

Standard theory suggests that immigrant inflows likely affect the demand for all factors of production. We test this hypothesis by exploiting the 2016 extension of the Optional Practical Training (OPT) program, which significantly prolonged the work authorization period for international STEM graduates. Using a synthetic difference-in-differences approach, we find that the policy successfully increased the local supply of high-skilled immigrants in exposed commuting zones. This local inflow stimulated the demand for other factors: employment and wages of high-skilled natives rose, and the number of firms expanded, particularly in STEM sectors. However, unlike the positive adjustments in labor and firm entry, we find little evidence of a corresponding increase in capital investment. Lastly, we further document that commuting zones hosting top-ranked universities experienced a more pronounced inflow of high-skilled immigrants, driving a significant expansion in small business loans.