

Economic Outlook: No, no, no! Just give me your doctors, engineers, and PhDs!

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Three months ago, I gave a presentation to a business group. During the question and answer period a gentleman stood up. He asked me, “What do you think about merit-based immigration?” That’s where a country chooses who can become a citizen based on their education and skills. I said, to everyone’s surprise, that it isn’t that great.

It makes sense to give some international grads at our colleges preference for gaining citizenship because they have adapted to American culture. But for the most part, the economy is better off taking in lower-skilled immigrants who have suffered severe hardships in troubled countries. Here’s why.

Let’s start with an important piece of American history. If you visit the Statue of Liberty, you will see a bronze plaque. On it is inscribed the sonnet The New Colossus. Written by poet Emma Lazarus for an auction to raise money for the statue’s pedestal, the last phrase is well-known:

*Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tost to me,
I lift my lamp beside the golden door!*

Tired, poor, huddled masses are not merit-based immigrants. They are oppressed people, mostly poorly educated, seeking opportunity and a new start in America. If we wanted merit-based immigrants, the sonnet would have said, “give me your doctors, engineers, and PhDs.”

Perhaps we’ve forgotten what our country is about. Today, many are espousing merit-based immigration. Proponents point to Canada, which has had that system for 52 years. But recent research by the Organisation for Economic Co-operation and Development (OECD), a 36 member-country research group, found that Canada’s merit system is not all it’s cracked up to be.¹

¹ “International Migration Outlook 2018.” OECD. June 20, 2018.

Turns out, college educated immigrants were more than twice as likely to be unemployed as native-born Canadians. But among high-school graduates, immigrants were no more likely to be unemployed than the native-born.²

Why? Well it is not for lack of thought. College-educated merit immigrants are brought in to take advanced, high-paying jobs where there are shortages of Canadian workers.

The OECD finds that many foreign merit-based immigrants underperform because they are insufficiently familiar with Canadian languages and culture. So, their interpersonal skills (*i.e.*, ability to communicate, work with others, and lead) are weak. That puts them at a competitive disadvantage in the job market. Having trouble getting the good jobs in their chosen fields, they either take jobs where they are overqualified or don't work.

Interpersonal skills are critical for many jobs. ECONorthwest discovered this last year when we surveyed employers asking what skills they found hardest to find. For years we've heard complaints about not enough workers with critical thinking skills (*i.e.*, analysis, math, machining, software). The survey results blew a hole in that! Employers said hardest skills to find are interpersonal.

This is where merit-based immigrants have trouble. Not having been brought up in Canada, many merit immigrants fall short on interpersonal skills.

Less educated immigrants, on the other hand, outperform. With little concern over career status, they are more apt to take whatever jobs will feed their families and pay their rent. Their egos are untethered to the expectations that come with college degrees. Thus, the less educated often take jobs where interpersonal skills are less important than a willingness to work hard for long hours.

Their goals are to move up the income ladder, save, and push their kids into higher education. Their children, naturally, grow up fully acculturated. Their interpersonal skills are more attuned with Canada, which helps the economy grow and create even more jobs as the first-generation ages.

² Bershidsky, L. "Merit-based immigrants aren't the most successful citizens/" [Bloomberg](#). October 30, 2018.

The United States immigration policies are less merit-based than Canada's. Consider that shares of immigrants ages 25 - 64 lacking at least a high school education. In Canada, only 22 percent do. In the U.S., over 30 percent do.³ And one-in-six coming to the U.S. never made it to 9th grade.⁴ Yet their positive impacts are clear.

Ambition and personality are part of this. After all, you don't move your family to a new country to sit back and not take chances. Instead, just by emigrating, especially from a war-torn or intensely poor country, you demonstrate the entrepreneurial characteristics of resilience and willingness to take risks.⁵ Those are less prevalent among native-born Americans and, for that matter, immigrant college graduates.

It shows up in the data. About 43 percent of the 500 largest companies in the United States were started either by immigrants or the children of immigrants.⁶ The National Bureau of Economic Research found that a quarter of all new businesses in the United States were started by immigrants.⁷ The Small Business Administration says that immigrants are 30 percent more likely to start new businesses than U.S. born citizens are.⁸

Another part of their success is their age distribution. The median age of U.S. immigrants is 44 and the largest share are those 35 to 39. About 10½ percent are between 40 and 49. That compares with only to 5½ percent of native-born Americans. Why does that matter?

³ OECD. International Migration Outlook. 2007, p. 133.

⁴ U.S. Census Bureau. Characteristics of the U.S. population by generational status: 2013. November 2016.

⁵ Sampaco, S. Resilience and risk-taking: How the immigration experience shapes the path of foreign-born entrepreneurs. GeekWire. June 29, 2018.

⁶ Center for American Entrepreneurship. <http://startupsusa.org/fortune500/#introduction>

⁷ Kerr, S. and Keer, W. Immigrant Entrepreneurship in America: Evidence from the Survey of Business Owners 2007 & 2012. NBER working paper 24494. April 2018.

⁸ Farlie, R. Estimating the contribution of immigrant business owners to the U.S. economy. U.S. Small Business Administration. Nov. 2008. P. 19.

For the most talented, being about 40 turns out to be the peak age of invention and of Nobel Prize works.⁹ But even for those in the tired masses, economic research consistently shows the highest productivity growth comes from people around 40 years of age and it is productivity that grows the economy, raises incomes, and leads to greater success over time.¹⁰ The average age for a U.S. merit-based system, which applies to H1-B visas not actual immigration, is “very young” with most being between 25 and 34.¹¹

So for the economy’s sake and long-term growth in the U.S., please bring us the tired, poor, huddled masses, but let’s offer international students doing well in our universities a chance too.

⁹ <https://www.migrationpolicy.org/programs/data-hub/charts/age-sex-pyramids-immigrant-and-native-born-population-over-time>

¹⁰ National Research Council. Aging and the Macroeconomy: Long-Term Implications of an Older Population. 2012. P. 6-4.

¹¹ <https://cis.org/Huennekens/H1B-Program-10Year-Trends>