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## **Review and Outlook**

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### **More Visas, More Jobs**

Bill Gates appeared before Congress again last week to make a simple point to simpler pols: The ridiculously low annual cap on H-1B visas for foreign professionals is undermining the ability of U.S. companies to compete in a global marketplace.

"Congress's failure to pass high-skill immigration reform has exacerbated an already grave situation," said the Microsoft chairman. "The current base cap of 65,000 H-1B visas is arbitrarily set and bears no relation to the U.S. economy's demand for skilled workers."

The Labor Department projects that by 2014 there will be more than two million job openings in science, technology, engineering and math fields. But the number of Americans graduating with degrees in those disciplines is falling. Meanwhile, visa quotas make it increasingly difficult for U.S. companies to hire foreign-born graduates of our own universities. Last year, as in prior years, the supply of H-1B visas was exhausted on the first day petitions could be filed.

"Today, knowledge and expertise are the essential raw materials that companies and countries need in order to be competitive," said Mr. Gates. "We live in an economy that depends on the ability of innovative companies to attract and retain the very best talent, regardless of nationality or citizenship."

Lest you think Microsoft and other companies are making this stuff up, we direct you to two recent studies published by the **National Foundation for American Policy**. The first, entitled "Talent Search," found that major U.S. technology companies average more than 470 job openings for skilled positions, while defense companies average more than 1,200 such openings. In all, more than 140,000 skilled job openings are available today in the S&P 500 companies.

The second study, "H-1B Visas and Job Creation," reports the results of a regression analysis of H-1B filings and employment at U.S. tech companies. The objective was to determine if hiring foreign nationals harms the job prospects of Americans -- a common claim of protectionists. In fact, the study found a *positive* association between H-1B visa requests and the percentage change in total employment.

Among S&P 500 firms, "the data show that for every H-1B position requested, U.S. technology companies increased employment by 5 workers," according to the study. And "for technology firms with fewer than 5,000 employees, each H-1B position requested in labor condition applications was associated with an increase of employment of 7.5 workers." Far from stealing jobs from Americans, skilled immigrants expand the economic pie.

Mr. Gates said his software company exemplifies this phenomenon. "Microsoft has found that for every H-1B hire we make, we add on average four additional employees to support them in various capacities," he told lawmakers. "If we increase the number of H-1B visas that are available to U.S. companies, employment of U.S. nationals would likely grow as well."

The preponderance of evidence continues to show that businesses are having difficulty filling skilled positions in the U.S. By blocking their access to foreign talent, Congress isn't protecting U.S. jobs but is providing incentives to outsource. If lawmakers can't bring themselves to eliminate the H-1B visa cap, they might at least raise it to a level that doesn't handicap U.S. companies.