

Scrap the Visa Cap

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April 5, 2008; Page A8

America's political leaders are so fixated on illegal immigration they've barely noticed that the U.S. is losing the race for the best high-tech minds. This country won't keep its edge in the global economy until legislators stop behaving like border sentries and start acting like international recruiters – a switch virtually every industrialized country is making.

A good way to begin is for Congress to pass pending legislation to scrap the cap on skilled worker (H1-B) visas. This cap is currently so low (65,000) that in April last year it got used up within a day of these visas becoming available, leaving thousands of left over engineers to be scooped up by America's competitors. Immigration authorities started accepting 2009 applications last Tuesday – and expect a similar flood.

Two decades ago, professionals from developing countries such as India and China who managed to obtain a visa from Uncle Sam and got a job from an American company – or admission in a U.S. graduate program – took a one-way flight across the Atlantic. Returning home, instead of landing a job and a coveted green card here, was a sure-fire way of being branded a loser. Only those who couldn't get to the U.S. tried other Western destinations or Australia.

But America's ability to attract new foreign-born workers – and just as importantly, to keep the existing ones – is diminishing, thanks to the enticing opportunities opening up for them elsewhere, including in their own countries.

A 2005 study by the Pew Hispanic Center's Jeffrey Passel showed that new temporary legal arrivals – the vast majority of them skilled workers, university students or their dependents -- dropped to 185,000 in 2004 from 268,000 in 2000. From 2001 to 2003, applications from foreign students to American universities dropped by 26% while they increased in the United Kingdom (36%), France (30%) and Australia (13%). While some of this might be due to the aftermath of 9/11, there's another, stunning trend: Many high-tech immigrants are voluntarily returning home.

There is no comprehensive data to quantify this trend, because the U.S. government does not track people who leave. But Indian and Chinese newspapers have been abuzz for three years with stories about returning compatriots. Bangalore, India's outsourcing capital, is home to over 35,000 returnees – many from America. Tata Consultancy Services, India's Information Technology giant, reports a seven-fold increase in resumes from expatriates.

The most compelling evidence of this reverse brain drain, however, comes from Vivek Wadhwa of Duke University: The preliminary results of a company survey he is conducting reveal that returnees constitute 10% to 50% of the R&D staff of Indian high-tech firms; he expects similar results in China. In a related study last year, he found that one in three new immigrants holding high-tech jobs in the U.S. plan to leave. Why? With comparable jobs available closer to home

and family, the frustrating five-year wait for a green card or permanent residency is not worth it anymore.

The number of foreign professionals coming here no doubt still exceeds those leaving. But the new immigrants are less inclined to make America – or, for that matter, any country besides their own – their permanent home. Like Western professionals, they increasingly regard stints abroad as personal growth opportunities, not permanent moves – a change in attitude with profound implications.

In response, most industrialized countries, facing their own skills crunch, are liberalizing their immigration policies to make themselves more attractive. England recently scrapped its Byzantine work permit program in favor of a Canadian-style point system that will allow entry to some skilled workers even before they get a job. New Zealand has a remarkable program that gives accredited private companies fast-track access to work visas that they can hand to foreign workers along with a job offer. Australia is considering modifying its skilled visa program along similar lines.

Even more radical is the blue card program that the European Union proposed last year to bump up its skilled workforce by 20 million over 20 years. The card will admit not only skilled workers – but their entire families – and give spouses the legal right to work in all 27 EU countries within three months of applying. By contrast, the U.S. Congress recently questioned even a relatively modest suggestion by Bill Gates to raise or scrap the annual H-1B visa cap. Astoundingly, this cap was lowered to 1990 levels four years ago.

Not all that other industrialized countries are doing is worth emulating. Canada's point system, which is gaining popularity, often recruits foreigners whose skills don't match employers' needs. Yet at least they realize that the real immigration problem is not too many foreign workers knocking at their door -- but too few. America should worry less about keeping unskilled immigrants out -- and more about keeping skilled immigrants in. Otherwise, it'll lose the race for the most crucial resource in the knowledge economy: intellectual capital.

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