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## One Easy Fix For Immigration

### Immigration reform is bogged down in controversy, but there's compelling new evidence that the U.S. should let in the most educated

by [Maira Herbst](#)

Deepa Singh's journey to the U.S. began as a classic tale of the American dream. She left her native New Delhi in 1999 at the age of 23 and received a master's degree in computer science from Rensselaer Polytechnic Institute in New York state. After graduating in 2001, she took a job as a computer analyst at computer maker Sun Microsystems ([SUNW](#)), weathering a stormy period of layoffs as the dot-com bubble burst. In the heart of Silicon Valley, she began thinking about starting her own company, developing a plan for a social-networking Web site for working women, and drawing offers for funding from venture capital firms.

That's when the dream died. She's in the U.S. on a temporary work visa, known as an H-1B, and Sun is sponsoring her for permanent residence. But the wait for a green card is six or seven years, and her visa prevents her from leaving Sun to start her own company. So at age 30, she's making plans to depart for Australia. "I expected that if you work hard and play by the rules that it would work out for me in America," says Singh. "I am eager to start my own company, but it turns out I don't have the option. I have wasted five of my most productive years just waiting."

As Congress prepares for a new round of debate over immigration reform, Singh is just one example of how the current policies in the U.S. may be undercutting economic growth. She is one of more than 300,000 skilled workers who have come to the country on temporary visas and are stuck in line for green cards.

#### Would-be Entrepreneurs Frustrated

Now, as these waits have stretched to years and opportunities in China, India, and other countries have improved, many of the most motivated are turning their backs on the U.S. "Increasingly, they're getting fed up and going home," says Vivek Wadhwa, a professor at Duke University's Pratt School of Engineering. "There are dozens of people I've talked to in the past year alone who have gone back to India because they are frustrated."

The situation is particularly troublesome for would-be entrepreneurs such as Singh. People who start companies typically end up hiring others, creating jobs, and stimulating the economy. But

they need to move quickly in launching their businesses, especially in fast-moving fields such as technology, so others don't jump out ahead. Waiting five or more years is out of the question. "Within six months, an idea gets stale," says Wadhwa.

Rather than making the situation better, Washington now risks making the situation worse. As early as this week, the Senate is expected to take up once again the debate over how to reform the country's immigration laws, but the chances of any legislation appear to be fading.

## **Priority for Business Creators?**

The most controversial point has been what to do with the undocumented immigrants already in the country, an estimated 12 million people. The disagreement over these low-skill workers may also eliminate any chance of improving the plight of high-skill workers (see [BusinessWeek.com, 5/18/07, "A 'Troubled' Immigration Proposal"](#)).

There's a relatively simple solution. In fact, it may be the one easy fix in the country's immigration policy: Let in the people from other countries who are most likely to create new businesses. Wadhwa recently completed research that provides something of a road map for this.

After studying hundreds of companies founded by immigrants, he discovered that the most likely people to start companies are those who receive master's and doctorate degrees, particularly in science, technology, engineering, and mathematics. He also found that it's not just people who graduate from top schools such as the Massachusetts Institute of Technology or Stanford University who start companies. "What was surprising is that it doesn't really matter which schools they come from," he says.

## **Seeking Policy Fit for the Economy**

To many experts, such evidence suggests that the U.S. should overhaul its policy approach and do much more to attract highly educated workers such as Singh. One proposal that has been floated in Congress is to let in all the foreign-born students who get advanced degrees from U.S. schools. Right now, those students must line up for temporary visas and green cards like everyone else—and only a limited number are allowed in each year.

"We need an immigration policy that adapts to the changing economy—and one that not only helps fill jobs, but one that welcomes innovators who create jobs," says Robert Hoffman, a spokesman for Oracle ([ORCL](#)) and co-chair of Compete America, a tech coalition pushing for immigration reform. Other members of the group include Motorola ([MOT](#)), Texas Instruments ([TI](#)), Intel ([INTC](#)), and Hewlett-Packard ([HPQ](#)).

The wait for immigrants such as Singh, with promising careers, is growing because of a fundamental mismatch between temporary visas and permanent papers. Each year, some 65,000 people are allowed into the U.S. on a temporary work visa known as an H-1B (and in some previous years, it was even higher). Many of the people who receive those visas decide to apply for green cards, which offer permanent residency.

## **Green-Card Backlog**

But green cards are currently capped at 140,000 per year, and only 7% of that total, or 9,800, can go to citizens of any single country. That means vast countries such as India and China have extraordinarily large backlogs as tens of thousands of visa workers enter the U.S. each year (see BusinessWeek.com, 5/25/07, ["Immigration Fight: Tech vs. Tech"](#)).

The U.S. government does not provide data on the size of the backlog, but the advocacy group Immigrant Voices estimates that a net 90,000 to 100,000 people are added to the queue each year. "It's unfair to the community [of those waiting for green cards], and it's unhealthy for the U.S. economy," says Jay Pradhan, a vice-president of Immigrant Voices.

A handful of groups do oppose more green cards for the highly educated. Kim Berry, president of the 1,500-member Programmers' Guild, argues that giving green cards to the hundreds of thousands of people in the backlog will displace Americans and drag down wage levels. He points out that employment in the tech sector has been largely stagnant since 2000, adding only a net 262,700 jobs since then to bring the total to 3.7 million.

## **Tradition of Foreign Founders**

Adding in another 315,000 people from the green-card queue would flood the market with labor, he says, with many of the newcomers willing to work for less. "For a young programmer coming from India, a \$40,000 salary might be fine," says Berry. "But it's not going to be enough for an American trying to raise a family in San Jose."

But many other experts and legislators see the long, rich history in the U.S. of immigrants founding important companies—creating jobs, rather than taking them. In his research, Wadhwa has estimated that one-quarter of the technology and engineering companies founded in the U.S. between 1995 and 2005 had at least one key founder who was foreign-born, and those companies generated sales of \$52 billion and employed 450,000 (see BusinessWeek.com, 2/6/07, ["The Impact of Immigrant Entrepreneurs"](#)). Among the more prominent companies with immigrant founders are Sun Microsystems, Intel ([INTC](#)), eBay ([EBAY](#)), Yahoo ([YHOO](#)), and Google ([GOOG](#)) (see BusinessWeek.com, 6/6/07, ["Immigration: Google Makes Its Case"](#)).

## **Forced to Underachieve**

Still, as the current immigration policies create years-long waits for admission, and Congress seems unable to solve the problem, foreign-born workers are growing more frustrated. Vineet Agrawal, a 32-year-old who works as a systems consultant in Princeton, N.J., has been in the U.S. for four years on a visa and is waiting for his green card. He has developed a computer systems integration program, and he wants to start a consulting company to take advantage of his innovation.

If he doesn't get his green card by next year, he figures he'll have to leave the U.S. "The processing is endless," says Agrawal, who did not want to reveal the name of his employer. "I'm

part of a class that wants to be productive and contribute more, but is being forced to underachieve."

Deepa Singh, meanwhile, says that she simply doesn't hold out hope anymore that things will change in the U.S. "I'll be starting all over again in Melbourne," she says. "But I don't have a choice. I don't just want to do a job anymore. I'm eager to start my business."

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