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Best of the Web

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The Contradictions of Trumponomics

Immigration restrictions make it harder to hit the President's growth target.

By James Freeman

While President Trump is overseas, his proposed budget has been released back home, triggering a Beltway [debate about the potential](#) of the United States. Trump economic advisers think that with a lighter tax and regulatory burden, the U.S. economy can grow again at 3% per year. Meanwhile many conventional thinkers argue that we're doomed to the roughly 2% rate that characterized Barack Obama's new normal. This column believes that the U.S. can return to its more robust traditional growth, but Mr. Trump is making this harder than it has to be.

By definition, growing the economy will require more people working or each worker producing more stuff—or some combination of the two. By cutting taxes and regulation, the Trump program will encourage businesses to [spend more on tools](#) that allow each worker to make more stuff. But getting more people working is trickier, because the big baby boom generation continues to retire and [businesses are having a difficult time](#) pulling younger Americans who quit the labor force during the Obama years back into the job market.

One obvious solution to this problem is for the U.S. to allow into the country more people who are willing to work. This doesn't mean Mr. Trump has to abandon the idea of thoroughly vetting people arriving from places with a history of terrorism. It means welcoming more people once we've decided they're not much of a threat. And this is not just about filling jobs. It's about importing lots of people who then create jobs for others, as well as innovations that we all enjoy.

Mohamad Ali [describes](#) in the Harvard Business Review how his family fled a Marxist dictatorship in Guyana in the early 1980s and arrived in the United States with next to nothing. He now runs a publicly-traded company called Carbonite and argues that “the U.S. draws its global competitive advantage from its openness to new people and new ideas. It's an ability the country devalues at its peril.” Mr. Ali describes the impact of immigration on American business:

Forty percent of Fortune 500 companies were founded by immigrants or the children of immigrants. [Intel](#) founder Andy Grove was a refugee from communist Hungary. Apple cofounder Steve Jobs is the son of Abdulfattah Jandali, an immigrant from Syria. Today, the trend continues. **[A recent study of billion-dollar startups found more than half were founded by immigrants.](#)** Our next generation of great companies, too, will depend on immigrants — as will the American economy as a whole.

This column should note that Andy Grove was not the founder of Intel, though he was one of its early employees and led the firm to great success over the course of a legendary career in Silicon Valley. Mr. Ali is right on target with the larger point. America's digital industries, wealth-creating crown jewels of the U.S. economy, are in large part the creation of immigrants.

If the U.S. adds more people with ambition and talent into an economy with lower regulatory burdens and a corporate tax rate approaching Mr. Trump's favored level of 15%, annual economic growth of 3% could end up looking more like a floor than a ceiling on America's potential.

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(Carol Muller helps compile Best of the Web. Thanks to Norman Blanton, Skip King, Mark Nicholas, Miguel Rakiewicz, Thomas Ray and Wes Van Fleet.)

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