participants. Throughout the process, the Global Strategies Council (GSC) monitored the progress. Feedback from the community forums as well as Southern Growth's on-line survey was consistently woven into the decision-making process. On March 11, the GSC met in Washington, D.C. to make its final recommendations.

On April 2, the final recommendations were submitted to Southern Growth Policies Board's Executive Committee. The Executive Committee approved the recommendations subject to the full Board's ratification at its annual business meeting.



Listening to the South

Three: On-line Survey

In our efforts to listen to more and more Southerners, Southern Growth began to utilize an on-line survey in 2003. While voluntary surveys like this are not scientific, they do provide insight into the kinds of things that people are thinking.

A higher level of participation than last year was already evident when a sudden spike in activity was noted. Closer examination revealed a new and unfortunate pattern. Several hate groups were responding to the survey and forwarding it to like-minded people.

If the survey results were to have value, hate-driven responses needed to be separated from those that were simply offering us input. As a result, all responses that involved name-calling or used denigrating language towards any group (whether by race, nationality or religion) were excluded from the tabulated results. In no case, however, was anyone excluded because of their opinion on public policy.

In all, 775 responses were received online, and 308 of those were excluded for the above reasons. That left a total of 467 usable responses, up from last year's total of 389. The percentages that are quoted below should be read as "percentage of usable responses." Six of the questions were multiple choice; the remaining three were open-ended.

Question: Which of these three statements best reflects your view on international trade: go back, slow down, or go forward?

Slow down:	40.5 percent
Go forward:	34.2 percent
Go back:	23.9 percent
No opinion:	1.4 percent

Question: Do you think state and local leaders should travel abroad at public expense to develop export opportunities?

Yes:	67.5 percent
No:	29.2 percent
No opinion:	3.4 percent

Question: Which of the following answers best characterizes your familiarity with trade policy?

Fairly knowledgeable:	50.4 percent
A little knowledgeable:	31.9 percent
Very knowledgeable:	10.0 percent
Not knowledgeable:	7.7 percent

Question: Which of the following answers best characterizes your view on international education (American students' study of foreign languages, geography, culture, study abroad, etc.)?

Students and teachers need intensive exposure to international topics:	60.3 percent
It is enough to add international exposure to existing core classes:	25.4 percent
This is not an educational priority:	12.1 percent
No opinion:	2.2 percent

Question: Which statement best reflects your opinion about the state or local role in international development (helping poor countries)?

States and communities should actively support groups that already do this:	39.7 percent
There is no leadership role for states and communities:	30.9 percent
States and communities should initiate, organize and/or coordinate assistance to strategic areas of the world:	23.6 percent
No opinion:	5.8 percent

Question: Which statement best reflects your views towards immigration?

Immigrants are assets in our communities:	66.6 percent
Immigrants are a drain on our community:	24.3 percent
No opinion:	9.1 percent

Question: Trust between buyer and seller is especially important when exporting services and high tech products. What role if any should states or communities adopt to facilitate the development of business relationships overseas?

Respondents answered in their own words, and the responses were quite varied. One major trend among the answers was for states to play only a facilitation role. Those who answered this way said the state has a role to play but should be careful not to exceed this role. One respondent said, "Remove barriers, regulatory and otherwise, and facilitate communication between the private sector participants as long as necessary. Then get out of the way."

Another significant trend was represented by respondents who said that the state has no role to play in international trade. These respondents said that the private sector should develop more international relationships with the government, playing very little, if any, role. As one respondent said, "Business is business. The government only needs to ensure that overseas business is being handled according to law."

A somewhat smaller group of respondents felt the government needed to ensure the ethical standards of international relationships. About the same number urged policymakers to focus on building domestic capacity rather than international relationships. Other answers that showed up a number of times included recommendations for government to behave in a collaborative manner, to focus primarily on security issues, to lead in the development of sister cities relationships, to provide representation abroad, and to create a comprehensive plan for trade development.

Question: What is the most important thing we should do in responding to the increased presence of immigrants?

Although this was an open-ended question, the lion's share of the responses fell into two categories of approximately equal size. One set of respondents had as their primary concern the enforcement of immigration laws. One respondent said, "Continue with limited legal immigration. Put more effort into arresting and deporting illegals." Another recommended, "Strong meaningful enforcement of immigration laws combined with a program to allow desired workers in on a temporary basis to work." Although many of those whose responses fell into this category also supported either a moratorium on or a significant slowing of immigration, the larger issue seemed to be great discomfort with laws not being enforced.

The other large set of responses to this question was composed of those who believe we can do a better job of helping immigrants become productive members of communities more quickly. "Invest in them as a valued part of our labor force," said one. "Help immigrants acculturate and assimilate into the general society while at the same time helping to create an atmosphere that is open to multiculturalism," said another. Many respondents focused on the need for more training and education for immigrants, with a particular focus on the availability of ESL (English as a Second Language) instruction.

Question: Please share your views on the importance of international education opportunities for American students.

The great majority of respondents said that American students need better international education and skills. Many talked about mandatory foreign language requirements. Many spoke of international business opportunities. Others spoke of the benefits to be derived from gaining a broader point of view on all issues. One respondent said, "Globalization in industry is a reality, and students need to prepare to interact and communicate with people from other countries and cultures." Another said, "We really need to understand more about the rest of the world, especially since our country has a great deal of effect in the world and often proceeds with only a national view, not an international view." Still another said, "It is imperative that our students are exposed to the culture and climate of foreign countries. We must increase our educational efforts. Being the only superpower carries responsibilities as well as rights."

End Notes

¹ *The Economist*, April 10-16, 2004, p.26.

² These numbers are intended for illustrative purposes only. Calculations are made based on 2001 Miser data, divided by state GSP. The result is compared to the national average, with “missed sales” being those that would have been produced if the state exported at the average rate of exports as a share of GSP. Extrapolations are made based on \$1 billion in sales creating 15,000 direct and indirect jobs in the goods sector, and 10,000 jobs for the services sector. Services are estimated to be close to the national average, which is one-third the value of manufacturing exports. The numbers could be quite different in a period of full employment. GSP data from the Bureau of Economic Analysis (www.bea.doc.gov/bea/regional/gsp) with exception of Puerto Rico, which is from the Statistical Abstract of U.S.: 2003, Table 1314.

³ *The CIA World Factbook*, 2003, www.odci.gov/cia/publications/factbook/index.html. Growth in global output fell from 4.8 percent in 2000 to 2.2 percent in 2001 and 2.7 percent in 2002.

⁴ Bradford Jensen and Andrew Bernard, “Exceptional Exporter Performance: Cause, Effect or Both?,” Carnegie Mellon Census Research Data Center, 1997.

⁵ Dr. Paul M. Swamidass, *Technology on the Factory Floor, III: Technology Use and Training in U.S. Manufacturing Firms*, The Manufacturing Institute, 1998.

⁶ Another study, *Why Exports Matter: More!*, by Dr. J. David Richardson and Karin Rindal, shows that 1992 exporters were up to 20 percent more productive than their non-exporting peers (The Manufacturing Institute, 1995).

⁷ U.S. Small Business Administration, www.sba.gov/oit/statereports/, and *Exceptional Exporter Performance: Cause, Effect or Both?*, by Dr. J. Bradford Jensen and Dr. Andrew B. Bernard, Carnegie Mellon Census Research Data Center, 1997.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² J. David Richardson and Howard Lewis, *Why Global Commitment Really Matters*, Institute for International Economics, 2003.

¹³ Dr. J. David Richardson and Karin Rindal, *Why Exports Matter: More!*, The Manufacturing Institute, 1995.

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¹⁵ Steven G. Livingston and Ellis Anton Eff, “Internationalizing the Rural Southeast: The Determinants of Rural Southeastern Manufacturers’ Decision to Export,” TVA Rural Studies Program, 2000.

¹⁶ Office of the U.S. Trade Representative.

¹⁷ The U.S. numbers are calculated based on the average of all state exports and all state GSP. As such, it may vary from U.S. exports as a share of Gross Domestic Product — a reflection of the data collection challenge. The Canadian and German numbers come from the *CIA World Factbook* and are based on 2002 estimates.

¹⁸ “A Profile of U.S. Exporting Companies, 1997-98,” U.S. Census Bureau, Foreign Trade Division, U.S. Department of Commerce

¹⁹ National Federation of Independent Business, www.nfib.com.

²⁰ Jennifer Bremer, “Trading Up: Report on A Symposium to Provide State and Private Sector Input Into the National Export Strategy,” Kenan Institute for Private Enterprise, 1993.

²¹ Patrick J. Conway, “When Do Firms Downsize?,” Economics Department, University of North Carolina, March 2004.

²² Ervin Portman, President of Weststar Precision, Inc., based in Holly Springs, North Carolina, manufactures medical products in both the U.S. and Costa Rica. Having gone through the site selec-

tion process as both an employee of a major company and as an entrepreneur, he is struck by the contrast in industrial park offerings. "Here you may see industrial parks with multiple landowners and a crazy quilt of tenants. Even in developing countries, global prospects are more accustomed to seeing industrial parks that are themed (e.g., medical), under single ownership, and attractively maintained." From interview, 4-13-04, by Carol Conway, following a CAFTA conference of the World Trade Center of North Carolina, in Research Triangle Park.

²³ Chris Whatley, *State Official's Guide to International Affairs*, Council of State Governments, 2003 (ISBN #0-87292-810-1).

²⁴ Myron Miller tells the story of being in China for a major U.S. company on a marketing expedition in the mid-1980s, when few Chinese spoke English, and even fewer Americans spoke Chinese. After several days of traveling to visit industrial sites and interview potential customers, it became clear that the Chinese interpreter was inserting the word "foliage" every time the Americans said the word "plant." English is full of idioms and words with dual meaning.

²⁵ "Beyond September 11: A Comprehensive National Policy on International Education," Center for Institutional and International Initiatives, American Council on Education, 2002.

²⁶ An as-yet unpublished doctoral thesis, however, may soon provide some answers. Standards are the focus of Darla K. Deardorff, coordinator of the Duke-UNC Rotary Center for International Studies in Peace and Conflict Resolution, one of only seven such centers world-wide. She is completing her doctorate in higher education administration this spring through North Carolina State University. A parallel research project is centered on defining which international skills are needed by businesses engaged globally.

²⁷ *Asia in the Schools: Preparing Young Americans for Today's Interconnected World*, report of the National Commission on Asia in the Schools, Asia Society (www.international.org/ASIA_101.pdf). Former North Carolina Governor James B. Hunt served as Co-Chair of the Commission.

²⁸ *Open Doors 2000*, Institute of International Education

²⁹ 2003 estimates from "Global Internet Statistics," Global Reach, www.globalreach.com.

³⁰ The Census Bureau includes in this definition any child, born anywhere, to a parent who immigrated to the United States.

³¹ Table No. 1367, "International Tourism Arrivals, Expenditures, and Receipts — Leading Countries: 1990 to 2000," *Statistical Abstract of the United States*, 2002.

³² Sandra Yin, "Coming to America," *American Demographics*, November 1, 2002.

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³⁷ Harris Teeter, a major grocery chain, recently committed \$1 million for study abroad scholarships at the University of North Carolina, targeted to disadvantaged in-state students.

³⁸ From a press release of The Asia Society (www.asiasoc.org). It added, "Across the country, nearly one-third of high school students do not graduate; nearly half of all African-American and Hispanic students do not make it to graduation day."

³⁹ Information about the schools, including examples of courses and a timeline will be posted as it becomes available at www.InternationalEd.org.

⁴⁰ *Open Doors*, Institute of International Education, annual reports.

⁴¹ Marlene M. Johnson, Letter to the Editor, *Wall Street Journal*, March 2, 2004.

⁴² Faculty data are full-time equivalents, in the Fall of 1999. From the National Center for Education Statistics, Table 227, at <http://nces.ed.gov/pubs2002/2002130.pdf>.

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Doyle Webb
Richard B. Williamson
Blake A. Wilson

Focus Group Participants

Southern Growth Policies Board strives to involve as many voices as possible in the development of its reports and recommendations. Southern Growth staff hold focus group meetings in each member state at least every two years. Names of participants in the *Globally Competitive South* focus groups are listed by state below. Input from citizens whose states were not visited this year were sought through Advisory Council discussions, community forums and an on-line survey in which more than 460 people, from across the region, shared their views.

ALABAMA

Lynn Beshear
Kobi Little

ARKANSAS

John W. Ahlen
Brenda Gullett
Stephen D. Lease
Davie Spindle

DISTRICT OF COLUMBIA

Jennifer A. Bremer
Betty Paugh-Ortiz
Leslie M. Schweitzer

FLORIDA

Edward L. Schons

GEORGIA

Roy W. Bahl Jr.
David Bruce
Pedro Carrillo
Katelin Dial
Job Dieleman
Sherman Dudley
Arthur Dunning
Kathe Falls
Jim Flowers
Andrew Freidmann
Robert P. George
John L. Gornall
John H. Jeffreys
Michael J. Johnson
Greg M. Laudeman
James G. Ledbetter
Christopher Mangum
Carlos Martel
Catherine M. Mathis
Lee H. Mertins
James C. Nobles Jr.
Dionne Rosser-Mims MPA
Roger M. Scovill
Patrick Stafford
Richard C. Sutton
Cedric L. Suzman
Charlie Walls
Valerie Whiteman
Joseph Whorton
Rob Williams
Brian Williamson

KENTUCKY

Lana Alzoubi
Don Anderson
Zuber Ali Arif
Dan Ash
Omar N. Ayyash
J. Barry Barker
Roland Blahnik

Gabriele Bosley
Craig Buthod
Henry V. Diaz
Jose Neil Donis
Joseph L. Fink III
Paul Gerrard
Holley Ann Groshek
Janet Guerin
Leo J. Gutgsell
Jennifer Hoert
Jack Howard
Thomas Lee Johnson
Becky Jordan
Khalid A. Kahloon
Muthusami Kumaran
Helen Lang
Eddie Abdeljalil Maamry
Edgardo Mansilla
Leone Martinez
Thinh Nguyen
Mary Lou Northern
Kenneth Oilschlager
Paige Pearman
Regina Phillips
Louise Schulmann
Julie Scoskie
G. A. Shareef
Prafula P. Sheth
Terry L. Singer

LOUISIANA

Roy Alston
Robin Bracken
Bruce Bradley
Jim Brandt
Charmaine Caccioppi
Mary Ann Coleman
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Joseph Ganitsky
Sylvia H. Goldman
Felipe Gomez
Ann Guissinger
Jon E. Hankins
Jeanne Hathan
Donald A. Hoffman
Lola Kendrick
Adam Knapp
Anil Kukreja
Gina I. Nadas
Nchor Okorn
Karen Parsons
Nicole Payne
Kevin H. Pollard
Joseph R. Rosier Jr.
Eugene J. Schreiber
Scott Shalett

John F. "Jack" Sharp
Stanley L. Swigart
John Talmage
Patricia F. Trudell
Karl Turner
Jack Walker
Kyshun Webster
Robert K. Whelan
Rodney W. Williams

MISSOURI

Mary K. Pyle

MISSISSIPPI

Lionel J. "Bo" Beaulieu
Terry C. Burton
Alice M. Clark Ph.D.
Vaughn L. Grisham
Mabel M. Murphree
William S. "Bill" Triplett
W. Martin "Marty" Wiseman

NORTH CAROLINA

Darryl L. Black
Leslie N. Boney III
Peter Cunningham
J. Warren Fuson
J. Patrick Gavaghan
Gary M. Green
Sara Lawrence
Tammy Lester
Susan L. Markham
J. Ted Morris
Rajeev Narayan
Brooks Raiford
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John R. Sanders
Jesse L. White Jr.
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OHIO

Harold Hicks

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Larry F. Devane
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Ernest G. Andrade
Peter H. Arnoti
Joseph Azar
Barbara A. Brown
Dorette Coetsee
Russell D. Cook
Alan Craig
Deidre Buice Crow
Sarah Y. Friedman
Joseph T. Geddie
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John C. Kresslein
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Thomas E. Persons Sr.
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TENNESSEE

Sherrie Gilchrist
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VIRGINIA

Cheryl B. Lockwood
Jacquelyn Y. "Jackie" Madry-Taylor

WEST VIRGINIA

John D. Baisden
Juan de Dias Barrios
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Jan W. Dickinson
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