

# Immigrants Truly Make America Great (And Without Them, That Greatness is at Risk)

Jack A. Goldstone

June 2020

On May 30<sup>th</sup>, 2020, President Trump celebrated the launch of America's first manned space mission in almost a decade: "Today we launch American astronauts on American rockets from American soil," he said. Yet he failed to note that the American who made it possible was a naturalized citizen who entered the country as an immigrant.

Elon Musk was born in Pretoria, South Africa. His parents divorced when he was ten years old. When he was 20, without a degree, he applied to the University of Pennsylvania, where he was admitted and completed undergraduate degrees in economics and physics. In 1995, after dropping out of graduate school at Stanford, he started his first company, Zip2, which he sold to Compaq in 1999 for \$341 million. Three years later, Musk became a U.S. citizen. He then went on to found Paypal, Tesla Motors—America's most valuable carmaker—and SpaceX, the first private company to launch Americans into space.

Yet today a young Elon Musk would not be able to readily gain American citizenship. In response to concerns regarding COVID-19, President Trump has essentially ended immigration to the United States. On April 22<sup>nd</sup>, the President signed a two-month ban prohibiting anyone outside the U.S., excepting current spouses and children of U.S. citizens, from obtaining permanent resident status. The goal of this proclamation was to prevent such new permanent residents from competing with existing U.S. citizens and permanent residents for jobs during the coronavirus recovery.<sup>1</sup>

Trump's purpose, he claims, is to protect jobs for Americans as we emerge from the coronavirus-induced lockdown. Yet there have also been suggestions that such limits on immigration could be made permanent.<sup>2</sup> If Trump's goals are jobs and economic growth, he needs to rethink his approach to immigration. In American history, figures like Elon Musk are not the exception but are more commonly the rule. Without immigration, America's economy would not enjoy the performance that has made it the world leader in innovation and technological growth.

There are, of course, many proposals to focus America's immigration on higher-skilled workers, or those recruited by tech firms,

universities, or other employers because they have established credentials and skills. The President's proclamation itself emphasizes that where there are pressures on the job market, they would come mainly from unskilled, uneducated workers who compete with minorities and unskilled workers in the U.S. It seems that the objective of using immigration to strengthen the economy without hurting U.S. workers could then be best satisfied by discouraging and denying permanent residence to immigrants without exceptional skills, and limiting them to temporary work visas.

Reflecting on the history of America's immigration experience reveals the real costs of adopting such an immigration model. Let us look at the stories of five unskilled immigrants who, like Elon Musk, entered America without any degrees or established skills, but found their way to American citizenship. What would have been the consequences had they been turned away and sent home?

Andrew Carnegie left his home in Fife, Scotland, where he was born in 1835, with his family at the age of 13, having no formal education. His father—a weaver who was put out of work by weaving machines—came to America and worked in a cotton factory. Young Andrew was determined to escape poverty, worked tirelessly to read and better himself, and became a telegraph operator. Quickly advancing, he helped organize the Union's military telegraph system during the Civil War. Afterwards he worked for the railroads and saw the potential of steel over iron for rails and construction. He began investing in steel mills, and with his partner, H.C. Frick built the Carnegie Steel Corporation. Carnegie's businesses created one of the largest fortunes in U.S. history. Not only did his steel mills provide jobs for many thousands of workers, his steel fed other industries employing hundreds of thousands more. Carnegie's legacy is apparent on America's main streets today. Universities, museums, libraries, Carnegie Hall, research institutions, and charitable endowments still bear the name of the once lowly Scot.<sup>3</sup>

Friedrich Trump was born in Bavaria in 1869. He immigrated to the U.S. at age 16, with no formal education, and started working as a barber. In the 1890s, he moved to the Northwest and made

a fortune catering to the needs of new settlers and miners. Friedrich then moved to New York and began investing in real estate in Queens. He bequeathed a growing real estate empire to his sons Frederick C. Trump and John G. Trump. His grandson, Donald J. Trump, became a billionaire real estate developer and the 45<sup>th</sup> President of the United States.

Mario Rubio Reina (born in Havana, Cuba in 1925) and his wife Oriaes Garcia Rubio migrated to the United States in 1956 to look for better opportunities. Mario and his wife initially settled in Miami but then moved to Nevada, where Mario worked as a bartender and Oriaes as a housekeeper in hotels and casinos. They eventually returned to Miami, applied for American citizenship, and were naturalized in 1975. Meanwhile, one of their sons, who was born in Miami, Marco, went to high school, college, and law school in Florida. He interned for U.S. Congresswoman Iliana Ros-Lehtinen and later ran for office himself. Showing remarkable political abilities, he rose to become speaker of the Florida House of Representatives, and then the U.S. Senator from Florida.

András István Gróf was born in Hungary in 1936. After surviving World War II and the Hungarian uprising of 1956, Gróf fled across the border to Austria. He eventually made his way to the United States, where though almost penniless and speaking hardly any English, he was admitted as a refugee from communist oppression, and was able to find work as a busboy in a resort in the Catskill mountains. Gróf had a passion for education and enrolled at Hunter City College in New York, where he earned a degree in chemical engineering. On graduation, he was admitted to the Ph.D. program in chemical engineering at U.C. Berkeley. In 1967, after working for a few years at Fairchild Semiconductor, Gróf—who had by then changed his name to Andrew Grove—wrote a college textbook on semiconductors. He was then recruited by Gordon Moore to be one of the first three employees of a new startup called Intel. Under Grove's leadership as CEO, Intel became the world's leading producer of microprocessors and one of the dominant companies in the new world of computing technologies.

Jan Koum was born in Ukraine in 1976 to a poor household, without running water. When he was 16, his mother took him to America to avoid the anti-Semitism in their home town. They lived in a small apartment in Mountain View, CA, where they needed food stamps to get by. Koum's mother worked as a babysitter, and Jan worked in a grocery store after school. But Jan was fascinated by computers, and borrowed manuals from a local store and read them eagerly while in high school. After graduating, Koum enrolled at San Jose State University and used his computer skills to get a job as a security tester at the accounting firm Ernst & Young. In 1997, Koum moved to Yahoo!, where he worked for nine years. After being rejected in applying for work at Facebook, he took off work to travel and saw an opportunity in writing apps for Apple's new iPhone. In 2009, Koum started a business to develop his idea of an app: WhatsApp. Five years later, Facebook purchased his company for \$19 billion. WhatsApp now provides communications for hundreds of millions of users.

The stories of Carnegie, Trump, Rubio, Grove, and Koum all illustrate the prosperity that immigrants bring. In each case,

billions of dollars of wealth, millions of jobs, major technological innovations, and important political leadership would never have existed in our country if the sole criteria of admission to America was having specific technical skills.

Immigrants or their children have been one of the key factors driving America's economic growth for as long as we have been a nation. The facts are remarkable. In a survey of the contributions of immigrants across American history, Michael Neidert noted that "One in four American entrepreneurs are immigrants; forty percent of new companies have an immigrant involved in their founding; and of the 2017 Fortune 500 list companies, nearly half were founded by immigrants or their children."<sup>4</sup> In a detailed examination of the impact of immigrants on America's economy during the previous surge of immigration in (1850-1920), a period where there was no selection of immigrants based on skills and almost all immigrants lacked formal credentials, Sandra Sequeira, Nathan Nunn, and Nancy Qian find that "locations with more historical immigration today have higher incomes, less poverty, less unemployment, higher rates of urbanization, and greater educational attainment. The long-run effects appear to arise from the persistence of sizeable short-run benefits, including greater industrialization, increased agricultural productivity, and more innovation."<sup>5</sup>

The problem with skills-based immigration is that it focuses on skills for which there are easily presented credentials, such as a university degree or an already-developed talent. It wholly overlooks the drive to succeed that often comes from growing up in poverty, and it can in no way anticipate the accomplishments of young children who grow up to be Presidents, Senators, or titans of industry. If America had not been willing to take a chance on some immigrants and refugees who did not show obvious talents, the chances are that the country would have missed out on *all* of the accomplishments of the families listed above.

But, it will be said, we cannot let just anyone and everyone enter the U.S.; we will lose our national character; we will never be able to absorb them or employ them. That seems extremely unlikely. The fact is that the number of jobs available in the United States will depend on the number of thriving businesses created by risk-taking entrepreneurs. These are people who can absorb setbacks and bounce back, can visualize new ways of doing things, and will persevere through challenges—precisely the skills that often mark immigrants and refugees. In fact, the long-term outcome of the COVID epidemic may be the loss of hundreds of thousands of jobs in restaurants, hotels, retail, and other travel and service industries. If we do not have *new* industries, driven by entrepreneurs like Carnegie, Grove, and Koum, we will not have jobs tomorrow for Americans who are here today.

Moreover, the U.S. labor force is rapidly shrinking and will have difficulty providing enough workers (and their taxes) to pay down America's rapidly ballooning debts. According to U.S. census projections, if the U.S. adopted a zero-immigration policy (for permanent residents), the U.S. population will *decline* by almost seven million people from 2020 to 2060. But that is only part of the story.<sup>6</sup> When we look at the detailed projections by age, the working-age population (18-64) is projected to fall by over 24 million people in the next forty years. At the same time, as baby

boomers retire, America's over-65 population will increase by 35 million, putting pressure on our Social Security and Medicare programs, which are supported by payroll taxes on workers. By contrast, under a high immigration scenario, the number of working-age Americans would increase by *slightly more* than the number of Americans over 65, avoiding a massive burden on declining numbers of younger people having to support ever-larger numbers of seniors.

Under the current immigration projection, the U.S. projects that Social Security and Medicare will run out of resources shortly. According to their trustees, the surpluses set aside to deal with the retiring baby boomers will run out in just a few years: Medicare will become insolvent in 2026; Social Security's Retirement and Survivors fund will be bankrupt by 2034.<sup>7</sup> Both programs will then have to cut benefits by one-quarter or more or raise payroll taxes by a quarter or more to maintain current benefit levels. These projections also assume that Americans will continue to have children at a healthy rate of 1.95 children per woman. But in 2019, *actual* fertility fell to a record low of 1.71, or twelve percent less.<sup>8</sup> These projections were all made before the COVID-19 lockdown and its devastating effect on workers incomes and payroll taxes.

In short, without immigration, America faces the tough headwinds of a fast-shrinking labor force, even as it deals with larger debts from the COVID-19 crisis, and rising obligations for Social Security and Medicare to support growing numbers of seniors.

How much immigration would be needed to achieve that balance of the working-age population not shrinking, but growing slightly faster than the number of those over 65? Not as much as one might think. Today, the percent of American residents who are foreign-born is 13.6%, and over three-quarters of those are lawful permanent residents and naturalized U.S. citizens.<sup>9</sup> Under the U.S. Census "high immigration" projection described above, the fraction of foreign-born residents would increase to 21.6% by 2020.

That is higher than today's level. But the world today is one of aging societies that will depend more on immigration. For comparison, several countries that are enormously successful today have a similar or greater percentage of foreign-born residents: Switzerland (30%); Canada (21.5%); Australia (29%).<sup>10</sup> Thus America could adopt policies providing for a relatively high immigration scenario, which would bring a significant improvement in the ratio of workers to seniors, better enable America to grow, provide jobs, and pay its debts. Policy could achieve all this and still adopt a legal limit that immigration would have to be constrained such that the foreign-born do not exceed 25% of the total population. That should relieve anxiety that the foreign-born would never overtake the native-born population. Moreover, America has proven extremely capable of assimilating immigrants. Like the penniless, non-English speaking András István Gróf, who became CEO Andy Grove, immigrants generally adopt American names and become enthusiastic American citizens.<sup>11</sup>

America has been unique in being both the best country in the world to start a business and being relatively open to aspiring entrepreneurs and professionals from around the world. This has

made coming to America the goal of the world's most innovative and ambitious individuals and enabled America to stay on the leading edge of technological development for several generations.<sup>12</sup> It is no accident that in the 1980s and 1990s, while other countries were trying to catch up to America's leadership in mass production and consumer goods, American entrepreneurs, including such immigrants or children of immigrants as Steve Jobs (Syrian father, co-founder of Apple), Sergey Brin (Russian born, co-founder of Google), and Jeff Bezos (raised by a Cuban step-father, founder of Amazon) were launching a whole new frontier of the digital economy.

So yes, by all means, let us create additional immigration slots for individuals with visible skills or capital. Let us also set aside slots for foreign students, especially those who graduate from American universities and want to use their skills to start or help build companies in the U.S. But at the same time, let us also retain a sufficient number of openings for a mix of individuals striving for success from all countries around the world to bet on the future of America with immigrants. We have always done so throughout our history. We would pay a terrible price if we suddenly stopped banking on this element that truly made America great.

**Jack A. Goldstone** is the Virginia E. and John T. Hazel, Jr. Chair Professor of Public Policy at George Mason University.

---

The Center for Growth and Opportunity at Utah State University is a university-based academic research center that explores the scientific foundations of the interaction between individuals, business, and government.

The Immigration and Economic Recovery Symposium explores what role immigrants play in the economic recovery of the United States post-COVID crisis.

The views expressed in this paper are those of the authors and do not necessarily reflect the views of the Center for Growth and Opportunity at Utah State University or the views of Utah State University.

## Endnotes

1. "Proclamation Suspending Entry of Immigrants Who Present Risk to the U.S. Labor Market During the Economic Recovery Following the COVID-19 Outbreak," White House, (April 22, 2020), <https://www.whitehouse.gov/presidential-actions/proclamation-suspending-entry-immigrants-present-risk-u-s-labor-market-economic-recovery-following-covid-19-outbreak/>.
2. Michael D. Shear and Maggie Haberman, "Trump's Temporary Halt to Immigration is Part of Broader Plan, Stephen Miller says", *New York Times*, April 24, 2020 <https://www.nytimes.com/2020/04/24/us/politics/coronavirus-trump-immigration-stephen-miller.html>.
3. Full disclosure: I was named a 2020 Carnegie Foundation Fellow.
4. Michael Neidert, "How 12 Immigrant Entrepreneurs Have Made America Great." *Medium*, August 8, 2018, <https://medium.com/@michael.neidert/how-12-immigrant-entrepreneurs-have-made-america-great-ed178fe9837d>.
5. Sandra Sequeira, Nathan Nunn, and Nancy Qian, "Immigrants and the Making of America," *The Review of Economic Studies*, 87, no. 1 (January 2020): 382-419, <https://doi.org/10.1093/restud/rdz003>.
6. Sandra Johnson, "A Changing Nation: Population Projections under Alternative Immigration Scenarios." Washington DC: U.S. Census Bureau, Current Population Reports P25-1146, February 2020, <https://www.census.gov/library/publications/2020/demo/p25-1146.html>.
7. Centers for Medicare & Medicaid Services, "2020 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," April 22, 2020, <https://www.cms.gov/files/document/2020-medicare-trustees-report.pdf>; Social Security Administration, "The 2020 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," April 22, 2020, <https://www.ssa.gov/OACT/TR/2020/tr2020.pdf>.
8. Gaby Galvin, "U.S. Births Continue to Fall, Fertility Rate Hits Record Low." *U.S. News and World Report*, May 20, 2020, <https://www.usnews.com/news/healthiest-communities/articles/2020-05-20/us-births-continue-to-fall-fertility-rate-hits-record-low>.

9. Jynnah Radford, "Key Findings about U.S. Immigrants," *Pew Research Center*, June 17, 2019, <https://www.pewresearch.org/fact-tank/2019/06/17/key-findings-about-u-s-immigrants/>.
10. United Nations Population Division, "International Migrant Stock: The 2017 Revision," <https://www.un.org/en/development/desa/population/migration/data/estimates2/estimates17.asp>.
11. Ran Abramitzky, Leah Platt Boustan, and Katherine Eriksson, "Cultural Assimilation during the Age of Mass Migration," NBER Working Paper No. 22381, September 2017, <https://www.nber.org/papers/w22381>.
12. William R. Kerr, *The Gift of Global Talent: How Migration Shapes Business Economy and Society* (Stanford University Press, 2018).