



The Daily Dish

# Pro-Growth Immigration Reform

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## Eakinomics: Pro-Growth Immigration Reform

The Trump Administration has made real [progress](#) on raising the pace of economic growth with its tax and regulatory agenda. It has also [undercut](#) those benefits with its [misguided](#) tariff strategy. The upshot is that it still makes sense to focus policy efforts on the long-run growth rate of the standard of living in the United States. The traditional tools of public spending, taxation, labor, regulation, education, innovation, and natural-resources policies should all be focused on a disciplined effort to raise the rate of productivity and economic growth.

It is time to add immigration to the list of policies promoting economic growth, and Jacqueline Varas and I propose exactly how to do it in our [new paper](#).

There is lots of evidence pointing to the contribution immigrants make to economic growth. Foreign-born workers have higher labor-market participation rates, are disproportionately more likely to start their own businesses, and have founded over 40 percent of Fortune 500 companies and over 50 percent of Fortune 500 technology companies. There is also evidence that immigrant workers spur productivity gains in the economy. To close the circle, more rapid overall population growth would generate more rapid GDP growth, which would in turn raise productivity growth. The latter raises GDP per capita, or the standard of living.

Unfortunately, at present these impacts are more by accident than by design; under 5 percent of permanent visas are awarded to new entrants for economic purposes. Our proposal is to flip the emphasis and place economic merit at the core of the permanent (legal) visa granting system. We do this by focusing the visa-granting system on skills demonstrated in two distinct ways: education (e.g., college or post-graduate degrees) and experience or sustained labor-market accomplishment. Specifically, we use a point system to rank candidates for visas; those accumulating enough points merit a visa.

The first approach is like reading a resume. We award points for English proficiency, education (e.g., 15 point for a bachelors; an additional 15 points awarded to individuals with degrees from U.S. institutions), age, employment experience, entrepreneurship potential, being in a high-demand occupation, and optional local economic preferences. Those with sufficient points (see [the paper](#) for details) are admitted. But not everyone looks great on paper. To accommodate the latter, we would create a three-year temporary visa that would accommodate both seasonal work and temporary employment in the United States. After completing the temporary visa and one renewal (a total of six years), workers could apply for permanent status and receive additional points toward their application. If you have proven you can work successfully in the United States, we should recognize that skill.

Getting the details right (e.g., the number of points for each degree and so forth) will be in the eye of the beholder. But the paper is premised on the notions that the current immigration system is broken beyond repair and that placing economics at the center of the reform effort is the right point of emphasis. To be sure, economics would not be the only element. We fully expect that the United States would continue to have components dedicated to humanitarian purposes and family unification. And we are cognizant that any

legislation would also need to reflect a strategy for border security, employer verification, accommodating the Dreamers, and a proactive policy toward those here illegally. Those areas are necessarily beyond the scope of our paper.

It is well past time that the economic needs of the nation be the core consideration for the design of immigration policy. Our hope is to use this proposal to put it front and center for the first major reform of immigration law since 1965.