Questions for the Record

Hearing: "Reauthorizing the EB-5 Regional Center Program: Promoting Job Creation and Economic Development in American Communities
December 7, 2011

Submitted by Senator Amy Klobuchar

Question for David North:

Some critics have described the EB-5 program as a mechanism for simply selling visas to wealthy foreign nationals. Supporters argue that the EB-5 program is a sensible way of encouraging foreign investment in the United States. How would you assess these competing claims?

Reply from David North:

As I point out in my testimony, the immigration process is an ungainly and inefficient mechanism for the encouragement of foreign investment in the U.S In 2010, for example, of the $1.9 *trillion* additional foreign investment in the U.S. reported by the U.S. Department of Commerce either $191 *million* (my estimate for that year) or $1.2 *billion* (USCIS' estimate given informally to the press) was contributed by the EB-5 program. This amounts to either one penny or six pennies per $100.00 in additional foreign investment, a pittance.

The program is launched from the unlikely site of our immigration program, rather than a more sensible location within a government agency that routinely handles financial matters.

In addition to EB-5's being a minor league activity, and one troubled with too many cooks, too many complications, and too many scandals there is the basic question: should be the U.S. be selling visas to people who cannot otherwise qualify for green cards?

I think not, but if we are going to do so, let's put an appropriate price on our visas, and get a substantial benefit out of the deal.

What I would suggest, if we are to actually sell our visas, is to do it this way: let's announce an auction for 5,000 green cards, with no bids accepted for less than $1 million. The visas would go to the highest bidders, and would cost at least $1 million for each individual visa – not half a million for a family's worth– and the payments would go directly into the U.S. Treasury or maybe the Social Security Trust Fund.

This would produce, if it works, at least a hefty five billion dollars a year to help balance the budget, and, since the cards would be subtracted from the employment based ceiling of 140,000 it would not increase the flow of migrants to the U.S.

Those with winning bids would be told that they could get their greencards within 60 days, provided they had appropriately clean police records.

To make this work we would have to, of course, close down the immigrant-investor program on the grounds that it would undercut the proposed sale of green cards at one million each.

That’s what we should do, if we want to sell our visas.