

*Letter from the*  
**President**

*I*mmigration has played an integral part in shaping the economic, social and cultural development of this country. From architecture and medicine to technology and statesmanship, immigrants have contributed to our nation's success.

*The photos on the inside of the front and back covers of this annual report are but a few of America's notable immigrants. They are remarkable in their contributions to science, technology, business, government, literature, sports and philanthropy.*

(continued on next page)

*Winning the future will become increasingly difficult unless we figure out a practical way to allow greater access to foreign-born human capital that will contribute to American prosperity.*



We have distinguished immigrants serving on the Dallas Fed and regional banks' boards of directors. Renu Khator—who joined the Federal Reserve Bank of Dallas board in January 2011—is the University of Houston System's first woman chancellor and the first Indian immigrant to lead a tier one U.S. research university. In addition to Renu, G.P. Singh (India) and Jorge Bermudez (Cuba) are also successful first-generation immigrants. I am proud to have them on our team.

As with these immigrants, the story of the Fisher family spans cities, states, countries and continents. My father hailed from Australia, and my mother, born in South Africa, was the daughter of Norwegians. When my parents first tried to enter this country in 1939, they were redirected to living part-time in Tijuana, Mexico, until gaining U.S. citizenship in 1947. I was born in Los Angeles in March 1949, the felicitous byproduct of an otherwise fretful business trip to Shanghai that ended abruptly as Mao's forces entered that city.

My family's story is dramatic. But it is by no means unique. Immigrants—as my parents could attest—are drawn to this country from a variety of places for a number of reasons. A common thread is the opportunity to improve their lot and become part of the American Dream. Whatever small contribution my family has made to the development of the U.S. is at least partially a testament to the value of immigrants and their labors.

Emma Lazarus' oft-cited depiction in "The New Colossus" —Lady Liberty's poor and huddled masses yearning to breathe free—no longer paints the whole

picture. Skilled immigrants, including scientists, doctors, engineers and mathematicians, cross our borders every year hoping to become part of the American fabric. Instead of queuing up on Ellis Island, as many of our ancestors did, they enter at airports and reside in cities all across the country. They are equipped, trained and educated—often at American universities—and ready to participate in our society.

In the well-researched and thought-provoking essay that follows, Dallas Fed Research Officer Pia Orrenius and Agnes Scott College Professor Madeline Zavodny describe how our economy has evolved from “brawn and machines” to “brains and microchips.” The comparative advantage of the U.S. economy lies in providing high-value-added services and brain-intensive goods such as semiconductors and pharmaceuticals to the rest of the world.

Skilled, highly educated immigrants are ready to power our mighty economic machine into the 21st century and beyond. Unfortunately, we are often turning these workers away. In many cases, we blatantly discard the returns on our own education investments. Consider this: Many skilled immigrants, sponsored by their U.S. employers, are waiting up to 10 years for a green card allowing permanent legal residence. For many, this comes only after they have patiently waited for and received an elusive H-1B work visa. Rather than encouraging people to stay and work, our immigration policy turns away some of the most promising foreign talent, sending them home to, in turn, compete against us.

Winning the future will become increasingly difficult unless we figure out a practical way to allow

greater access to foreign-born human capital that will contribute to American prosperity. America is still the world’s economic powerhouse. But we can’t afford to rest on our laurels. Countries around the world are recruiting our most-talented business leaders and scholars to manage their strongest companies and direct their greatest universities. Our economy will continue to move up the value-added ladder and stay ahead of the competition—including China and other emerging powers—if we continue attracting the “best and brightest.”

In addition to the insightful piece on immigration, I encourage you to read our 2010 “Year in Review” on page 18. It has been a year of change that included passage of the Dodd–Frank Wall Street Reform and Consumer Protection Act, rollout of the Treasury’s all-electronic payment initiative and the planned transformation of our San Antonio Branch to a standard cash depot. Amid these changes, the men and women of the Dallas Fed continue to make significant contributions to the Federal Reserve System and the Eleventh District—an area that covers 360,000 square miles, populated by 27 million hard-working Texans, Louisianans and New Mexicans. We remain committed to keeping up with the changing nature of a globalized economy, while serving the ever-increasing needs of our dynamic regional economy.



Richard W. Fisher