

Testimony of Bob Greifeld  
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Thank you Chairman Schumer and Ranking Member Cornyn for the invitation to speak to you this morning regarding “The Economic Imperative for Enacting Immigration Reform: High Skilled Immigration as a Driver of Economic Growth.”

In May of 2008, my frustration with Congress and the debate about immigration led me to write an editorial that holds true today. As I said then, my office in New York overlooks the Statue of Liberty; the same statue that welcomed my own Grandparents to this great country. In America, immigration is our tradition. It bothers me dearly that Lady Liberty’s message of welcome no longer resonates with politicians and that we place quotas, inexhaustible red tape and, in many cases, deportation in the path of the best and brightest who are so anxious to contribute to our free market economy.

Since I wrote that editorial in 2008, three June graduating classes have left school, and we have seen too many professionals that we need leave or been forced to leave. There are approximately 50,000 masters and doctoral students leaving a U.S. university each June, and each year we lose about one-third of those students who return to their home country or go elsewhere. That’s 17,000 talented people every year.

I fervently believe to help our country Congress should:

- 1) See immigration reform as a pressing jobs issue. The current legal immigration regime with its inadequacies and costs is robbing America of the next generation of great companies. I believe that Google, Yahoo and eBay - many of the job drivers of the last 20 years - would likely not be founded in America today.
- 2) Debate Legal Immigration on its own merits: Do not link it to reform of illegal immigration laws – Americans are losing jobs and opportunity while we let one issue drag down the other. I understand the argument that we need to reform the entire immigration system, and I agree that we do, but given the urgency of our economic situation, we can no longer afford to wait for a grand plan that may not be achievable.
- 3) Enact a more flexible and stable regime for Legal Immigration: Reform must convey economic priorities about job growth and global competitiveness. Increasing H-1B numbers is no longer enough. We need to admit and keep entrepreneurs here so that the creative dynamism of our marketplace has the very best skills and minds. The default should be “yes,” not “no.”

This is an issue that I am passionate about, not only based on heritage, but because I know that as CEO, NASDAQ relies on *one* critical raw material for its economic vitality – *entrepreneurs*. Entrepreneurs take ideas and turn them into companies, and those companies “grow up” to become listed on NASDAQ. Many existing NASDAQ companies hire brilliant people who solve problems, invent and improve their company, making that company stronger and its employment base grow. Sometimes, these companies create not just new products, but new markets that attract even more companies. Each part of that process creates new jobs and makes America stronger.

Our economy and NASDAQ itself have directly benefited from the contributions of foreign-born talent. Looking just at the Fortune 500 companies, we found at least 14 active NASDAQ companies that have foreign-born original founders. These companies represent over \$522 billion in market capitalization and employ almost 500,000 workers.

Markets, including human capital markets, work best when there is certainty. Uncertainty always creates distortions, whether it's the derivatives market waiting on the rules of the game from regulators, the equity markets waiting for Congress and the President to agree on fiscal policy, or labor market participants that look to our restrictive, sometimes arbitrary, and unwelcoming immigration system as they decide where to take their talents. It is amazing that we teach our third graders that we are a nation of immigrants, but sadly we no longer welcome people who can best contribute to our society, who as a group will likely pay higher taxes during their professional careers, likely will not use our social welfare system, who will likely never commit a crime and who will likely leave America better than they found it.

In countries like India and China they see the graduates of America's colleges and universities as "gold in the flesh." They *mine* graduates and qualified researchers for their expertise and abilities, paying top salaries and other benefits to get graduates to return home to help their economies grow. China, for instance, has launched the 1000 Talents Program, a plan that includes top salaries and research funding for Chinese researchers who will return to China. China has vowed to increase its talent pool of creative skilled workers from 114 *million* to 180 *million* by 2020. We are past due in our recognition that the competition for smart, capable math and science graduates is a global one. America has put itself at a disadvantage in this competition by not retaining the foreign skilled workers we help to educate and train and by not properly utilizing our own education system to produce enough scientists and other knowledge workers. I think failure to solve this issue will cost everyday Americans the potential for better jobs in the future.

Let me take the job stealing issue head-on – Opponents of enhanced legal immigration argue that when a foreign born immigrant gets a job in a technology company, American graduates are the losers. But, my research and experience tell a different story. For example, the National Federation for American Policy says that for every H-1B worker requested, U.S. technology companies *increase* their employment by five workers. I was in Silicon Valley last week, and virtually every company I met said they had more jobs than there were qualified applicants for those positions. These are jobs that are advertised in many places, including a website, [www.StartUpHire.com](http://www.StartUpHire.com), which caters to venture-capital backed companies; currently they have about 19,000 openings posted. In this week's San Jose Business Journal, I read that the State of California released a June employment report that noted in just the San Jose metro region Apple listed 868 jobs, eBay 617, Google 582, and Yahoo 571.

In this area of policy, the economic data is beyond compelling that we and other fellow Americans benefit. In Silicon Valley more than half of new technology start-up companies were founded by foreign-born owners. In the most recent Intel Science Talent Search competition, 70% of the finalists were children of immigrants. When we keep the best and brightest graduates here, they help employment of American citizens: the Brookings Institution reports that economists calculate that as a result of immigration, 90% of native-born Americans with at least a high school diploma have seen wage gains in the U.S. Highly skilled immigrants don't just benefit Silicon Valley; my research for this testimony even surprised me: Duke University reports that in Texas, nearly one in five technology companies were founded by an immigrant.

Many American companies really have little choice about who they hire, but the immigration system can hurt us by determining where they locate their employees. They need great engineers, scientists and researchers. Isn't it better for all of us if they build their research and development centers here? Many

companies can, if needed, locate their personnel in Canada, Europe, India or any of a long list of countries that *want* those jobs and the investment they bring.

As I stated earlier, NASDAQ and our economy need the raw material called innovators and exchanges measure this by the production of new high-growth companies. Already in the arena of IPOs, there are clear indications that America is falling behind. So far this year, China, Hong Kong and Singapore have brought about 213 IPOs public – in the U.S. we have listed just under 100 new IPOs. Last year, China, Hong Kong and Singapore listed 458 new companies and the U.S. listed just 169. In 2000, NASDAQ and the other U.S. markets once listed 6,917 companies; today that number has fallen to 4,222. The raw materials of economic growth are dwindling...and American investors, pension funds and retirees are at the end of this food chain.

My job takes me around the U.S. and the world where I talk to the heads of businesses both large and small. The issue of access to the best human capital is one that I hear about and discuss often. Whether in Silicon Valley, Austin, Chicago, Charlotte, Atlanta or anywhere else in the United States, I hear from CEOs that the H-1B visa system is inadequate for today's human capital marketplace and that the back log for green cards is a legitimate threat to their business's ability to get the right talent. I hear that many great thinkers are not staying here or can't stay here to pursue their life's work. I hear that we have these wonderful factories - our colleges and universities - that produce brilliance, and we are depriving our own nation the fruits of this production.

Our world view must change to recognize that employers no longer have to locate jobs and workers because of physical capital requirements. Human capital is now highly mobile. The work product of STEM and other knowledge workers is just a plane ticket or an internet connection away. Other jobs will congregate around knowledge workers, and the statistics bear that out. STEM graduates can productively work in any space, in any building, around the globe.

Here is some of the anecdotal feedback I received from business leaders:

- Throughout the recession and even today they have open positions for technical staff that they can't fill.
- If they can't fill these kinds of jobs, their companies can't grow.
- If they can't fill them in the U.S., they will have to fill them in research offices overseas.
- They don't want to move any jobs overseas but current immigration laws are forcing them into a corner.
- They always mention the importance of investing in education to solve our long-term skilled worker scarcity problem.

Another continuing set of problems concerns the ever-changing targets that the federal bureaucracy imposes on companies and their workers that need to use the temporary or permanent visa solutions. The Department of Labor and the Immigration service are often cited by our listed companies for violating their own rules in denying visas for employees, often having those denials reversed, but adding substantial cost to the process and valuable time.

While the immigration system in this country for both legal and illegal immigration is broken and the debate causes us pain and mistrust across the political spectrum, it seems to me that leaders in both parties look at the *legal* immigration arena as one that can be fixed – it's achievable. While we will eventually have to face up to the broader challenges and find solutions in other areas of the immigration debate, I believe that we are at a stalemate on the illegal immigration side of this equation. To that end, Congress should divorce the illegal immigration reform issues from those that are closely aligned with solving our

most immediate problem - economic growth and job creation. We need to prioritize our laws towards the retention of skilled graduates and workers so they can invent, create companies, create markets and create jobs here within our borders.

When I wrote about immigration in 2008, it was to just ask for more H-1B visas; today we need to look at H-1B, but also additional meaningful reforms. We need workable and accessible H-1B visas to allow business to fill needs quickly – to be nimble – and we need permanent visa solutions for those people that seek not just a job, but a career and a life. Some ideas we like include:

- NASDAQ OMX supports the idea to “staple a green card” to the diplomas of advanced STEM graduates (science, technology, engineering, and mathematics) from U.S. universities. Such graduates could be exempted from green card quotas if they have a job offer in a field related to their degree.
- NASDAQ OMX strongly supports the idea to establish startup business and job creation visas. In particular, I would highlight the idea to create a venture capital startup visa. This would allow an entrepreneur who has secured venture capital to start his business in the U.S. rather than elsewhere. Why shouldn’t we welcome a financed entrepreneur to set up shop here and create new opportunities for U.S. workers?
- We support H-1B visa reforms that would increase the number of visas, add portability for H-1B users caught in the green card backlog, and allow terminated H-1B users to receive 60 days to find work with another employer if they want to stay in the U.S. and help another firm with their abilities.
- Update the E-2 Investor Visa to include countries that we partner with in most other areas of trade and commerce. This visa allows individuals to work in the U.S. based on substantial investments here that they control. Currently Chinese, Indian and Israeli investors can’t use this visa, but amazingly Iran is one of our treaty partners allowed to use the E-2 visa.
- NASDAQ OMX believes that Green Card backlogs could be reduced or eliminated:
  - Recapture unused visas: From 1992–2009 - 506,410 green cards went unused, but only 180,039 were recaptured.
  - Exempt spouses and children from counting against the numerical limits.
  - Eliminate the employment-based per country levels which limit knowledge-worker producing countries like China and India to the same numbers as the smallest nations on the planet.
- Directly related to this important set of issues is education. The U.S. should make promotion of math, science, engineering, computer science and other technology based degrees a critical national priority – akin to the project to go to the moon. We need a national effort to promote academic curiosity in the sciences and we need to allocate what I know are scarce resources to this task.

I know and the companies that list on NASDAQ acknowledge that controls must be in place to curb abuses, ensure that foreign workers in these areas aren’t brought in to push down wages, and that the system is fair. But again, I think that we will have more jobs and be more competitive as a country if we make the default setting that you are welcome if you possess skills and knowledge that we need to solve problems and create solutions for the economy. We are a nation founded on the immigration tradition. Waves of immigrants have served the needs of our country and helped increase standards of living in

every generation of this great nation. The continued economic vitality of our nation is at stake for our generation and those that follow us.

Finally, I implore you, as our elected leaders, to find a legislative vehicle to make improvements in this area as soon as possible. Making our legal immigration system work for us will raise revenue, increase our productivity, create very good jobs and make us more competitive.