



With the economic downturn of the past 24 months, and the resultant rise in unemployment in the United States, the debate about the deleterious effects of temporary foreign workers under the H1-B program has sharply intensified. The anti-immigration lobby has turned its sights on persuading the US government that restricting and reducing the number of foreign workers entering the US would in fact spur employers to seek those skills from the unemployed American workers pool, and thereby help stem rising unemployment.

This is a fallacious argument for several reasons. Foreign workers under the H1-B program are typically highly-skilled individuals. Upon entering the US workforce, they require little to no training, and provide service value almost immediately. The savings of this otherwise "skills ramp-up" results in a big productivity enhancement for businesses. While difficult to precisely quantify, several economists have suggested that this artificial productivity increase played a significant role in the productivity boom of the 1990s in the US.

Given the highly-skilled characteristic of typical foreign workers, the influx of these workers puts pressure for forced

H1-B VISAS

BONUS OR

The program has given US firms an instant skill fix and is only meeting the prevailing demand

Srikant Sharma

skills upgradation of domestic workers. This is particularly evident in the IT sector of the economy, where the proportion of skilled American IT workers has quadrupled between 1994 and 2000.

One of the greatest strengths of the American economy has been its flexibility and adeptness at moving around two fundamental drivers of any economy - labor and capital. I will argue that the H1-B program has contributed immeasurably to the flexibility of labor in the American enterprise. That argument becomes even more persuasive in the current weaker economic climate.

H1-B Visa Program

FOR

"There's a mistaken impression that many H1-Bs want to migrate to the US, and only visa caps can stop the influx."

AGAINST

"Many H1-Bs come here for eventual citizenship, and then discover they are as unemployable as any other US citizen."

Curiously, there tends to be an erroneous impression, largely among policy makers, that there is an infinite number of H1-B foreign workers that want to come to the US, and that the only way to control the influx of these workers is to cap the total number of visas issued. That is entirely incorrect. The H1-B program is very different from, say, the US Refugee or Political Asylum visa program, where such an impression may be correct.

The H1-B is an employer-issued visa. The visa is issued only if an opportunity exists. Anyone even remotely familiar with hiring of foreign workers knows that employers almost never choose a foreign worker if such skills are available locally. Most skilled foreign workers cost at least as much, and often more, than a comparable American worker. In other words, foreign workers are not taking away jobs from their American counterparts - they are filling a void. It is enlightening to note there are currently many H1-B workers from the IT sector that are returning to their home countries due to lack of work.

While restricting H1-B foreign workers will undoubtedly result in a very short-term spike in hiring of US workers, I have no doubt the medium-to long-term effect of such a move will prove very damaging to the American economic engine. ●

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BOGEY?

Using immigration and migration to manipulate the US labor market may seem to contradict its capitalist principles, but the practice has been used throughout the history of the republic. One of America's most infamous examples was the Bracero Program of 1942-1964. Mexican Braceros came to the US to work for agribusiness conglomerates that wanted cheap farm labor. In 1990, white-collar workers using temporary work visas such as H-1B and L-1 were allowed to work in the US.

Like their Mexican predecessors, Indians desperate for work are standing in line to work in the US on temporary visas. These high-tech braceros are motivated to migrate because salaries in India are about one-tenth that of the US. Companies in the US know they can grossly underpay Indians so they usually do. Laws are supposed to ensure that H-1Bs get paid a prevailing salary but they are rarely enforced.

Many H-1Bs want eventual US citizenship. Companies promise them they can get a Green Card as long as they serve a 6-year period of indentured servitude, but they often lose their jobs before they can obtain citizenship. Those that serve their time often discover that once they obtain American citizenship, they are now suddenly as unemployable as any other US worker.

High-tech companies and universities did a masterful job of convincing Congress to pass these nonimmigrant

US companies hire H1-Bs and pay them peanuts, because they know they can get away with it

Rob Sanchez

visa bills without public scrutiny. Organizations of shortage shouters such as the Information Technology Association of America (ITAA), American Immigration Lawyer Association (AILA), and the Indian owned National Association of Software Service Companies (NASSCOM) were hired to lobby Congress for these visas. Money greases the wheels of Congress and these organizations have plenty of corporate cash to spread among lawmakers.

The ITAA is one of the most nefarious of the "shortage shouters". Its studies are merely opinion polls of corporate human resource departments but were successfully used to convince Congress that shortages exist. ITAA still claims there are massive shortages of technical workers even though unemployment continues to rise.

NASSCOM is India's champion shortage shouter. Its president Kiran Karnik recently claimed that there was an imminent shortage of IT workers in India. There wouldn't be if companies in Bangalore paid a comparable salary to Silicon Valley, but of course that alternative is lost on him.



"Free-trade" globalists are creating a world where there are two classes of people - rich plutocrats and "units of labor". These "units of labor" will cross national boundaries wherever they are needed. Workers will be pitted against each other in a global labor auction where the workers who are the most exploitable will get a job while their employers will enjoy the cash saved.

Workers will always lose when multinational corporations are allowed to set the rules of the global labor auction. Disparate groups of international workers cannot effectively coerce reform. Governments must define the rules in order to stop the plundering of their economies and the exploitation of workers from other nations.

There is a growing movement in the US to abolish H-1B and other nonimmigrant visas, and to curtail outsourcing. Unemployed Americans, and those that are worried about losing jobs, are starting to question why their government is so anxious to give jobs away. Expect the debate to intensify as the unemployment rate continues to rise. ●

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