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Immigrants for the Heartland

The U.S. doesn't issue enough visas for skilled workers, who are too concentrated in big cities.



PHOTO: PHIL FOSTER

Spring is a time of ritual renewal, but some annual traditions are counterproductive. Earlier this month, as it has for years, the world's largest economy elected to choke off its dynamic potential by arbitrarily denying highly educated foreign workers the ability to enter and stay in the country. The U.S. did that to itself even though research and experience show how much it stands to gain from welcoming these workers under the H-1B visa program. Instead of limiting the admission of skilled workers, immigration authorities should aim to spread the benefits throughout the nation.

An H-1B visa allows an American company to create a new stateside job for a foreigner with special skills or training. The visa allows the employee to stay in the country and work for three years, at which point it can be renewed for another three. The H-1B program, created by the Immigration Act of 1990, accounts for nearly all of America's skilled immigration. It imposes an annual cap of 85,000 new visas: 20,000 for those with at least a master's degree and another 65,000 that require a bachelor's.

On April 1, U.S. Citizenship and Immigration Services began accepting new H-1B visa petitions for the upcoming fiscal

year. As always, demand far exceeded supply. USCIS stopped accepting new petitions April 5, having received more than 85,000.

There are tangible costs to the U.S. economy of allocating far fewer skilled-immigrant visas than companies need. Most immediately, the cost is forgone jobs. Over the long run, the cost is forgone ideas, innovation and connections to the world.

These costs aren't borne equally across the U.S., because high-talent immigrants tend to cluster in a few cities. In 2013 a quarter of all H-1B applications were from companies based in three metropolitan areas—New York, San Francisco and San Jose, Calif.—and half were from nine metropolitan areas. Today, America's 20 most populous counties account for 19% of the country's total population but 37% of its skilled immigrants.

A new report by the Economic Innovation Group has documented the downward spiral in skilled workers, population and dynamism that America's struggling communities are facing. As a solution, it proposes a new

“heartland visa” that would grant entry to a greater number of high-talent immigrants if they agree to live and work in those communities.

The overall U.S. population has grown, albeit slowly, in recent years. But about half of all U.S. counties—there are some 3,100, including independent cities and Louisiana parishes—are losing population each year. This decline is stark when examining adults of prime working age, 25 to 54. Fully 80% of U.S. counties—home to 149 million Americans—lost residents in this age range from 2007 to 2017. The decline is even starker in talent. In the fastest-shrinking 10% of counties, the share of the adult population with at least a college degree is only 15.8%. This level of educational attainment is only half what it is in America’s fastest-growth counties. It is equivalent to where America overall was in 1978, or where Mexico is today.

The need for high-talent immigrants is especially acute for communities where the loss of prime-age, high-skill workers means falling productivity, fewer start-ups, stagnant wages and real-estate prices, and strained local government finances. The “heartland” visa program, which the report’s authors call place-based visas, or PBVs, could arrest the decline.

PBVs would ideally be accompanied by a raise in the overall H-1B visa cap, in part to alleviate that cap’s restrictiveness. Struggling communities would be eligible for PBVs if they met some measure of insufficient dynamism and talent. An immigrant arriving on a PBV would be required to find and maintain a job in his host community within some period of time. Ideally and in contrast to H-1B visas today, PBVs would also be granted to entrepreneurs to start new businesses.

The experience of Ohio—a state with a large number of declining-population counties and communities—shows why the idea has promise. A recent study found that in 2016

immigrants accounted for only 4.2% of the state’s overall population, but 11.8% of its science, technology, engineering and mathematics workers. From 2010-15 the number of immigrant entrepreneurs in Ohio increased by 120,000, while the rate at which native-born Americans opened businesses went down. Immigrants also accounted for more than 1 of 5 owners of “Main Street” businesses (such as shops, restaurants and hotels) in the region, which generated about 239,000 jobs for blue-collar, U.S.-born workers.

“The immigrants that we’re attracting are disproportionately more educated than the native population, so they bring a lot of, for instance, STEM technical degrees into our region that are necessary to fill jobs that we have available,” a Cincinnati business leader said. “They are increasingly more of our physicians, more of our engineers.” Imagine how much more dynamic Ohio could be with a PBV program.

The potential of PBVs has already been realized in Canada and Australia—two countries whose pro-growth immigration policies are widely lauded. Canada’s Provincial Nominee Program allows provinces and territories to choose immigrants who intend to settle in them. Before the PNP, 87% of all Canadian immigrants settled in the three most populous provinces, Ontario, Quebec and British Columbia. But from 2010-15 76% of PNP immigrants planned to settle elsewhere. Of PNP immigrants to Newfoundland and Labrador, the most sparsely populated province, 57% have remained there. “The program spreads the benefits of immigration beyond major cities and helps fill local employment gaps,” a 2017 Canadian government report concluded.

The U.S. does not welcome enough high-talent immigrants, and America’s struggling communities especially need them. Place-based visas could address both these problems, welcoming immigrants across America to the benefit of all Americans.