How to Win the Global War for Talent

As the U.S. economy gains strength while other countries face roadblocks to growth, now is the time for America to engineer a massive raid on the brain power abroad and capture the world's scientists, tech-savvy talent, engineers, and mathematicians.

BY JEFFREY E. GARTEN | OCTOBER 5, 2015

No one should be happy about the slow-growing global economy. But Washington should unabashedly ask whether the fact that the United States is doing much better than most other countries gives America some tangible long-term opportunities to exploit while it has a comparative advantage. I can think of at least one: The country has the chance to recruit and retain an increasing share of global talent critical to the future, particularly in science, technology, engineering, and mathematics (the so-called STEM arenas). Indeed, it could attract an even bigger share of foreign brain power into the United States than happened during and after World War II, when the United States brought in German and Russian scientists, such as Wernher von Braun, who helped the country immeasurably in developing its nuclear capability and its aeronautics and space programs.

It is a fitting time to take a look at the opportunity. Fifty years ago, on Oct. 3, 1965, President Lyndon B. Johnson signed the landmark Immigration and Nationality Act (the "Hart-Cellar Act") into law. It changed U.S. immigration policy from being based on geographical quotas to being based on a scale of categories, including refugees from violence, family relationships to U.S. citizens, and possession of special skills deemed useful to America — all of which were capped by specific numbers that have changed both up and down with prevailing population pressures at home and abroad and political winds in Washington.

In these times of paralysis in Washington, with yet another government shutdown that had been looming merely kicked down the road, it is tempting to conclude that no new constructive legislation is possible. But I'm hoping that at least some very targeted measures just might get through if they fit three criteria. First, of course, the concept should clearly and unambiguously benefit the United States and should have the change of being seen as non-ideological. Second, the idea should be relevant right now. And third, a successful proposal has to be feasible from the standpoint of execution; it can't be too complex, and it can't rely on pie-in-the-sky resources that are so far out of reach that they're virtually unattainable.

Support for STEM students is widespread.

The specific idea I'm talking about consists of allowing foreign graduate students studying in the United States to be able to secure visas after they earn their degrees to stay and work in the United States for, say, 10 years after they graduate, during which time they could apply for citizenship. This is a subset of a bigger issue of expanding immigration quotas for the broader category of all STEM-qualified immigrants, but in the interest of feasibility, I am deliberately narrowing the focus. My proposal contrasts with current U.S. policies that limit visas for students who have earned U.S. graduate degrees to 20,000 and force the overwhelming number of them to return home because the process of obtaining a visa is, as a *New Republic* article put it, "a Kafka-esque maze of immigration law that demands incredible amounts of money, time, and uncertainty." Indeed, a number of leaders have been pointing to the problem for years. Just last month, JP Morgan Chase's chairman and CEO, Jamie Dimon, wrote in the *Wall Street Journal*, "It is alarming that approximately 40 percent of the men and women who earn advanced degrees in science, technology, engineering and math at American universities are foreign nationals with no legal way of remaining here even when many of them would choose to do so."

On June 27, 2013, moreover, the U.S. Senate passed a comprehensive immigration law written by eight senators — Charles Schumer (D-N.Y.) and John McCain (R-Ariz.) among them — that included increased quotas for graduate students, but the bill was never taken up by the House of Representatives. Circulating in Congress now are at least five bills that embrace more visas for foreign graduate students studying in the United States. One example is the Immigration Innovation Act of 2015 — sponsored by Sen. Orrin Hatch (R-Utah), Sen. Richard Blumenthal (D-Conn.), and several of their colleagues — which removes *all* quantitative caps on foreign graduate students in the United States who earn advanced degrees in STEM fields.

The rationale behind these efforts was clearly stated in a comprehensive Council on Foreign Relations (CFR) examination of the entire U.S. immigration system. The report, released in 2009, made the following points, among many others: Since the 1980s, 40 percent of engineering and computer science students had come from abroad, and as of 2006, foreign students and immigrants made up more than half the scientific researchers in the United States and accounted for 40 percent of scientific and engineering Ph.D.s and 65 percent of computer science doctorates. While the United States leads the world in patents, the CFR task force said, immigrants produced nearly 25 percent of all patents, twice their proportion of the population. (One in four engineering and technology companies established in the United States between 1995 and 2005 had an immigrant founder.)

What the report couldn't anticipate, however, is how fast that new technologies — including 3-D printing, robots that learn on the job, self-driving cars, and digestible sensors that communicate with your doctor — will, in the next decade, be hurtling us toward an ever intensive tech-driven future.

Dean Matthew Slaughter of the Tuck School of Business at Dartmouth College pushed the importance of STEM expertise to American competitiveness even further with a report for the American Competitiveness Alliance published this past April. "Since 1990, skilled STEM immigrants have … accounted for at least a third of total U.S. productivity growth," he wrote. The report also stated that the "next IT revolution could create economic value worth 10 percent to 30 percent of U.S. GDP — trillions of dollars manifested in new jobs, new goods and services, and rising incomes — provided America has sufficient access to global talent."

Do it now.

The timing for immigration reform for foreign students is propitious, too.

First of all, the supply of STEM expertise far outstrips the quotas that allow qualified STEM experts to put down roots in the United States. Every year, for example, the U.S. Citizenship and Immigration Services, a federal agency, awards 65,000 visas to foreign nationals in STEM and a few other fields, as well as 20,000 visas to foreign students who have earned U.S. graduate degrees. If there are more applicants, a lottery is conducted based on a computer-generated random-selection process. In fiscal years 2010, 2011, and 2012, it took an average of 266 days to fill the entire quota. But in the fiscal years 2014, 2015, and 2016, it took an average of just *six* days; in fact, in 2014 the application filing period opened on April 1, but the window was shut on April 7 after 172,500 applications were filed.

Another reason the timing is right is that the current and projected state of the world economy gives the United States a great comparative advantage over other countries. While growth problems affect Europe, China, and most emerging markets, the American recovery continues apace. As Fareed Zakaria recently wrote in the *Washington Post*, "The United States is more dominant on the global economic landscape than at any point since the heyday of Bill Clinton's presidency — perhaps even more so.... Annual growth is almost twice that of Europe and four times that of Japan." This dichotomy has been at the heart of the dilemma facing the U.S. Federal Reserve, which would have raised interest rates now that the United States has fully emerged from recession, except for the fact that such action might have undermined weak economies abroad and created a global recession or even an international financial crisis.

While the U.S. recovery remains on an upward economic trajectory, with the job outlook improving, the fiscal deficit declining, the banking system strengthening, and no signs of inflation, there is every reason to believe that economic conditions abroad will remain soft for the next few years at least. Europe is nowhere near solving its political, economic, and social problems. Abenomics, the name of Japan's recovery efforts under Prime Minister Shinzo Abe, has been underwhelming and may not have even brought Japan out of deflation. China is, at best, in the midst of a long, difficult transition to a new economic structure, moving from decades of hypergrowth of, say, 10 percent, to maybe half that rate. Many big emerging markets, such as Brazil and Turkey, have massive structural problems. Global trade has been slowing dramatically, and low prices for oil and other commodities are likely to be with us for some time to come, undermining the prospects of many raw material exporters.

The significance of this disparity between U.S. economic momentum and the rest of the world's downward trajectory is that the opportunities for highly educated, entrepreneurial non-U.S. students in their home countries are likely to be constricted compared with what opportunities had been like over the last two decades, when globalization was lifting all boats. When I came to Yale University two decades ago as dean of the School of Management, for example, the theme of most of my discussions with foreign students — particularly those from China, India, Brazil, and other emerging-market nations — was their overwhelming desire to get what training they needed in the United States as quickly as possible and then return to take advantage of expanding job opportunities at home in technology-driven industries. But my conversations with many students today reveal that attitudes have changed. The heyday of globalization has passed for now, and the siren call of work possibilities that it spawned, either in fact or in perception, is no longer so loud. In China, especially, from where so many foreign students in the United States originate, the adverse environment goes beyond just fewer great jobs and extends to escalating government interference into freedom of expression, something that foreign students whom I have met in the United States have learned to prize.

Alan Murray, editor of *Fortune* magazine, put it well recently when, reflecting on his visit to China, he wrote, "We are in the midst of a technological revolution that will remake many of the fundamental underpinnings of global business over the next two decades. The U.S. is in a stronger position to benefit from that Schumpeterian disruption than China, which is still dominated by stodgy state-owned enterprises.... [W]e may conclude that personal freedom and economic dynamism really do go hand in hand, after all."

New quotas are eminently doable.

When it comes to feasibility, the technical execution should not be complicated. The number of foreign student studying in the United States has been growing rapidly, it totaled 886,000 in the 2013-2014 school year, a 72 percent increase since 2000. All that is necessary is for Congress to agree to a modification of visa constraints for those among them who are STEM graduate students. We don't need to build the university system; indeed, American universities lead the world in quality, and unlike the United Kingdom or Australia, the United States has the ability to accommodate enormous numbers of students. We don't have to worry about social assimilation; the universities will take care of that. We don't need an appropriation; the system is already in place.

Of course, there are many details to work out. Should all foreign STEM students who have earned US graduate degrees be allowed in, or should the quota be substantially increased — perhaps 10 times to 200,000? (I favor removing the cap altogether.) To what degree should visas for graduate students be part of a program for all STEM-skilled immigration regardless of whether it originates in U.S. schools or involves immigrants who already have degrees and experience from their home countries — or to what degree should the university programs be separate? (I favor a distinct program for simplicity and the feasibility of getting Congress to move quickly and without crippling amendments.) Because American universities run the gamut of quality, should there be a national exam that foreign students must pass in their respective STEM field? (I'd look sympathetically on such a system.) How to monitor the program for inevitable abuse? (This is of course a challenging issue with every U.S. government program.) But none of these complications should be insurmountable.

The biggest problem of implementation is one we all know: a Congress that is paralyzed by partisan rivalry, as well as factional divisions within parties, over just about everything. In this environment, a new visa program for foreign graduate students would have to pass a number of hurdles, especially since everything to do with immigration is politically explosive. Some of the specific issues: Many Democrats don't want to split off the high-skill end of immigration from parts dealing with low-wage workers and undocumented workers, because they don't want to give away the possibilities for a package deal that would include a pathway to citizenship for undocumented workers. But the comprehensive plan they yearn for could well be years away, and delay would erode today's American advantage. Many lawmakers on both ends of the political aisle fear that foreign scientists and technologists will displace American jobs. This argument is undercut by studies such as one from the Brookings Institution called "America's Advanced Industries" and one by the Federal Reserve Bank of New York, both of which show the difficulty employers have to finding and retaining a highly qualified workforce with the requisite technical skills.

Bottom line: There is no end to the potential for innovation in industry, health, urban management, the environment, entertainment, space travel, national defense — you name it. America has the potential to lead in every one of these fields. The biggest constraint is human talent. There is no shortage of financial capital; Silicon Valley venture capital is plentiful, commercial banks are flush with cash, and corporations are sitting on trillions of dollars with little to do with it but repurchase shares. There is plenty of organizational capital too, for U.S. companies are exceptionally flexible and resilient. For all the social tensions in the country, for all the political gridlock, foreigners are still lining up to stay in America, if only they could. Under what public interest rationale should they be pushed away?

Do even more.

In fact, in addition to amending current immigration law, we should go even further than just expanding visa opportunities for the graduate students who are in the United States. Washington should organize a public-private consortium composed of men and women from government and academia. This group would have two purposes.

First, it would be dedicated to proactively finding and attracting the best talent in the world in places that might not be on the conventional path. We don't have to worry about students from France, China, India, and Israel finding their way to the United States. But what about targeting emerging-market nations such as Vietnam, Nigeria, or even Iran in order to identify the best and brightest and seeing whether we can get them to America's shores?

Second, this new organization should create a fund to subsidize foreign talent, a fund based entirely on merit. Money could be raised from U.S. corporations and big municipalities, all of which have so much to gain.

Other countries will probably howl.

To be sure, a full-court press to attract and retain foreign STEM graduate students will likely result in other governments alleging that the United States is taking unfair advantage of them at a time when they are economically vulnerable. Some foreign officials may say that in raiding talent abroad the United States would, in effect, be using its education system in an overly aggressive and even hostile way. The sentiment is understandable, and there is probably no answer that would quiet their criticism or allay their fears. I won't pretend we have great answers to these charges.

Still, a strong America is in the world's interest, especially since the openness of American society — including receptivity to foreign investment and open, transparent communications — makes it certain that discoveries and innovations that happen the United States are quickly transferred around the world. Also, the war for talent is the heart of modern global competition, and if an aggressive U.S. policy spurs others to up their game, so much the better. In the end, the U.S. advantage won't last forever, as sometime down the road the world economy will rebalance itself.

Meanwhile, America should seize the moment.

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