

Thomas L. Friedman: Why put up barriers to brainpower?

San Jose Mercury News (California)

February 11, 2009 Wednesday

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Section: NEWS; Opinion

Length: 686 words

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Body

BANGALORE, India Leave it to a brainy Indian to come up with the cheapest and surest way to stimulate our economy: immigration.

"All you need to do is grant visas to 2 million Indians, Chinese and Koreans," said Shekhar Gupta, editor of The Indian Express newspaper. "We will buy up all the subprime homes. We will work 18 hours a day to pay for them. We will immediately improve your savings rate no Indian bank today has more than 2 percent nonperforming loans, because not paying your mortgage is considered shameful here. And we will start new companies to create our own jobs and jobs for more Americans."

Remember, America

While his tongue was slightly in cheek, Gupta and many other Indian business people I spoke to this week were trying to make a point that sometimes non-Americans can make best: "Dear America, please remember how you got to be the wealthiest country in history. It wasn't through protectionism, or state-owned banks or fearing free trade. No, the formula was very simple: Build this really flexible, really open economy, tolerate creative destruction so dead capital is quickly redeployed to better ideas and companies, pour into it the most diverse, smart and energetic immigrants from every corner of the world and then stir and repeat, stir and repeat."

While I think President Barack Obama has been doing his best to keep the worst protectionist impulses in Congress out of his stimulus plan, the U.S. Senate unfortunately voted Feb. 6 to restrict banks and other financial institutions that receive taxpayer bailout money from hiring high-skilled immigrants on temporary work permits known as H-1B visas.

Bad signal. In an age when attracting the first-round intellectual draft choices from around the world is the most important competitive advantage that a knowledge economy can have, why would we add barriers against such brainpower anywhere? That's called "Old Europe." That's spelled: S-T-U-P-I-D.

"If you do this, it will be one of the best things for India and one of the worst for Americans, (because) Indians will be forced to innovate at home," said Subhash B. Dhar, a member of the executive council that runs Infosys, the well-known Indian technology company that sends Indian workers to America to support a wide range of firms.

If there is one thing we know for absolute certain, it's this: Protectionism did not cause the Great Depression, but it sure helped to make it "Great." From 1929 to 1934, world trade plunged by more than 60 percent and we were all worse off.

We live in a technological age where every study shows that the more knowledge you have as a worker and the more knowledge workers you have as an economy, the faster your incomes will rise. Therefore, the centerpiece of

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our stimulus, the core driving principle, should be to stimulate everything that makes us smarter and attracts more smart people to our shores. That is the best way to create good jobs.

Valley startups

According to research by Vivek Wadhwa, a senior research associate at the Labor and Worklife Program at Harvard Law School, more than half of Silicon Valley startups were founded by immigrants over the last decade. These immigrant-founded tech companies employed 450,000 workers and had sales of \$52 billion in 2005, Wadhwa said in an essay this week on BusinessWeek.com.

We don't want to come out of this crisis with just inflation, a mountain of debt and more shovel-ready jobs. We want to we have to come out of it with a new Intel, Google, Microsoft and Apple.

I would have loved to have seen the stimulus package include a government-funded venture capital bank to help finance all the startups that are clearly not starting up today because of a lack of liquidity from traditional lending sources.

Newsweek had an essay this week that began: "Could Silicon Valley become another Detroit?" Well, yes, it could. When the best brains in the world are on sale, you don't shut them out. We need to attack this financial crisis with green cards not just greenbacks, and with startups, not just bailouts. One Detroit is enough.

Thomas L. Friedman is a New York Times columnist.

Classification

Language: ENGLISH

Publication-Type: Newspaper

Subject: PROTECTIONISM (90%); PASSPORTS & VISAS (89%); IMMIGRATION (89%); ECONOMIC STIMULUS (89%); BAILOUTS (78%); EMPLOYMENT VISAS (78%); NEW ECONOMY (78%); FOREIGN LABOR (78%); ECONOMIC DEPRESSION (78%); NEW BUSINESSES (75%); US CONGRESS (74%); LEGISLATIVE BODIES (72%); TEMPORARY EMPLOYMENT (71%); STATE OWNED BUSINESSES (71%); JOB CREATION (70%); US ECONOMIC STIMULUS PLAN 2008-2009 (70%); US PRESIDENTIAL CANDIDATES 2012 (65%); US PRESIDENTIAL CANDIDATES 2008 (65%); GREAT DEPRESSION (60%)

Company: INFOSYS LTD (51%)

Ticker: INFY (PAR) (51%); INFY (NYSE) (51%); INFY (NSE) (51%)

Industry: BANKING & FINANCE (76%); SUBPRIME LENDING (71%)

Person: BARACK OBAMA (50%)

Geographic: BANGALORE, KARNATAKA, INDIA (79%); UNITED STATES (96%); INDIA (92%)

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Load-Date: February 11, 2009

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