The Costs and Benefits of Immigration

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Few things are more controversial than immigration. The flood of illegal immigrants across U.S. borders enrages many native-born residents. People worry that immigrants compete for jobs, unfairly draw on government benefits, and fundamentally alter the social fabric of America. They fear that our culture is losing its distinctive character due to non-English-speaking foreigners who move to the United States and do not integrate into mainstream social and political life.

Part of this anxiety is rooted in ethnocentrism and group animus. Citizens do not like immigrants who look or act differently from themselves. As Donald Kinder and Cindy Kam have noted in their recent book, ethnocentrism is common in a number of different societies. People divide themselves into “in-groups” and “out-groups” and these types of “us versus them” distinctions color public opinion and make it difficult to develop balanced public policies.

Other observers are concerned about immigration because they view the material costs of open-door policies as broad-based, while the benefits are concentrated. As argued by researcher Gary Freeman, the impact of open policies falls on disadvantaged workers who feel their wages are depressed by newcomers and on taxpayers who worry about a drain on public resources, while the benefits accrue to small groups of successful immigrants who get good jobs and some businesses that gain the skills of new arrivals.


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Both ideas (group animosity and unfavorable costs/benefits) make it virtually impossible for our political system to resolve this conflict. Many taxpayers feel that immigrants receive more benefits than they warrant and that the social costs of undocumented arrivals are enormous. As long as these are the prevailing citizen interpretations, immigration will remain controversial, many will favor punitive policies, and it will prove impossible for political leaders to address this topic.

In this article, I seek to reframe the public debate over immigration policy by arguing that the benefits of immigration are much broader than popularly imagined and the costs are more confined. In spite of legitimate fear and anxiety over illegal immigration, I suggest that immigrants bring a "brain gain" of innovation and creativity that outweighs real or imagined costs. Immigrants have enriched our economic, intellectual, social, and cultural life in a number of fundamental respects. We need a new national narrative on immigration that moves from themes of "illegality and abuse" to those of "innovation and enrichment."

A BRIEF HISTORY OF IMMIGRATION

From 1860 to 1920, a total of nearly 30 million foreigners arrived in the United States. Over 400,000 immigrants arrived in 1870 alone, and this figure rose to over 700,000 in 1880 and thereafter. These new people transformed America and ignited sharp divisions over the character and impact of foreign immigration. Indeed, many of our current debates mirror arguments that have taken place since that time.

Over the course of the last century, the amount of American immigration has fluctuated considerably with political and economic circumstances. In-migration reached a high point of over 1.2 million individuals in 1907, but then dropped to near zero in 1917 by the end of World War I. Levels rose again during the 1920s, but slowed to a trickle during the Great Depression of the 1930s. From the 1950s to the current period, it rose to around one million new entries each year. Today, around 13 percent of immigrants are first-generation arrivals, while 11 percent are second generation. Many others are descended from those who were born abroad.

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4 Material for this article is drawn from Darrell M. West, Brain Gain: Rethinking U.S. Immigration Policy (Washington, DC: Brookings Institution, 2010), chaps. 1, 7.
5 Richard Herman and Robert Smith, Immigrant, Inc.: Why Immigrant Entrepreneurs Are Driving the New Economy and How They Will Save the American Worker (Hoboken, NJ: John Wiley & Sons, 2010).
8 Alejandro Portes and Ruben Rumbaut, Immigrant America (Berkeley: University of California Press, 2006), 246.
Early immigrant waves in the eighteenth and nineteenth centuries came largely from European stock. The Germans were among the first big movement in the 1840s and 1850s. They sought land and fortune in the Midwestern part of the country. But this was followed by Russians, Irish, and Italians in subsequent decades. Although they spoke different languages from other European Americans and came from differing cultures and backgrounds, they shared a common heritage that eased assimilation and integration. The image of the “melting pot” became the prevailing metaphor of this time period.

In the mid-twentieth century, though, the country of origin shifted south and east. The largest source of immigration in recent years has been Asia, South and Central America, and Africa. Of the 1,052,415 legal permanent residents who came to America in 2007, 36 percent emigrated from Asia (especially China, the Philippines, and India), 32 percent entered from the Caribbean, Central America, or other parts of North America, 11 percent migrated from Europe, 10 percent arrived from South America, and 9 percent came from Africa. The largest single country of origin was Mexico (14.1 percent of all lawful immigrants), followed by China (7.3 percent), the Philippines (6.9 percent), and India (6.2 percent).9

These immigrant waves were very controversial. The new arrivals spoke unfamiliar languages and looked different from their European predecessors. In many cases, their religious and political backgrounds differed, and it was harder for them to assimilate. Americans did not always accept them as fellow countrymen, and their cultural distinctiveness would put the idea of a melting pot to a fundamental test.

The large population movements over the past decades is not just a U.S. phenomenon. Around the world, it is estimated that there are 191 million “transnational immigrants” and over 30 million political refugees.10 With the advent of civil wars, natural disasters, economic inequality, and relatively cheap air travel, migration has become a growth industry. People move to unite with families, gain better economic fortunes, seek freedom of political expression, or escape poor personal circumstances.11

Indeed, widespread migration has become one of the defining hallmarks of the contemporary period. Large numbers of people are on the move. The previous era, in which individuals stayed close to their native country, is over. Everyone’s vision of the world has broadened with the advent of global media such as television and the Internet. Those thinking about going elsewhere can see what the alternatives are and appear to have fewer inhibitions about

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resettling, especially when conditions in their home country are not very favorable for economic or political reasons.

Concern about immigration is a feature of many different countries. In comparing American attitudes toward immigration with those of other Western nations, the United States is around the midpoint in terms of residents thinking immigration is a problem. According to national surveys, the Western country with the highest percentage of citizens feeling that immigration is a problem is the United Kingdom (62 percent felt this way), followed by 50 percent in the United States, 49 percent in Germany, 47 percent in Italy, 41 percent in Poland, 38 percent in the Netherlands, and 35 percent in France. The variation in public attitudes across these nations suggests that it is possible to manage citizen anxiety even when foreigners look and act differently from native-borns. There just need to be national policies that understand the source of public discontent and take actions that minimize public perceptions of immigrant social and economic costs.

**IMMIGRATION PATHWAYS**

There are three general ways for immigrants to come to the United States. First, they can become a legal permanent resident through marriage, extended family ties, special skills, or as a political refugee. Using visas known as “green cards,” permanent residents are able to live and work in the country. It is estimated that of the 35 million American immigrants, two thirds (around 23 million) are legal permanent residents. Individuals with green cards can apply for U.S. citizenship after five years and become naturalized citizens with full rights such as voting and social service benefits.

The second route is temporary work or tourism visas, plus some short-term visas for student or government exchanges. These visas are for individuals who come to America for limited periods of time to visit, work, attend government or media events, or enroll in educational institutions. Only about 3 percent (or 1 million people) enter the United States through this avenue. Of these, 65,000 arrive through the H-1B visa program for high-skilled workers, and 66,000 come through the H-2A or H-2B program for seasonal workers in agriculture, construction, or tourism. They are allowed to work in America for three years.

The high-skilled visa program was expanded to 115,000 in 1999 and 195,000 in 2001, but dropped back to 65,000 in 2004 when the temporary increases were not renewed by Congress. Critics complained that this entry program disadvantaged American workers and kept wages down for American scientists. In 2009, when the country was enduring a deep recession, Congress

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12 TNS Opinion, *Transatlantic Trends*.


14 Ibid.

voted to restrict use of the H-1B visa program for financial firms receiving federal bailout money. These companies had to hire American workers and document that there were no qualified applicants before employing foreign-born workers. The administration of Barack Obama has pledged tighter oversight of this program to make sure native-born workers get fair consideration by companies hiring new, high-skilled employees.

The third and most-controversial mechanism is illegal immigration. It is estimated that one third of all immigrants (or 11.9 million individuals) are in the United States illegally, many from Mexico. These numbers are up from five million in 1996 and 8.4 million in 2000. The U.S. Border Patrol reports that 97 percent of illegal border crossers enter the United States through Mexico. According to statistics compiled by the Border Patrol, the number of individuals arrested for attempting to sneak over the Mexican line has fluctuated over the past 30 years. The number arrested was 1.7 million in the mid-1980s, 1 million in the late 1980s, 1.6 million in 2000, and 705,000 in 2008. The latter was the lowest number of border crossing arrests since 675,000 individuals were stopped in 1976. Between beefed-up security and a bad economy, there were fewer incentives for in-migration. Since 2006, 6,000 border patrol agents have been added along the Mexican boundary, and 526 miles of fence have been built to enhance enforcement.

Historically, immigrants have clustered in border states, river ports, or coastal communities. These were the places that were accessible via land or ship. The twin coasts of the United States tended to accumulate the most immigrants, along with areas bordering Mexico. Cities such as New York, Los Angeles, San Francisco, Seattle, Boston, Philadelphia, and Chicago had sizable immigrant populations, as did most southwestern American states.

In recent years, though, new immigrant gateway communities have arisen. Immigration has spread from the traditional cities that are home to many new arrivals to venues such as Dallas, Las Vegas, Charlotte, Phoenix, Denver, Minneapolis, and Atlanta. Immigration is no longer an urban story, but has spread to suburban areas. As pointed out by Brookings Institution scholar Audrey Singer, many of these areas were predominantly native-born in 1970, but now have fast-growing immigrant populations.

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20 Ibid.
This transformation affects the politics, economy, and social integration of immigration. The push into areas where previously there were few immigrants sometimes disturbs local residents and provokes a public opinion backlash. People who live in homogeneous areas and are not used to people of different backgrounds may have difficulty adjusting to the new demographic mix. They may worry about drain on public resources and other real or perceived fiscal impacts arising from immigration.

These attitudes complicate political consideration of immigration reform and the ability of lawmakers to decide public policy. There can be sharp conflicts between old and new populations. Unless arrivals are integrated into the community, it is difficult for local communities to reconcile the resulting social and political conflicts. Some cities in this situation have moved toward inclusive policies, while others have pushed for restrictive efforts. Whether new arrivals are refugees, what their country of origin is, and how émigrés affect crime, housing, and local economies matter in terms of how native-borns feel about them.22

Some studies have found that the growth of foreign-born residents has slowed with the recent recession. Not only are fewer immigrants coming to America, but many who already were in the United States are returning to their original countries. With the strong economies in some developing countries and a weak one in the United States, immigrants appear to see fewer opportunities to come to America than previously was the case.23 We do not know whether this is a long- or short-term development, but it represents an interesting divergence from earlier periods of prosperity.

ECONOMIC COSTS AND BENEFITS

There have been a number of attempts to estimate immigration’s economic costs and benefits to the United States.24 Some of the analysis is based on perceptual research relying on public opinion polls that show people’s impressions of costs versus benefits. When asked specifically about jobs created and lost due to immigration, 51 percent believe that immigrants take jobs away from native-born workers. However, 86 percent believe that immigrants are hard workers, and 61 percent think immigrants create jobs and set up new businesses.25

22 Ibid.
23 Demetrios Papademetriou and Aaron Terrazas, “Immigrants and the Current Economic Crisis” (Migration Policy Institute, January, 2009).
25 TNS Opinion, Transatlantic Trends.
More-reliable studies use employment, wage, and other types of economic data designed to measure the objective reality. These projects look at the ramifications of immigration for use of government services, tax payments, health care utilization, Social Security contributions, labor force participation, wage levels, and gross domestic product (GDP).

Not surprising, given the complexity of these calculations, there are sharp debates over the net impact of in-migration.26 The unit analyzed matters a lot in terms of whether one considers the individual, family, or extended family. Immigrants represent a tenth of the overall American population, so it is challenging to model their impact, given the tremendous variety of ages, life situations, and economic circumstances.

What one concludes about the exact fiscal impact varies tremendously with assumptions regarding tax, health, education, and pension utilization. Typically, younger immigrants with children needing to be educated or older immigrants who draw on health care and pensions cost the most, while young people with no children and middle-aged households whose children are past the education age but before the period requiring considerable health and/or pension services cost the least. This means that if one wants to determine the actual costs and benefits of immigration, one needs to know the age, family status, number of children, health requirements, education needs, and pension situation for the individuals in question plus whether the public sector benefits are coming from the local, state, or national level.

Research has found that new immigrants tend to come to America during their young working period, when they are paying taxes and not drawing extensively on public pensions. For example, 24.6 percent of adult immigrants are aged 25 to 34 and 28.3 percent are 35 to 44 years old. Only 4.4 percent are 65 years or older.27 From a collective standpoint, the virtue of this distribution is that it enhances the economic benefits of immigration.28 Young immigrants are more likely to be taxpayers than service requirers. They also are more likely to become homeowners and taxpayers.29 But the older the immigration pool, the more likely are immigrants to be beyond their prime working years and to require expensive government health and pension benefits.

Most immigrants, legal or illegal, are not allowed to participate in Medicaid, Supplemental Security Income, food stamps, Temporary Assistance to Needy

Families, or the State Children’s Health Insurance program. Illegal immigrants are not able to receive any forms of welfare, public health care, or retirement benefits. Legal permanent residents must contribute to Medicare and Social Security for at least 10 years before they can benefit from these government programs. If born in the United States, though, immigrant children are American citizens and can receive government aid targeted to young children. Research shows that three quarters of the children of illegal immigrants were born in America and therefore are considered legal residents. This path to citizenship includes around 4 million children. A new provision of the State Children’s Health Insurance Program enacted in 2009 allowed some legal immigrants to receive health coverage immediately, as opposed to waiting five years, as previously had been the case.

But fiscal pressures have led some state governments to eliminate health coverage for legal immigrants as a way to close budget gaps. For example, Massachusetts had some of the most generous provisions for extending health coverage, yet its most recent budget dropped insurance for 30,000 legal immigrants who had held a green card for under five years. Public authorities justified this move mainly on fiscal grounds.

Of course, despite particular rules, some immigrants receive public assistance. However, studies have found that the percentage getting aid is less than for U.S. households as a whole. Overall, 5 percent of American households receive cash assistance, compared to 1 percent for undocumented immigrants. The exception to this general pattern occurs with education. Based on a 1982 U.S. Supreme Court decision, Plyler v. Doe, questioning a Texas statute, states and localities cannot deny immigrants access to elementary or secondary education. A 1975 Texas law withheld education funding for children who came to the country illegally and allowed local schools to deny enrollment to these pupils. But on a 5 to 4 vote, the Supreme Court ruled that this law violated the 14th Amendment and therefore was unconstitutional. Schools must educate children regardless of whether they are legal or illegal residents of the United States.

The same logic applies to emergency health care. Hospital emergency rooms are supposed to treat patients even if they do not have the ability to pay or the proper legal status. The idea is that everyone deserves emergency care regardless of whether they are poor, illegal, or uninsured. In reality, however, undocumented individuals tend to get less care. One California study found that “undocumented Mexicans and other undocumented Latinos

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reported less use of health care services and poorer experiences with care compared with their U.S.-born counterparts.\textsuperscript{34}

Labor force participation and tax payments represent another area of impact. Several studies have found that immigrants pay income, Social Security, and Medicare taxes. A National Immigration Forum and Cato Institute report estimated that immigrants paid $162 billion in federal, state, and local taxes.\textsuperscript{35} Another project undertaken by the National Research Council claimed that “the average immigrant pays nearly $1,800 more in taxes than he or she costs in benefits.”\textsuperscript{36}

One of the myths about illegal immigrants is that they pay no taxes. In fact, many pay taxes even when they are ineligible to collect social service benefits. Undocumented aliens have to pay sales taxes on purchases they make in the same way any consumer would. If they own or rent housing, they pay property taxes related to the accommodations. And it has been estimated that “between one-half and three-quarters of undocumented immigrants pay federal and state income taxes.”\textsuperscript{37}

Hardest to estimate is immigrant contribution to the GDP. It is challenging to model overall economic contributions because of the complexity of the subject. But the White House Council of Economic Advisors completed a 2007 study claiming immigrants raised American GDP by $37 billion per year.\textsuperscript{38} It has been estimated that immigration adds one third of total population growth in the United States.\textsuperscript{39} Because they buy food, pay for housing, enjoy entertainment, get hair cuts, and spend money on a range of commercial services, there is no doubt they generate considerable economic activity.

During recessions, the greatest fear about immigration (either legal or illegal) is the “crowding-out” effect. Critics fear that foreigners take jobs that otherwise would go to Americans or reduce wage gains through increased job competition. There is evidence of negative wage effects for native-born Americans without a high school diploma. For these individuals, yearly wages dropped 1.1 percent due to immigration.\textsuperscript{40} This clearly disadvantages native residents and raises legitimate fears concerning the impact of job competition on native-born Americans.

However, the same study found that for most other workers, immigrants complement rather than substitute for the efforts of native workers. Researchers found that “90 percent of native-born workers with at least a high-school diploma experienced wage gains from immigration ranging from 0.7 percent to 3.4 percent, depending on education.” For those people, the crowding-out effect is not a major problem.

Another project found in the middle of the recent recession that there was no difference in the unemployment rates of foreign and native-born U.S. workers. Each had the same percent unemployment level. There were, however, differences in type of work done by immigrants. According to the U.S. Bureau of Labor Statistics, foreign-born workers were more likely to be involved with the service industry, transportation, or material-moving occupations. They often took entry-level jobs in custodian services, restaurants, or construction that were poorly paid and not very desirable.

For completely understandable reasons, people grow more fearful about immigration during periods of rising unemployment. There is worry over new arrivals competing for wages and jobs. Analysis undertaken by E.J. Dionne demonstrates the intertwining of economic conditions with public opinion regarding immigration. Over the last decade, views that the number of immigrants should decrease correlate highly with the national unemployment rate. When unemployment rises, more Americans think immigration should be decreased and when it drops, fewer feel that way.

One major challenge in the contemporary situation is the country’s weak economic circumstances. America’s GNP dropped 6 percent in the fourth quarter of 2008 and another 6 percent during the first quarter of 2009. In 2009, national unemployment rose from 4.5 to over 10 percent. But this recession ended, and one needs to take a long-term view of public policy. The Conference Report index shows rising consumer confidence, although the unemployment rate remains high. Since two thirds of the economy is based on consumer spending, an increase in confidence eventually will encourage people to spend, which will stimulate the economy and perhaps ease people’s fears about immigrants taking their jobs.

As a long-term matter, we need to pay attention to American competitiveness and the contributions immigrants make to our economy. Immigrants spend money on goods and services, pay taxes, and perform jobs seen as undesirable by American citizens. Our universities invest millions in training foreign students, but then send them home without any U.S. job opportunities.

41 Peri, “Rethinking the Effects of Immigration on Wages.”
that would take advantage of their new skills. This robs our country of the ability to reap the benefits of our economic investment in higher education.

**High-tech Development**

Skilled immigrants clearly have been a big part of the rise of the high-tech and biotech industries. One study of technology and engineering businesses launched in America between 1995 to 2005 found that 25.3 percent had a foreign-born founder. In California, this percentage was even higher at 38.8 percent. And in Silicon Valley, famed home of high-tech industry, 52.4 percent of new-tech startups had a foreign-born owner. According to its count, “immigrant-founded companies produced $52 billion in sales and employed 450,000 workers in 2005.”

This report found that nearly a quarter of the international patents filed from the United States in 2006 were based on the work of foreign-borns living in America. In comparing innovation from 1998 to 2006, the percentage of foreign-born patents rose from 7.3 to 24.2. Consistent with a “brain gain” hypothesis, many of these founders were well-educated, held degrees in science, technology, engineering, and math, and were educated at American universities. Fifty-three percent of them had their highest degree with a U.S. university, suggesting that there is great value in bringing the foreign born to America, educating them, and keeping them here in U.S. jobs.

Gnanaraj Chellaraj, Keith Maskus, and Aaditya Mattoo estimate the impact of immigration on patent applications and awards. They find that international graduate students and skilled immigrants have a positive impact on patent generation. Their figures demonstrate that increasing “the number of foreign graduate students would raise patent applications by 4.7 percent, university patent grants by 5.3 percent and non-university patent grants by 6.7 percent.”

Indeed, most high-tech founders who came to America from abroad did so as students and then started business careers after graduation. Foreign students are highly motivated individuals who come to the United States for education, and then would like to get jobs, launch businesses, and develop innovative ideas. They are a source of great talent and an engine of economic development.

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45 Ibid.


According to the Kauffman Index of Entrepreneurial Activity, immigrants over the last decade have displayed a high level of entrepreneurial spirit. If one breaks down entrepreneurial activities between immigrants and native-borns for the years 1996 through 2008, immigrants consistently demonstrate greater entrepreneurship than native-borns. They are twice as likely to start new businesses. In 2008, for example, 0.53 percent of immigrants launched a business, compared to 0.28 percent of native-born individuals.48

AnnaLee Saxenian traces the rise of America’s high-tech boom to Congressional passage of the Immigration Act of 1965 (also known as the Hart-Cellar Act). Dating back to the Johnson-Reid Immigration Act of 1924, the United States imposed strict limits on immigration from specific countries. For example, Taiwan and many other Asian nations were limited to 100 immigrants per year, which placed a tight cap on Asian scientists and engineers. The Hart-Cellar Act started Asia’s brain drain by creating opportunities for foreigners with special skills to migrate to America. Later legislation such as the Immigration and Nationality Act of 1990 expanded these opportunities by boosting visas based on technical talent from 54,000 to 140,000.49

According to Saxenian, it is no coincidence that the high-tech boom began when Asian scientists and engineers came to the United States in large numbers. Silicon Valley started to attract Chinese and Indian talent immediately after 1965. Based on her research, there were 92,020 Chinese and 28,520 Indians in the Silicon Valley workforce by 1990 and “84 percent of the Chinese and 98 percent of the Indians were immigrants.”50 These numbers grew even larger in the 1990s and early twenty-first century.

The number of foreign students admitted to American science and engineering graduate programs also rose during this time period. With the help of federal financial aid programs and increases in research and development funding, American universities grew substantially and expanded the size of their PhD programs. From 1960 to 2000, the raw number of international students increased eightfold. During this period, America went from 23 percent of PhD awardees in 1966 being foreign-born to 39 percent in 2000.51

A national survey asked Americans whether they believe immigration improved U.S. culture with new ideas and customs. More than two thirds of Americans (68 percent) said they thought immigrants improved U.S. culture through new ideas.52 This provides perceptual support for the argument that immigrants add value, diversity, and ideas to civic life.

51 Chellaraj, Maskus, and Mattoo, “Contribution.”
52 TNS Opinion, Transatlantic Trends.
Individuals such as Sergey Brin have made major contributions to business and intellectual life. Brin is the founder of the path-breaking search engine firm Google. He was born in Moscow, Russia, and moved to the United States at the age of six. His parents were mathematicians and he quickly developed an aptitude for math and computer science. At Stanford University, he met classmate Larry Page and the two combined their respective interests in data mining and search efficiency to form the now legendary and highly successful company Google, Inc.53

This corporation revolutionized computing by developing a very efficient Internet search engine. As the Web grew in size and complexity, having good search features became essential to maximizing information usage. Search represented a way for people to tame the information flow and find the material they needed. It put people in charge of information, as opposed to the other way around. This innovation allowed the Internet to thrive and develop, and people turned to it for business, education, and health care.

Pierre Omidyar displayed a similar ingenuity. Born in Paris, France in 1967 of Iranian parents, he came to America as a young child. With an interest in computers, he earned a degree in computer science from Tufts University and served as a software developer for several computer companies. After working on an Internet shopping site, he designed an online auction service that he called Auction Web in 1995. On this site, people could request bids for collectibles, and items were sold to the highest bidder. Two years later, he renamed the company eBay and soon had over one million customers. By 2003, the business had grown to 95 million registered users, had sales of over $2 billion, and was expanding into India and China.54

The company transformed commerce by allowing for direct sales people-to-people. Consistent with the digital era, he empowered ordinary folks and cut out the middle-men in business transactions. That allowed markets in niche areas to flourish and the company to connect buyers and sellers. His leadership paved the way for other Internet companies to thrive in various niches.

Immigrants have made dramatic contributions to science and technology.55 Andy Grove is one of the leaders in the areas of semiconductors and microchips. Born in Budapest, Hungary, Grove migrated to the United States and wrote leading papers on semiconductors. He founded the Intel Corporation in 1968 and made it the leading company in the field. As microchips got smaller and smaller, computers got cheaper and more powerful. The computing era would not have thrived to the extent it did without his leadership.56

Jerry Wang represents another example of an immigrant visionary. Born in Taiwan, he came to America when he was 10 years old. In college, his hobby was compiling links of favorite websites into a central service. This later formed the nucleus of his company, Yahoo. The firm eventually became a successful portal that offered news, entertainment, search, email, and social networking. It is estimated that nearly 500 million people around the world use his company’s email service.57

**SOCIAL COSTS AND BENEFITS**

As challenging as is the computation of immigration’s economic and intellectual contributions, the social costs and benefits are harder to measure. Because they involve less-tangible ramifications than taxes, employment, government benefits, or patents, it is more challenging to estimate the actual magnitude of social contributions. We intuitively understand there is immigrant value in food, the arts, culture, and athletics, but it is difficult to determine them precisely.58

Researchers Gianmarco Ottaviano and Giovanni Peri have attempted to evaluate the value of cultural diversity in the United States. They asked who can deny the value of “Italian restaurants, French beauty shops, German breweries, Belgian chocolate stores, Russian ballets, Chinese markets, and Indian tea houses.” Through the globalization of food, culture, and artistic expression, metropolitan areas with greater diversity show higher wages. According to Ottaviano and Peri, American workers benefit from this because “a more multicultural urban environment makes US-born citizens more productive.”59

Richard Florida has taken this argument one step further by suggesting a correlation between geographic diversity, innovation, and productivity. Cities that have diverse and creative residents tend to be more pleasant and productive places. People like to live in these cities, and this increases innovation, home prices, the local economy, and civic pride.60

A 2007 Gallup Poll sought to get a handle on this subject by asking how immigrants had affected “food, music, and the arts” in America. Forty percent indicated that immigrants had made things better, 9 percent felt they had made them worse, and 46 percent concluded there had not been much of an effect. Not surprisingly, there were substantial differences by race and ethnicity. Sixty-five percent of Hispanics felt immigrants had improved food, music, and the arts, compared to 34 percent of African-Americans, and 37 percent of whites.61

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58 Herman and Smith, *Immigrant, Inc*.
The internationalization of arts and culture has led to an influx of talented directors and performers from abroad. Of Hollywood directors who received multiple Academy Awards, nine of the 17 were foreign born. Individuals such as Salma Hayek, Mikhail Baryshnikov, Jim Carrey, and Dan Aykroyd enriched the world of television, dancing, and film. Hayek is a Mexican-born actress who came to America for boarding school when she was 12 years old. She went on to leading roles in movies such as *Frida*, *Mi Vida Loca*, and *Wild Wild West*.

The same argument holds for sports. It is hard to imagine contemporary American baseball without immigration. Baseball is a sport that used to be played by white Americans, then was integrated by African Americans and American Hispanics, and now is populated by athletes from Japan, the Dominican Republic, Cuba, Jamaica, and Venezuela. Sammy Sosa, from the Dominican Republic, became one of the leading home-run hitters in major league history. In recent years, 29 percent of the players in major league baseball were born outside the United States, mainly in the Dominican Republic or Venezuela.

Education and philanthropy have benefitted from foreign émigrés. As an example, Vartan Gregorian was born in Tabiz, Iran of Armenian heritage and became a leader in the fields of higher education and philanthropy. Educated in Lebanon, he moved to America in 1956. He served as provost at the University of Pennsylvania, president of the New York Public Library, president of Brown University, and president of the Carnegie Corporation of New York, one of the leading philanthropic foundations in America. As a leading educator, author, and professor, he brought a strong sense of innovation to higher education and the world of philanthropy. He showed leading institutions how to improve the plight of the disadvantaged and make an impact on those passing through their doors.

**Policy Ramifications**

In the end, the central question for immigration policy is the balance between costs and benefits. Vivek Wadhwa and colleagues reach a clear conclusion based on their studies. They say that “immigrants have become a significant driving force in the creation of new businesses and intellectual property in the U.S., and their contributions have increased over the past decade.”

Unlike the view of critics who worry about job competition or depressed earnings from foreigners, there is considerable research suggesting that immigrants contribute to the vibrancy of our economic development and the richness

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65 Wadhwa, Rissing, Saxenian, and Gereffi, “America’s New Immigrant Entrepreneurs.”
of our cultural life. They start new businesses, patent novel ideas, and create jobs. Americans need to reconceptualize immigration as a brain gain for the United States.

We need to do this in a manner that does not produce class, racial, or ethnic biases. The smart child from a low Indian caste deserves the same consideration as a white engineer from the United Kingdom. We should seek smart, creative, and innovative individuals from Asia, Africa, and Latin America, not just Europe. We should recognize that poor and working-class students often are highly motivated, and therefore deserving of consideration for entry into the United States. Our national policy needs to recognize the past contributions that newcomers have made and facilitate the arrival of other immigrants who will bring equally important assets to the United States.66

The so-called “genius” visa known as O-1 allows the government to authorize visas for those having “extraordinary abilities in the arts, science, education, business, and sports.” In 2008, around 9,000 genius visas were granted, up from 6,500 in 2004. The idea behind this program is to focus on talented people and encourage them to come to the United States. It is consistent with what national leaders have done in past eras, when we encouraged those with special talents to migrate to our nation.

However, this program has been small, and entry passes have gone to individuals such as professional basketball player Dirk Nowitzki of Germany and various members of the Merce Cunningham and Bill T. Jones/Arnie Zane dance companies.67 While these people clearly have special talents, it is important to extend this program and target people who create jobs and further American innovation. This would help the United States compete more effectively.

There is a little-known EB-5 visa program that offers temporary visas to foreigners who invest at least half a million dollars in American locales officially designated as “distressed areas.” If their financial investment leads to the creation of 10 or more jobs, the temporary visa automatically becomes a permanent green card. Without much media attention, there were 945 immigrants in 2008 who provided over $400 million through this program.68 On a per capita basis, these benefits make the program one of the most successful economic development initiatives of the federal government.

If a goal of national policy is to encourage investment and job creation, targeted visas of this sort are very effective. Such programs explicitly link new immigration with concrete economic investment. They also generate needed foreign capital ($500,000) for poor geographic areas. There is public accountability for this policy program because entry visas are granted on a temporary basis and become permanent only after at least 10 jobs have been

67 Moira Herbst, “Geniuses at the Gate,” Business Week, 8 June 2009, 14.
created. This kind of visa program is the ultimate in targeting and quality control. Unless the money is invested and leads to new jobs, the newcomer is not allowed to stay in the United States.

We need to think about immigration policy along the lines of an “Einstein Principle.” In this perspective, national leaders would elevate brains, talent, and special skills to a higher plane in order to attract more individuals with the potential to enhance American innovation and competitiveness. The goal is to boost the national economy, and bring individuals to America with the potential to make significant contributions. This would increase the odds for prosperity down the road.

Currently, only 15 percent of annual H-1B visas are set aside for employment purposes. Of these, some go to seasonal agricultural workers, while a small number of H-1B visas (65,000) are reserved for “specialty occupations” such as scientists, engineers, and technological experts. Individuals who are admitted with this work permit can stay for up to six years, and are able to apply for a green card if their employer is willing to sponsor their application. The number reserved for scientists and engineers is drastically below the figure allowed between 1999 and 2004. In that interval, the federal government set aside up to 195,000 visas each year for H-1B entry. The idea was that scientific innovators were so important for long-term economic development that we needed to boost the number set aside for those specialty professions.

Today, most of the current allocation of 65,000 visas runs out within a few months of the start of the government’s fiscal year in October. Even during the recent recession, visa applications exceeded the supply within the first few months of the fiscal year. High-skill visas need to be expanded back to 195,000, because at its current level, that program represents only a small portion of the work permits granted each year by the United States. Expanding visas for high- and low-skilled workers would provide a clearer political rationale for the general public and boost the long-term American economy.