



Contributing to **American Growth**

The Economic Case for Immigration Reform



JUST THE FACTS

Immigration Boosts the U.S. Economy

*From Contributing to American Growth:
The Economic Case for Immigration Reform,
June 2014*

- 1) Immigration has a positive effect on U.S. economic growth.
- 2) Fixing America's broken immigration system would boost growth and productivity even further.
- 3) Business Roundtable supports immigration policies that will help keep America secure and support a healthier economy — accelerating growth, encouraging hiring and creating American jobs.

IMPROVED GROWTH

Immigration reform would boost gross domestic product by 4.8 percent and productivity by 1.0 percent over 20 years (Bipartisan Policy Center).

INCREASED U.S. EMPLOYMENT

Reform would increase employment and raise wages — adding 9 million workers to the labor force while slightly increasing wages over 20 years (Congressional Budget Office).

REDUCED DEFICIT

Reform would slash the federal deficit by almost \$1.2 trillion over 20 years (Bipartisan Policy Center).

MORE NEW BUSINESSES

Immigrants are nearly 50 percent more likely to start a business than native-born workers. Immigrants or their children founded more than 40 percent of U.S. Fortune 500 companies (Partnership for a New American Economy).

Get the facts at www.brt.org.



Business Roundtable (BRT) is an association of chief executive officers of leading U.S. companies working to promote sound public policy and a thriving U.S. economy.

BRT member companies produce \$7.4 trillion in annual revenues and employ more than 16 million people. Comprising more than a third of the total value of the U.S. stock market, these companies invest \$158 billion annually in research and development — equal to 62 percent of private U.S. R&D spending. In addition, they pay more than \$200 billion in dividends to shareholders and generate more than \$540 billion in sales for small and medium-sized businesses annually. BRT companies give more than \$9 billion a year in combined charitable contributions.

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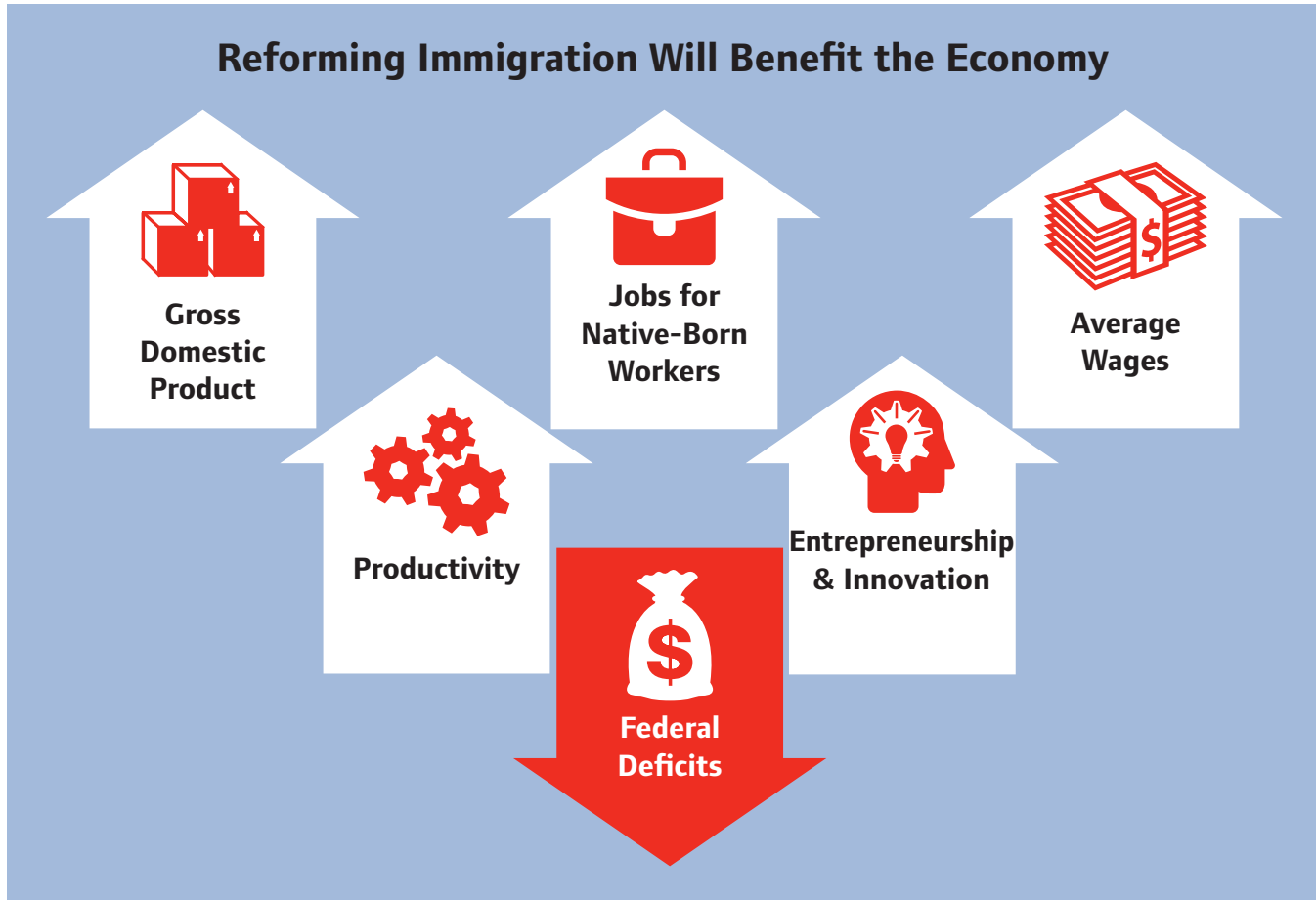
Executive Summary

Immigration is part of the American story. Throughout U.S. history, immigrants have come to this country, made it their new home, contributed to its success and taught their children to do their part to make it even stronger. Almost every American is either an immigrant or a descendent of immigrants. From the building of the Transcontinental Railroad to the rise of the Internet, immigrants have played an instrumental role in every chapter of America's history.

That historic success is at risk, however, because the current U.S. immigration system is broken. Eleven million immigrants live in the United States illegally, and legal channels for immigration fail to meet the needs of the U.S. economy. The U.S. Congress has been considering reforms to strengthen national security and boost economic growth for years but so far has failed to act.

The economic benefits that accompany sensible immigration reform are real and profound. First and foremost, reform would provide a significant boost to economic growth and employment.

- ▶ The Bipartisan Policy Center (BPC) estimates that reform would increase gross domestic product (GDP) by 4.8 percent over 20 years relative to the status quo, while the Congressional Budget Office (CBO) estimates that reform would boost real GDP by 5.4 percent by 2033 and add 9 million workers to the labor force.^{1,2}
- ▶ Crucially, research suggests that these immigrant workers are likely to complement native-born workers rather than replace them, thereby generating efficiencies that benefit both groups.³



Reform would also benefit the U.S. workforce through productivity and wage improvements.

- ▶ CBO finds that U.S. productivity would be about 0.7 percent higher in 2023 and about 1.0 percent higher in 2033 under a reform scenario compared to projections under current law.⁴
- ▶ Immigration reform would also likely have a small positive effect on wages over the longer term. Both BPC and CBO find that median wages would increase by 0.5 percent over a 20-year period.⁵

The country's long-term fiscal outlook would also improve under a reformed immigration system.

- ▶ Policies that bring unauthorized workers out of the shadows and enable them to participate fully in the U.S. economy would help offset the country's aging workforce and boost government revenue.⁶
- ▶ In all, BPC estimates that federal deficits would decrease by almost \$1.2 trillion over 20 years.⁷

Finally, immigration helps spur the U.S. economy through increased entrepreneurship and innovation.

- ▶ Immigrants are nearly 50 percent more likely to start a business than native-born workers, and immigrants or their children founded more than 40 percent of U.S. Fortune 500 companies.⁸
- ▶ Currently, immigrants are responsible for more than 25 percent of new businesses in seven of the eight fastest-growing sectors of the economy.⁹

As American business leaders, Business Roundtable understands the essential contributions immigrants make every day to the U.S. economy. Balanced and sensible immigration policies that attract the brightest minds and hardest workers from around the world would help America achieve its full economic potential while also ensuring that the country stays true to the values — such as *e pluribus unum* and the rule of law — upon which it was founded.

I. A Broken System

For centuries, the United States has welcomed and embraced generations of new immigrants — and given them a chance to create their own version of the American Dream. This mindset has attracted the brightest minds and hardest workers from around the world, helping make the country the world’s preeminent economic power. However, despite this longstanding tradition, America’s current immigration policies inhibit its ability to serve as a magnet for talent and human capital. While the demand for world-class talent from across the globe has never been higher, low quotas for both H-1B temporary visas and permanent residence green cards have left U.S. businesses scrambling to fill their high-skilled workforce needs.

In addition, under current law, there is no visa category for foreign workers who may not have earned a higher education degree to work legally in the United States year round even if they are needed for specific sectors (e.g., hospitality and construction). Troublingly, foreign-born workers are migrating to America’s competitors — including Canada, the United Kingdom and Australia — in part due to these countries’ comparatively more open immigration policies and proactive efforts to recruit needed labor. Indeed, of the 1.1 million green cards issued in the United States each year, only 7 percent are for principal workers, most of whom are highly skilled.¹⁰ Other countries, including South Korea, Switzerland and Spain, allocate as much as 80 percent of their visas for economic reasons.¹¹

The economic benefits that accompany sensible immigration policies are profound. They include faster economic and employment growth, productivity and wage improvements, and federal deficit reduction. Moreover, immigration promotes entrepreneurship and innovation, which have been cornerstones of the U.S. economy since the country’s founding.

As leaders of America’s largest businesses, Business Roundtable (BRT) CEOs believe that immigration provides substantial benefits to the U.S. economy. Immigrants have been, and will continue to be, critical to the success of both BRT companies and the overall U.S. economy. Indeed, most BRT companies depend on U.S.-based foreign-born workers to supplement their domestic workforce, and many have hired immigrants to be their CEOs or have immigrants serving in other senior leadership roles (see sidebars). As this paper will demonstrate, the business case for reforming the nation’s immigration system is compelling.¹²

For centuries, the United States has welcomed and embraced generations of new immigrants — and given them a chance to create their own version of the American Dream. This mindset has attracted the brightest minds and hardest workers from around the world.



SUCCESS STORIES **A Journey from Cuba to CEO**

Jorge Benitez, Former U.S. CEO and North America Managing Director, Accenture

Jorge Benitez came to the United States as a 10-year-old, leaving Communist Cuba with his family through the “Freedom Flights” program for Cuban political refugees. Like so many immigrants, his parents emphasized hard work and education, and Mr. Benitez lived up to their standards. He managed a McDonald’s while working his way through school at the University of Florida. He joined Accenture in 1981 and was named U.S. CEO and North America managing director in 2011.

Mr. Benitez made a tremendous contribution to Accenture’s growth and success during his 33-year career with the company. Most recently, leading the company’s business and operations in North America, he helped drive significant revenue growth in the United States. Immigrants helped build this nation, Mr. Benitez observes, and the diversity they bring continues to strengthen Accenture’s ability to serve its clients around the world.

II. In Search of the Right Balance

U.S. immigration policy has evolved throughout the nation's history, as leaders have sought to find the right balance between providing open access and maintaining security. While immigration was generally unrestricted for nearly a century after the country's founding, several federal laws were enacted in the late 1800s to restrict access to the United States based on a prospective immigrant's background and country of origin.¹³ Later, country-specific quotas based on national origin were implemented. In 1965, these quotas were replaced by a less-restrictive "preference system" that capped overall immigration, included separate caps for any given country and prioritized family reunification.^{14,15} This system, which has been subsequently modified several times, also provides legal status to a specified number of highly skilled temporary workers and seasonal nonagricultural workers each year through the H-1B and H-2B visa programs, respectively.¹⁶ While the various immigration caps have fluctuated over the past few decades, the preference system developed in 1965 generally remains in place today.

Paradoxically, despite America's high population of unauthorized immigrants and its persistently high unemployment rate, many U.S. businesses are unable to fill open positions.

However, the current legal channels for immigration to the United States are far from sufficient to satisfy the country's workforce needs. This unmet demand, combined with uneven border enforcement, has led to a large number of individuals entering the country illegally. Indeed, the lack of legal work visas for lower-skilled jobs is a key factor in explaining why 11 million unauthorized immigrants currently live in the United States.¹⁷ This unmanaged situation has

prompted concerns related to border security and law enforcement and has led some states to pursue their own policies to enforce immigration laws — despite the federal government's traditional purview in this area.

In addition to security concerns, unauthorized immigrants represent a lost opportunity of wasted talent and resources, as they are unable to fully participate in the economy at a time when the nation needs to ramp up economic growth. As the Bipartisan Policy Center (BPC) Immigration Task Force — which includes former Secretary of State Condoleezza Rice, former Governors Ed Rendell and Haley Barbour, and former Secretary of Housing and Urban Development Henry Cisneros — recently argued, "these unauthorized individuals are not living up to their economic potential, [and] it makes little economic and moral sense to allow [them] to remain in the shadows of our society on a permanent basis."¹⁸



SUCCESS STORIES **From U.K. Trainee to U.S. CEO**

Stephen Chipman, CEO, Grant Thornton LLP

Stephen Chipman came to the United States on an H-1B visa with just a suitcase and \$500 in his pocket. Five years after he joined Grant Thornton in the United Kingdom, the global audit, tax and advisory network invited him to join its Dallas office, where he met and married his wife. Mr. Chipman quickly climbed the ladder, rising to lead the Grant Thornton China Management Corporation. He moved back to the United States and became a U.S. citizen in 2002. In 2010, he became CEO of Grant Thornton's U.S. member firm.

Mr. Chipman's leadership has been instrumental in making Grant Thornton the fastest-growing major global accounting organization two years running. Mr. Chipman's international perspective also helped him play a key role with Half the Sky, a charitable organization that aims to transform Chinese orphanages to enrich the lives of the orphans they serve. Today, as the proud father of two first-generation Chinese immigrant girls, he recognizes that a vibrant pipeline of talent will fuel economic growth as the U.S. workforce ages.



SUCCESS STORIES

From Cuban Youth to U.S. CEO

Carlos A. Rodriguez, President and CEO, ADP

“Cubans by birth, but Americans by the grace of God.” That’s how Carlos Rodriguez’s grandfather described his family’s immigrant journey. Mr. Rodriguez was just a boy when his family fled Castro’s Cuba. They preached the American values of working hard, getting an education and making a positive contribution to the country. Mr. Rodriguez took these lessons to heart, earning both Bachelor of Arts and Master of Business Administration degrees from Harvard University.

Since joining ADP in 1999, Mr. Rodriguez has served in several leadership roles, including president of the company’s TotalSource business, which became the largest and fastest-growing professional employer organization in the industry. He became ADP’s chief executive in 2011. In his view, immigrants have been the lifeblood of our national strength and vigor for more than three centuries — which is why we need smart and sensible immigration policies to ensure that the country continues to benefit from their contributions.

Paradoxically, despite America’s high population of unauthorized immigrants and its persistently high unemployment rate, many U.S. businesses are unable to fill open positions. The Bureau of Labor Statistics estimates that there was an average of 3.9 million job openings each month in 2013, despite persistently high unemployment levels.¹⁹ In some specialized sectors (e.g., advanced manufacturing and medical specialties), unemployment rates are consistently below 5 percent, while agricultural companies, hotels and restaurants often report difficulty finding workers to fill key positions.²⁰

In a recent survey, 93 Business Roundtable member companies reported nearly 100,000 job openings across the economy, including manufacturing (28,650 openings), information services (20,700 openings) and other services (25,900 openings).²¹ Given this “skills gap,” it is not surprising that 34 percent of responding companies believe increasing the annual number of H-1B visas and green cards available to skilled foreign workers is very important, with an additional 54 percent believing it is moderately or somewhat important.²²

In recent years, the importance of fixing America’s broken immigration system has received increasing attention from successive administrations, members of Congress and the public. While the DREAM Act — which was introduced in 2001 and would provide permanent legal status to immigrants who came to the United States



SUCCESS STORIES

From Schoolteacher to CEO

Martin H. Richenhagen, Chairman, President and CEO, AGCO Corporation

Martin H. Richenhagen is still surprised by his unlikely immigration story. The German native started his career as a teacher before becoming a leader in the German steel industry. A chance meeting with the CEO of AGCO spawned a friendship that led to an interview and invitation to replace him in 2004. Mr. Richenhagen and his family moved to Atlanta on a work visa. Shortly after arriving, he initiated the green card process and in 2011 became a U.S. citizen.

Mr. Richenhagen’s understanding of different business cultures and practices and his emphasis on cultivating diversity across the company hierarchy have helped AGCO expand to new international markets. His perspective as an immigrant helped him successfully integrate more than two dozen of AGCO’s company acquisitions across the world into a single cohesive corporation. He believes that most immigrants value education and work and that their willingness to leave home demonstrates their motivation to succeed.

as minors and meet certain conditions — has not been passed by either chamber of Congress, the Obama Administration has nonetheless implemented select elements since 2011 through executive actions. More recently, in June 2013 the Senate passed the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744), which would create a path to citizenship for millions of unauthorized immigrants, establish and strengthen legal channels for immigrant workers who relocate to the United States and contribute to the economy, and tighten border security. All eyes are on the House of Representatives, which is considering whether and how to address reform legislation in 2014.



SUCCESS STORIES

Trading a War-Torn Past for a Bright Future

Eduardo Conrado, Senior Vice President — Marketing and IT, Motorola Solutions, Inc.

Eduardo Conrado was 13 years old in 1978 when fighting reached his home in Nicaragua. His family fled to Texas, leaving extended family and friends behind. During his high school and college years, Mr. Conrado worked hard in and outside the classroom — delivering newspapers and working in the dormitory cafeteria. He earned a degree at Texas Tech University. After working at Texas Instruments as an engineer, he earned two master's degrees. While in graduate school, Mr. Conrado decided that the United States would be his permanent home. He became a citizen in 1990.

Although he could have taken his skills abroad, Mr. Conrado accepted a position with Motorola in 1992. He rose quickly, and now he serves on the company's Executive Committee and leads its marketing and IT efforts. He brings a uniquely valuable international perspective, helping this American company succeed in the competitive global marketplace. He also is committed to making a difference locally, serving on the Chicago Chapter of the American Red Cross Board.

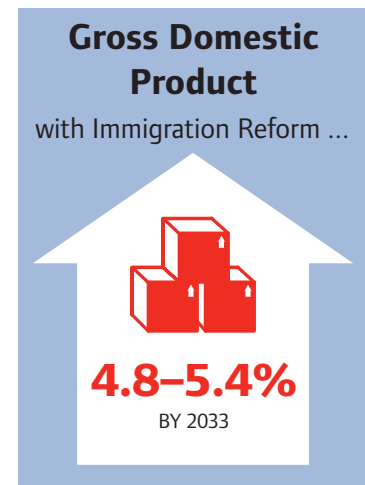
III. Immigration Reform Makes Economic Sense

Countless studies have made and continue to make the economic case for immigration reform. At a time when the U.S. economy is struggling to gain momentum, that case must be considered now more than ever. Studies that analyze the full range of costs and benefits of immigration overwhelmingly find that balanced and sensible reform would provide a host of benefits to the U.S. economy, including faster economic and employment growth, productivity and wage improvements, and a reduced federal deficit. In addition, immigration reform would promote entrepreneurship in the United States, thereby helping America maintain its role as a world leader in innovation for generations to come.

Unlocking Economic Growth

Fixing the country's immigration system would provide a significant boost to economic growth through two main channels. First, sensible immigration policies would increase the pace of overall population and workforce growth. By improving the efficiency with which immigrants are able to enter the United States and providing legal status to currently unauthorized U.S. residents, immigration reform would expand the U.S. labor force and, as a direct consequence, overall economic output. Reform would have this impact because at the broadest level, an economy's output growth is defined as the sum of two factors: the increase in the productivity of its capital and the increase in its labor input.

Second, several well-respected studies have concluded that new immigrants would, on average, participate in the labor force at a higher rate than the current U.S. population, thereby raising the overall labor force participation rate and promoting faster growth. The BPC estimates that S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act, which passed the Senate last year, would increase gross domestic product (GDP) by 4.8 percent over a 20-year period relative to the status quo.²³ The nonpartisan Congressional Budget Office (CBO) reaches similar conclusions, finding that S. 744 would boost real GDP by 3.3 percent by 2023 compared to current law and by 5.4 percent by 2033.²⁴ In another estimate, former CBO Director Douglas Holtz-Eakin finds that immigration reform could raise per-capita GDP by more than \$1,500 in the near term.²⁵



SUCCESS STORIES

Came for a Degree, Stayed for a Career

Krish Prabhu, Chief Technology Officer, AT&T

The U.S. economy's shortage of science, technology, engineering and math (STEM) workers is more than a headline to Krish Prabhu — it is at the heart of his immigration story. With great educational opportunities but limited job prospects in his native India, he pushed onward and came to the United States on an F-1 student visa to pursue a doctorate at the University of Pittsburgh. After graduation, he accepted a job at Bell Laboratories — an incubator of great American invention.

In the 1980s, he helped develop the fiber optic system that supports the country's cellular and Internet networks. Today, Mr. Prabhu is the key driver behind AT&T's innovation strategy. He also volunteers to support STEM education at local high schools and universities. He has lived in the United States for nearly 40 years as a permanent resident. "Failure is not an option," he says. "You don't want to go back to your country of birth without leaving a legacy of success."



SUCCESS STORIES

Irish Farm Launches Telecom Career

Ann Brodow, Senior Vice President of Finance Operations, Verizon Communications

Growing up as one of eight children on a farm in Ireland, Ann Brodow learned from her parents that education was key to her future. She attended the University of Galway but entered the job market during the Irish downturn of the mid-1980s. Undeterred, she won a scholarship to the University of Bridgeport, moved to the United States on a J-1 student visa and earned her Master of Business Administration degree. Ms. Brodow found that the United States offered greater career choice for women. She became a U.S. citizen in 1998.

In her current role at Verizon, Ms. Brodow makes crucial decisions that accelerate company growth. She believes that as markets and customer demands become increasingly global, immigrant employees who understand these markets are even more valuable to their employers. In true American style, Ms. Brodow has kept on the move — relocating eight times within the United States to follow new professional opportunities.

New immigrants would, on average, participate in the labor force at a higher rate than the current U.S. population, thereby raising the overall labor force participation rate and promoting faster growth.

In addition, because new immigrants are typically younger than the overall population and more likely to work, they tend to boost overall employment levels. Indeed, CBO finds that immigration reform would add 6 million workers to the labor force (a 3.5 percent increase) by 2023 and 9 million workers (a 5.0 percent increase) by 2033 relative to the status quo.²⁶ Immigrants and native-born workers tend to be complements rather than competitors, despite the arguments made by some immigration critics that these labor force gains come at the expense of native-born workers. For example, low-skilled immigrant laborers allow native-born farmers, contractors or craftsmen to expand agricultural production or build more homes, thereby creating new employment opportunities for native-born workers.²⁷ At the same time, existing businesses adjust to an inflow of immigrants by expanding their operations to meet the increased demand for their products and services that is created by the new supply of workers and consumers, which in turn creates even more new jobs.²⁸

Recent research supports the conclusion that immigration has an overall positive effect on employment. An analysis conducted by the American Enterprise Institute and the Partnership for a New American Economy concludes that temporary foreign workers boosted U.S. employment from 2000 to 2007, regardless of their skill level. Specifically, adding 100 skilled workers is associated with an additional 183 jobs among native-born workers, while adding 100 less-skilled nonagricultural workers is associated with an additional 464 jobs for natives.²⁹ The same analysis finds no evidence that foreign-born workers hurt aggregate employment levels for workers born in the United States.³⁰ In addition, another recent study led by renowned immigration expert Giovanni Peri finds that increases in foreign-born science, technology, engineering and math (STEM) workers do not affect employment levels for native-born workers who are not college educated.³¹

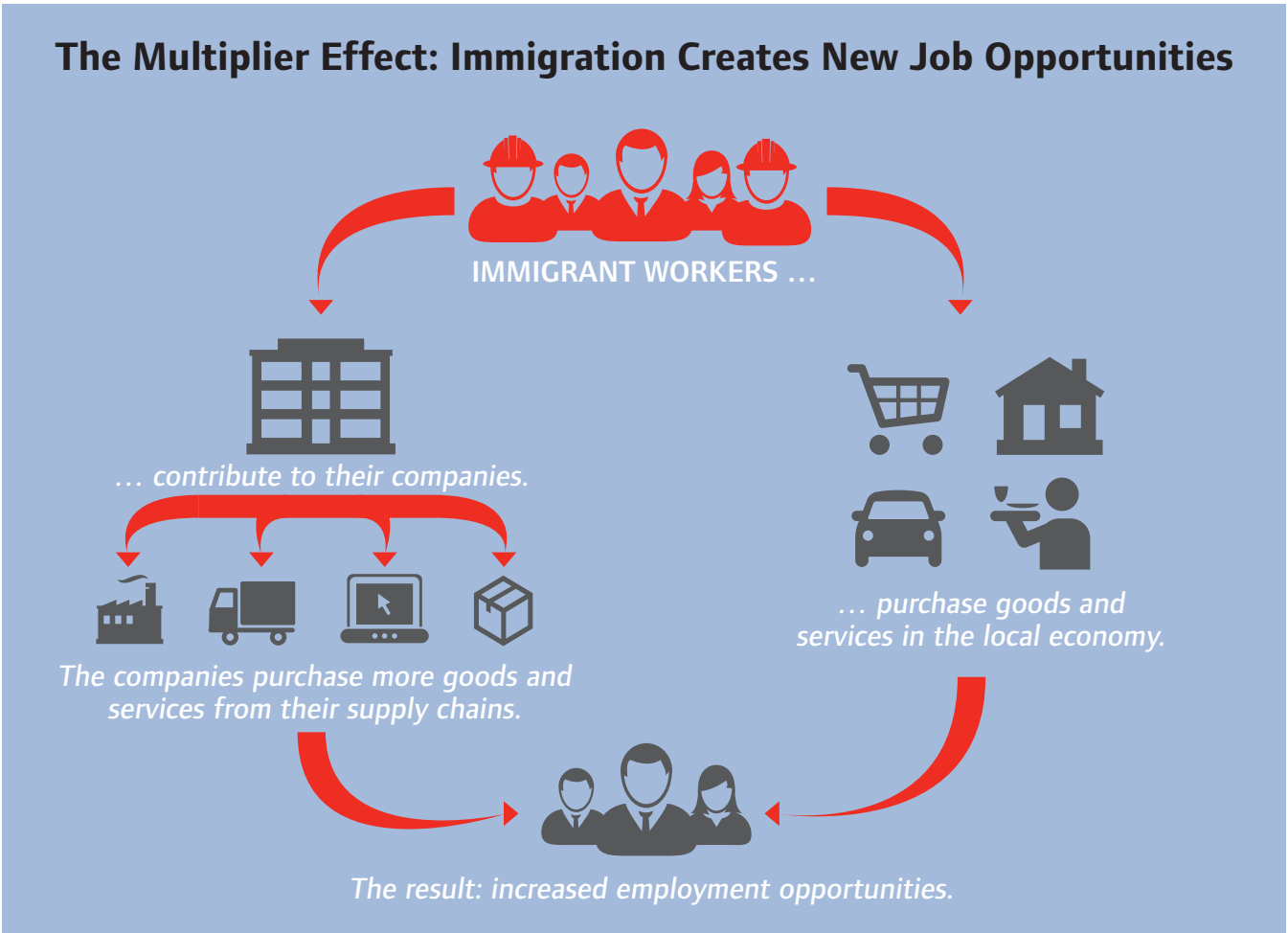
A variety of other studies conducted by organizations from across the political spectrum agree that reforming immigration policies would benefit the overall economy.³² While the magnitude of the estimated positive effects on economic and employment growth generated by immigration reform varies from study to study, the weight of the evidence suggests that repairing the broken immigration system would enable the United States to better realize its full economic potential.

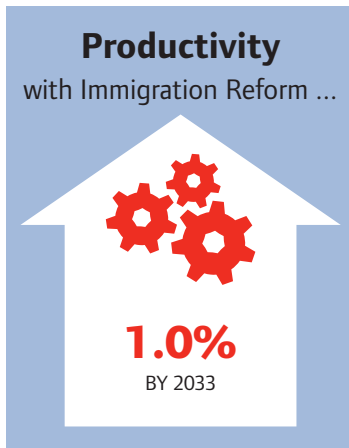
In addition to the direct benefits immigration provides to the economy through higher employment and higher income levels, immigration also benefits the U.S. economy in less visible ways. In an economy with less than full employment — as is certainly the case in the United States today — there are also induced or multiplier effects that benefit the economy. Multiplier effects result when immigrants spend part of their income on rent, groceries, and other goods and services. These secondhand income flows continue to ripple through the economy, generating new income and supporting additional jobs for other workers — many of whom may be unaware that their job is partially supported by economic activity that originated with immigrant labor.

Boosting Wages and Productivity

In addition to promoting faster economic and employment growth, immigration reform would also improve the wages and productivity of the U.S. workforce as a whole, opening more doors and bringing greater opportunity to Americans across the country.

As the composition of the U.S. labor force shifts and the number of immigrants in the workforce increases, productivity in the labor market is also likely to improve. CBO finds that immigration reform would boost the productivity of both labor and capital, primarily because immigration helps spur technological advancement.³³ CBO estimates that U.S. productivity would be about 0.7 percent higher in 2023 and about 1.0 percent higher





Because native- and foreign-born workers are, in the aggregate, complements rather than substitutes, immigration reform would allow for increased labor market specialization and generate efficiencies that would benefit both native- and foreign-born workers.

in 2033 compared to projections under current law.^{34,35} Other recent research finds that the increase in foreign-born STEM workers explains between 10 and 25 percent of the growth in aggregate U.S. productivity from 1990 to 2010.³⁶ These productivity gains stem from the principle that native- and foreign-born workers are not perfect substitutes (even after controlling for geographic and educational differences), and as a result, an influx of new foreign-born labor generally does not displace native-born workers. Because native- and foreign-born workers are, in the aggregate, complements rather than substitutes, immigration reform would allow for increased labor market specialization and generate efficiencies that would benefit both native- and foreign-born workers.

Because of its generally positive effects on productivity, immigration also tends to have a slightly positive effect on wages, although this effect is complex. Nonpartisan research shows that immigration reform would likely cause average wages to rise relative to the status quo over longer time periods due to a variety of factors, including the skill level of immigrant workers, the wage increases that would likely result from unauthorized workers gaining legal status and other dynamic economic effects.³⁷ For example, both BPC and CBO find that median wages would rise by 0.5 percent over a 20-year period if S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act, which passed the Senate last year, were enacted.³⁸ Academic studies support the CBO and BPC conclusion that immigration has a small but significant positive effect on aggregate wages. For example, a 2009 study found that a 1.0 percent increase in employment due to immigration boosts income per worker by up to 0.9 percent, or \$5,100 annually, in the long run.³⁹ This gain is not solely concentrated among foreign-born workers; a 2007 study found that native-born workers gain about 4 percent in real wages as a result of immigration.⁴⁰

Improving the Nation's Fiscal Health

Immigration reform would also brighten the country's long-term fiscal outlook. The immigrant population, on average, is younger than the overall U.S. population, and immigration reform policies that bring undocumented immigrant workers out of the shadows and enable them to participate fully in the U.S. economy would help offset the effects of the country's aging workforce. Additionally, newly legal immigrant workers would contribute revenue to the federal government, primarily through payroll and income taxes.

The windfall of government revenues generated by federal taxes paid by foreign-born workers who are no longer working in the shadow economy would more than offset any increase in federal spending on immigrant populations via refundable tax credits and entitlement spending. Overall, CBO finds that enacting S. 744 would, on net, decrease federal budget deficits by \$197 billion over the next 10 years and by \$700 billion over the subsequent decade.⁴¹ BPC, using slightly different economic assumptions, estimates that federal deficits would decrease by almost \$1.2 trillion over a 20-year

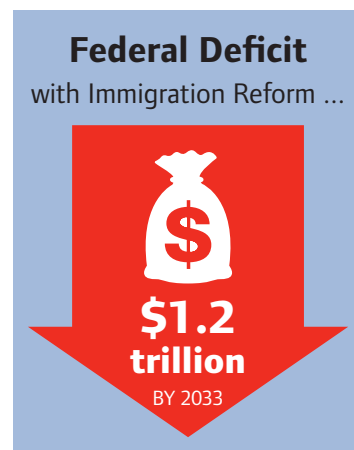
period.⁴² Further, the Social Security Administration estimates that S. 744 would be a net positive for the program's finances, generating more than \$275 billion in new revenue for Social Security by 2024.⁴³ In all, economic studies performed by researchers from across the political spectrum that consider both the costs and benefits of immigration reform demonstrate that the budgetary impacts are overwhelmingly positive. As such, commonsense immigration policies should be a component of government efforts to achieve long-term fiscal stability.

Spurring New Business and Creating Jobs

As the rise of Silicon Valley demonstrated, immigrants remain a significant driver of U.S. business creation, and their contribution to entrepreneurship is only increasing. Although they accounted for just 12.9 percent of the U.S. population in 2011, immigrants were responsible for 28 percent of all new U.S. businesses.⁴⁴ The rate at which immigrants start new businesses has grown by more than 50 percent since 1996, and they are nearly twice as likely to start a new business as native-born workers. In addition, immigrants or their children founded more than 40 percent of U.S. Fortune 500 companies.⁴⁵

Immigrant entrepreneurship spans a wide variety of industries, including aerospace, defense, Internet, consumer products, specialty retail, railroads, insurance, electronics, hospitality, natural resources, finance and countless others. In particular, immigrants have played an outsized role in the development and success of high-tech firms. Currently, immigrants are responsible for more than 25 percent of new businesses in seven of the eight fastest-growing sectors of the economy.⁴⁶

While immigrants clearly play a key role in America's community of business leaders, current immigration policies risk alienating foreign talent. According to a 2009 survey of more than 1,200 foreign students attending U.S. colleges and universities, more than 70 percent plan to start a new business within the next decade. However, only a small fraction of these



The windfall of government revenues generated by federal taxes paid by foreign-born workers who are no longer working in the shadow economy would more than offset any increase in federal spending on immigrant populations via refundable tax credits and entitlement spending.



SUCCESS STORIES

Child of the Cold War Builds American Future

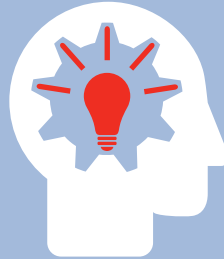
Lucian Boldea, Vice President and General Manager of Additives and Functional Products, Eastman Chemical Company

Growing up in Communist Romania, Lucian Boldea came to believe that the United States was the place where anyone could succeed, regardless of background. After the Ceausescu regime fell, that belief inspired him and his wife to leave home to attend the University of West Florida on student visas. After receiving political asylum and permanent residency, Dr. Boldea earned a doctorate from the University of Florida before beginning his career at Eastman Chemical.

He became a U.S. citizen in 2000 and completed his Master of Business Administration degree at the Wharton School in 2007. Dr. Boldea has been at the forefront of several cutting-edge Eastman products, including sustainable plastics that bring great benefits to customers, and he continues to look for innovative applications. Today, he oversees a unit that generates almost \$2 billion in annual revenue. In his view, two valuable attributes immigrants bring to the U.S. economy are their hunger to succeed and willingness to take calculated risks — traits he clearly exemplifies.

Entrepreneurship and Innovation

Immigrants or
their children founded
**MORE THAN
40%**
of **U.S. Fortune
500 companies**



Immigrants are
responsible for
**MORE THAN
25%**
of new businesses in
**seven of the eight
fastest-growing sectors**
of the economy

students hope to stay in the United States permanently after graduating, and a strong majority cited concerns regarding their ability to obtain work visas.⁴⁷ Instead of remaining in the United States after earning their degrees, most of these high-performing future entrepreneurs will seek their fortunes elsewhere — taking their job creation potential with them.

America's broken immigration system places the United States' standing as a world leader in innovation in doubt. Given the contributions immigrants have made and continue to make to the U.S. economy, it is critical that Congress take the necessary steps to welcome foreign talent and ensure that America remains the preeminent global leader in innovation and entrepreneurship.

IV. A Compelling Case for Reform

America was founded and built by immigrants, and their unique and valuable contributions have helped the United States achieve unprecedented economic success. From America's high-tech corridors, to its farm lands, to its advanced manufacturing centers, everyone who lives and works in America has a stake in the debate over immigration reform. Business leaders are no exception.

The time has come for realistic immigration solutions that will both strengthen national security and boost economic growth. Commonsense immigration reform is essential to a healthier economy in which jobs are created, hiring is encouraged and growth is accelerated. As American business leaders, Business Roundtable understands the essential contributions immigrants make every day to the U.S. economy. The United States must fix its broken immigration system and commit to attracting the brightest minds and hardest workers from around the world. Balanced and sensible immigration policies will help America achieve its full economic potential while also ensuring that the country stays true to the values — such as *e pluribus unum* and the rule of law — upon which it was founded.



SUCCESS STORIES

Cuban Parents Inspire Real Estate Executive

Natalia Macias, Managing Director, Tishman Speyer

Natalia Macias, who immigrated as a young girl to the United States with her family, learned about hard work every day as she watched her Cuban-born parents work entry-level jobs until saving enough money to open a women's clothing store in Louisiana. The store was a second home for Ms. Macias and cultivated her interest in business, specifically her desire to specialize in real estate.

After earning her Master of Business Administration degree at the Wharton School, she joined Tishman Speyer in 2004. Today, Ms. Macias oversees the company's sprawling retail portfolio in Manhattan, which includes 1.2 million square feet of retail space at Rockefeller Center alone. She draws on her parents' example every day to inspire her professional efforts. "My parents instilled in me the importance of values like independence, strategic thinking and resourcefulness," she says. Without their willingness to risk leaving Cuba, she would not have had the opportunity she enjoys today.

Endnotes

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- 2 Congressional Budget Office. (2013). "The Economic Impact of S. 744, the Border Security, Economic Opportunity, and Immigration Modernization Act."
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- 12 The business case for immigration reform presented in this paper relies on research conducted by academics, policy experts and think tanks from across the political spectrum that examine the full range of costs and benefits that result from immigration.
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- 29 Zavodny. (2011).
- 30 *Ibid.*
- 31 Peri, Shih and Sparber. (2013).
- 32 See, for example, Anderson, S. (2011). "Answering the Critics to Immigration Reform." Cato Institute: Center for Trade Policy Solutions; Fairlie. (2012).
- 33 Congressional Budget Office. (2013).
- 34 *Ibid.*
- 35 The Congressional Budget Office's (CBO) estimate relates to "total factor productivity," which is defined as the average output per unit of combined labor and capital services. CBO finds that S. 744 would make both labor and capital more productive because it would result in additional technological advances, including new inventions and improvements in production processes.
- 36 Peri, Shih and Sparber. (2013).
- 37 Among these other dynamic economic factors are wage effects caused by an increased supply of workers, inflation and the impact of lower long-term deficits on savings and investment. See Bipartisan Policy Center (2013).
- 38 Congressional Budget Office. (2013); Bipartisan Policy Center. (2013).
- 39 Peri, G. and C. Sparber. (2009). "Task Specialization, Immigration, and Wages." *American Economic Journal: Applied Economics*.
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- 45 *Ibid.*
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