

**The Economist**

## **Visas for dollars: Give me your Gucci-clad masses**

**It is ever easier to buy your way in**

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"GIVE me your tired, your poor, your huddled masses," reads Emma Lazarus's ode to immigration inscribed on a plaque beneath the Statue of Liberty. More than a century later, however, it is the jet-lagged and rich who are receiving the warmest welcome at America's borders.

Two senators, Charles Schumer, a Democrat, and Mike Lee, a Republican, recently introduced legislation to fast-track visas for foreigners spending \$500,000 on residential property. Their Visit USA Act would allow purchasers and their families to live in America for as long as they owned their houses, though not to work there or receive any federal benefits.

The senators envisage wealthy jet-setters and well-heeled retirees boosting America's weak housing market. As buyers would have to live in their new homes for at least 180 days a year, they would also (very handily) be liable to pay American tax on any foreign earnings.

Although the act is unlikely to become law anytime soon, would-be immigrants with half a million dollars in hand need not despair: America has a visas-for-cash scheme up and running. The Immigrant Investor Programme, also known as EB-5, was set up in 1990 to

lure in foreigners by giving them the right to live and work there permanently if they created jobs.

Initially EB-5 came laden with stringent conditions: immigrants had to invest \$1m either in a new enterprise that would create at least ten full-time jobs, or in a failing one to preserve the same number. They were required to manage the business themselves, and even to dedicate some of the jobs to exports. If a company failed in its first two years, investors would lose both their money and their green cards.

With the exception of the two-year rule, these restrictions have now melted away. Investors today can choose to buy into all sorts of packaged projects, created by regional centres that oversee their day-to-day management. Many projects qualify for a minimum investment of only \$500,000, designed to push investment to rural regions and areas of high unemployment. Crucially, the required ten jobs no longer need to be in direct employment. This permits investment in limited partnerships whose purpose is to lend money to companies that do employ workers, reducing investors' risk.

The logical conclusion is that immigrants could qualify for permanent residency simply by buying local government bonds—and that is exactly what did happen in October. A group of 95 investors, mostly Chinese, bought \$48m of Washington state bonds to help finance a replacement for the longest floating bridge in the world, near Seattle.

The evolution of the EB-5 scheme has angered some of those offering traditional investments to immigrants. Henry Liebman is chief executive of American Life, a Seattle-based real estate company that manages around 15% of all EB-5 projects nationwide. "If an investor has the chance to buy a bond backed by the full faith and credit of the state, why would he give a developer \$500,000?" he wonders.

America's struggling construction sector certainly needs the money. While \$48m accounted for less than 10% of the bridge bonds issue (and just a tiny fraction of the project's multi-billion dollar total bill), EB-5 finance has become a much-needed source of funds for private property deals.

The rules, however, are unlikely to be tightened again. Over the summer, the Citizenship and Immigration Services streamlined the EB-5 process further. Last year, 2,480 immigrants got their green cards via EB-5. The Obama administration would like to see that number increase to 10,000 a year, which should bring in billions of dollars for building shops, offices and infrastructure. It should also mean tens of thousands of jobs for the poor, huddled masses of America's unemployed.