

The Track-Star Economy

by [James Surowiecki](#) August 27, 2012

If one of the big stories of this year's Olympics was Team U.S.A.'s return to the top of the medal charts, London also showcased another impressive American feat: we trained many of the best athletes who competed against us. Nearly four hundred Olympians who this year represented other countries went to school in the U.S., and many other foreign athletes live and train here—like the British runner Mo Farah, who won gold medals in the five and ten thousand metres after moving to Portland last year to work with the legendary marathoner Alberto Salazar. In effect, the U.S. helps global talent develop the skills needed to beat us.

This is not a phenomenon confined to the Olympics. The U.S. is the world's most popular destination for foreign students, hundreds of thousands of whom go to college and graduate school here. This is all to the good: just as the Olympics are more exciting when lots of countries have top-level competitors, the global economy is more dynamic when knowledge is more widely distributed. But there's also a missed opportunity for the U.S.: many of these foreign students would prefer to stay and put their skills to work here after they graduate, but they can't get work visas. What's more, studies estimate that hundreds of thousands of highly skilled immigrants already working here find themselves stuck in immigration limbo for years, waiting for visa and green-card applications to be approved. These are well-educated, motivated workers who want to play for our side. Yet we're making it difficult for them to do so.

Since the nineteen-sixties, U.S. immigration policy has been designed to encourage the immigration of family members rather than of skilled workers. In 1990, the number of employment-based permanent visas was capped at a hundred and forty thousand a year. Astonishingly, that number hasn't changed since, even though the U.S. economy is now sixty-six per cent bigger, and, with the rise of India and China, the supply of global talent has grown sharply. We also cap the visa allocation for each country, regardless of size, at seven per cent of the total number of visas, so only a fraction of the applications from China and India get approved. (The number of temporary work visas is also capped, at eighty-five thousand a year.) As of 2006, according to one study, more than half a million highly skilled immigrants were waiting for permanent visas, and the backlog in some visa categories was decades long. Other countries, meanwhile, have positioned themselves to benefit from the talent we're turning away. Australia allows in almost as many skilled workers annually as the U.S., despite having a fraction of the population, and Canada has aggressively courted the highly skilled, nearly quadrupling the percentage of permanent visas it grants for employment.

Of course, with unemployment here above eight per cent, too little immigration may not seem like a bad thing: surely we need more jobs, not more workers? But this is a shortsighted view. Economies are not static, with a limited set of resources to go around. As the work of the economist Paul Romer has shown, economies grow faster when there is more innovation, and having more smart people in the workforce is a key driver of innovation. And the quickest, cheapest way to get more smart people is to make it easy for them to move here. What's more, historically there has been a clear connection between immigration in the U.S. and

entrepreneurship, with immigrants creating companies (and jobs) at a disproportionate rate. In one famous study, the social scientist AnnaLee Saxenian showed that Chinese and Indian immigrants alone founded a quarter of Silicon Valley start-ups between 1980 and 1998, while a 2007 study found that a quarter of all technology and engineering start-ups between 1995 and 2005 were founded by immigrants. On a larger scale, more than forty per cent of the companies in the 2010 Fortune 500 were started by immigrants or their children.

Immigration is also good for innovation in general. One study found that in 2006 foreign nationals living in the U.S. contributed to almost twenty-six per cent of U.S. international-patent applications, and last year immigrants contributed to three-quarters of the patents that came out of the country's ten most prolific research universities. The national debate on immigration makes it seem as if immigrant workers were competing with native-born workers for shares of a fixed pie. That's always a questionable assumption, but in the case of skilled immigrants it's simply wrong. Their presence makes the pie bigger for everyone.

In theory, fixing the system should not be a tough thing to do, since the immigration of highly skilled workers is one of the few issues on which there is genuine bipartisan support. Mitt Romney and Barack Obama, remarkably enough, have called for streamlining the system in similar ways, and John Conyers, a Democrat, and John Chaffetz, a Republican, are sponsoring a recent House bill that would make it easier for small-business owners in the U.S. to get green cards. The catch is that, for all this bipartisan comity, there is no urgency in Washington on the issue, and voter anxiety about the weak economy and the scarcity of jobs gives politicians an excuse for inaction. Tough times have always lent themselves to nativist sentiments and closed-door policies. But in the case of highly skilled immigrants these policies are a recipe for stagnation. The U.S. is excellent at importing cheap products from the rest of the world. Let's try importing some human capital instead.

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