

Immigration Agreement a Move Forward, But How Far?

Emphasis on Skills, Education Ignores Entrepreneurial Spirit

The Washington Post

May 25, 2007

WASHINGTON -- There is no shortage of critics of the bipartisan immigration agreement now being debated in the Senate. I refuse to join those who show no willingness to compromise. Even with its flaws, the agreement is a commendable step toward fixing a system of how people can come to live and work in the United States.

Yet as Congress works to reshape immigration with the future of the economy in mind, it would be useful for lawmakers to consider the broader impact of immigrants who not only do jobs that no American wants, but who also create businesses that no American creates.

As it stands now, the Senate proposal would shift future immigration from a system promoting family reunification to one that would favor those with more education and skills. It would attract the "best and brightest" from around the world but grant only temporary stays to low-skilled, uneducated workers -- and no chance for them to make the United States their home.

Highly educated immigrants have no doubt made a substantial impact in business creation in the United States. A Duke University study earlier this year found that one of every four engineering and technology companies started in the United States between 1995 and 2005 had immigrant founders.

But as you can imagine, the entrepreneurial spirit knows no educational and demographic boundaries. In fact, immigrants have a faster rate of business creation than those born in this country. In 2005, according to the Ewing Marion Kauffman Foundation, approximately 350 out of 100,000 immigrants started a business per month, compared to 280 out of 100,000 native-born Americans. Entrepreneurial activity since 2000 remained highest among Latinos compared to other ethnic groups.

The New York-based Center for an Urban Future (CUF) issued a study early this year that claims "the majority of the businesses started by immigrants in New York are 'mom-and-pop' retail stores and restaurants." In the Jackson Heights neighborhood of Queens, where more than half of its large immigrant population comes from Latin America, the number of new businesses outpaced the New York citywide average by more than 4 percent while job growth was four times higher. Jackson Heights and other immigrant neighborhoods "even added jobs in the two years after Sept. 11," the CUF found.

The reality is that immigrants are "innovators ... (who) span all backgrounds, all walks of life, different classes and skill sets," says Audrey Singer, a Brookings Institution demographer. Limiting U.S. immigration to only the highly educated could cut off an important source of investors and innovators that generate jobs, revitalize neighborhoods and even help cities recapture revenues lost to suburbia. As CUF director Jonathan Bowles puts it, at a time when U.S. large corporations are outsourcing and downsizing, "we need to identify new sources of growth."

Since 2000, Nuevos Horizontes has been turning the modest contributions of its members into substantial returns. The investment club founded by a handful of Honduran immigrants in New York City, most without even a personal savings account, now has a portfolio worth nearly a quarter of a million dollars.

One of Nuevos Horizontes' investments -- the purchase of a small apartment building in the Bronx -- turned out to be part of a larger phenomenon in the borough. Rose A. Zitiello, co-chair of the Northeast Ohio Immigrant and Minority Business Alliance, points out that the Bronx was "revived, not by investment from large commercial chains or sexy high-tech innovation, but because new immigrant and minority entrepreneurship enlivened vacant Bronx storefronts, achieved neighborhood safety, catalyzed the influx of additional immigrants and minorities and helped renovate housing stock."

Zitiello has been keenly following development in the Bronx because she believes it can be a model for countering Cleveland's depopulation -- the loss of 10,000 people per year. But Zitiello, who works for Cleveland's Department of Community Development, is among the few municipal officials making the connection these days between growth and immigration.

As it is, notes the CUF, "in most cases, immigrant-run businesses aren't even on the radar of local economic development officials," local chambers of commerce and community-based economic development organizations.

Like a cog and sprocket approach to immigration, the Senate proposal would attempt to plug the best pieces into the machinery of the U.S. economy. It seems worthwhile for government at both the local and federal level to take note of the contribution of immigrants not only in how they fit into the needs of businesses, but their overall entrepreneurial impact on the U.S. economy now and particularly into the future.