



Will the Government's new High Potential Individual visa actually attract top global talent?

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Advocates of free market policies could be forgiven for having a sense of despair right now. With the revival of industrial policy, a high and growing tax burden, mooted expansions in age-related spending, and nannying lifestyle and environmental agendas emanating from Downing Street, it's easy to fear the direction of Conservative economics.

Among all the gloom, though, several winnable battles are emerging. Trade minister Liz Truss's gusto in pursuing liberalising trade agreements appears ascendant against Tory protectionists. And just last week another Cabinet liberal showed aggression in pursuing an outward-facing policy generating plaudits in Washington DC. Kwasi Kwarteng's BEIS laid down a marker towards liberalising high-skilled immigration to attract top global talent to the UK.

The Government's Innovation Strategy, in which the policy is explained, still had bits of central planning on the movement of people. A dubiously named cross-departmental "Office for Talent" will apparently smooth the passageway to the UK for the very top scientists and innovators. Why the Government will be any better at identifying "potential" talent than selecting the industries of the future is an open question.

That said, the strategy would strip away obvious barriers to high-skilled people locating here. The centrepiece would be a new "High Potential Individual" visa route, which global graduates from "top" universities worldwide would be eligible to apply for. This route would require no job offer or sponsor.

Many have interpreted it as simply a new freedom for well-educated individuals to come here, work, or switch jobs as they please. In the U.S. it has certainly been read that way. Alongside the Hong Kong citizenship offer, the UK's message of openness to top talent has not gone unnoticed.

Caleb Watney, Director of Innovation Policy at the Progressive Policy Institute in DC, tweeted "The UK is really getting aggressive about recruiting high-skill immigrants." The text

explaining the new visa was cheered by the US digital editor of *The Economist*, *Bloomberg* columnist Noah Smith, and hundreds of other Americans who suggested the US should copy it.

That's because the economic evidence is clear-cut. High-skilled immigrants have been shown to increase the production of knowledge through patents, innovation, and entrepreneurship, without harming natives.

The flow of new ideas tends to be constrained by the supply of talented scientists, engineers, technicians, and innovative entrepreneurs. Fewer barriers to them moving here means more knowledge production, more productive new technologies, and so higher productivity growth—an Achilles heel for the UK economy in the past decade.

U.S. studies have found high-skilled migrants boost innovation. A percentage point increase in the population share of immigrant graduates was found by some economists to increase patents per capita by over 10 per cent. Other economists have estimated that a “1 percentage point increase in the foreign STEM share of a city's total employment increased the wage growth of native college [university] educated labour by about 7-8 percentage points and the wage growth of non-college educated natives by 3-4 percentage points.”

Barriers to top scientists moving, in particular, have been shown to harm global knowledge production too, preventing people clustering where their research efforts are most effective. If the UK could make itself a haven for the globally talented, then, we would reap the rewards domestically, but also contribute to expanding the global knowledge frontier.

The question, then, is whether the visa route will truly be as liberal as some have implied. Within government, there appears some dispute on how open or prescriptive conditions should be as the details are thrashed out.

The Business Secretary shared a tweet last week that implied the policy was indeed an invitation for all top university graduates to freely move here. But I've been told that the Home Office sees the “top university graduate” requirement to be a necessary but not sufficient condition for a successful application. In other words, it wants other criteria to be attached—supporting previous indications that the number of High Potential Individual visas might even be capped, or at least combined with other bureaucratic criterion to assess a person's “potential.”

The strategy's text itself is ambiguous, on both what constitutes a top university and whether that alone is enough to qualify as “high potential” or is merely one prerequisite. Theresa May, of course, scrapped the final incarnation of the old “Highly Skilled Migrant programme” on the grounds that it was too broad in terms of eligibility for graduates, using the fact some beneficiaries from lesser institutions went on to take low-skilled jobs as evidence against the programme.

Given this visa route would discriminate by university, that “problem” would be mitigated against significantly. But the “top university” condition alone doesn't appear enough to satisfy Home Office thinking. These people see high immigration numbers as bad per se, and want more

conditions to increase the probability of applicant success. They dislike the idea of a visa route open to *anyone* meeting one high-bar condition, precisely because it is potentially open-ended.

True, graduating from a “top university” is no guarantor of talent or future success. But that cuts both ways. Mark Zuckerberg, Steve Jobs, Daniel Ek, and other top entrepreneurs didn’t graduate from a top university.

Research from 2016 showed that 25 per cent of self-made global billionaires were high school or university drop-outs. Covering these and other bases is presumably why the Government is proposing a “start-up route” for would-be employees of rapidly growing companies and a “revitalised” Innovator route, on top of the Global Business Mobility visa for worker transfers, and the Global Entrepreneur Programme too.

But a simple “top university graduate” condition would surely include most high-skilled talent, while remaining more acceptable to the constraint of public opinion. Indeed, if the UK is truly ambitious about being a high knowledge economy, it should be willing to take risks on high-skilled immigrants with uncertain potential in order to capture the great mavericks, rather than overly-circumscribing according to government judgements of potential.

Nobody pretends, of course, that the location decisions for global talent are just about visa policy. Personal tax rates are important for determining where top foreign inventors and scientists move to.

Having sufficient university places and a pathway for graduates remaining here is key too. U.S. evidence has found that immigrant business founders were “likely to start their companies in the state in which they were educated.” More migrants want to move to the U.S. than anywhere else. Ensuring an economically open environment, while treating people well when here, then, are needed complements to removing immigration barriers to compete for talent.

But with Brexit and the pandemic, the UK has a real opportunity to reset migration policy in a pro-growth direction. We should not sacrifice that opportunity on the altar of a May-ite lust for controlling outcomes.

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