

ARGUMENT

An expert's point of view on a current event.

America Needs a Great Opening

Why Washington should focus on recruiting the best talent from around the world.

By [Gregory J. Fleming](#), president and chief executive officer of Rockefeller Capital Management.

AUGUST 16, 2022, 5:18 PM

When U.S. President Joe Biden proposed welcoming 100,000 war refugees from Ukraine, several commentators wondered why Washington had failed to do the same for tens of thousands of Afghan allies left behind to face the Taliban. Such debates tend to portray the United States as unable to cope with more people. There is, in fact, plenty of room—and need—for more immigrants in an American economy suffering from an acute and worsening labor shortage.

According to [a recent survey](#) by the Conference Board, a majority of 900 U.S. chief executives call the labor shortage their “number one external threat.”

That threat has been building for years. Amid the cultural seismic shifts of the 1970s, women around the world started having fewer children. With fewer babies maturing into adults, the working age population—16 to 64—began to decline by the mid-1980s, first in Europe and Asia, then later in the United States. If its growth had not started to slow sharply around 1998, the working age population of the United States would today be larger by 44 million people.

The pandemic only made a bad situation worse. In what's being called the Great Resignation, nearly 2.5 million Americans [took early retirement](#). Two million more, among them parents lacking adequate childcare, [left the workforce](#). Today, the United States has a labor shortage of about 11 million workers, a number roughly equivalent to the number of job openings unfilled this year, nearly two for every unemployed person still looking for work.

Over time, economic growth is simply a function of population growth plus productivity growth: more workers with each producing more. But today, with fewer workers, the American economy is straining to grow with one stalled engine. With labor shortages relentlessly driving up wages and inflation,

America's economic need to jumpstart that engine is becoming more urgent by the day.

The United States is not alone in facing the specter of demographic decline. Earlier this year China's National Bureau of Statistics sent shudders through the leadership in Beijing by disclosing that for the fifth year in a row, the country's number of births ran roughly equal to its number of deaths. This trend threatens its aspirations to become the world's largest economy by 2030. China's leaders are hardly heartened by Japan's experience, where a "silver tsunami"—a shrinking and aging population—produces anemic growth. In response, a global race is underway to expand shrinking labor pools. Governments are offering flexible hours to lure back older workers, better training to inspire discouraged employees, and better childcare to attract parents back into the workforce.

America, however, has throughout history taken a different path to fill these gaps: rolling out the welcome mat to immigrants seeking a better life for themselves and their children. Reviving that legacy is critically important for America to sustain its economic edge and maintain its status as a global superpower.

It's instructive to look back to less polarized periods for clues of how this can be done. The last major reforms in the United States date back to 1986, when President Ronald Reagan legalized nearly 3 million undocumented workers, formalizing their place in the labor force. In 1990, President George H.W. Bush significantly expanded immigrant admissions by up to 700,000 a year, while in 2007 President George W. Bush called, unsuccessfully, on Congress for reforms that would have created a temporary worker program and resolved the status of illegal immigrants. In 2012, President Barack Obama enacted Deferred Action for Childhood Arrivals (DACA) to create a pathway for immigrants brought to the United States as children. In 2017, DACA was halted under President Donald Trump, a decision later ruled a violation of federal law by the Supreme Court. Since then, owing to rising anti-immigration sentiment in both parties, progress has stalled.

Even before the pandemic closed international borders and brought the processing of visa applications to a halt, restrictive policies had been reducing immigration into the United States. From a peak of nearly 2 million back in 1997, net migration averaged 1 million over the last five years and fell to a

modern low of half a million last year. Of the total global population of 26 million refugees, wars in Ukraine and Afghanistan have displaced 6 million and 2.6 million people, respectively. The United States has so far accepted 76,000 from Afghanistan and is expected to accept 100,000 from Ukraine, numbers that could increase dramatically and still barely begin to address America's labor shortage of 11 million workers.

According to labor economists at the University of California Davis, some 2 million immigrant workers—half of them college educated—have gone missing from the U.S. labor force due to the pandemic and restrictive policies policymakers could readily reverse. Unless Washington acts quickly, those labor shortages are bound to only get worse.

It's time for the Great Opening. Canada offers a useful model: Its strategy, which focuses on filtering candidates for economic skills, has been very successful at recruiting talent. While the U.S. system has come to treat potential immigrants with suspicion, the Canadian system welcomes them as valued contributors by making the application as quick and easy as possible.

Opening doors to merit-based economic immigration can and should be coupled with more efficient and comprehensive efforts to stop illegal immigration, which burdens the health, education, and justice systems, and is unfair to those waiting patiently in line for their chance to emigrate legally. Stricter enforcement would also make Great Opening policies more likely to garner bipartisan support in Congress.

To skeptics who say pragmatic policies won't wash in today's polarized climate, I couldn't disagree more. The need to counter the economic challenge from China is one of the few topics on which both parties can agree, giving fresh impetus to bipartisan efforts to do now what America has done in the past: Make immigration work for—not against—itself.

Here are four principles to help us get there:

Reprise the Reagan plan. Let's update DACA and facilitate amnesty for undocumented Americans working and paying taxes here, while tightening border security. With available technology, we can do this efficiently and humanely.

Revise the political narrative. Let's stress strong support for legal skilled immigration. From its founding, U.S. policy has been based on the quintessentially American conviction that immigration and national prosperity are linked. America welcomed the world's downtrodden and built on their energy and talents. A myopic focus on illegal immigration has obscured the reality that in the last two decades, 40 of the 104 Nobel Prizes for chemistry, medicine, and physics were awarded to immigrants. Fully a fifth of current Fortune 500 companies were founded by immigrants. More recently, eight U.S. companies developing coronavirus vaccines received approvals for more than 3,000 biochemists and other scientists through the H-1B visa program.

Modernize the H1-B visa program. We should encourage future entrepreneurs to apply. The U.S. Department of Labor forecasts our current crop of STEM graduates can fill less than a third of the 1.65 million jobs projected to open up by 2030. One in four U.S. technology firms is struggling to fill skilled job openings. The Biden administration took a good first step by expanding the number of merit visas reserved for applicants with expertise in STEM fields. But clearly, more aggressive steps are needed to fill these gaps, some requiring congressional action.

Strengthen provisions for refugees. In 1980, Congress passed the Refugee Act offering people who can demonstrate they have been or will be persecuted the right to apply for a green card. The law established a process by which the number of refugees admitted annually is capped by presidential determination, which due to pandemic policies hit a record low of 15,000 in 2020. While the Biden administration reset the cap to 125,000 for 2022 and moved quickly to resettle 70,000 refugees from Afghanistan, the chaotic and confusing process of applying for asylum is the root cause of rising anti-immigration sentiment in the United States. Proposed legislation in Congress—the U.S. Citizenship Act—aims to provide “an earned path to citizenship, address the root causes of migration and responsibly manage the southern border.” While the odds of Congress passing legislation to rationalize this process remain low, history shows that when particular populations—such as Afghans and Ukrainians today—elicit the sympathy of the American people, progress is possible.

The United States' global status as a beacon of freedom remains a sturdy pillar of American soft power. Washington can no more afford to lose its moral

authority than its global competitiveness. With labor shortages and rising wages curtailing the recovery, America has one realistic option left: Be true to its roots and open its doors. As a first step, relieving some economic pressure while Washington works on more fundamental reforms, why not start by welcoming even more refugees from Afghanistan and Ukraine?

Gregory J. Fleming is president and chief executive officer of Rockefeller Capital Management.
