High-Skilled Immigration

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Last week the New York Federal Reserve released their quarterly report which shows that U.S. household debt is at the highest levels since 2008. The report showed that U.S. households hold $12.58 trillion in debt, which is an increase of $226 billion since the previous quarter. While the increase in debt was considerable, bankruptcies and foreclosures were at an 18 year low.

A new survey recently released shows that cybersecurity is a major concern for businesses around the globe. The survey found that 85 percent of the businesses surveyed world-wide are concerned about cyberattacks. The survey was conducted by the Business Continuity Institute and the British Standards Institute, and it surveyed over 700 organizations in 79 different countries.

Eakinomics: High-Skilled Immigration

Despite is undeniable legacy in building modern America and its quantifiable economic benefits, legal immigration has fallen into political disfavor. Among the many candidate explanations for this development is its putative impact on the economic well-being of average or low-skill U.S. workers. Putting aside whether this is true (and I am a skeptic), an even more striking development is that growing antipathy toward legal immigration of any kind, even visas for high-skilled workers. It's a bit hard to understand when the unemployment rate among the college (or higher) educated is a mere 2.5 percent and that respected research suggests that a single H-1B visa creates over 25 new jobs.

Still the critics are increasingly vocal. Take the poster child of skilled immigration, H-1B visas. There are roughly 85,000 such visas each year, compared to the 152 million employed Americans, and they are so popular that there are over 300,000 applications and they have to be assigned by lottery. You would think that there was a consensus behind supporting H-1B visas, yet there is rising opposition to the program.

The first complaint is that H-1Bs allow employers to import cheap labor. It's a bit hard to buy this, since in most areas H-1Bs are making more than the Bureau of Labor Statistics (BLS) median earnings. For example, in computer-related occupations the H-1B median is $84,000 compared to the BLS Occupational Handbook median of $81,430. Similarly, in the occupations of architecture, engineering, and surveying the comparison is $89,000 versus $76,870. Of course you can find some examples of the reverse (e.g., Medicine and Health), but the basic truth is that there are not pervasively lower wages in the H-1B program. There is some research suggesting that the H1-B program led to lower employment and wages among US computer scientists. However, those H1-Bs also led to prices of information technology goods declining by 2 percent; something that obviously has broad benefits for households and businesses.

A second complaint is that visas aren't given to only the most highly trained workers. Put differently, too many H-1B recipients are merely holders of bachelor's degrees. Not so fast. The last report on H-1B statistics from the Department of Homeland Security found that "Forty-five percent of H-1B petitions approved in FY 2014 were for workers with a bachelor's degree, 43 percent had a master's degree, 8 percent had a doctorate, and 4 percent were for workers with a professional degree."

A final complaint is that the program is stacked against start-up firms. This could be true, but only because the overall cost of the immigration system is too high. Costly regulation generally is harder for new and small firms to handle and hurts their ability to participate.

No program is perfect, but the backlash against a program that meets a genuine need and creates jobs seems like an odd target.