Brain Gain and Drain

How America loses by pushing away immigrant talent.

Amid one of the weakest economic recoveries on record, the central U.S. challenge is to restore growth, and one tool that doesn't get enough attention in Washington is immigration. A pair of new research papers show both the promise of human capital and how poorly the U.S. is exploiting it.

Stuart Anderson of the National Foundation for American Policy recently surveyed this year's student finalists in the Intel Science Talent Search, the famous high school competition formerly run by Westinghouse. He found that 70% were the children of immigrants, though only about 12% of the population is foreign born. Remarkably, some 60% of the parents had entered the U.S. on H-1B visas, the majority from China or India. Yet less than 1% of the population is a past or present recipient of an H-1B.

One reason is that Congress arbitrarily caps these visas for highly skilled workers at a mere 65,000 annually, even though they are often the only way for U.S. companies to hire foreign experts in science, math, engineering or technology. Many of them go to international students with advanced degrees; the U.S. has a strong comparative advantage in education. But why shouldn't it be easier for entrepreneurial graduates to found start-ups, or for the U.S. to benefit from foreign talent?

Based on his interviews, Mr. Anderson suggests that these immigrant families were successful incubators of talent because they emphasize education as a path to economic success in America. The winning projects of immigrant children included an experimental treatment approach for liver cancer, an advance in nanotechnology, research on catalysts in energy production, and a possible medical development for patients with compromised immune systems.

The question is whether the U.S. will gain from such innovations, given that the worldwide market for skilled workers grows more competitive every year. Which brings us to the second study, courtesy of the Kauffman Foundation. Tens of thousands of U.S.-
educated foreign nationals from China and India are returning home, and academic researchers surveyed those who started businesses.

Some 81% of the Chinese respondents, and 72% of the Indians, reported that the economic opportunities were better or much better overseas. "Their businesses are small, relatively new, and focused on fast-growing, low-barrier-to-entry markets in IT and the service sectors," the study reports. These are the jobs and companies necessary to revive long-term economic growth.

The Kauffman researchers see less "brain drain" than "brain circulation," a largely positive dynamic of "decentralized, cross-regional collaborations that support innovation in today's global economy." That may be true, but the U.S. would benefit if the next Google, Yahoo or eBay—all founded by immigrants—was based in Palo Alto instead of Zhongguancun.

Republicans and conservative talk show hosts who have made a crusade of "closing the borders" against illegal immigrants have as a side effect turned the political mood against immigration in general, including the talented newcomers who would use these H-1B visas to remain in America and perhaps found companies here. This is not a growth policy. If the U.S. continues to send this human capital packing, it will find a home somewhere else, at America's loss.