



President Trump's Visa Freeze Will Hold Back Economic Recovery and Job Growth

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President Trump's political future has been closely intertwined with the economy's success since his first day in the White House. Now that the COVID-19 pandemic and ensuing government-mandated societal shutdown have sent the economy spiraling into a recession, the president's hopes of reelection this November largely depend on convincing voters that only he can oversee a strong recovery.

But unless Trump changes course, his administration's latest move on immigration will sabotage the rebounding economy and hinder his chances.

On Monday, Trump signed an executive order suspending a variety of high-skill immigration programs. With some exceptions specified in the order, this includes several special visa programs such as H1-B visas for high-skill (often tech industry) workers, visas for corporate executives, visas for seasonal workers, and visas for academic scholars. This suspension, not immediately affecting current residents but barring new visas, will apply through the rest of the year—but the Trump administration can extend it at their discretion. In sum, this will bar roughly 525,000 immigrants through 2020.

Too, Trump is considering suspending the immigration program that allows international students to stay in the US and work after graduation.

In all these cases, the Trump administration argues that because we face a high unemployment rate and tens of millions of Americans out-of-work, we should limit “foreign competition” to help American workers during this downturn.

But this idea relies on premises that don't add up.

Many of these visa programs, such as H1-Bs and Optional Practical Training, are overwhelmingly concentrated in the technology sector—which has not seen any similar drop in unemployment during the pandemic. (Even in April, the height of the pandemic panic, the computer science industry unemployment rate was just 2.8 percent). So, COVID-19 provides no logical basis for suspending these programs, even if one (quite generously) assumes the Trump administration’s arguments are otherwise valid.

Of course, it is easy to see why many Americans find Trump’s broader argument against immigration intuitive: If an immigrant fills a job, that job is not available for you or me. However, this logic relies on a zero-sum fallacy that doesn’t hold up to sustained scrutiny. In reality, keeping highly skilled entrepreneurs and innovators locked out of our country is a recipe for economic slowdown and stagnation—not recovery.

Sure, an immigrant filling a position does technically mean a domestic worker cannot have that particular job. However, simply filling a position is not that immigrant’s only impact on the economy. Especially in the case of highly skilled workers, immigrants add human capital to the overall economy and increase the US’s total productive capability. This drives economic growth, and as the economy expands overall new jobs are created as companies meet rising overall production.

One study, for example, found that on average each additional immigrant results in 1.2 jobs created in the overall economy. This is no outlier; the body of research available confirms that immigrants are a net economic positive. This isn’t a surprise: It’s exactly what we would expect—unless we make the mistake of thinking about economics in zero-sum terms.

Here’s how economist Steven Horowitz explains the zero-sum fallacy:

The fallacy here is the implicit assumption that there is a fixed pie of wealth and that what market activity does is just allocate that among individuals, households, or nations. It ignores the way in which wealth is created through production and exchange. One of the most fundamental insights of economics is that exchange is mutually beneficial and therefore wealth-creating.

It’s not just theory, however. The past has proven that the exact programs Trump is slashing are boons to economic progress, not barriers.

When economists analyzed past slashes in H-1B visas, they found that “Denying H-1B visas didn’t help the economies of America’s cities or their US-born workers. Instead, it cost their tech sectors hundreds of thousands of jobs and billions in missed wages.”

The Cato Institute’s Alex Nowrasteh explains that H1-B visas and other forms of skilled immigration are also crucial for innovation in our economy because they “increase productivity through boosting innovation, the number of patents, and business startups.”

Nowrasteh cites many studies and papers confirming as much—but you don't have to dig through academic journals to see this principle in action.

Remember, Elon Musk came to the US via an H1-B visa. His other company, SpaceX, is now valued at over \$20 billion. And as Daniel Di Martino tweeted, "His companies Tesla and SpaceX alone have a combined 57,000 employees."

Yet Trump's zero-sum immigration logic would have barred Musk that visa, preventing the creation of 57,000 American jobs in the name of saving one. (And that doesn't count all the jobs indirectly created by Musk's companies throughout their supply chains.)

This reality makes the timing of Trump's skilled immigration slash even more illogical. During an economic downturn, we need more innovation—not less.

Of course, at first, conservative voters may hear about what the Trump administration is doing and think it sounds great. Consider the misleading framing *Breitbart* went with when covering the story: "Trump Halts Foreign Visa Worker Programs to Free Up 600K U.S. Jobs for Americans." Sounds great, if only it were true.

When the real impact of Trump's slash to skilled immigration is eventually reflected in the state of the economy, Americans might just make him pay for it at the ballot box.