



The US should welcome more investor immigrants

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There's a deep political divide over how to handle immigration, and clashes over the issue have contributed to two government shutdowns — albeit one lasting mere hours — thus far this year. Battles relating to illegal immigration, including the question of border security and the status of so-called "dreamers" — those brought into the United States illegally as children — are receiving the most attention. But the fight over the legal immigration system could also prove to have a significant impact on the U.S. economy.

President Donald Trump has called for an end to the diversity lottery program, which offers visas to those from nations that have relatively few immigrants in the United States. He also wants to end the heavy use of family-based visa programs.

The diversity lottery program isn't especially popular, and the bipartisan Gang of Eight agreement passed by the Senate in 2013 would have ended the program. However, legal immigration reform shouldn't be limited to reducing programs considered undesirable. It should also include expanding programs that are more narrowly focused on benefiting the U.S. economy.

Among them are employment-based, or EB, visas, which Congress currently caps at 140,000 annually. This number hasn't been adjusted since 1990, even though the economy has doubled in size since then. Moreover, the least available of these visas, EB-5 (capped at 10,000), should be the least controversial, even in light of today's anti-immigrant zeitgeist.

The EB-5 visa program allows people from abroad who invest in certain U.S. businesses to obtain lawful permanent status, a precursor to citizenship. For qualification, the program requires an investment of \$1 million in a new commercial enterprise or \$500,000 if directed to "targeted employment areas," typically rural areas or those with high unemployment.

Since 2008, EB-5 immigrants have invested over \$20 billion in the U.S. economy, and projects associated with their investments have created over 174,000 jobs, according to Department of Commerce research. Increasing the attractiveness of foreign investment in the United States was one of the top goals of tax reform, so expanding the EB-5 program would build on the economic success of the Tax Cuts and Jobs Act.

EB-5 visa demand has increased dramatically in recent years. The program brought in over \$5 billion in 2017 alone. Making more EB-5 visas available would mean more merit-based

immigration of the type President Trump seems to prefer, assuming that financial success is one means through which to measure such merit, while also bringing more crucial investment into the United States.

This shouldn't be a problem. As the Cato Institute's Alex Nowrasteh explained to me, Congress intended for all of the employment-based green cards to go to workers and investors and for green cards for their family members not to count against the numerical cap. However, every administration since the early 1990s has counted these family members against the cap — essentially halving the number of employment-based green cards annually. As a result, he says, "65 percent of those who earned EB-5 green cards in 2016 were the family members of the investors. At a minimum, the family members of the investors should be exempt from the cap, just like all family members should be exempt from the numerical cap in the employment-based green card categories."

According to the president, immigrants using family-based visas, which account for most visa applicants, aren't sufficiently educated or trained to be of any use to the U.S. economy. Setting aside whether that's the ideal lens through which to judge the value of immigration, he underestimates the economic value of even low-skilled immigration. These immigrants are often the people who allow higher-skilled Americans to go to work and move up the economic ladder. They care for American children, mow American lawns, help expand middle-class Americans' businesses and do so without consuming much when it comes to the government programs that drive our longer-term debt. That's merit, if you ask me.

If immigration reform is going to reduce family-based visa programs because they're not sufficiently merit-based, then it should similarly expand those that clearly are. The great news is, as Nowrasteh noted, "we could triple the annual number of EB-5 investor green cards tomorrow just by interpreting the statute correctly." Along with correctly implementing the law, doubling the availability of EB-5 visas to 20,000 per year would also increase the foreign direct investment such visas bring.