



Commentary

## **The Other Side Of Immigration**

Robert E. Litan and Vivek Wadhwa 07.09.07, 6:00 AM ET

Even with the failure of President Bush's recent immigration reform measure, members of both political parties want to change current U.S. immigration law. Much of this interest is rooted in concerns over low-skilled immigrants entering the U.S. illegally, and whether these immigrants depress the wages of American workers.

Yet as the debate continues inside and outside of Congress, it would be wise to focus more attention on the tremendous benefits highly skilled immigrants bring to this country, and how the right immigration reforms can enhance U.S. economic growth and job creation in the future.

Many Americans believe that immigrants with science and technology skills who come to the U.S. are competing with American graduates – and boxing them out of certain jobs. On the contrary, these entrepreneurial immigrants are using their skills, as well as the opportunities for business development present in the United States, to create more jobs for American workers.

A study of some 2,000 engineering and technology companies created between 1995 and 2005 found that in 25% of these companies, either the chief executive or lead technologist was foreign-born. In 2005, these 2,000 companies alone produced \$52 billion in sales and employed 450,000 workers. These are enough jobs to hire all the skilled engineers that have immigrated to the United States over the past decade and then some.

In fact, U.S. cities with the largest immigrant populations tend to have the greatest number of technology startups. The success of markets such as Silicon Valley, New York City, Chicago and Boston--all of which boast significant immigrant populations and relatively high rates of immigrant startup activity--should help allay fears that welcoming more highly skilled immigrants will freeze Americans out of opportunities.

Many of the companies started by immigrant entrepreneurs are ones you've never heard of, but some you undoubtedly have, like Yahoo!, Google, and eBay. Hardly any of the immigrants involved in starting these companies came here as entrepreneurs; the majority came to study.

But, as many native-born Americans have found, the United States offers unique opportunities for those with the desire and drive to get ahead. The economic environment here is one that's supportive of starting a business: reasonable taxes and regulation, enforceable contracts and a highly motivated, well-educated workforce. America is where entrepreneurial immigrants want to come, because they know they'll be given a fair chance to succeed.

It is common knowledge that many immigrants are well educated in tech-related subjects. It is less commonly known that so many of these well educated immigrants gravitate toward

entrepreneurial endeavors. This is not a coincidence. Education and innovative entrepreneurship are correlated, as people with advanced degrees possess the qualifications and the confidence to bring novel and useful contributions to the market.

Still, policymakers face significant pressure from those who believe that welcoming more skilled immigrants means American graduates will have fewer opportunities available to them. We understand the political pressures, but U.S. policymakers must recognize a basic fact: If highly skilled, job-creating entrepreneurs feel unwelcome in the United States, they will go elsewhere, and workers, investors and consumers in other countries will reap the most rewards from their entrepreneurial endeavors.

That is why getting immigration reform right is essential to keeping our economy growing. Today, nearly 60% of Ph.D.s and 40% of master's degrees in engineering from U.S. universities are awarded to foreign nationals. But these figures are down since Sept. 11, 2001, and entry on student visas has become needlessly difficult. In response, other countries are welcoming more talented immigrants. This is a threat to our long-term economic growth, which depends heavily on the continued creativity and robustness of the tech sector.

Like most economic questions, boosting America's high-tech industries should not be viewed as an either-or proposition: Either we support American students *or* we welcome more foreigners. Policymakers should follow two parallel tracks--continue to encourage well educated, highly skilled foreign workers to stay in the U.S. permanently by increasing the numbers of permanent-residence visas for skilled immigrants, *and* find ways to encourage students in the U.S. to pursue math, science and technology education that leads to careers in these in-demand areas.

The key challenge is to avoid letting concerns about low-skilled illegal immigrants cloud the obvious benefits to the U.S. economy when we welcome high-skilled immigrants who seek to come here legally. Investing in native-born scientists, while simultaneously welcoming immigrants who are educated, motivated and entrepreneurial, is the best formula for keeping America at the cutting edge of scientific research and in the forefront of the industries that spring from it.

By keeping America's innovation industries strong, policymakers can help enhance future economic growth, which will create jobs and wealth for all who call America home.

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