

Discussion of "The Contribution of Foreign Master's Students to US Start-Ups"

Justin Grimmer

Senior Fellow, Hoover Institution
Stanford University

January 22, 2026

Lesson: Immigrants start companies!

Co-Founders



Yujie has co-founded three startups and contributed to three more. He brings with him a decade of AI expertise across reinforcement learning, security,



Guido is a data scientist and applied econometrician, recognized with a shared 2021 Nobel Prize for his work on causal inference and experimental design.

Native born Americans benefit!

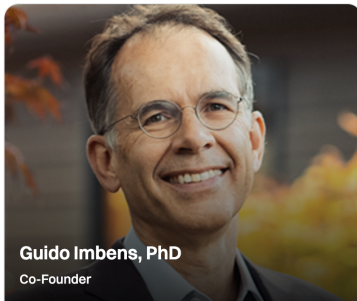
Co-Founders



Yujie Huang
Co-Founder, CEO

Yujie has co-founded three startups and contributed to three more. He brings with him a decade of AI expertise across reinforcement learning, security, computer vision, and foundation models.

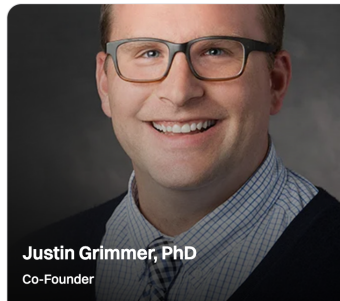
EECS, UC Berkeley



Guido Imbens, PhD
Co-Founder

Guido is a data scientist and applied econometrician, recognized with a shared 2021 Nobel Prize for his work on causal inference and experimental design. He has collaborated with several tech companies to develop advanced experimentation platforms.

Professor of Economics, Stanford University



Justin Grimmer, PhD
Co-Founder

Justin works at the intersection of data science and social science. He has collaborated with tech companies on policy, governance, and user experience issues.

Professor of Political Science, Stanford University

Immigrants “expand the pie” and create US jobs.

Immigrants “expand the pie” and create US jobs.

- Focusing on start ups avoids “H1B” debate (are immigrants crowding out domestic workers for scarce jobs? Are companies exploiting H1B system for cheap labor?)
- No real sense of crowding out of “If you guys were the inventors of Facebook, you’d have invented Facebook”.
- What should society design a start-up system to do?
 - “Tail-success”: create a small number of very large companies?
 - “Productive innovation”: create a larger number of companies that attract capital investment?
 - “Political problem”: will a start up system be politically sustainable if disproportionately benefiting non-native innovators?

What is the causal effect of migrants on US start-ups?

What is the causal effect of migrants on US start-ups?

Data:

- IPEDs: counts of masters students
- Crunchbase: Co-founders and start ups
- Country of origin: forebears.io which is basically a classic strategy

Regressions: does increasing foreign born masters students increase number of startups?

Regressions: does increasing foreign born masters students increase number of startups?
Dealing with Selection

Regressions: does increasing foreign born masters students increase number of startups?

Dealing with Selection

- Selection issue: migrants select Berkeley because of the start up culture

Regressions: does increasing foreign born masters students increase number of startups?

Dealing with Selection

- Selection issue: migrants select Berkeley because of the start up culture
- Instrument 1 \rightarrow In vs out of state tuition: intuition is that comparison captures price net quality?
 - Why I'm worried: in-state tuition is often a causal consequence of the out-of-state tuition. (Benefit state natives by soaking the out of state students). Is this gap capturing the value difference?
 - Exclusion concerns: Is this gap correlated with state-level attitudes towards foreigners?
 - Weird complier set!

Regressions: does increasing foreign born masters students increase number of startups?

Dealing with Selection

- Selection issue: migrants select Berkeley because of the start up culture
- Instrument 1 → In vs out of state tuition: intuition is that comparison captures price net quality?
 - Why I'm worried: in-state tuition is often a causal consequence of the out-of-state tuition. (Benefit state natives by soaking the out of state students). Is this gap capturing the value difference?
 - Exclusion concerns: Is this gap correlated with state-level attitudes towards foreigners?
 - Weird complier set!
- Instrument 2 → Shift-share based on baseline distribution, national inflows.
 - Classic instrument that can place strong demands on the data

Dependent variable:	Number of entrepreneurs	
---------------------	----------------------------	--

OLS	IV
(1)	(2)

Residual tuition IV

Share of international master graduates	0.0003 (0.0007)	0.0413*** (0.0139)
--	--------------------	-----------------------

compounds problems from confounding or exclusion restriction violations, and vice versa. With invalid instruments, it is likely that the asymptotic bias of the 2SLS estimator is much greater than that of the OLS estimator, that is, $\left| \frac{\text{Cov}(z, \varepsilon)}{\text{Cov}(z, d)} \right| \gg \left| \frac{\text{Cov}(d, \varepsilon)}{\mathbb{V}[d]} \right|$ in the single instrument case.⁴

Solution: Different identification strategy. Treat data as a panel, show results using master's students count as continuous treatment

Name Inference

- Interesting data source!
- Validity for your case: can you hand code some founders?
- Concern: world distribution of names may not reflect idiosyncratic founder distribution