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OBAMA VS. SILICON VALLEY ON IMMIGRATION

By Gordon Crovitz
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In 1492, the sultan of the Ottoman Empire, Bayezid II, made a controversial decision. He ordered his navy to the Iberian Peninsula to evacuate Jews being forcibly converted to Catholicism by the Spanish Inquisition. He gave them safe haven in Turkey and throughout his Muslim empire. "You call Ferdinand a wise ruler," he told his advisers, referring to the king of Spain, "he who has impoverished his own country and enriched mine."

If only Washington could embrace the wisdom of Sultan Bayezid II. Instead, President Obama last week declared dead on arrival the latest effort to admit more skilled workers.

Republicans in the House passed a bill that would expand visas for skilled workers, easing the waiting list that can be a decade or longer for technologists from populous countries such as China and India. It would repeal a law that limits visas from any one country to 7% of the total—a quota system modeled on the Asian Exclusion Act of 1924, which limited immigrants from any country to 2% of the number of people from that country already in the U.S. as of 1890.

Under current law, if you're from China or India, you're out of luck, but if you're from tiny Belgium or Iceland, places are available. The Republican bill would end this quota and instead allot spaces to people based on their skills in sciences, technology, engineering and math.

President Obama never delivered on his pledge early in his first term to craft broad immigration reform. He now risks alienating loyal supporters. A headline last week on the CNET technology website: "Obama Opposes Silicon Valley Firms on Immigration Reform," reporting him at odds with "many of the Silicon Valley firms and executives who bankrolled his re-election."

Immigration is a highly charged political topic, but boosting the number of skilled workers should be a no-brainer. America's entrepreneurs have disproportionately been immigrants, from Andrew Carnegie and Alexander Graham Bell to Sergei Brin of Google.

Just as the free movement of financial capital funds growth, free movement of human capital brings innovation. The U.S. should staple a green card to every advanced technology degree earned by a foreign student at an American university. More than 25% of U.S. technology companies have at least one foreign-born founder, a majority of Silicon Valley startups have a foreign-born founder, and 40% of Fortune 500 companies were created by an immigrant or first-generation American.

Immigration scholar Vivek Wadha reports in his recent book, "The Immigrant Exodus," that restrictive rules are causing a brain drain. For the first time, there is a decline in Silicon Valley in the percentage of high-growth startups founded by immigrants. "Driven to despair, skilled immigrants have soured on America," responding to a "backward, destructive immigration policy," Mr. Wadha writes. More than one million foreigners, including many

graduates of top U.S. universities, live in legal limbo. Increasingly, they're taking their skills back home.

The U.S. once had few global competitors for talent. Now, Australia offers 126,000 visas for skilled workers and their families, compared with 140,000 provided by the U.S.—despite Australia having less than one-tenth the population of the U.S. In Canada, doctoral candidates in the sciences apply for permanent residency while still in school. China calls its top students “sea turtles,” letting them come to the U.S. to study, then luring them back home. Unlike the U.S., many countries offer visas for people working at startups. Canada and Australia let local governments add visas as needs arise.

New York Mayor Mike Bloomberg in 2010 organized a bipartisan think tank called Partnership for a New American Economy. The group publishes research with titles such as “Not Coming to America” and “Help Wanted: The Role of Foreign Workers in the Innovation Economy.”

This year Mr. Bloomberg pointed out that Detroit, which has lost more than half its population, could solve its problems by inviting more immigrants. “You would populate Detroit overnight because half the world wants to come here,” he said.

Allowing skilled immigrants to stay in the U.S. would fill the hundreds of thousands of job vacancies expected in the sciences and technology. An increase in skilled immigrants would jump-start the economy. They would support the housing market by increasing demand. The best way to raise tax revenues is by adding new workers paying taxes, not by having fewer people paying more in taxes.

The U.S. has long been a haven for immigrants, giving the country a comparative advantage in attracting talented people. There is now global competition. Human capital will keep coming only so long as the U.S. has the wisdom to reopen its borders.