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Review & Outlook

Trump's Immigration Choice

He may ban the foreign guest workers the recovery needs.

The U.S. economy is slowly waking from its lockdown stupor, and a sharp recovery is President Trump's best chance for re-election. So why in the world would he decide that now is the time to slash *legal* immigration?

Mr. Trump in April suspended immigration for 60 days to "protect already disadvantaged and unemployed Americans from the threat of competition for scarce jobs." The order lapses this weekend, but Mr. Trump may extend the rules to permanently limit high-skilled and seasonal work visas.

Restrictionists think this will spur conservative turnout and drive a wedge between Joe Biden and low-income voters. That's also what they said before the rout of 2018. Reducing foreign workers will badly hurt seasonal employers and deny the U.S. the talent to create new businesses and compete with China.

Start with H-2B visas for temporary workers, which are capped at 66,000 per year. Last year 44% of H-2B workers were employed in landscaping, 10.2% in recreation, hospitality and food services, 6.6% in housekeeping and 5.6% in meat and poultry with the remainder distributed across various industries.

Before the pandemic, seasonal businesses from summer resorts to Gulf Coast shrimpers—three seafood companies were among the top H-2B visa employers—complained about a severe worker shortage. While many lower-skilled Americans have lost jobs during the pandemic, many businesses have still struggled to find U.S. workers to do grueling jobs like picking and processing crab.

"Without workers, we're looking at closure," Johnny Graham, who runs among the largest crab processors on the East Coast, told the Prince George Journal. "The plant's been mothballed, the power's pretty much cut off [and] the water supply's being cut off."

Some resorts may have less trouble finding workers this year, though unemployed workers and available jobs aren't evenly spread across the country. Employers also have to compete with the \$600 in weekly enhanced unemployment benefits, which lasts through July 31.

Then there are businesses that need workers for jobs in cyber-security, artificial intelligence and computer programming. H-1B visas for high-skilled workers are capped at 85,000 a year, and employer demand has exceeded supply since 2004. In March companies applied for 275,000 visas.

The pandemic hasn't diminished demand. The unemployment rate last month for computer occupations was 2.5% compared to 13.3% nationwide, **according to an analysis by the National Foundation for American Policy**. While restrictionists have made examples of companies that replaced American employees with foreign contractors, these cases are rare. The economic evidence suggests that limiting H-1B visas reduces employment opportunities of American workers.

An April University of Pennsylvania study found that a reduction in the H-1B visa cap in 2004 caused multinational firms to employ more workers at existing foreign affiliates and open more affiliates in new countries, especially Canada, China and India. Companies reliant on research and development were most likely to outsource jobs.

A study last month by the National Foundation for American Policy found that a one percentage-point increase in the share of workers with an H-1B visa in a given occupation boosted the earnings growth rate for all workers in that occupation by 0.1 to 0.26 percentage points. "Having more approved total or initial H-1B petitions, on average, reduces the unemployment rate within a major-occupation for recent graduates," the study concludes.

Most employees work in teams at a single location. If American companies can't fill positions with workers in the U.S., they will recreate teams offshore with foreign workers. Stanford and MIT grads won't be harmed, but graduates of apprenticeship programs and community colleges might lose out on jobs. Some startups have laid off workers in the pandemic, but job losses have been concentrated in areas like marketing that don't require technical skills. Hospitals still need high-skilled workers to manage electronic health records, utilities to protect their grids, and small businesses to run online storefronts.

While the Trump Administration wants to make it harder for foreign graduates of U.S. universities to stay and work in the U.S., Canada has welcomed them. "International education represents a significant economic benefit to Canada, with international students contributing \$21.6 billion to Canada's GDP and supporting nearly 170,000 jobs in 2018," Canada's immigration office said last month.

If Mr. Trump wants high-tech jobs to stay in America, he can't reject high-skilled workers. A new limit on legal immigration would be a gift to China and Joe Biden.

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