



## ***Don't Cut H-1B Visas, Increase Them***

June 24, 2020

**Jerry Haar**

U.S. competitiveness is on a downward slope. The latest *IMD Competitiveness Report* reveals a decline in ranking from #1 in 2018 to #3 in 2019 and now #10 for 2020. One of the primary reasons for the nation's poor performance is the lack of technical and scientific human capital to invigorate and expand the American economy.

How infuriating, outrageous and absurd then that the Trump administration signed an order on June 22 to temporarily halt the issuance of H1-B visas (currently capped at 85,000 per year) for highly skilled workers from now through the end of the year. Several hundred thousand new immigrants were expecting work visas in fields such as systems engineering, advanced materials, biomedical technology and cybersecurity to fuel U.S. innovation and competitiveness.

The new restrictions will block anywhere from 325,000 to 525,000 immigrants and their family members. To illustrate the impact, by the end of the year there will be one million more computing jobs nationally than there will be graduates to fill them. The software industry itself is vital to the American economy, supporting 14.4 million jobs and contributing \$1.6 trillion in total value-added GDP annually.

Unfortunately, the nation continues to face a critical shortage of homegrown STEM professionals. Fewer and fewer U.S. students are majoring in STEM and opting instead for fields such as business, education, political science, and psychology. Even if many college students were interested in STEM, their high school grounding in science and math is poor compared to students from other countries. For example, in math U.S. teenagers rank lower than their peers in 63 other nations. So, such students may opt out of a STEM major after low grades their freshman year in math and science classes. Therefore, the stop gap measure to fill the needs of companies and institutions confronting a shortage of highly skilled workers has been the H-1B visa program—a program that should not be curtailed but actually *expanded*.

Empirical evidence to date provides compelling evidence to do so with benefits accruing not only to U.S. industry but to both the workforce, overall, and to major urban areas in particular. A recent study by UC Davis and Colgate University economists found that H-1B driven increases in STEM workers in a city were associated with significant increases in wages of college-educated natives in general--and not just in STEM fields--and that STEM workers contributed significantly to total factory productivity growth in the U.S. and across cities. Additionally, U.S. states with a large inflow of highly educated foreign-born workers had faster growth in patenting per person and increased the probability of patenting for natives (by 18%)--what is known as "spillover" impacts.

One bogus argument bandied about by the anti-immigration lobby is that H-1B workers depress the wages of native-born workers, leading companies to give preference to them in hiring and even replacing U.S. employee with H-1B workers. However, in a study by Brookings Institution economists, the researchers found that H-1B visa holders actually earn *more* than comparable native-born workers and even within the same occupation and industry for workers with similar experience. Additionally, H-1B workers in the computer field perform different tasks that complement those of native-born workers (e.g., software developers rather than analysts). These foreign workers are high quality professionals who increase productivity for their employers and help firms and labs expand with the higher demand for natives.

According to the Pew Research Center over two-thirds of Americans believe immigrants fill the jobs Americans do *not* want. One should note, too, that most Americans are not technically equipped to perform the highly complex and advanced work in science, engineering and technology that drive U.S. global competitiveness. One can only conclude that hostility to immigration in general—a partisan political ploy--is the true reason for instituting policies that actually undermine U.S. economic security.

The Council on Competitiveness, a preeminent non-partisan policy organization, has proposed nine pillars for competing in the next economy (post-COVID). Securing the nation's capabilities in critical technologies is prominent among them. If our nation is to innovate and compete successfully, foreign talent is indispensable. If and when immigration reform actually becomes a reality, a major increase in H-1B visas granted annually should be a hallmark of any legislative initiative.

---

*Jerry Haar is a business professor at Florida International University and Global Fellow of the Woodrow Wilson International Center for Scholars in Washington, D.C.*