



We need to uncap the number of H-1B visas

By Alex Nowrasteh

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On Oct. 1, a new round of foreign H-1B guest workers will begin to work in the United States. H-1B visas are for skilled workers in specialty occupations, mainly in engineering and computer occupations. H-1B visas are an important, albeit flawed, mechanism for highly skilled immigrants to enter the United States and contribute to our economy.

Only 85,000 H-1B visas are set aside for American firms to sponsor each year. The approval process begins on April 1 and the approved workers can begin working on Oct. 1. H-1B visas can be used for a total of six years before the worker either must return to his home country or earn a green card.

The economic benefits of H-1Bs and other highly skilled immigrants are large.

Highly skilled immigrants contribute mightily to innovation in the United States, especially through patents. In 2006, immigrants were roughly 12 percent of the U.S. population, but 24 percent of international patent applications from the United States had at least one non-citizen inventor. The real rate is even higher since those statistics don't include immigrants who became U.S. citizens. Immigrants from China, Taiwan, India, Canada, Germany and the United Kingdom were especially likely to patent.

Recent research by economists Jennifer Hunt and Marjolaine Gauthier-Loiselle found that a 1 percentage point increase in college graduate immigrants as a share of the population increases patents per capita by 9 to 18 percent — a tremendous increase. Other research found that a 10 percent increase in H-1B workers in a particular American city corresponded with a 0.3 to 0.7 percent increase in total patents approved there. Foreign-born students in American universities are also very likely to patent.

Some research finds that about 50 percent of U.S. productivity growth between 1950 and 1993 could be attributed to growth in the share of scientists and engineers — two sectors that are expanding largely due to highly skilled immigration.

Not all patents are productive, but a greater number of patents contribute to productivity gains for American workers. The more productive American workers become, the more their wages are likely to rise. A recent economics paper found that an increased number of immigrants working in the science, technology, engineering and mathematics (STEM) occupations can

explain between one-third and one-half of average productivity growth between 1990 and 2010. That translates into higher wages for almost all Americans.

Highly skilled immigrants are also very entrepreneurial. Between 1995 and 2005, 25.3 percent of all technology and engineering firms established in the United States had at least one immigrant founder or cofounder. Forty-six percent of those new firms specialized in innovation- and manufacturing-related services and 33 percent were software firms. Besides founding firms, many foreign-born workers were key employees in startups. Many successful firms that provide valuable services to American consumers would not have been possible without the contributions of these immigrant workers.

While those economic benefits accrue under the current restrictive immigration system, we would benefit far more with a few simple reforms.

First, the number of H-1B visas and green cards available for highly skilled workers should be uncapped or, at a minimum, increased dramatically. Market forces and legitimate security concerns should guide how many skilled immigrants come to our shores, not arbitrary government quotas or other expensive regulations.

Second, H-1B workers should be able to switch jobs just as easily as American citizens can. Currently, H-1Bs are sponsored by American companies and if the worker quits without finding a new job, he immediately becomes an illegal immigrant. That needs to change.

Third, there needs to be a visa for skilled entrepreneurs who intend to start a business in the United States. Oftentimes, foreign graduates of American universities who intend to start new firms are stopped by complex visa rules that prevent most workers from sponsoring themselves on a work visa. A simple visa for entrepreneurs would resolve much of these issues.

H-1B workers and other highly skilled immigrants add tremendous value to America's economy. However, government regulations on these skilled immigrants limit their potential economic contributions. To increase these benefits, these visas should be reformed and liberalized.

Nowrasteh is an immigration policy analyst at the Cato Institute's Center for Global Liberty and Prosperity.