

The Washington Post

How a change to the visa laws could reverse the housing slump

By Vivek Wadhwa

The National Association of Home Builders announced yesterday that despite record low interest rates, home builders are extremely pessimistic about any recovery in the housing market. It seems that we're caught in a Catch-22: As consumers watch the prices of their houses drop, they are not going to spend more money. And, until they spend more money, we won't see a housing recovery.

There may be a very simple way out of this predicament at no cost to taxpayers: Provide immediate permanent-resident visas to the hundreds of thousands of doctors, scientists, and engineers who are already in the United States legally and stuck in immigration limbo. But make their expedited permanent residency contingent on their purchase of a house for, say, more than \$250,000. These highly educated, skilled workers won't be taking any American jobs away. They are already working in the U.S. They didn't break any laws. They entered the U.S. through the front door. And they won't be a burden to society, since these workers often earn six-figure salaries and pay high taxes. So this should be a no-brainer.

The reason this problem exists is because over the past 20 years, we brought in large numbers of highly skilled workers and foreign students on temporary visas but never expanded the number of permanent resident visas which allow them to make the U.S. their only home. In some years we admitted more than 100,000 workers plus their families on the H1-B temporary worker visa, and we admitted a similar number of foreign students. But the cap for permanent-resident visas for all workers in the three skilled-worker permanent visa categories (EB-1, EB-2, and EB-3) remained at 120,000 (family members are counted in this quota). To add to the problem, there is a 7 percent-per-country limit on the number of skilled immigrants that are eligible for these visas. So we admit as many immigrants from high population countries like India, China, and Russia, as from Iceland, Mongolia, and Poland. That's less than 10,000 per country.

My research team estimated that, as of October 2006, there were 500,040 principals in the main employment-based categories and an additional 555,044 family members awaiting legal permanent resident status in the United States. These numbers have likely increased since then. About 350,000 Indians and 250,000 Chinese are waiting for a yearly allocation of the roughly 10,000 skilled worker visas allocated for each country. They could be waiting for decades.

We predicted that these workers would get frustrated and start returning home. Indeed, our subsequent research and extensive media reports have substantiated that the U.S. is presently experiencing its first ever brain drain. Highly educated and skilled workers are taking their knowledge, entrepreneurial energy, and savings with them and returning home. This is a blow to U.S. competitiveness.

Our country needs to expand the numbers of EB-1, EB-2, and EB-3 visas available, remove the per-country limits, and tie the immediate issuance of these visas to the purchase of a home. I estimate that at the least 20% of qualified immigrants will take the government up on this offer. That amounts to more than 100,000 houses being sold within a short period of time—a roughly \$25 billion potential boost to the anemic housing market. Plus these workers will furnish their new houses, buy new appliances, and buy new cars. That amounts to billions more in economic stimulus.

Unlike the bailouts and subsidies that our leaders have been debating, this will cost taxpayers practically nothing. It will also reduce the outflow of talent and allow these ambitious immigrants to start new businesses that create jobs. With the economy in the doldrums, lingering unemployment, and a political stalemate on how to deal with the nation's problems, we need some fresh, out-of-the-box thinking. A program like what I am proposing will appeal to both sides of the political spectrum and give our economy a badly needed boost.