

**Abstract:**

This study exploits a natural experiment wherein temporary U.S. work visas were randomly allocated among a population of Indian high-tech workers in 2007 and 2008. It uses the experiment to test the effect of a U.S. visa on an Indian firm's location choices for its workers, and uses that effect to test the effect of location on the productivity of those workers. First, it finds that, at odds with many common location choice models, location choices depend heavily on the set of options. Visa limits cause about 30% of these workers to be sent to other countries competing with the U.S. for talented labor. Second, it provides an experimental estimate of the pure effect of country-of-work on the productivity of workers from a developing country. Roughly three quarters of the difference between the productivity of systems analysts and programmers between the U.S. and India is accounted for simply by the country they work in, and not by any other observable or unobservable difference inherent to those workers, the company they work for, or the type of work they do. Very little of that increase comes with them when they return to India. These findings have implications for open questions in labor, growth, international, and development economics.

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**Michael Clemens** leads the Migration and Development initiative at the Center for Global Development. His current research focuses on the effects of international migration on people from and in developing countries. Michael joined the Center after completing his PhD in Economics at Harvard, where his fields were economic development and public finance, and he wrote his dissertation in economic history. In addition to his work at CGD he serves as an Affiliated Associate Professor of Public Policy at Georgetown University. His past writings have focused on the effects of foreign aid, determinants of capital flows and the effects of tariff policy in the 19th century and the historical determinants of school system expansion. Michael has served as a consultant for the World Bank, Bain & Co., the Environmental Defense Fund, and the United Nations Development Program. He has lived and worked in Brazil, Colombia, and Turkey.



The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics:**

## Why are workers more productive in Houston than Hyderabad? evidence from randomized provision of U.S. visas

By **Michael Clemens**  
Center for Global Development

**March 30, 2010**  
13:00 – 14:00



Campus Limpertsberg - Room BS001  
162a, avenue de la Faiënerie  
L-1511 Luxembourg

Lunch is planned for the participants