

A REPORT BY

THE PARTNERSHIP FOR A NEW AMERICAN ECONOMY & THE PARTNERSHIP FOR NEW YORK CITY

MAY 2012

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brings together more than 400 Republican, Democratic, and Independent mayors and business leaders who support immigration reforms that will help create jobs for Americans today. The Partnership's members include mayors of more than 35 million people nationwide and business leaders of companies that generate more than \$1.5 trillion and employ more than 4 million people across all sectors of the economy, from Agriculture to Aerospace, Hospitality to High Tech, and Media to Manufacturing. Partnership members understand that immigration is essential to maintaining the productive, diverse, and flexible workforce that America needs to ensure prosperity over the coming generations. Learn more at: www.renewoureconomy.org

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NOT COMING TO AMERICA: Why the US is Falling Behind in the Global Race for Talent

MAY 2012

EXECUTIVE SUMMARY:

America's position as the global magnet for the world's most talented and hardest-working is in jeopardy.

For the past two centuries, immigrants coming to America in search of a better life for themselves and their families have fueled the growth and expansion of the US economy. The United States was built by immigrants, and continues to be built by immigrants. Today, more than 40 percent of America's Fortune 500 companies were founded by an immigrant or a child of an immigrant.

In recent years, however, US immigration laws have failed to keep pace with the country's changing economic needs. Artificially low limits on the number of visas and serious bureaucratic obstacles prevent employers from hiring the people they need – and drive entrepreneurs to other countries, who are quick to welcome them. In fact, other nations have witnessed the importance of immigrants to the American economy and are employing aggressive recruitment strategies to attract the key high-and low-skilled workers their economies need to compete and grow. In the 21st century global economy, the stakes in the global talent rush are only increasing, and our loss has been the rest of the world's gain.

This report sets out to demonstrate what America must do to win the global race for the skills we need. It compares America's immigration policies with those of other nations – and finds our policies irrational and undirected, in sharp contrast with the targeted, strategic approaches seen elsewhere.

The US faces the following economic realities if it does not reform its immigration laws to keep up with its competitors:

SHORTAGE OF WORKERS IN INNOVATION INDUSTRIES: Jobs in science, technology, engineering, and math ("STEM" fields) are increasing three times faster than jobs in the rest of the economy, but American students are not entering these innovative fields in sufficient numbers. As a result, by 2018, we face a projected shortfall of 230,000 qualified advanced-degree STEM workers.

SHORTAGE OF YOUNG WORKERS: The US population is aging, baby boomers are retiring en masse, and the growth in the US labor force has slowed to historic lows of less than 1 percent. We cannot continue to produce the GDP growth the nation has come to expect without dramatically increasing productivity or welcoming more working age immigrants.

A STALLED ECONOMY: The US has faced years of stunted economic growth. History shows that new businesses are the biggest drivers of job creation, yet the most recent US Census data show that the number of business startups has hit a record low.

While the US is failing to shape its immigration policies to address these problems, other countries are exploiting the failed American immigration system and implementing the following strategies:

Prioritizing economic over political goals by providing a high percentage of visas based on economic reasons.

Competing to lure highly-educated labor by designing fast-track permanent visas for immigrants with advanced degrees, especially those in STEM fields.

Tailoring visas to specific sectors and regions in the country by allowing local or regional governments to determine their immigration needs and implement programs accordingly.

Expediting visa processing and facilitating immigrant integration by investing in customer service, streamlining applications and offering language classes to help new immigrants integrate.

Tapping the international student pipeline by creating visas specifically targeted to keep foreign students already earning advanced degrees from their universities.

Competing for entrepreneurs and investors by establishing a range of new visas designed to attract both entrepreneurs with business ideas and investors with assets.

Recruiting expatriate talent by persuading native-born scientists and business leaders working overseas to return with offers of bonuses, free housing, tax incentives, and more.

Adapting to changing conditions by adjusting immigration priorities or establishing new visa programs to recruit the needed skills for their economy.

RECOMMENDATIONS

If we learn from these examples and implement smart immigration reforms, America will continue to draw the workers it needs to compete and grow in the global economy. This report therefore sets out the following six immigration reforms that the US should adopt today to continue to attract the most talented, innovative, and necessary workers:

ONE.

Provide visas to the STEM graduates educated in American universities.

TWO.

Award more green cards based on economic needs.

THREE.

Create a visa program to allow foreign entrepreneurs to build their firms in the US.

FOUR.

Let American companies hire the highly educated workers they need.

FIVE.

Give seasonal and labor-intensive industries access to foreign workers when they cannot find Americans to fill jobs.

SIX.

Allow local governments to recruit more immigrants to meet regional needs.

TIME TO RETHINK

Immigration has always been a powerful economic engine for the United States – keeping our country younger, growing, and more innovative than other advanced democracies, and refreshed endlessly by new ideas and global connections. With the populations and workforces of Japan, Italy, and even China slated to shrink in the decades ahead, America's continual rejuvenation thanks to the skills and energies of foreign-born talent remains a source of strength.

America has long reaped benefits from immigration: the father rejoining his family after painful years apart; the refugee fleeing oppression; the field worker vital to American agriculture; the engineer at the core of America's tech sector. Generations of such immigrants have filled critical jobs at all levels of the economy, opened the small businesses that drive urban neighborhoods, spearheaded scientific breakthroughs, and launched companies that became global market leaders. The world's brightest and hardest working people have always wanted to come to America because it has been the best place in the world to succeed.

Yet the basic policy framework governing immigration in America has remained unchanged for nearly half a century. And while we have stood in place, the world has changed. Competing nations now see immigration as an integral part of their national economic strategy – a factor in their prosperity as significant as education, infrastructure, taxation, and research and development. In a global age when other nations are strategically tapping immigrant talent to meet the needs of their economies, we can no longer afford to delay needed reforms to our own system. Today, too often, our immigration policy is simply self-defeating. After being trained at American universities, top foreign-born graduates are told to go home and compete against the US. The New York Times recently highlighted on its front page the growing trend in which ambitious American children of immigrants are returning to the nations their parents left - places like China, India, and Brazil – because they see greater opportunities abroad.¹ Those countries are sweetening the pot by making employment, investment, visa, and tax incentives available to those who make the move. Meanwhile, American service firms, fisheries, landscapers, and farmers cannot access the legal workforce they need - even though studies show that every farmworker generates three additional jobs.² In the face of these self-inflicted economic wounds, American policy drifts. The price of this drift is high and growing.

To help spur consensus for urgently needed reform, this report highlights essential facts and perspectives that merit greater attention in this debate. First, the report reviews the value immigrants add to the American economy; the labor force challenges we face that only immigration can cure; and the importance of changing current policy in order to bolster American prosperity. Next, the report shows how other countries increasingly take a strategic approach to immigration and the lessons we might learn from how they are successfully adapting their own laws and practices to 21st century challenges. Finally, the report identifies six common sense steps policymakers can take to ensure the United States can tap the immigrant skills that America's diverse markets, regions, and businesses need to flourish.

IMMIGRATION AND THE ECONOMY:

THE SITUATION TODAY – AND THE NEED TO CHANGE COURSE

The US remains the world's premier magnet for immigrants today. There are currently 42 million immigrants in the US – representing one in seven residents, and one in six workers.³ In 2010 the US accounted for roughly 27 percent of the world's permanent immigration flows and 23 percent of temporary labor migration (with Russia and Germany, numbers two and three, respectively, trailing far behind).⁴ The demand for US visas dramatically exceeds the supply.⁵

Yet if foreign-born workers have always been drawn to the US, our reliance on them to boost our economy is less well understood. The critical link between immigration and prosperity begins with simple math. Over the long-term, an economy's size and growth depend on two things: (1) the number of workers in the labor force, and (2) how productive each worker is on average (in economists' terms, their productivity). The problem the US faces is that our native workforce is no longer growing at a rate that can continue to produce the GDP growth the nation has come to expect. (This long-term dynamic is separate and distinct from the shorter-term challenges our economy faced and continues to face as it recovers from the recent severe recession and its cycle of lower consumer demand and persistent unemployment). Short of a long-term surge in productivity per worker which few experts think likely - immigration is the only way over time to augment the slower growth of the native-born workforce and secure our nation's economic vitality and our citizens' quality of life in the future.

A few facts put the challenge into perspective. The growth in the US labor force has been slowing since 1970. While it used to grow by two or three percent per year, today that rate is less than one percent.⁶ Many people, discouraged by job prospects in the aftermath of the Great Recession, have dropped out of the labor force. These and other forces have shrunk the share of Americans participating in the workforce to the lowest levels in decades.⁷ At the same time, the American labor force is aging rapidly: By 2018 the median age of US workers is projected to be 22 percent higher than it was in 1978.8 In science and engineering fields, the median age of workers rose by four years between 1993 and 2008 alone – from 37 to 41.9

But the economic value of immigration goes beyond merely "plugging the gap" in an aging and slowly growing workforce. When it comes to their impact on the US economy, immigrants consistently "punch above their weight." Such new Americans, choose, after all, to uproot their lives and relocate, making them ambitious risk-takers almost by definition. And while America's ranking in terms of "start-up friendliness" has slipped from 1st to 13th in recent years,¹⁰ this country remains a very attractive place for immigrant entrepreneurs to launch businesses or commercialize ideas: Our intellectual property protections are world class; our venture capital community is among the world's nimblest; and we have the most vibrant consumer market to serve. This ease of commercialization has influenced many top

research institutions to establish a presence on American soil – no doubt a factor in the decision by the the Technion-Israel Institute of Technology, a premier high-tech institution, to become a part of the new Cornell Applied Sciences campus in New York City.

Immigrants disproportionately bring the inventiveness and entrepreneurial energy that supercharges innovation in an economy. Immigrants account for 12 percent of all Americans, but 26 percent of America's Nobel Prize recipients and 24 percent of its patent applicants.^{11 12} Their presence in venture-capital backed companies is immense as well, with nearly half of the top 50 venture-backed companies in the US counting at least one immigrant as a founder,¹³ and three out of four claiming at least one core foreign-born team member such as CEO, CTO, or VP of Engineering.¹⁴ One in four publicly-traded venture-backed companies was founded by immigrants as well.¹⁵ In the critical fields of engineering and technology, immigrant-founded companies produced \$52 billion in sales and employed 450,000 workers in 2006.¹⁶ And some of the most innovative and successful companies in every era - from P&G in 1837, Pfizer in 1849, and US Steel in 1901, to Intel, Brightstar, Ebay, and Google today - were started by immigrants.17

Why this disproportionate impact? One reason immigrants contribute greatly to innovation is because so many are trained in the STEM fields of science, technology, engineering, and math – subjects that are much less popular among native-born students. Such immigrants thus serve as important complements to native-born workers at US firms, which otherwise would need to seek such skills overseas to staff their research and development efforts. And immigrants in these roles create more jobs for Americans. A recent report by the American Enterprise Institute and the Partnership for a New American Economy found that every immigrant with an advanced degree from a US university working in a STEM field creates 2.62 new American jobs.¹⁸

This thirst for science and engineering talent is growing, and US companies say these jobs are among the hardest to fill,¹⁹ a difficulty that may be explained in part by the dearth of native-born students pursuing STEM degrees. In fact, non-STEM students are now five times more prevalent than students majoring in STEM fields in the US.²⁰ And the future bodes no better: The growth rate of US students majoring in STEM fields is among the lowest of any academic category.²¹ Meanwhile, about 60 percent of all foreign graduate students in the United States in 2010 were enrolled in science and engineering fields.²²

Those trends do not bode well in terms of future US labor needs. One study projects that the US will have 2.8 million job openings in STEM by 2018, nearly 800,000 of which will require workers with master's-degree level training or higher. But based on current trends, there will be around 550,000 American-born graduates with the appropriate level of training to fill them.²³ Given the small share of native-born STEM graduates, the slow growth of this group, and the years it would take to increase this growth rate, US firms must seek to fill the gap with foreign-born workers.

The role immigrants are currently playing in such fields is impressive. The share of immigrants in science and engineering jobs in the U.S. more than doubled after 1980 – from about 12 percent of the relevant workforce then to almost 25 percent by 2000.²⁴ Immigrants with PhDs have an even greater share of science and engineering jobs in the US – nearly 40 percent of those categories of jobs were held by foreign workers in 2000.²⁵ One

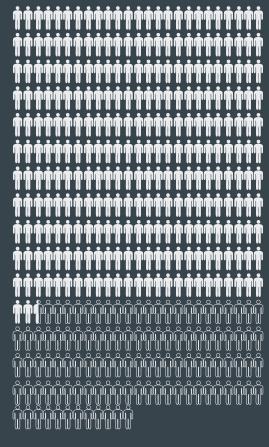
telling snapshot: The growth rate of Indian and Chinese workers in these roles is four to five times the growth rate of native workers in these sectors.²⁶

It is crucial to note, however, that it is not just immigrants with advanced degrees who contribute to the American economy. A remarkable number of new businesses across the economy are started by immigrants at all education levels. These firms play critical roles in meeting market needs, spurring growth, and revitalizing communities and cities. In New York City, for example, one recent study found that while immigrants make up 36 percent of the population, they account for almost half of all small-business owners.²⁷ Immigrants make up 70 to 90 percent of all laundry, taxi and limousine, grocery, beauty salon, and day care small businesses.²⁸ Immigrant entrepreneurs are also prominent in certain higher earning small businesses, comprising roughly 40 percent of the city's computer system design, architectural, engineering, and real estate firms.²⁹

Lower-skilled immigrants – who are frequently more geographically mobile than other workers – are more responsive to market needs

EXHIBIT 1:

BY 2018, THE US WILL FACE A PROJECTED SHORTFALL OF 223,800 STEM WORKERS



SUPPLY:

By 2018, the US will have an estimated 555,200 advanced degree holders¹ in STEM fields...

DEMAND:

But there will be an estimated 779,000 job openings requiring STEM degrees.²



2,000 UNFILLED

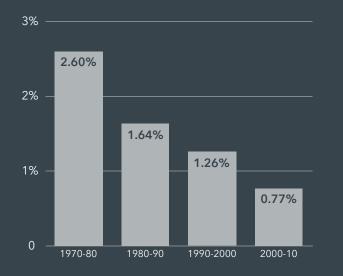
SOURCE:

1 Derived from Integrated Postsecondary Education Data System, Department of Education, 2009. 2 Help Wanted: A Projection of Jobs and their Education Requirements, The Georgetown Center on Education and the Workforce

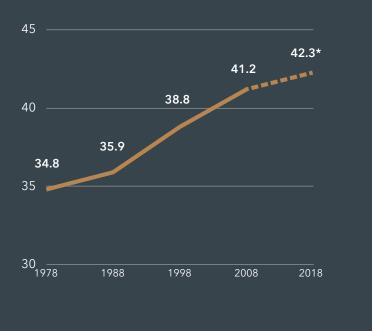
EXHIBIT 2:

THE US LABOR FORCE IS GROWING AT A SLOWER PACE AND GETTING OLDER

US LABOR FORCE COMPOUND ANNUAL GROWTH RATE, 1970 - 2010



US WORKFORCE MEDIAN AGE Years



SOURCE: US Bureau of Labor Statistics *PROJECTED

when they arise. After the devastation of Hurricane Katrina, for example, observers agreed that immigrants in the construction industry were essential to the Gulf Coast's rapid rebuilding. "I don't know where we would have been in Mississippi after Katrina if it hadn't been for the Spanish speakers that came in to help rebuild," said then-Mississippi Governor Haley Barbour, adding: "...If they hadn't come and stayed for a few months or a couple years we would be way, way, way behind where we are now."30

In Alabama, one of the most restrictive immigrant enforcement laws in the nation appeared to hurt reconstruction efforts after devastating tornados in 2011. Jimmy Latham, a Tuscaloosa contractor and president of the state's general contractor association, told the Los Angeles Times that the law was an obstacle to rebuilding. "We're seeing smaller crews and seeing work taking longer to accomplish," he said.³¹ The legislature apparently assumed that, with state unemployment at high levels, native Alabamians would take jobs that immigrants left behind. "That has not been the case so far," Latham said. In contrast, after massive flooding caused \$30 billion in damage across Queensland, the Australian government established an expedited process for employers bringing in workers to rebuild. Australian Prime Minister Julia Galliard explained, "Skilled labour will be as important as funding for rebuilding."³²

These trends are poised to continue - meaning the US will be increasingly dependent on immigrants at all education levels to reach its economic potential. While more than half of new jobs in the next decade will require no more than a high school education³³ (and others note that a little less than half of current positions require less than four years of college),³⁴ analysts predict there will still be a mismatch between the requirements of these jobs and the availability of American-born workers to do them. We face a looming shortage of educated workers as well. The McKinsey Global Institute, a division of the consulting firm, estimates US firms will face a shortfall of 1.5 million college graduates by the year 2020.³⁵ Yet even as demand for such workers increases, we are losing ground in terms of educational attainment; as one indication, the US once ranked first in the world in the percentage of people with post-secondary education, but we are now at number 16.³⁶

If these projections are accurate, we will fall far short of meeting demand unless we accept more immigrants who fit our labor needs across the economic and skill spectrum. But America's legal immigration system is not designed to bring in the workers we need for today's economy. In contrast, as we explore below, other nations have enacted reforms to do exactly that. Some like Singapore, have opened the doors to less-educated workers needed to fuel growth in certain industries. Most wealthy nations, meanwhile, are actively seeking to attract talent by giving preference to immigrants with higher levels of education, work experience, or wealth. Indeed, while other countries are making efforts to boost their appeal to skilled immigrants, the US is headed in the opposite direction: From

2001 to 2011, the share of employment or skillbased visas issued by the US fell by one quarter, from 17 percent to 13 percent.

Immigration policy need not be a zero-sum game. The US has a proud history as a welcoming shore for refugees and as a destination for families seeking a better life. We in no way compromise or undermine this identity by adopting an immigration policy designed to admit and retain more people who will create jobs that will help all Americans. A recent study by the Brookings Institution and the Partnership for a New American Economy showed that, even within the same industry, immigrants and native-born workers tend to work in different jobs. Moreover, the study found that immigrants are represented in disproportionately high numbers in many of the job sectors that are expected to grow by the largest numbers over the next decade.³⁷ The message is clear: Immigrants make a critical, positive contribution to our economy and will continue to do so.

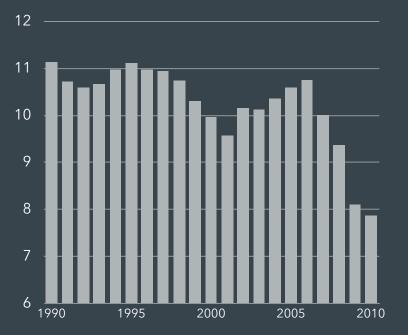
American immigration policy now unintentionally undermines growth and prosperity. The US leads the world in numbers of international students,³⁸ but has no program specifically designed to facilitate – or incentivize – permanent residency, not even for highly talented and marketable graduates. As this report documents below, other countries prize the best and the brightest studying at their universities and go to great lengths to keep them. Moreover, we allocate a far lower percentage of permanent residency visas based on employment needs than other countries - approximately 7 percent, compared with Canada's 25 percent and Australia's 42 percent.³⁹ There is clearly a need for more employment-based visas: Last year the US issued just 65,000 employment-based green cards - or close to two percent of the more than three million US job-openings that went unfilled, with many employers saying they could not find

EXHIBIT 3:

START-UPS DRIVE JOB CREATION, BUT FEWER NEW BUSINESSES ARE LAUNCHING IN THE US

Between 1977 and 2005, start-ups were responsible for ALL NET JOB GROWTH in the U.S. economy.

In their first year of existence, start-ups add an average of 3 MILLION JOBS PER YEAR.



START-UP RATE:

Percent of business less than 1-year old

SOURCE: The Importance of Startups in Job Creation and Job Destruction, Kauffman Foundatior Business Dynamic Statistcs, United States Census Bureau workers with the skills needed to fill them.^{40 41}

Regardless of the other objectives America's immigration policy may be achieving, it is clear that the US is not strategically recruiting the talent needed to grow. This may have mattered less in an earlier era, when the US economy was dominant and unrivaled. But the world has changed. While America was once the first and only choice for young dreamers with the next big idea, ambitious entrepreneurs now look to places like China, India, Brazil, and Singapore and see enormous markets and opportunities; receptive business climates; and governments that are eager to recruit them. As a look at other nations' strategies reveals, our failure to recognize the economic imperative of immigration reform - in sharp contrast with the many countries competing against us that view immigration as a key driver of economic growth is now a threat to our future prosperity.

THE GLOBAL RACE FOR TALENT: LESSONS FROM OTHER NATIONS

A review of the immigration policies of other countries reveals two main elements that distinguish their approach from our own. First, they maintain a long-term view. As the examples below suggest, nimble governments navigating complex challenges treat an intelligent, long-term immigration framework as integral to raising their economic and global standing and enhancing the quality of life for all their citizens. Second, our foresighted competitors make strategic choices to meet their goals. While programs abroad vary depending on a nation's political and historical context and level of development, the common denominator is a strategic approach to policy design that makes the US immigration regime appear incoherent by comparison. Through this strategic vision, other countries - our economic competitors are rapidly gaining ground in the global economic arena.

No one country holds the solution to America's broken immigration system or the prescription that will right our course. But just as the best American companies benchmark their operations against world-class firms overseas, so too can the US government learn from examining innovative approaches to immigration implemented by other countries. Even where specific foreign practices may be unworkable or unwise in the American context, they reveal the commitment other countries have made to a strategic approach to a critical public policy issue, reflecting a clarity of purpose that the US would be well-advised to adopt.

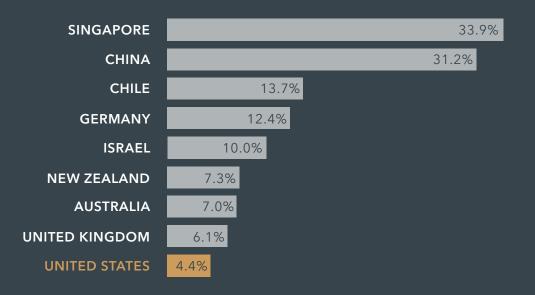
A look abroad suggests eight trends and lessons worth bearing in mind as the US fashions its own reforms:

1. COUNTRIES ARE PRIORITIZING ECONOMIC NEEDS.

Many countries have identified the strong link between immigration and economic success. For many countries, such moves are a matter of necessity – the domestic labor force is not sufficient to fuel growth, and demographic shifts (including aging populations and declining fertility rates) are creating labor shortages

POLICY FOCUS:

THE US IS BEHIND OTHER COUNTRIES IN THE PERCENTAGE OF UNDERGRADUATES STUDYING ENGINEERING



SOURCE: Science and Engineering Indicators 2012, National Science Foundation

that must be addressed through more open immigration policies.

Israel and Australia, for example, whose policies were both traditionally defined by ethnic restrictions, have now chosen to accept laborers with a broader set of backgrounds. In 1973, Australia introduced a "point based" system designed to evaluate prospective immigrants based on the contributions they could make to the economy, prioritizing skill over country of origin.⁴² Reforms in Israel have led to temporary labor programs that target less-educated, non-Jewish immigrants to fill specific gaps in the labor force.⁴³

Germany heavily favored ethnic Germans and

resisted immigration for the majority of its history. Up until 2001, non-German immigrants could not gain citizenship, settle permanently, or hold dual citizenship, but a rapidly shrinking workforce and labor shortages made expanded recruitment efforts imperative. Highly-educated workers (such as scientists and top-level managers) are now given access to long-term residence visas, and immigration is open to entrepreneurs.

Rapidly aging populations coupled with shrinking workforces have likewise led Canada and Singapore to jettison traditional restrictions on outsiders in favor of a new dependence on them.⁴⁴ To encourage more immigration, Canada has taken dramatic steps to ease its ability to accept skilled immigrants without substantial delays. In 2008 Canadian immigration law was changed to give the immigration minister a special regulatory channel called "Ministerial Instructions," which allows him or her to make adjustments to adjudication policies without first consulting Parliament.45 Minister Jason Kenney has used the new tool to give immigration officials permission to return hundreds of thousands of low-priority immigration applications unprocessed - allowing the officials to focus instead on those submitted by immigrants with skills in greatest demand.46

In Singapore, policy changes in the last 20 years have dramatically changed the country's once-closed stance towards immigrants. In recent years, the immigrant population has been growing three times as fast as the total population, helping drive growth in GDP.⁴⁷ But the influx of low-wage foreign workers has also been controversial. Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy at the National University of Singapore, explains his country's experience:

> To become a global city, Singapore has to attract the best minds in the world. For them, the government lays out red carpet treatment to ensure their quick integration into Singapore society. At the same time, given its small population, Singapore also has to attract low wage labor from the neighbouring countries to provide construction workers,

COUNTRY FOCUS: SINGAPORE

IMMIGRATION ACCELERATION. After a 40-year period where there was little to no migration to the country, Singapore's foreign population began growing again in the 1980s,¹ and by the late 1990s the government had launched a series of initiatives and special government committees expressly designed to attract the "best and the brightest" talent to the country.² Only about 300,000 foreign-born residents were living in Singapore in 1990;³ by 2010, that number had reached more than 1.3 million, or 36% of Singapore's total population.⁴

HIGH-SKILLED. Singapore brands itself as a "talent capital."⁵ It typically gives skilled immigrants Employment Passes allowing the migrant to work and ultimately apply for permanent residency.⁶ Their spouses can also pursue jobs with government approval,⁷ a big difference from the US's highskilled H1B visa.⁸ For some high-talent foreign workers, subsidized housing is also available through a special government program.⁹ The government, however, has taken some steps to lessen its dependence on foreign workers¹⁰ in response to a recent public backlash.¹¹

ATTRACTING ENTREPRENEURS. The EntrePass program¹² allows a foreign national with \$50,000 in investor funds – as well as a business plan approved by the government – to stay in the country for an initial period of a year, with renewals available afterwards.¹³ For some promising new enterprises, the government provides funding – in one program, matching S \$4 to every S \$1 privately raised.¹⁴

TWO-TIERED SYSTEM. The country treats high-skilled and lowskilled workers very differently, causing occasional tension and protests.¹⁵ Lower-skilled workers, many of whom come from places like Bangladesh and China for construction, domestichelp, and menial-labor jobs, face more restrictions than the highskilled foreigners.¹⁶ Such work-permit holders can't become permanent residents, for instance, and also can be removed from the country for marrying a Singaporean national without government permission.¹⁷ They also undergo compulsory health exams: Female workers found to be pregnant are automatically expelled from the country.¹⁸

POYAN RAJAMAND

Poyan Rajamand, an entrepreneur in Singapore, certainly appreciates the steps his adopted country takes to welcome high-skilled immigrants. A Swedish native, Rajamand attended Stanford University's Graduate School of Business, earning a degree there in 2008. But because of the drawbacks of the US visa system, he didn't seriously consider remaining in America afterwards. "I had a feeling in America, I'd be employed despite being an immigrant," Rajamand says, referring to the complications some US employers face when hiring immigrants. He also worried it would be difficult for his then-fiancée to work, given the restrictions on American's high-skilled, H1B visa. "Why would we settle for less when we could go elsewhere?" he asks.

So, Rajamand began looking instead at employment opportunities in Singapore and quickly noticed some major differences. "Unlike the US, no companies even seem to worry about possible visa complications when interviewing you for positions here," Rajamand says. "There's no real doubt that that aspect of things will work out." He found a job with a large company as did his fiancée, and he came over using the Employment Pass, a special visa for high-skilled immigrants. He says he and his now wife were consistently impressed by the ease of settling in Singapore. "We found the whole visa system here to be extremely easy," he says, "It's how you imagine the US once was: There's a real energy here around attracting the world's best and brightest."

In 2010, Rajamand also began taking advantage of yet another one of the programs Singapore has created in an effort to make the country into what government officials call a "talent capital." That year, he submitted a business plan to the government and was approved for the EntrePass, a special visa that allows foreigners with \$50,000 in outside funding and a promising new business concept to enter – or remain – in Singapore as entrepreneurs. With a former Stanford classmate, Rajamand founded Barghest Partners, a firm that invests in small companies and helps them achieve a broader reach. Barghest has already made a host of other investments, including starting a local energyefficiency company and a Sri-Lankan hospitality firm. housekeepers, street cleaners, and so forth. Their immigration is tightly controlled and requlated to ensure that they do not become part of the permanent population in what is already the most densely populated country in the world. These pragmatic policies are win-win – they help Singapore citizens even as they provide employment to millions in the region. Yet despite these pragmatic and careful policies, there has been a political backlash in Singapore against the surge of foreign migrants. Even in Singapore, the government has learned that migration is a sensitive political issue.48

Demographic pressures are even changing the immigration conversation in Japan. Though Japan has always prized ethnic homogeneity, acute labor shortages associated with Japan's shrinking, aging population – and the rising cost of social services for seniors – has led to talk about more relaxed immigration standards and more supportive foreign-worker programs.

2. WITHIN THIS OVERALL FOCUS ON THE NEEDS OF THE ECONOMY, THE COMPETITION TO LURE HIGHLY EDUCATED LABOR IS INCREASING.

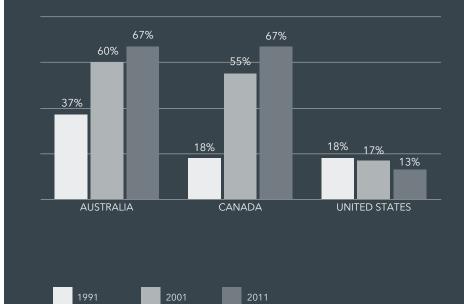
There is growing demand for top talent in countries that were not historically importers of highly educated labor. Both developed and developing countries are drafting policies that favor these types of immigrants.

Germany, for example, a country that previously favored bilateral agreements for temporary semi-skilled workers, has developed new policies since 2000 to give highly educated non-EU workers the opportunity for permanent residency. The New York Times recently profiled on page one Germany's aggressive recruitment of engineers from Spain and other troubled EU economies who cannot find attractive positions at home.⁴⁹ Such moves are directly tied to serious labor shortages in Germany in IT, mathematics, natural sciences, and related fields, which by one estimate are slated to rise to six or seven million by 2025.50

Australia recently increased the number of "skills stream" permanent residency visas the visas available to workers with skills critical to the economy - to about 125,000 (including immediate families). By comparison, the US issues 140,000 employment-based green cards (including families) despite having more than fourteen times the population. The move is part of a broader set of reforms that Australia's immigration minister Chris Bowen says will let the government "elect migrants like a

POLICY FOCUS: OTHER COUNTRIES ARE INCREASING THEIR FOCUS ON ECONOMIC-BASED IMMIGRATION

PERCENTAGE OF ALL PERMANENT RESIDENCY VISAS DEDICATED TO WORKERS AND THEIR DEPENDENTS



Australia: Department of Immigration and Citizenship Canada: Citizenship and Immigration of Canada (2010 data most recent available) United States: Department of Homeland Security

POLICY FOCUS: CANADA'S REGIONAL IMMIGRATION STRATEGY

Through the Provincial Nominee Program, Canada's provinces or territories can sponsor immigrants for permanent residency who will be most beneficial to the local economy. In some areas, like Ontario, entrepreneurs and investors are in demand, while less populated provinces welcome individuals with ties to the region and a strong desire to move there. The national government sets and changes the number of visas available to a given province after consulting with local authorities on needs. Here are some examples of the immigrants provinces are currently recruiting:

BRITISH COLUMBIA

Natural Science PhDs • Nurses • Industrial Butchers Food and Drink Testers • Tour Guides

ALBERTA -

Tradespeople • Heavy Equipment Operators • Hotel Room Attendants Bakery Production Workers • Food and Beverage Equipment Cleaners

SASKATCHEWAN

Long-Haul Truck Drivers • Family Members • Food Counter Attendants Doctors • Recent Masters/PhD Graduates

business manages its workforce." As Bowen put it, that means "selecting the best candidates, altering the skill-composition of its workforce, and speeding up or slowing down recruitment as circumstances change" – a far cry from the current, inflexible employment-based immigration system in the US.⁵¹

China and India, meanwhile, have rising numbers of return migrants – with China offering especially bold and generous incentives to recruit scientists and senior managers (discussed in more detail below).⁵² Foreign STEM graduates of top US university programs are in highest demand. Ireland initially kept its doors closed to non-EU immigrants, but it has begun to provide permanent visas for highly educated immigrants applying for jobs in occupations with documented shortages.

3. POLICIES ARE BEING TAILORED TO THE NEEDS OF DIFFERENT SECTORS AND REGIONS WITHIN NATIONS.

YUKON

Tradespeople's Assistants • Security Guards • Sales Clerks Child and Homecare Workers • Gas Drilling Operators

NORTHWEST TERRITORIES

Business Services • Consultants • Office Clerks • Kitchen Helpers • Cashiers • Miners

QUEBEC

Quebec has its own skilled-worker immigration system, and does not participate in the Provincial Nominee Program.

NEW BRUNSWICK

Entrepreneurs • High-Skill Workers with Family Ties

NEWFOUNDLAND AND LABRADOR

Entrepreneurs • Recent University Graduates

PRINCE EDWARD ISLAND

Entrepreneurs • Customer Service Representatives PEI Business Investors • People with PEI Business Ties

NOVA SCOTIA

Recent University Graduates • Community-Based Entrepreneurs Farm Managers • People with Family Business Ties

ONTARIO Major Investors • Recent College Graduates • Masters/PhD Graduates

MANITOBA

Young Farmers • Workers with Family Ties • Agricultural Investors

Several countries have implemented strategies to empower regions and states to develop their own immigration policies to meet their specific labor and demographic needs. In some countries, the national immigration system is bimodal – supporting both permanent migration of more highly educated labor and temporary programs for workers with less education.

Canada and Australia have both implemented policies that reflect differentiated regional needs.

Canada's Provincial Nominee Program (PNP), for example, gives provincial governments the ability to issue visas to laborers who fill local shortages, and Australia enacted a similar program in 1996. The PNP is designed to allow participating Canadian provinces to determine their immigration needs, establish tailored programs, and act quickly. Each province or territory signs an agreement with the national immigration authority that allows them to directly nominate applicants who meet their specific requirements.

CANADA

SKILLED WORKERS AND PROFESSIONALS. In 1967, Canada introduced the points-based system, the first major program in the world that assessed immigrant applications with numerical scores of factors like education, work experience, and age.¹ Designed from the beginning to promote "recruitment based on long-term considerations of economic growth," the system is weighted toward educational achievement and acquired skills.²

FLEXIBILITY. In 2008, new Canadian immigration law gave Immigration Minister Jason Kenney regulatory authority to adjust the way immigration applications are processed without first consulting Parliament.³ He has used this authority to prioritize the visa applications of those with needed skills, returning hundreds of thousands of others unprocessed.⁴

REGIONAL STRATEGY. The Provincial Nominee Program (PNP) allows provinces and territories to recruit prospective immigrants whose skills and occupations meet their economic priorities. Ontario offers visas for investors and entrepreneurs and Alberta for construction workers, while sparsely populated Manitoba welcomes family members who can work. As a result of the PNP, migration to Manitoba has increased 250 percent, and in 12 months, formerly-decaying Winnipeg attracted as many immigrants as it had in the five years before the program started.⁵

RETAINING STUDENTS. Graduates of Canadian colleges and universities can receive a work permit for up to three years – even without a job offer.⁶ Recently, Canada began allowing up to 1,000 students who have completed two years of a PhD in a STEM field to become permanent residents while still enrolled in school. In contrast, the US has no program for granting permanent residency to current students.

REVAMPED ENTREPRENEUR VISA. The Canadian government recently announced the development, in consultation with industry and immigrant groups, of a visa program for start-ups Germany, which will require a viable business plan but no minimum investment from applicants.⁷ The PNP opens the door to immigrants who may not have qualified under the federal point system, and encourages international students to stay in the province after graduation. If an individual is in the US on an H1B visa working in a field identified by a province as a priority, they automatically qualify for nomination under the PNP. In some provinces, the PNP also allows for extended family – cousins, nieces and nephews – to join Canadian permanent residents.

In addition to accounting for differences in needs and priorities across the country, nations are also designing programs to address labor shortages spanning the skill and economic spectrums. New Zealand - while developing new fast-tracked programs to recruit investors and entrepreneurs to settle - also has a robust guest-worker program for the country's farmers. Introduced in April 2007, the Recognised Seasonal Employment scheme enables agricultural employers to recruit up to 8,000 workers a year from overseas if they are unable to find the necessary workers in New Zealand. Each year, about three-quarters of the workers come from Pacific Island nations and are able to gain work experience and remit money. The program has the support of both New Zealand's farmers and the workers' home countries.⁵³ To address needs in the longer-term, the UK, Canada, Ireland, and Australia all have introduced "job shortage" programs that favor immigrants applying for permanent visas in industry-specific occupations facing the biggest labor gaps.⁵⁴

4. COUNTRIES ARE MAKING THEIR IMMIGRATION PROCESS EASIER AND ESTABLISHING PROGRAMS TO BETTER INTEGRATE IMMIGRANTS INTO SOCIETY.

Countries have introduced a variety of reforms, streamlining visa-application systems; increased flexibility to convert temporary visas to permanent ones; and tailored programs and benefits to better integrate new immigrants into the economy. Manpower Minister Gan Kim Yong sees Singapore's efficiency as part of its recruitment efforts: "While we work to attract the brightest talent to our shores, we also recognize the need to facilitate their stay in Singapore. This includes providing them with identification cards ...[that] will allow them to travel in and out of Singapore with ease and convenience."55

Since immigrants who become stuck in immigration backlogs often leave, many countries are looking to improve the efficiency of visa application procedures. Canada has made strides to improve turnaround time for visas and limit the number of unsuccessful applications by publishing clearer immigration guidelines. And Canadian firms, abetted by their government, are successfully poaching talent stuck in America's dysfunctional system. "Currently on an H1B Visa or otherwise working or studying in the United States?" says one such Canadian web site notice. "You

PERSONAL FOCUS:

Jim Clow, the owner of JayCee Welding in Alberta, Canada, says it's likely his business wouldn't even exist without Canada's Provincial Nominee Program and other immigration initiatives focused on filling critical labor gaps. With extremely high-paying jobs available in the oil sands in Northern Alberta, Clow says his firm – in the rural, Southern part of the province – often faces major challenges recruiting experienced journeyman welders from inside the country: He'll often spend Cd \$6,000 in a month advertising open positions to Canadian audiences without receiving a single application. "We'd be triple the size we are now," Clow says of his roughly Cd \$8 million firm, "if manpower wasn't such an issue."

Fortunately for Clow, Canada's Temporary Foreign Worker Program and Provincial Nominee Program have allowed him to lessen some of those problems in recent years. Since the start of 2008 Clow has brought over 20 skilled welders from the Philippines, Poland, and Pakistan. Unlike before, when he'd regularly turn down work, he's been able to take on ambitious projects—including a lucrative 2009 oil-services deal that involved building oil drills and shipping them to America. "Those foreign workers really filled a void when I needed them most."

Alberta's Provincial Nominee programs allows engineers and high-skilled workers with full-time offers of employment to be sponsored for permanent residency in the province. The skilled tradesmen Clow hires can use it to rapidly transition to permanent residency after first gaining temporary work experience in Alberta – a major perk that Clow says motivates them. "Every immigrant I've brought over tells me he wants to become a Canadian citizen – every single one," Clow says "They tell me it's like being chosen for a lottery." He plans to recruit 20 more such workers in the next two years, and grow his business to a Cd \$30-million enterprise.

PERSONAL FOCUS: ANAND NARAYANASWAMY

Anand Narayanaswamy has seen Germany's attitudes towards immigrants change dramatically in the years since he immigrated to the country in 1997. A native of Madras, India, Narayanaswamy initially immigrated to work as a textile salesman. Just getting that visa, he says, was "very difficult," and his visa had to be renewed annually and was invalid if he lost his job. "It was a very closed society back then, and it was hard to break through," Narayanaswamy says. One older neighbor even asked if she could touch him; She'd never before seen an Indian person.

But things began to change in Germany in the early 2000s. Narayanaswamy, who'd earned an MBA back home, took a job at the technology giant Infosys in 2001. There, he became one of the first immigrants to take advantage of Germany's new "green card" system, which granted five-year work visas to high-skilled tech workers, a group desperately needed due to German labor shortages. Unlike the old cumbersome visa process, this time his application was approved within 20 minutes. "It was a moment when I realized that Germany had been completely revolutionized," Narayanaswamy says. Referring to the application time – and the opportunities it opened up for him afterwards – he adds, "Just 20 minutes and a guy's life had changed incredibly, forever."

And such changes came quickly. By 2004 Narayanaswamy and his wife, Priya, had obtained permanent residency through a fast-track residency program for the highestskilled workers. Today he's a full German citizen working as a sales executive at Dell Services, with two small children who consider themselves fully German, too. He sees his situation as much more hassle free than what his family members have faced in America, a country known for the particularly long path Indian nationals must take to gain permanent residency. That wait, Narayanaswamy says, "makes a real difference to people and their families." may be able to qualify for fast-track Canadian immigration under one of the Provincial Nomination Programs (PNP) or under the Federal Skilled Worker category of Canadian immigration."⁵⁶ Canadian Immigration Minister Jason Kenney explains some recent changes this way: "We're embarking on a program of transformational change, to move from a slow, rigid, and passive...supply-driven immigration system to a fast, flexible, and pro-active demand-driven immigration system."⁵⁷

Almost half of Australia's long-stay visa holders make the transition from temporary to permanent resident, and in 2012, the government announced changes to make that process even easier. The government is implementing a new process for fasttracking permanent residency visas for certain skilled temporary ("457") visa holders who have worked for the same employer for two years and now have an offer for permanent employment.⁵⁸ Immigration Minister Chris Bowen gave this rationale for recognizing established employment in the transition to permanent residency:59

> Because around 4 in 5 migrants have previously held a 457 visa, that means they've lived in Australia, usually in the same job in the same location. And we think it makes no sense to put them through a very onerous rigmarole in order to become permanent migrants. We will take the fact that they've been doing the

job and doing it successfully, obviously the employer wants them to stay, into account and reduce the amount of [steps] that they need to do to transition to be a permanent migrant.⁶⁰

This would sound alien to the highskilled immigrants in America on H-1B temporary visas, many of whom have worked for six years before applying for permanent residency and still face a multi-step application process followed by a wait of up to 10 years.

Ireland has implemented an "undocumented workers scheme" that gives workers who become undocumented through their employers' mistakes a four-month period to find a job or obtain an employment permit.⁶¹

In addition, in many countries, the importance of language fluency, local work experience, and other qualifications has led governments to create "absorption" programs designed to prepare immigrants to enter the local workforce. For example, Luxembourg, Germany, and Israel have all identified the importance of language fluency to immigrant workforce success, providing language classes to all new immigrants.

Israel offers a variety of programs to support the transition of new immigrants. Immigrants are eligible for subsidies for local licensing and training in many sectors, as well as free language courses. For many years Israel has also offered subsi-

GERMANY

OPENING A CLOSED SYSTEM. After a long history of maintaining an immigration system closed to all migrants but those with German ancestry – including foreigners born in the country – the government began offering citizenship to longtime German residents in 2000.¹ Millions of Turkish nationals living in Germany became eligible for citizenship.

FOCUS ON LABOR. After decades of opposing policies to increase labor migration, German leaders also announced a special "green-card" program that created a fast-track for 20,000 non-European information technology specialists to settle in the country temporarily.² Four years later, the country went one step further, passing the Immigration Act, which allowed senior academic researchers, top-level business managers, and other high-skilled workers to become permanent residents almost immediately after arriving in Germany.³

MIXED SUCCESS. In 2010, just a trickle of high-skilled foreign workers – fewer than 700 people – applied for permanent residency in Germany.⁴ And in the first 10 months of 2011 alone, the shortage of German-based workers specializing in STEM grew by 73 percent, reaching 167,000.⁵ There are also questions about whether the current population of immigrants can properly assimilate: After decades of guestworker policies, the average level of educational attainment of immigrants in Germany remains lower than almost all other OECD countries.⁶ The immigrant unemployment rate is nearly double that of native-born Germans.⁷

EXPEDITING IMMIGRATION AND INTEGRATION. The German parliament recently passed a bill that would decrease the bureaucratic hurdles faced by high-skilled workers hoping to migrate to Germany, which experts say slows down the recruitment of talented foreigners.⁸ ⁹ A national integration plan also aims to help more workers adjust through language courses and employment counseling.¹⁰ "The position that qualified foreigners are welcome here should be the rule, not the exception," says former German Defense Minister Peter Struck.¹¹

CLAUDIO CARNINO

Claudio Carnino was bitten by the entrepreneurship bug early: Like many innovators before him, he dropped out of college in his native Italy to found a start-up in 2008. Soon, Carnino wanted to join the ranks of entrepreneurs in America, and in 2010, he made it to the final round interview for a prestigious start-up incubator in Providence, Rhode Island. But US immigration laws, which lack a visa dedicated to foreign entrepreneurs, made that path incredibly difficult. "The incubator told us they'd like to invest in our company, but there would always be this problem with US immigration," Carnino explains. Specifically, the incubator wouldn't risk investing in a company whose founders might be pushed out later because they couldn't secure permanent visas. Carnino took that setback hard, especially because it felt like no fault of his own. "It was totally disheartening," he says.

Like many young, promising entrepreneurs, however, Carnino was able to find a more welcoming environment elsewhere. In 2011, his start-up, Challengein, a company that makes customized cell phone games that can be used in advertising campaigns, was one of 154 early-stage companies chosen for Start-Up Chile, a program that gives teams with promising start-up ideas \$40,000 in equity-free seed capital, free office space, and a visa to start their business on Chilean soil. Instead of worrying about his immigration status, Carnino says he and his partner submitted a few items of paperwork, "and it was like the visa was just waiting for us." Start-Up Chile helped him with many aspects of his transition too – like setting up local bank accounts and getting a cell phone. "They treat us like superstars here," he says.

And that treatment really mattered. Despite the fact that Start-Up Chile only required Carnino to remain in the country for six months, Carnino is still working there almost a year later. While in Chile, the 23-year-old has hired workers and come across even more opportunities: He's now part of the Wayra Accelerator, a private incubator funded by telecommunications giant Telefonica. dies to immigrant scientists that allow them to continue earning wages similar to what they received in their home country.⁶² Currently, the government spends more than \$27 million a year on such income supplements for both immigrant scientists and Israelis returning from abroad, a figure that amounts to more than \$31,000 per scientist per year.⁶³

5. COUNTRIES ARE TAPPING THEIR INTERNATIONAL STUDENT PIPELINE TO AUGMENT THEIR DOMESTIC LABOR FORCE.

Recent policy changes in Canada and Australia aim to boost access to a large pool of skilled international students and convert them to future workers. The Skilled Graduate Temporary Visa program in Australia allows highly qualified international students who studied in Australia - but who fail to qualify through the points system - to stay for 18 months after graduation to acquire the skills, and potentially the job sponsorship that will allow them to raise their score and pass the hurdle for a permanent, skilled visa.⁶⁴ The Canadian Experience Class program, which started in 2008, gives additional points to visa applicants who earned their degrees in Canada. A new Canadian program even allows up to 1,000 international PhD students who have successfully completed at least two years of a STEM PhD to become permanent residents while still enrolled in school – a sharp contrast with the US system, which requires

students seeking employmentbased green cards to complete their studies before beginning a lengthy and expensive visa application process.⁶⁵ Another Canadian initiative, which began in 2008, allows any international student who graduates from a Canadian college or university to automatically stay and work in the country for up to three years after graduation.

The US continues to invest heavily in international student education only to squander the investment. Roughly 40 percent of all international students in the US report that at least part of their studies was financed by grants and scholarships based in the US.⁶⁶ Yet, in contrast with several other countries, we have no program dedicated to making it easier for graduates to qualify for permanent residence in the US. Unlike Australia, for example, whose 18 month postgraduate visa is designed to allow prospective immigrants to build their resumes and increase their point total, the US requires international graduates who want to stay here to submit to the same onerous and uncertain visa petition processes as everyone else. More troubling still, the US grants no official preference or "credit" for immigration applicants with an American university education.

In this environment, far too many students give up on America and pursue their professional opportunities elsewhere. As the President's Council on Jobs and Competitiveness recently pointed out, the US is

COUNTRY FOCUS:

IMMIGRANTS AS JOB-CREATORS. Despite a history of little immigration – for decades migrants comprised only one or two percent of the total population¹ – Chile has recently recognized the potential of immigration to supercharge its economic growth. President Sebastian Pinera said in 2010 he hoped to create 100,000 new businesses and 800,000 new Chilean jobs by 2014² by looking beyond Chile's border for talent to help rebuild the country's "entrepreneurial and innovative culture."³

HIGH-TECH FOCUS. IT companies that set up a base in Chile are currently able to get \$25,000 a year from the government to cover the costs of each local worker they hire;⁴ the government will also provide subsidies to recruit workers from other countries.⁵ "We were late to the industrial revolution," President Pinera has explained, "and we cannot be, nor will we be, latecomers to the new revolution of the information and knowledge society."⁶

START-UP CHILE. Founded in 2010, the program provides entrepreneurs willing to relocate to Chile \$40,000 in equity-free seed funding, free office space, a one-year work visa, and help getting established. Entrepreneurs can access expedited channels to quickly get a taxpayer number, a national ID card, and a local bank account.⁷⁸

DRAWING INVESTMENT. Although Start-Up Chile requires entrepreneurs to stay in the country only during a six-month incubation period, more than 40 percent of the entrepreneurs involved in the initial phase of the program remained in Chile in October 2011, more than a year after arriving.⁹ By that time, Chile's program had resulted in more than 200 start-ups.¹⁰ And in recent years, Chile's economy overall has proved ripe for the type of investment that often leads to job creation, company expansion, and economic growth: In 2011, Chile drew in more than \$17.5 billion in foreign direct investment, almost 36 percent higher than 2009 levels.^{11 12}

PERSONAL FOCUS: HAROLD AND ETHEL GOLDMEIER

Harold and Ethel Goldmeier were able to take advantage of some of the benefits that Israel offers to new migrants before they even immigrated to the country earlier this year. Shortly after the Goldmeiers, a semi-retired American couple with 10 Israel-based grandchildren, began considering a move to the country in 2011, The Jewish Agency for Israel, an immigrant support group partially funded by the government, enrolled the pair in a free Hebrew course near their home in Chicago. Through The Jewish Agency and Nefesh B'Nefesh, a similar nonprofit, the couple also got answers to day-to-day questions like what it's like to rent an Israeli apartment or collect US Social Security there. And when they decided to formally immigrate in February, Nefesh B'Nefesh paid for the flight, gave them 2,500 shekel (more than \$650) upon arrival for expenses, and signed them up for health insurance before they even left the airport. "They made it an almost wrinkle-free process for us," Harold says.

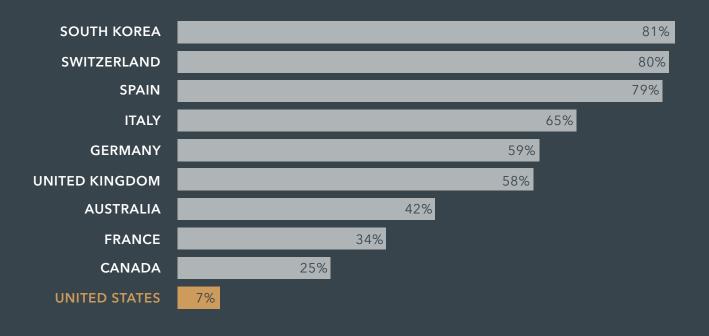
But that assistance, Harold says, "was just the beginning." The Israeli government offers a wide range of benefits to ease the transition of the 20,000 migrants who enter the country each year. Although levels can vary depending on a person's needs, for the Goldmeiers this has meant a 3,500 shekel monthly stipend (almost \$900) to help them during the early months, as well as an 80 percent property tax break and a housing subsidy that begins next year. That help has allowed them to spend eight hours per week taking free Hebrew courses at an ulpan language school – a crucial part of their adjustment and ultimate integration. "Israel extends a hand to immigrants," Harold says, "You get the sense the country really wants you to succeed." And so far, the Goldmeiers are doing just that. With the help of a Nefesh B'Nefesh employment counselor, Harold was recently offered a job teaching at a local business college. And after years of being far apart, he now sees his grandchildren every day. effectively sending remarkable talent – the very people who were trained and want to stay in the US – back to their home countries to compete against us. "The US doesn't train Chinese military and send them home," AOL founder Steve Case, who serves on the Jobs Council, recently observed. "It shouldn't train PhDs and send them home." New York Mayor Michael Bloomberg has for years called this routine occurrence a form of "economic suicide."

6. COUNTRIES ARE COMPETING MORE AGGRESSIVELY FOR THE ENTREPRENEURS AND INVESTORS WHO DRIVE INNOVATION, JOB CREATION, AND GROWTH.

Innovative programs are emerging to incentivize new groups of highly educated workers to leave their home countries and start companies that attract capital and boost domestic job creation. Chile, the United Kingdom, and Canada have all launched programs targeted at entrepreneurs and investors. Start-Up Chile, for example, offers immigrants \$40,000 in equity-free capital and a one-year visa to start a company on Chilean soil. So far, the program has drawn more than 1,600 applications from 70 countries, with applicants based in the US leading the way. More than 200 foreign start-ups are now up and running thanks to the program, raising \$8 million in seed funding from firms in France, Brazil, Argentina, Uruguay, and America.⁶⁷

POLICY FOCUS:

COMPARED TO OTHER COUNTRIES, THE US ISSUES A FAR LOWER PERCENTAGE OF PERMANENT VISAS BASED ON ECONOMIC NEEDS



All percentages represent permanent residency visas issued to workers only, excluding dependents

OURCE: From Brawn to Brains: How Immigration Vorks for America, Federal Reserve Bank of Dallas: 010 Annual Report

Recent developments in the UK show the real push many countries are making to attract the entrepreneurial immigrants so helpful in job creation. In 2008 the UK created a special entrepreneurship visa that allowed founders of companies with £200,000 of investment (about \$320,000) to settle in the country for three years. In 2011, however, the UK decided to compete for such high-value immigrants by opening its doors to the most promising, non-EU entrepreneurs still further. Today, the government allows some high-potential entrepreneurs funded by venture capital firms, angel investors, or seed groups to come into the country with just £50,000 in funding (about \$80,000). Start-up founders who create 10 jobs within three years – or generate £5 million in revenues (about \$8 million) – are also put on a more rapid track to gain permanent residency.

Such changes are having an impact. In the first year under the revised rules, Paul Barrett, the Economic Migration Policy Advisor for the UK's Immigration and Border Policy Directorate, says applications for the country's entrepreneurship visa program more than doubled. At the same

POLICY FOCUS: THE START-UP VISAS AVAILABLE ELSEWHERE

While the American immigration system has no visa for foreign start-up entrepreneurs – even those with US venture capital financing – other countries have crafted ambitious new visa programs aimed directly at such promising job creators.

| | UK | Singapore | Ireland | New Zealand | Chile |
|------------------------|--|---|---|---|---|
| Minimum Investment | \$80,000 | \$40,000 | \$95,000 | Unspecified | None |
| Source of Money | Money must be entirely from registered UK start-up investors | No restrictions | Any combination of applicant, registered investors, business Ioan or Irish State Agency grant | Applicant | Chilean government pays \$40,000 with no equity |
| Visa Covers | 2 Entrepreneurs | Entrepreneur & Immediate family | Entrepreneur & Immediate family | Entrepreneur & Immediate family | 3 Entrepreneurs |
| Initial Visa Period | 3 Years | 1-2 Years | 2 Years | 9 Months | 1 Year |
| Renewal Period | 2 Years if: • Created 2 jobs | 1 Year if: • Created 2 jobs • \$80,000 Spending in 1 year | 3 Years if:Start-up is viableApplicant is not a burden on the state | 27 months if: Capital has been invested in New Zealand "Taken reasonable steps" to establish business | N/A. Applicant must only commit to working in Chile for 6 months |
| Permanent Residency | After 5 years if: • Created 2 jobs • Business remains viable Or after 3 years if: • Created 10 jobs or generated \$7.9M revenue | Unspecified. Applicant must: Demonstrate business viability Prove applicant is not a burden on the state | Can only apply for 5 year renewals if: Business remains viable Applicant is not a burden on the state | After 2 years if: • "Self-employed" • Business is "beneficial to New Zealand" Or as soon as: • Invested \$379,000 • Created 3 jobs | N/A |
| Established | 2011 | 2008 | 2012 | 2009 | 2010 |

time, the country also created a way for potential entrepreneurs to visit the country to explore starting a business: Such immigrants can now get special six-month prospective entrepreneur visas. "We didn't want to get left behind," Barrett said of the motivation behind recent initiatives "There's a lot of competition out there now for global talent." Like many countries focused on economic growth, high-talent immigrants - including entrepreneurs and investors - are deemed critical to the country's future success. As Barrett explains it, "Attracting highskilled immigrants, investors and entrepreneurs - those who will truly grow our economy that's where the thrust of our recent policies have been."

By contrast, the US is rapidly falling behind in the effort to accommodate such valuable migrants. The country currently lacks a dedicated entrepreneur visa, and various efforts to create one have consistently failed to pass Congress. Twenty years ago, the US enacted the EB-5 program - which grants a maximum of 10,000 visas annually to investors who put up \$500,000 (for projects in high-unemployment areas) to \$1 million of their own money in capital, and create or preserve at least 10 jobs.

COUNTRY FOCUS:

SKILLED MIGRANT VISA. New Zealand uses a pointsbased system designed to grant permanent residency to applicants with the skills, qualifications, and experience the country needs.¹ As Immigration Minister Nathan Guy explains: "New Zealand is competing in a global market to attract good quality people."²

TEMPORARY VISAS. Immigrants in professions on the country's skills shortage list can obtain a 30-month Work to Residence visa, available for individuals with credible job offers or exceptional talent in the sports or arts.³ Immigrants with this visa can apply for permanent residency after two years.⁴

ATTRACTING ENTREPRENEUR & INVESTORS. For New Zealand's entrepreneur visa there are no specific capital or job-creation criteria, and after two years of self-employment "beneficial to New Zealand," entrepreneurs can apply for permanent residency. Some entrepreneurs can apply sooner if they invest NZ \$500,000 (\$379,000) in their business and create three jobs. The country's investor visa also has two tracks: An investment of NZ \$1.5 million (\$1.1 million) can lead to permanent residency in four years if age, wealth, and language requirements are met; an investment of NZ \$10 million (\$7.6 million) can lead to residence in three years with almost no other requirements.⁵

GUEST WORKER PROGRAM. The Recognised Seasonal Employment program enables employers in agriculture to recruit up to 8,000 workers annually for jobs they can't fill locally. It specifically targets workers from the Pacific Islands, a region where New Zealand has long-held economic ties and is committed to promoting economic development and stability.⁶

EXPEDITED PROCESSING. As part of a NZ \$75 million (\$57 million) investment to upgrade its visa-processing technology, New Zealand has aggressively sought to reduce student visa processing times. In April 2010, 64% of student visas were processed in one month; by April 2012 that figure had reached 92%. Batch processing of applications from trusted schools now allows almost half of student visa applications to be processed within 48 hours.⁷

ZHANG YUANBO

Dr. Zhang Yuanbo, a physics professor in Shanghai, once had a promising career ahead of him in the United States. Zhang, who is Chinese, began a graduate program in physics at Columbia University in 2000, eventually earning his PhD in 2006 – as well as accolades for his groundbreaking work with the ultrathin carbon material graphene. He then began doing post-doctoral research work at University of California- Berkeley and IBM.

In 2008, however, he faced some major headaches. That year, he went home to apply for a new J-1 visa to return to Berkeley and was stuck in China for several months because the US government selected his application for additional administrative review, a common background check faced by many foreign scientists. "The biggest frustration for me," Zhang says of his time in America, "was always the US visa process." While stuck at home in 2008, however, he learned about a professorial job at Shanghai's Fudan University that offered considerable benefits. He ultimately wound up passing up an academic position at the University of Virginia to take the Fudan job, and began teaching there in 2011.

Zhang's story is not uncommon. Through its ambitious national talent development plan, China is actively recruiting highly-qualified Chinese nationals living abroad to return home, offering them substantial financial rewards and prestigious titles. In Zhang's case, this meant three million Yuan (\$475,000) in supplemental government funding for his lab at Fudan University, as well as housing compensation and a coveted, local residency permit. The university also offered an academic job to Zhang's similarly-educated spouse, and a generous salary package for both of them. That offer was a lot to pass up for someone who would've faced a long road to obtain permanent residency in America, thanks to the country's current backlog of applications from China. "The entire process takes too long," Zhang explains, "If the US simplified things, it would be a big motivation for students to remain in America." In the 20 years since the program's inception, EB-5 has been credited with attracting \$1.5 billion in investment and creating or saving 30,000 positions.⁶⁸ The program has been consistently undersubscribed – with the number of visas issued annually below half the cap – although it has recently attracted greater interest and participation, despite its upcoming expiration and need for reauthorization by the end of the fiscal year.⁶⁹

7. COUNTRIES ARE ACTIVELY RECRUITING TOP EXPATRIATE TALENT BACK TO THEIR SHORES.

In recent years several countries that have historically experienced brain drains are making dramatic efforts to lure back expatriate talent. China is proving the most aggressive and ambitious in this regard. In fact, a large portion of China's talent strategy involves recruiting professionals who are already contributing to the US economy: High-skilled Chinese nationals who are living, working, or studying in America. In 2011, there were almost 160,000 students from China studying in American universities, more than from any other country.⁷⁰ At the same time, a total of more than 1.8 million Chinese nationals were living in the United States, placing the country second only to Mexico in the number of legal, permanent residents it sends here each year.⁷¹ Foreign-born Chinese were also substantially more likely than native-born Americans to have earned a bachelor's or graduate level

degree – a high-skilled group of particular interest to the Chinese government.⁷²

In 2010, China launched the National Medium and Long Term Talent Development Plan, a massive effort aimed not only at fostering homegrown talent, but also at luring Chinese-born innovators and promising entrepreneurs back home. The plan specifically targets Chinese workers in STEM fields who have patents to their name, as well as prominent professors abroad and recent PhD graduates from STEM programs.⁷³

China's approach has a number of components. China's Thousand Talents Plan, for example, seeks to recruit 2,000 scientific elites and other experts who are now living overseas, including many students who came to the US originally to study. The government is specifically targeting researchers with patents in promising areas like nanotechnology and cellular biology. By 2020, China also hopes to have trained or recruited 100 "strategic entrepreneurs" who can help the country create firms that will rank among the world's top 500 companies. China also plans to recruit as many as 40,000 individuals holding high-level managerial positions at well-known

POLICY FOCUS: CHINA IS TAKING ACTION TO ENCOURAGE SUCCESSFUL EXPATRIATES TO RETURN HOME

China's National Medium and Long Term Talent Development Plan actively encourages successful Chinese-born innovators and promising entrepreneurs living in other countries to return to China by offering them a host of incentives, including:

SIGNING BONUSES. The government awards experienced professors and researchers who opt to come home a 1 million Yuan bonus (the equivalent of \$158,500) when they accept their positions. Less experienced PhD graduates – those with fewer than five years experience – are given 500,000 Yuan (\$79,200).

FREE HOUSING. Returnees in both the academic and business communities are often offered generous housing subsidies or free housing in a city of their choice. In some cases, 600,000 Yuan (almost \$100,000) is provided to purchase furnishings as well.

TAX BREAKS. Returning entrepreneurs who locate their offices in special municipal business districts are often automatically exempt from business taxes – like China's 25 percent tax on corporate revenue – for up to three years.

PRESTIGIOUS TITLES. In a society that places a high value on academic achievement, many returnees are granted honorary, scholarly titles – elevating them to the status of near-celebrities among the local population. One such title comes with an 8 million Yuan (\$1.3 million) award.

ACCESS TO EXCLUSIVE BUSINESS INCUBATORS. The country is currently home to 60 Overseas Students Pioneer Parks that house 4,000 enterprises that generate \$1.25 billion in revenues each year.

RESIDENCY IN BEIJING AND OTHER CITIES. Residency in major cities in China is tightly controlled, but foreign returnees are often given permits that allow them to purchase a car or local property, access health care benefits, or send their children to the local schools.

COUNTRY FOCUS:

EMPLOYMENT-FOCUSED STRATEGIES. From 2008 to 2012, Australia reduced the number of permanent residency visas from 315,000 to 185,000,¹ but raised the number of visas for skilled immigrants and their dependents to almost 126,000.² By comparison, the US – with a population 14 times Australia's – issues just 140,000 employment-based green cards each year to immigrants and their dependents.³

SKILLED OCCUPATIONS LIST. Applicants for employmentbased visas must have occupations listed on one of the government's "skilled occupation lists" – which are updated regularly to reflect national and regional labor needs. The most recent national list included biomedical engineers, skilled bricklayers, special-needs teachers, and gastroenterologists.⁴

SKILLED GRADUATE TEMPORARY VISA. This program allows highly qualified international students who do not meet the criteria for a skilled visa to remain for 18 months after graduation, during which time they can acquire the skills and the job sponsorship they need to pass the points hurdle for a permanent skilled visa.⁵

REGIONAL VISA PROGRAM. Australia's Regional Settlement Strategy creates visas for immigrants willing to move to parts of the country where their skills and occupations are in particular demand. The program serves several priorities: sustaining national population growth; encouraging immigrants to go places other than the traditional, over-populated, gateway cities; and addressing regional problems such as declining populations and labor shortages.⁶ The 2011-2012 budget allocated 16,000 permanent Australian visas, or slightly less than 10 percent, to regional settlement.⁷

RESPONSIVE AND ADAPTABLE POLICIES. In 2010, the government changed the points-based system to match economic needs – including returning 20,000 backlogged visas.⁸⁹ This summer it will debut SkillSelect, which lets prospective immigrants pre-apply online, detailing education, experience, English proficiency, and overall points score. Applicants who best fit employment needs will then be invited to apply formally for a visa, with the highest-scoring applicants expected to be admitted first.¹⁰

international companies or financial institutions through its National Talent Fostering Guidelines program.

China's gain appears to be America's loss. A review of the profiles of entrepreneurs, businesspeople, and scholars featured on the site of China's Thousand Talents Program shows that 55 percent came directly from positions in the US.⁷⁴ With China's Young Thousand Talents program, which targets professionals under the age of 40, the numbers are even more striking: In one class of candidates, 77 percent came from American soil.⁷⁵ US visa policies only accelerate this loss of talent back to China. As discussed above, the foreign scientists, engineers, and other innovators who train in American universities often face a tortuous path to obtain the visas they would need to settle permanently in America.

Israel has also been stepping up efforts to bring expatriate scientists back home. Last December the country held its first conference designed to connect PhD scientists and engineers with willing employers and university contacts.⁷⁶ And it is estimated that since its creation in July 2007, a special job placement program run by the country's National Ministry of Sciences has helped about 200 scientists who earned PhDs abroad – mostly in Canada and the United States – secure high-level university positions.

In the Fall of 2011, Israeli launched its Centers for Research Excellence

(I-CORE) program,⁷⁷ with the explicit intention of enticing back some of the nation's most prominent scientists with high pay, cutting-edge research facilities, and a commitment to fostering innovative collaborations across multiple disciplines.78 To start, I-CORE will have four centers, focused on alternative energy sources, the molecular basis of disease, cognitive science, and advanced computer science. Israel expects over time to add to these centers and bring back up to 2,400 Israeli scientists from labs in Europe and the US.

8. COUNTRIES ARE MOVING MORE QUICKLY TO ADAPT TO CHANGING CONDITIONS.

While other countries generally have a more strategic focus than the US, they also view their policies as works in progress. Programs that can be easily modified are becoming more popular.

For example, after the immigrant population in Canada experienced high rates of unemployment and the workforce appeared overqualified, the country "reweighted" its points system to favor candidates with a job offer rather than just attractive skills. Canada has also developed occupation shortage lists - a list updated twice annually with occupations needed in the country - to ensure the nation brings in immigrants working in fields with demonstrated needs. Canadian Immigration Minister Jason Kenney

PERSONAL FOCUS:

Ajmal Awan, a Pakistan-native trained in engineering, has taken his skills to a variety of countries. In 2000, he and his wife, a doctor, moved to Dubai so he could work at a telecommunications firm. But their visa there was so temporary, they would've had to leave within a month if Ajmal ever lost his position. "It always felt more like a transitional thing," Ajmal says of Dubai, "and I needed to think about my future and my kids."

So in 2006, he began applying to move elsewhere. Despite the fact he was then working for an American firm in Dubai, he quickly looked to Australia, a place where his MBA and his wife's advanced medical training would be helpful in the points-based immigration test the country uses to assess potential immigrants. Because he was older than 35, however, his migration agent advised him his points score would be too low to easily immigrate. So to make himself more attractive, Awan applied directly to Victoria, a state in southern Australia, which had a regional need for engineers. Victoria agreed to sponsor him in September 2007, and with that points boost, the Awan family was awarded permanent residency in January 2008 – a month before they even relocated to the country.

That generous policy – which contrasts sharply with the temporary, high-skilled, H1B visa in the United States – offered a permanence that immediately resonated with Awan. "When we arrived, I told my kids, 'This is our home now,'" he says. "It gave me peace of mind right from the beginning." Although he started at an entry-level position, within three months, Awan was able to secure a job as a senior project manager at one of Australia's largest telecommunications firms. Today his wife, Huma, has a private medical practice, and they live in a five-bedroom house on a golf course. And although their visas only required them to spend two years in Victoria, they've remained in Melbourne, the state's capital, for almost five years. "I would immigrate here again and again," Awan says. "It's a place full of opportunity."

SUMMARY OF COUNTRY IMMIGRATION POLICIES

| | 1. Prioritize economic needs | 2. Lure highly educated labor | 3a. Focus policies on sectors | 3b. Focus policies on regions | 4a. Streamline immigration process |
|----------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| AUSTRALIA | \checkmark | \checkmark | \checkmark | \checkmark | \checkmark |
| CANADA | \checkmark | \checkmark | \checkmark | \checkmark | \checkmark |
| CHILE | | | | | \checkmark |
| CHINA | \checkmark | \checkmark | | | |
| GERMANY | \checkmark | \checkmark | \checkmark | | \checkmark |
| IRELAND | \checkmark | \checkmark | | | \checkmark |
| ISRAEL | | \checkmark | | | \checkmark |
| SINGAPORE | \checkmark | \checkmark | \checkmark | | \checkmark |
| UNITED KINGDOM | \checkmark | \checkmark | \checkmark | | |
| UNITED STATES | | \checkmark | | | |

recently announced further steps to move towards an employer-driven model that reacts quickly to the demands of the market. In response to growing shortages in the construction and natural-resources industries,⁷⁹ Kenney outlined reforms that would create a New Skilled Trades program to make it easier and faster for employers to bring tradesmen to Canadian soil. The reforms also promote the use of more complete methods when evaluating a potential immigrant's education and work experience, and aim to improve the ability of immigrants to get their professional licenses quickly – so that immigrant nurses and engineers, for example, are able to take up positions promptly without languishing in a professional limbo.

Such flexibility and responsiveness also define Australian immigration strategy. Unlike the US system, which does not assess or prioritize immigration applications based on a person's profession, prospective immigrants to Australia hoping to qualify for a high-skilled immigration

| 4b. Integrate immigrants into society | 5. Tap international students | 6a. Visa for immigrant investors | 6b. Visa for immigrant entrepreneurs | 7. Adapt to changing conditions | 8. Recruit expatriate talent |
|---|-------------------------------------|--|--|---------------------------------------|------------------------------------|
| \checkmark | \checkmark | \checkmark | | \checkmark | |
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visa must have occupations listed on one of the government's "skilled occupation lists" which reflect the national and regional labor needs. Australia's rapidly-growing mining sector – and 4.9 percent unemployment rate – is also causing some provinces to turn their recruitment energy towards US shores.⁸⁰ In May, the country's Department of Immigration & Citizenship held a recruitment session in Houston, Texas aimed at professionals with skills in the resources, energy, and infrastructure sectors.⁸¹

* * * * *

To be sure, the experience of recent immigration policy reforms overseas has hardly been a record of unbroken success. Israel's unusually skilled pool of Jewish immigrants from around the world, for example, faces high levels of underemployment; job shortages persist in some of Germany's high-end occupations; and Australia's non-English speaking immigrants struggle to fully integrate into the economy. Still, broadly speaking, the trends and directions noted here could usefully inform the next set of immigration reforms in the US.

CONCLUSION:

RECOMMENDATIONS FOR A MORE STRATEGIC US IMMIGRATION POLICY

Considering the United States is now in an era when immigrants are essential to jobs, growth, and competitiveness – and the rest of the world has become more strategic when it comes to linking immigration policy and economic goals – what should America do to keep pace? The US needs a framework that values immigrants and helps them succeed, and also ensures employers can fill vital jobs when they can't find Americans to do the work.

A commonsense reform agenda should start with these six ideas:

1. STOP SENDING TALENTED FOREIGN STUDENTS WITH SCIENCE AND TECHNOLOGY DEGREES HOME.

Thousands of budding entrepreneurs and contributors to America's innovation ecosystem are sent packing every year despite wanting to build lives and firms here. Any university graduate with an advanced degree in an essential field should automatically be eligible for a green card. It makes no sense to send such talent overseas to compete with us.

2. AWARD MORE GREEN CARDS BASED ON ECONOMIC NEEDS.

Today, only about 15 percent of US green cards are awarded based on employment needs, and half of those go to the spouses and children of employees. This means about 7 percent of all green cards go to individuals expected to benefit the economy, one of the lowest rates of economic-based immigration in the world.⁸² By contrast, Canada issues 25 percent of its visas to individuals (excluding dependents) for economic reasons, and by the same measure, Australia issues 42 percent.⁸³ US employment-based green cards are further limited by caps established for each country. In other words, tiny Iceland would get the same number of visas as teeming, engineerrich India. Even as we continue our legacy as a place of refuge and reunion, we must open our doors more widely to talented and hardworking foreigners who can make critical contributions to our growth and prosperity. That means allocating more green cards based on the needs of our economy.

3. CREATE A VISA FOR FOREIGN ENTREPRENEURS TO BUILD THEIR FIRMS IN THE US.

A foreign entrepreneur who is financed by US investors should be given a temporary visa to start a company here. If successful in creating American jobs, the entrepreneur should be placed on an accelerated path to permanent status.

4. LET AMERICAN COMPANIES HIRE THE HIGHLY EDUCATED WORKERS THEY NEED, WHERE THEY NEED THEM.

When firms cannot find the scientific talent they need among native workers, they have two options: Hire immigrants to fill these vital jobs or establish facilities in countries with more welcoming immigration policies. The choice is clear – the US must allow businesses to hire the talent they need to expand and innovate in America. Today, H1B visas for skilled temporary foreign workers are capped at 65,000, a quota that was frequently filled in a matter of days during normal times and was filled mid-year even in the recent, low-hiring recession. We should scrap the limits on high-skill H1B visas altogether.

5. GIVE SEASONAL AND LABOR-INTEN-SIVE INDUSTRIES ACCESS TO FOREIGN WORKERS WHEN THEY CANNOT FILL THE JOBS WITH AMERICANS.

Today, farmers must navigate three separate federal agencies to hire frontline workers, and

crackdowns on undocumented workers often create severe labor shortages. That drives up costs and leaves crops unable to be harvested. At a time when food prices are rising in the midst of a still-struggling economy, this is the last thing American consumers need.

6. ALLOW LOCAL GOVERNMENTS TO RECRUIT MORE IMMIGRANTS TO MEET REGIONAL NEEDS.

Immigration can drive economic growth across the US but not every place has the same needs. Additional visas should be allocated to allow local governments to recruit immigrants that meet local needs – be it engineers for new R&D facilities, agricultural workers for farms, or more families to live on Main Street.

* * * * *

A common sense agenda like this should draw support from both political parties, and begin to ensure we can attract immigrants with the skills and entrepreneurial spirit our economy needs. The policy underlying how US distributes permanent visas is still based largely on a system designed nearly 50 years ago. Since then, other countries have repeatedly adjusted their systems to meet their economic needs. As our competitors press ahead with strategic policies suited to a global century, how much longer can American afford to drift with an immigration regime built in 1965?

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