



## BREXIT AND XENOPHOBIA VS. IMMIGRATION AND INNOVATION

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In the backlash against globalization, as seen in the vote in favor of [Brexit](#), there is an even more insidious backlash against immigration. The world has prospered because of the expansion of trade and technology, and also due to the free movement of capital and people. Millions of the world's poor people have been lifted from poverty as a result of globalization. In turn, people in richer countries have been able to buy products and services at lower cost. Businesses have also been able to sell goods and services outside beyond national boundaries, thereby becoming more profitable and hiring more people.

Politicians like Donald Trump do not see it this way, who wish to tear up trade deals such as the [North American Free Trade Agreement](#). So does Bernie Sanders, who while speaking with a softer voice, appears to be in harmony with Trump [in his critic of globalization and trade deals](#). While Hillary Clinton is probably in favor of trade deals, she back tracked on the [Trans-Pacific Partnership](#), after being attacked by Sanders during the primaries. It is true that globalization does not always have winners. Those who get displaced need to land on a safety net so that they can re-train and develop new skills. The safety nets, unfortunately, are not keeping up with the enormous changes in technology that increase productivity through innovative technologies, which include rapid strides in robotics and artificial intelligence. During this transition that promises a better future for all in the long run, politicians exploit this shortcoming to lash out against immigrants in their countries and foreign-based workers outside who are paid less, when the true disrupter is technology and innovation.

As [Fareed Zakaria](#) so succinctly puts it:

“Manufacturing as a share of all U.S. jobs has been declining for 70 years, as part of a transition experienced by every advanced industrial economy. All other developed countries from Australia to Britain to Germany — which is often seen as a manufacturing powerhouse — have seen similar declines over the past several decades. Even South Korea, which has tried many kinds of protectionism, has experienced a drop in manufacturing as it has become a more advanced economy. This shift is partly a result of free trade, but serious studies show that the much larger cause is technology. One steelworker today makes five times as much steel per hour as he or she did in 1980.”

Immigration lawyers know first-hand how free trade and immigration has been beneficial for America. It is due to NAFTA that Canadians and Mexicans can enter the United States on TN visas to work for US employers who seek them out even while the H-1B visa, the main workhorse nonimmigrant visa, has hit the annual numerical cap. Singaporeans and Chileans can enter the United States on H-1B1 visas that ensue from trade deals and so can Australians on an E-3 visa. Nationals of many countries that have treaties with the United States can come here on E-1 and E-2 visas as investors and traders. While the L-1 visa does not ensue from a treaty, it too is premised on the needs of multinational corporations, big and small, in a globalized world. Intra-company transferee managers, executives and specialized workers can work for a US branch, subsidiary, parent or affiliate of a foreign company on L-1 visas. Despite there not being H-1B visas, the fact that other visas are still available, allow US companies to remain globally competitive by tapping into skilled and professional foreign workers. If it were not for these visas, the entry of skilled workers into America would be at a standstill.

We need to embrace immigrants, and view them as an asset, rather than as people who steal jobs and work cheaply. Immigration not only provides a complimentary workforce, but also generates innovation that will create the next generation of jobs that require new skills. If we have a robust and welcoming immigration system that would not shackle the worker to one employer, but would allow mobility and a quick pathway to permanent residency, then there would be no suppression of wages. Everyone would be on a level playing field, and market forces would ensure that wages remain competitive. Indeed, by encouraging more movement of people to America and other richer countries, it would have the effect of wages increasing worldwide and potentially a convergence in wages for highly skilled people. With the

advent of technology that has increased productivity manifold times, manufacturing would be based in places not where the wages are lower, but where there is an abundant supply of skilled workers, technology and innovation. If the free movement of people is restricted, employers will be forced to move operations to other countries, thus perpetuating wage disparity.

This brings us to the H-1B visa program that has a mere 65,000 visas, plus an additional 20,000 for those who have graduated with advance degrees. Due to the well publicized layoffs of US workers at companies like Disney by H-1B workers, there appears to be no appetite by Congress to increase H-1B visa numbers even though there is a dire need to do so. By continuing to limit and stifle the H-1B program, US employers will remain less competitive and will not be able to pass on the benefits to consumers. We need more H-1B visa numbers rather than less. We also need to respect H-1B workers rather than deride them, even if they work at IT consulting company, as they too wish to abide by the law and to pursue their dreams in America. The best way to reform the H-1B program is to provide more mobility to H-1B visa workers. By providing more mobility, which includes being able to obtain a green card quickly, H-1B workers will not be stuck with the employer who brought them on the H-1B visa, and this can also result in rising wages within the occupation as a whole. Mobile foreign workers will also be incentivized to start their own innovative companies in America, which in turn will result in more jobs. This is the best way to reform the H-1B visa program, rather than to further shackle it with stifling laws and regulations, labor attestations and quotas. Market forces can better control the H-1B program from abuses and distortions than labor attestations!

As we meditate over yet another July 4<sup>th</sup> weekend celebrating America's independence, we should note that the world faces a stark choice today. Should countries be more open or less open? The ideological line between left and right is blurring as another more distinct line is being drawn between open and closed nations. America was founded on principles of openness and its ability to embrace people from all over the world, but that may change if the proponents for a closed and isolated world have their way. If America becomes closed, just like Britain will likely be after Brexit, there will be fewer opportunities for businesses to sell outside national borders, and they will be further stymied and unable to grow if they cannot gain access to the best

talent. Moreover, innovation will get stifled if the best people from around the world cannot cluster together to develop new products and change paradigms. Immigration is what fuels these advances, which in turn promises more growth and prosperity. Do we want to revive the industries of the past to bring back those illusory jobs, such as steel manufacturing or coal mining, after technology has already marched on, or do we want to imagine about autonomous vehicles (notwithstanding the recent Tesla car setback), nanotechnology that will automatically repair our cells and space travel through a wormhole? Brexit and xenophobia go hand in hand. Will America buck this trend in favor of immigration and innovation when it goes to the polls in November 2016?