



The Daily Dish

Immigration Crisis #2

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The most pressing immigration crisis is the surge of migrants at the southern border, which has exposed enormous flaws in controlling illegal border crossings, tracking internal migration, and processing asylum requests. The notion that the *status quo* is acceptable is preposterous and any immigration bandwidth in Congress this year will be consumed by this issue.

But the second crisis is the future of employment-based, legal immigration in the United States. I don't expect Congress to address the needed reforms in the near future, but that does not make them any less necessary. (For a fuller discussion of these issues, see my [new paper](#).) The short version of the problem is that the near-term outlook for labor is scarcity, the long-term trend is slowing population growth, and the United States' global competitors are more successful in attracting high-skill immigrants. Let's think of these in turn.

Readers of Eakinomics are familiar with the still-tight (but cooling) labor market in which there are more job openings than unemployed workers. Employers are quite aware of the tight labor market situation as quit rates (the fraction of employed workers quitting their jobs) reached a record high of 3.0 percent in April 2022 before settling to more normal levels recently. In short, employers would love to have greater near-term labor supply.

Over the longer term, low levels of fertility and increasing retirement rates will only further shrink the size of the labor force. The decline in fertility is a long-standing trend among native-born Americans. Fertility is below the replacement rate and low fertility ultimately translates into a shrinking native-born population. Thus, over the longer term, immigration is the source of population growth as net immigration will account for all U.S. population growth starting in 2042, according to the [Congressional Budget Office](#).

Both those facts argue for rethinking employment-based immigration. But now there is a third: The United States is getting its figurative you-know-what kicked in the international competition for skilled immigration. As a July [piece in *The Washington Post*](#) noted:

To attract talented tech workers, Canada...[offered] 10,000 work permits to foreigners who are now in the United States on H-1B visas. This might be the first time any country has created an immigration program that hinges entirely on another country's system.

This suggests that the Canadian government holds two opinions of U.S. H-1B visas: That they are good at attracting the world's most talented immigrants. And that the ultimate value proposition to prospective immigrants is so weak long-term, that, given the option, many H-1B visa holders will head north to Canada.

All the slots were filled within 24 hours of the launch of the new program.

The bottom line is simple. Congress needs to revisit the U.S. immigration system. Reforms could take the form of expanding employment-based immigration by increasing the supply of visas available, allowing spouses of those on visas to work, or expanding the temporary work visas. Another possibility is to address visa backlogs and slow processing times, which could generate hundreds of billions of dollars of increased output, while

costing under \$5 billion in taxpayer money. Also, the Department of Labor could undertake [Schedule A reform](#) by updating the list of occupations facing native-born worker shortages and, thus, expediting the hiring of foreign workers. Finally, there should be more flexibility in the visa system, allowing freer movement across employers and from temporary to permanent work. (More broadly, a colleague and I [proposed](#) a broad, flexible reform of the entire system.)