

Regional Insights: Pittsburgh could use some immigrants

February 1, 2014 9:02 PM

By Harold D. Miller

Last column explained how our low rate of new business formation has been holding back the region's job growth ("[Regional Insights: Pittsburgh is one of the least entrepreneurial places](#)"). One of the likely causes for our poor performance in entrepreneurship is how badly we do in attracting residents from other countries.

National data show that foreign immigrants are more likely than U.S. natives to form small businesses. A study by the Fiscal Policy Institute found that nearly 1 in 5 small business owners (18 percent) in the U.S. in 2007 were immigrants, and immigrant-owned businesses collectively employed 4.7 million workers. Another study done for the Partnership for a New American Economy found that even though immigrants represented only 13 percent of the U.S. population, they started 28 percent of all new U.S. businesses in 2011.

Immigrants play a particularly important role in creating fast-growing technology-oriented firms. A study sponsored by the Kauffmann Foundation found that one-fourth of the engineering and technology companies formed in the U.S. between 2006 and 2012 had at least one key founder who was foreign-born.

Unfortunately, southwestern Pennsylvania isn't benefiting from the above-average entrepreneurial skills of immigrants because our region ranks dead last among the top 40 regions in the percentage of the population born in another country. Census data show that only 3 percent of the Pittsburgh region's residents are foreign-born, whereas in places such as Atlanta, Austin, Boston, Charlotte, Denver and Seattle, 10 to 20 percent of the residents were born abroad.

This is an ironic position for Pittsburgh given that it came to greatness a century ago thanks to the entrepreneurial energy and hard labor of immigrants. One of the region's most famous immigrant entrepreneurs was Andrew Carnegie, who was born in Scotland to poor parents and came with them to Pittsburgh in 1848. By the turn of the century, he had formed the U.S. Steel Corp., the first

billion-dollar company in the world, and his philanthropic efforts benefit Pittsburghers even today.

When the Pittsburgh region's immigrant population peaked in 1910, 1 of every 4 residents was foreign-born, and another 28 percent were children born here to parents who came from overseas. There were more than 448,000 foreign-born residents in the region in 1910, more than the total population of the city of Pittsburgh today. Although many of them couldn't speak English, read or write, their hard work turned the region into one of the greatest manufacturing centers in the world.

In the hundred years since, the percentage of foreign-born residents increased in most major regions, but southwestern Pennsylvania had the largest decrease.

Moreover, the residents of the Pittsburgh region today are from a less diverse set of countries than other regions. A third of the foreign-born residents living here today are from Europe, the second-highest percentage among large regions. Only 1 in 5 of the foreign-born residents here came from countries outside of Europe and Asia, the lowest percentage among the largest metro regions.

Today, the gap between Pittsburgh and the rest of the country in foreign-born residents is getting worse, not better, because our region ranks dead last in the country in the rate at which new international immigrants are moving here. The U.S. Census Bureau estimates that between 2010 and 2012, new immigrants represented only 0.25 percent of the Pittsburgh region's population, while most regions attracted immigrants at double that rate or higher.

While small in number, the immigrants who do live in southwestern Pennsylvania are making a positive impact on the region. For example:

* Even though the region added fewer than 6,000 foreign immigrants between 2010 and 2012, that was enough to offset the region's losses due to other factors and result in a small increase in the region's population for the first time in decades.

* A study by the Fiscal Policy Institute found that the foreign-born residents of the Pittsburgh region create businesses at a 20 percent higher rate than our U.S.-born residents, and the economic output of foreign-born workers in the Pittsburgh region is 47 percent higher than their share of the population, the highest ratio among the top 25 regions in the country.

Immigrants' impact on our region's population growth and job creation would be much bigger, though, if we had more of them.

It's not a coincidence that in Silicon Valley, the nation's hotbed for technology entrepreneurship, over one-third of the residents are foreign-born, the second highest percentage among the top 40

regions, and 10 times as high as Pittsburgh.

Should the many unemployed workers in our region worry that more immigrants would make it even harder for them to find jobs?

National research indicates that regions with higher rates of immigration don't have higher rates of unemployment. Not only do immigrant entrepreneurs create jobs for native workers, immigrants typically bring a different set of skills than unemployed workers have, and the more diverse workforce can actually help attract more jobs to the region for everyone. For example, 38 percent of the current foreign-born residents in Allegheny County have a graduate or professional degree, compared to 13 percent of the native-born population.

What should we do to increase immigration into the Pittsburgh region?

* Support federal immigration overhaul. There are problems with current federal immigration laws that make it difficult for skilled workers and entrepreneurs to come to the U.S. or to stay here even if they start a business and create jobs. Legislation being considered in Congress would increase the number of H-1B visas for foreign professionals and make it easier for entrepreneurs and people with advanced degrees in science and mathematics to become residents. The region's Congressional delegation should support these changes.

* Help foreign-born professionals and entrepreneurs feel welcome. It can be more difficult to attract immigrants to a region that has few residents from their home country, so Pittsburgh needs to make special efforts to jump-start immigration from other countries. An organization called Vibrant Pittsburgh (www.vibrantpittsburgh.org) is spearheading efforts to attract and retain immigrants and minority groups to the region, but it needs local businesses to join and work actively to support diversity initiatives.

We can't reverse decades of low immigration overnight. However, even small improvements each year will have a positive impact on our population and economy, and the cumulative effect of long-term efforts could truly transform our region.