



Immigration for Innovation

How to Attract the World's Best Talent While Ensuring America Remains the Land of Opportunity for All

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The fifth report in a series on U.S. science and economic competitiveness from the Doing What Works and Science Progress projects at the Center for American Progress

Introduction and summary

The United States is a nation of immigrant entrepreneurs. From the farmer and merchant entrepreneurs who first settled in the original 13 colonies to the multitudes of immigrant small business owners and startup founders today, our country is and always has been a place where creative and skilled people from around the world can come to realize their dreams. And we've benefited greatly from this.

Immigrants who come to the United States to study at our best universities and then go to work at our nation's leading companies contribute directly and immediately to our nation's global economic competitiveness. High-skilled immigrants who have started their own high-tech companies have created hundreds of thousands of new jobs and achieved company sales in the hundreds of billions of dollars.

Yet despite the critical importance of such immigrants to the nation's economic success in the increasingly competitive global economy, our current high-skilled immigration system is a two-fold failure: Arbitrary restrictions prevent American companies from effectively tapping the full potential of this talent pool, while inadequate safeguards fail to prevent against wage depression and worker mistreatment. The reforms outlined in this paper will help establish a 21st century immigration system that reaps the fruits of admitting the world's best and brightest to promote economic competitiveness, while upholding our responsibilities in a global economy.

Of course, our current immigration policies have failed the country on many fronts beyond the high-skilled policy arena. And the urgent need for comprehensive, systemic reforms is beyond question. The national debate has understandably focused up to this point on the most visible and most highly charged issue—ending illegal immigration. And a holistic strategy that combines enforcement with a requirement that current undocumented immigrants register, pay a fine, learn English, and pay back taxes will spur economic growth to the tune of \$1.5 trillion in cumulative GDP over 10 years. Overhauling our immigration system and restoring the rule of law is indisputably a national economic and security imperative.

But reforms to our high-skilled immigration system are not only important to enhance the coherence and integrity of our immigration policies, they are also an important component of any national strategy to foster innovation and competitiveness.¹ Science, technology, and innovation have been—and will continue to be—keys to U.S. economic growth. The United States must remain on the cutting edge of technological innovation if we are to continue driving the most dynamic economic engine in the world,² and U.S. companies must be able to recruit international talent to effectively compete in the international innovation arena.

To be certain, liberalizing our high-skill immigration policies should not be a substitute for investing in our homegrown workforce. Educating and training a 21st century U.S. workforce is a paramount national priority and the cornerstone of progressive growth. Improving access to top-flight education for everyone in this country will be the foundation for our continued global leadership and prosperity.³ But while our university system attracts the best and brightest minds from around the world, immigrant students are faced with a tough choice upon graduation—go home or find an employer to sponsor their entry into what amounts to a lottery that might allow them to stay and work. While we subsidize the education and training of these foreign-born students, our immigration system prevents us from capitalizing on their collective genius.

We must continue to invest in education here at home, but it is shortsighted in a globalized economy to expect that we can fill *all* of our labor needs with a homegrown workforce alone. In fact, our current educational demographics point to growing shortfalls in some of the skills needed in today's economy.⁴ And as global economic integration deepens, the source points for skill sets will spread—such as green engineering in Holland or nanotechnology in Israel—the breadth of skills needed to drive innovation will expand, and global labor pools must become more mobile.

Reforming our high-skilled immigration system will stimulate innovation, enhance competitiveness, and help cultivate a flexible, highly-skilled U.S. workforce while protecting U.S. workers from globalization's destabilizing effects. Our economy has benefited enormously from being able to tap the international pool of human capital.⁵

Even in today's stressed economic climate and flagging job market there is a need to access that capital. This is a counterintuitive assertion against the backdrop of the ongoing jobs crisis afflicting the country. But it bears remembering that we have dual unemployment rates in the United States: For people with a college degree or

higher, the unemployment rate is under 4.5 percent, and in the information technology professions, it is approximately 4 percent.⁶ This is not to downplay the severe hardships facing unemployed Americans with college degrees. The nation's top priority for the foreseeable future must be creating jobs at all skill levels.

But facilitating access to international talent and putting Americans back to work are not mutually exclusive goals. The purpose of harnessing that talent is to fuel economic growth in industries that will create jobs. For example, a 2010 study by the University of Washington's Economic Policy Research Center found that every job at Microsoft supported 5.81 jobs elsewhere in the state's economy.⁷

Arbitrary limitations on our ability to access skill sets from across the globe are clearly self-defeating. Companies will lose out to their competitors making them less profitable, less productive, and less able to grow; or they will move their operations abroad with all the attendant negative economic consequences. And the federal treasury loses tens of billions of dollars in tax revenues by restricting the opportunities for high-skilled foreign workers to remain in the United States and contribute to the national economy.⁸

Georgia Institute of Technology's Stephen Fleming, executive director of the university's Enterprise Innovation Institute, has demonstrated that access to high-skilled foreign workers and budding entrepreneurs is a critical priority for many fast-growing and innovative businesses, as well as for our economic competitiveness and growth.⁹ But facilitating such access triggers equally critical flip-side considerations, in particular the potential for employers to directly or indirectly leverage foreign workers' interests against the native workforce.

Current enforcement mechanisms are too weak to adequately prevent fraud and gaming of the system.¹⁰ And current regulations tie foreign workers too tightly to a single employer, which empowers employers with disproportionate control over one class of workers. That control enables unscrupulous employers to deliberately pit one group of workers against another to depress wage growth.¹¹ Even when there is no malicious employer intent or worker mistreatment, the restriction of labor mobility inherently affects the labor market by preventing workers from pursuing income maximizing opportunities.

The end goal must be a system that inherently preferences the hiring of U.S. workers, but streamlines access to foreign workers with needed skills, welcomes entrepreneurs who can garner financial backing, and treats all workers employed in the

United States on a level plane. Reforms that enhance legal immigration channels for high-skilled immigrants and entrepreneurs must be complemented with reforms to ensure that a worker's immigration status cannot be used to manipulate wages and working conditions.

This paper digs deeper into the structural deficiencies and enforcement shortcomings in our high-skilled immigration system and offers a number of legislative solutions designed to:

- Target employer fraud and abuse of immigrant laborers.
- Enhance worker mobility for immigrants.
- Establish market-based mechanism to set H-1B levels for high-skilled immigrants.
- Raise green card caps and streamline process for all immigrants.
- Promote entrepreneurship with new visa program.
- Strengthen recruitment requirements for companies.
- Restrict job shops that import temporary immigrant trainees and then export American jobs.

The recommendations detailed in this report will enhance labor market mobility and promote economic growth while advancing workforce stability through enforceable labor standards and protections.

About the Center for American Progress

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

Center for American Progress



About Science Progress

Science Progress, a project of the Center for American Progress, is designed to improve public understanding of science and technology and to showcase exciting, progressive ideas about the many ways in which government and citizens can leverage innovation for the common good. Since its inception in the fall of 2007, Science Progress has helped shape the conversation about our country's investment in science.

science progress

About Doing What Works

CAP's Doing What Works project promotes government reform to efficiently allocate scarce resources and achieve greater results for the American people. This project specifically has three key objectives:

- Eliminating or redesigning misguided spending programs and tax expenditures, focused on priority areas such as health care, energy, and education
- Boosting government productivity by streamlining management and strengthening operations in the areas of human resources, information technology, and procurement
- Building a foundation for smarter decision-making by enhancing transparency and performance measurement and evaluation

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