

Foreign Investment: New Jersey's Foreign-Born Workers Boost the State's Economy

Carl E. Van Horn

The historic Central Railroad of New Jersey train terminal in Liberty State Park was the first stop for 12 million immigrants who passed through Ellis Island between 1892 and 1954. So it was fitting that, in early August 2007, Governor Corzine chose the Central Railroad station as the location to sign an executive order launching a 15-month study to propose new state policies for integrating immigrants more successfully into New Jersey's society and economy.

The time is right to fashion a coherent state strategy for engaging New Jersey's 1.6 million foreign-born residents. Clearly, their impact on the state's economic growth has already been profound: New Jersey would have experienced little or no population growth between 2000 and 2004 if not for the influx of approximately 250,000 immigrants.

Immigrants, especially those aged 25-54, participate in the workforce at very high rates. The U.S. Census Bureau reports that 91% of foreign-born men in that age group, and 79% of the women, work. The labor participation rate for men who enter the country illegally is closer to 100%, according to the Urban Institute, which in 2004 estimated that 400,000 of New Jersey's 8 million residents are undocumented.

Too often the immigrant workforce has been characterized as unskilled workers who displace local residents. In the region encompassing New Jersey, New York and Pennsylvania, this characterization is neither accurate nor fair.

Consider these observations from research delivered at a symposium on *The Movement of Global Talent* organized by Princeton University's Policy Research Institute for the Region:

- Many new immigrants arrive with high-level skills. While only one-third of the region's American-born workers have a college degree, half of the Chinese immigrants and two-thirds of those from India are college graduates. This represents a large infusion of highly-educated talent, since the number of China-born residents in the tri-state area in 2005 totaled 436,000 while India-born residents numbered 498,000. Exhibit A: Middlesex, Somerset and Hunterdon Counties together now employ more temporary high-skill H-1B visa holders than Silicon Valley's San Jose County.
- Immigrants fill jobs that are critical to our state's economic performance. While Chinese and Indian immigrant workers comprise less than 2% of the New Jersey-New York-Pennsylvania workforce, they represent 26% of medical scientists, 22% of software engineers, 18% of health diagnosing specialists, and 13% of physicians. There is no evidence that unemployment rates for native-born workers has gone up in these sectors where high-skill immigrant employees are concentrated.
- A diverse labor pool contributes to the region's economic growth. Research demonstrates that states such as New Jersey and its immediate neighbors enjoy a distinct economic

advantage over states whose workforces cannot meet employer demands for workers with a broad range of skills.

Based on all the evidence, it's clear that our highly educated foreign-born workers benefit our economy without having significantly negative effects on businesses or native-born highly educated workers. While the available evidence may be persuasive to scholars and labor market specialists, it is not convincing to the broader public.

The public is not only divided, but often hostile towards immigrants. Rather than seeing economic benefits, many Americans see immigration of highly skilled workers as a hindrance to opportunities for native-born workers. Others believe the immigrants are all low-skilled workers or, worse, people who intent on harming US citizens and interests.

In New Jersey, a 2002 Star-Ledger/Eagleton Poll reported that just 12% favored increasing immigration while 59% said it should be decreased or stopped altogether. And in a Monmouth University/Gannett poll, completed in the summer of 2007, New Jersey residents were evenly split over the question of whether immigration is good or bad for the state.

Those who believe that a well-crafted immigration policy will yield economic benefits to our state will have to work a lot harder to convince our fellow-citizens and policy makers about the wisdom of that conclusion.

The immediate challenge to New Jersey and the region is recruiting and hire qualified workers for critical job openings. One of the quickest ways to affect the pipeline of highly qualified workers is to open up more widely the doors for who already have the credentials and experience we need—and these folks are most readily found in other countries.

One of our state's true competitive advantages is the ability to attract highly skilled immigrant workers. We need to maximize this advantage by supporting greater immigration of skilled workers. Put another way, if future economic success is about a battle for talent, then increasing immigration of highly skilled knowledge workers should be a central component of New Jersey's battle plan.

When U.S. immigration policy makes it more difficult for workers to work in our country, we are engaging in unilateral economic disarmament. Several countries in the European Union—including Germany, Britain, France, and Ireland -- have either lowered barriers for talented foreign workers, created new incentive programs, or stepped up efforts to recruit foreign-born students to their universities. Singapore has also increased its efforts to attract foreign talent, especially in biotechnology.

While I am not optimistic about the future of national policy on immigration, I remain hopeful that Governor's Corzine panel of distinguished New Jerseyans will fashion state strategies that benefit both immigrant workers and our state's economic growth.