



Needed: Productive Legal Immigrants

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Immigration was a hot topic at the Conservative Leadership Conference in Reno, Nevada. Former Massachusetts Gov. Mitt Romney placated the crowd by affirming his opposition to illegal immigration. But he added, "I love legal immigration, especially when immigrants bring skills."

It's a critical distinction. The U.S. long has taken for granted its position atop the international economic heap. But the sound of footsteps behind America grow louder. Productivity is rising far more rapidly in Asia. The U.S. is falling behind in the number of degrees granted in engineering and science, as well as patents issued. Now the rancorous political fight over immigration risks creating serious collateral economic damage: a reverse brain drain.

Large-scale illegal immigration has many and complicated consequences. Uncontested is the benefit of legal immigration by the technically talented and economically entrepreneurial from overseas. With an open economy and democratic polity, America attracts the world's best and brightest. They result in an enormous economic pay-off.

Researchers at Duke, Harvard, and New York University have been studying the impact of immigration on economic competitiveness. They discovered that between 1995 and 2005 immigrants founded one in four engineering and technology firms, which in 2006 generated \$52 billion in revenues and employed 450,000 people. The largest number of entrepreneurial immigrants came from India; United Kingdom, China, Taiwan, and Japan followed as sources of productive immigrants.

The latest study by the same researchers found that immigrants "were named as inventors or co-inventors in 25.6 percent of international patent applications filed from the United States in 2006. This represents an increase from 7.6 percent in 1998." The rate of increase has been rising, growing fastest since 2004.

Foreign invention played a particularly significant role in California, followed by Massachusetts, New Jersey, New York, Texas, Illinois, and Pennsylvania. The role of immigrants varied dramatically by industry and firm. They played only a minor role for Microsoft, General Motors, Medtronic, and 3M, for instance. But immigrants were involved in 56 percent of Wyeth's patents, 58 percent Freescale Semiconductor's and

Intel's patents, 60 percent of Cisco's patents, 63 percent of Siemens's patents, 64 percent of General Electric's patents, 65 percent of Merck's patents, and 72 percent of Qualcomm's patents. Interestingly, four in ten patents filed by the U.S. government involved foreign participation.

Chinese, Taiwanese, and Indian immigrants accounted for more than one-third of the patents involving immigrants. Their numbers dwarf the contribution of American citizens of Chinese, Taiwanese, and Indian descent.

The largest number of patents involving foreign nationals involved medical or dental uses and electric digital processing. In these cases immigrants provided an important supplement to the work of American citizens. The bump approached or exceeded 50 percent of the number of patents granted citizens in several fields.

With notable understatement, notes researcher Vivek Wadhwa, a fellow at Harvard Law School, "The United States benefits from having foreign-born innovators create their ideas in this country." These people create wealth rather than consume welfare; they engage American culture rather than promote their native cultures. They help America retain its international economic dominance.

Yet for all of these benefits, the U.S., a nation of more than 300 million people, awards only 120,000 employment-based visas for permanent residence every year. Moreover, fewer than 10,000 are available for any one country, even those, such as India and the United Kingdom, which provide so many talented entrepreneurs. Yet there are about 560,000 principals and 620,000 family members, for almost 1.2 million overall, in employment-based categories awaiting visas.

IN SHORT, IMMIGRATION BREAKS DOWN into two separate issues. One, which has received by far the most attention, is how to deal with the flood of unskilled labor pouring over America's southern border. The second is how to take better advantage of the much smaller number of economically talented entrepreneurs desiring to settle in the U.S. Doing a better job on the second would ease the financial burden of confronting the first.

The current system of employment-based visas is broken. In general, visas are available for professionals of outstanding ability or executives subject to transfer to the U.S. As of last year, some 200,000 principals were awaiting labor certification, the first step to gaining permanent residence status. Some 50,000, roughly seven times the number a decade ago, were lodged at the second stop, the I-140 application. More than 300,000, treble the number ten years before, were at the final, I-485 stage.

The overall waiting time is about 4.4 years -- which doesn't even include visa processing time. Warns the report, "Waiting for visa processing makes a stressful time even more stressful." Wait times have been getting longer, though the relevant agencies have declared themselves determined to clear up the backlog. Unfortunately, one-third of

employment principals polled are uncertain about remaining in the U.S. or actually plan to leave. Returning home is an increasingly viable option for Chinese and Indian nationals, whose native economies have begun to grow substantially, including in high-tech fields.

There are two separate problems. One is statutory limits on the number of employment-based visas. The other is agency incompetence in processing applications. The combination is costing America money and jobs. Observe the researchers: The impact of this intertwining of numerical limitations and visa processing is periodically felt, for example, in January 2005, when application cutoff dates of January 2005 were placed on the employment third preference category for nationals of China, India, and the Philippines, and most recently on 2 July 2007, when the State Department updated its previous Visa Bulletin for July and announced that all employment categories had become unavailable for the rest of the fiscal year. [The filing period was subsequently extended a month.]

But the most important limitation remains the statutory quota. With 1.2 million people waiting for 120,000 visas, in effect, observe the researchers, "we already had mortgaged almost nine years' worth of employment visas." More competent management would be good for all concerned, but would primarily reshuffle the line's starting point.

In short, get rid of the backlog and 120,000 people get visas sometime during the year. "The others would experience visa number wait," explain the researchers.

Only an increase in employment-based visas will solve the problem. The report also suggests "letting some of the time spent waiting for a visa number or for visa processing count toward naturalization -- such a precedent exists in refugee procedures, and it could be a way of saying to visa applicants that the long wait has not been in vain." Best, however, would be to simply reduce the wait time.

THE ISSUE OF ILLEGAL IMMIGRATION raises numerous concerns: the large-scale flow of unskilled laborers, who violate the law in coming, are less likely to assimilate, and are more likely end up as a financial burden. None of these concerns apply to the sort of people who now apply, and wait, for employment visas.

Increasing the number of visas available for professional and entrepreneurial foreigners would make good sense on its own terms, reinforcing what the researchers call America's "ability to push the frontier of knowledge and its application." These immigrants are an unalloyed blessing for the United States and should be welcomed.

Expanding the number of employment-based visas also would mute the attacks on critics of illegal immigration. A sovereign nation should control its own borders. The best way to do so is to make distinctions, encouraging beneficial labor flows while regulating overall immigration. How much to hike the number of employment-based visas is an obvious matter of debate. But the quota should be increased.

Robert Litan of the Kauffman Foundation concludes: "Given that the U.S. comparative advantage in the global economy is in creating knowledge and applying it to business, it behooves the country to consider how we might adjust policies to reduce the immigration backlog, encourage innovative foreign minds to remain in the country, and entice new innovators to come."

Unfortunately, the U.S. can no longer treat its global economic dominance as inevitable, an immutable fact of nature. With China and other nations, such as India, making significant economic strides, America should do more to attract to its shores the best and brightest from around the world. That means offering a home to more engineers, scientists, and entrepreneurs from other nations.

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