

There Is No Hi-Tech Labor Shortage

Continuing efforts in Congress to extend H-1B

by Wayne Lutton

At the behest of a coalition of multinational business interests, immigration lawyers, higher education, and ethnic particularists, in February of this year Sen. Orrin Hatch (R-Utah), Sen. Spencer Abraham (R-Michigan) and Rep. David Dreier (R-California) introduced versions of what they call the “American Competitiveness in the 21st Century Act,” to raise the annual ceiling of H-1B visas from the current 115,000 a year to 195,000 for fiscal years 2000, 2001, and 2002. Special exemptions for foreigners who graduate from U.S. universities with advanced degrees, or are employed by American educational institutions and research facilities, would allow a total of 300,000 to 350,000 foreign H-1B workers to enter this country every year, taking jobs that could easily be filled by American citizens.

The H-1B visa program was introduced in 1990 and permitted up to 65,000 foreigners with BA degrees or more to enter this country for up to six years to fill U.S. jobs that employers claimed they couldn’t find American workers for. At the time, business and immigration lobbyists said that the program was only going to be “temporary” while American educational institutions geared up to meet special educational demands in high tech and other fields. The “temporary” program has taken on a life of its own, and the annual number of visas granted has risen from 65,000 to 115,000 to the present demands for virtually unlimited numbers of foreign professionals.

The U.S. Chamber of Commerce, National Association of Manufacturers, and software industry trade groups, led by the Information Technology Association of America and American Business for

Legal Immigration, claim that American high-tech firms face a skilled labor shortage of crisis proportions. Silicon Valley technology companies assert that the U.S. will go into a deep recession and transfer economic leadership overseas if they can’t immediately import more foreign workers.

Upon closer examination, it is highly doubtful that a shortage in high-tech occupations exists. In a new study, *Information Technology Workforce Data Project Report*, the New York City-based United Engineering Foundation, emphasizes “there is no evidence that any serious shortages of technical professionals — engineers in the past, information technology specialists now — have ever occurred.” The UEF points out those employers like the H-1B program since it helps create a large pool of available workers.

The American Engineering Association has called for the total elimination of the H-1B or any other visa category under which foreign technical workers can be imported. According to AEA, only about a fourth of Americans holding technical degrees are working in these fields. In recent testimony before the House Immigration Subcommittee, AEA Vice President Richard Tax noted that “many of these same companies asking for increased access to foreign labor have had massive layoffs in the past year.” Unemployment rates among high-tech professionals are increasing. Especially hard-hit are “old timers” of 35-years of age and older. Among very experienced computer programmers over 50 years of age unemployment is currently running at a rate of 17 percent. Mr. Tax observes, “It should be noted that the American Electronics Association and the Information Technology Association of America memberships are largely transnational corporations ... transnational meaning ‘transcending national borders’ and I might add, owing allegiance to none.”

Dr. Norman Matloff, professor of computer sciences at the University of California at Davis, has

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prepared an exhaustive report on this issue, *Debunking the Myth of a Desperate Software Labor Shortage*. Professor Matloff surveyed hiring rates at a representative sample of major software companies. He found that they are receiving huge numbers of applications from qualified job seekers, but reject most of them without even an interview. Actually, hiring rates range from 1 to 2 percent. Professor Matloff concludes, "There is no desperate shortage. The only 'shortage' is one of cheap labor ... If employers were desperate, they would certainly not be hiring just a minuscule fraction of their job applicants."

The widely advertised job opportunities in information technology have led thousands of American college students and adults looking to improve their career prospects to enroll in computer science courses. But the Department of Labor estimates that over the next few years there will be 138,000 job openings annually in information technology occupations with 162,000 students graduating each year with associate, bachelor, and graduate degrees in the related fields. Such evidence provides scant support for loud demands for more foreign high-tech personnel.

Microsoft and other members of the U.S.-based software industry simply don't want to hire American programmers if they can retain foreign workers on a rotating basis (industry surveys indicate that foreign nationals commonly earn substantially less than American citizens in the same jobs.)

"Body shops" which employ H-1B foreigners as contract laborers to American companies, appreciate the fact that aliens are bound to them for the duration of their visas. Many of the outside contractors do not pay the wages they promise and require foreign nationals to sign agreements that impose fines if the worker leaves before the end of a one-to-three-year contract.

Foreign nationals are willing to become what amounts to indentured servants for the opportunity to come to the United States. Although H-1B visas are supposed to expire after no more than six years, a majority of recipients eventually becomes naturalized citizens, with most of the rest remaining here as

permanent residents.

Typically, immigration lawyers charge \$2,000 to \$2,500 to process each H-1B application, generating over \$230 million from the current 115,000 visas available each year. It should come as no surprise that last summer, Abraham, chairman of the Senate Immigration Committee, held a \$500-a-plate breakfast at the hotel where the American Immigration Lawyers Association were holding their annual convention. Federal Election

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Commission reports reveal that most of the PAC money raised by the senator, currently locked in a tight reelection campaign, has come from outside his "home" state of Michigan.

The current drive to increase the number of available foreign high-tech workers is just the latest skirmish in the long-range campaign to increase profit margins for select multinational companies, in part by endangering the job prospects of American citizens. In the wake of "Free Trade" agreements, hundreds of thousands of manufacturing jobs have been moved overseas. Many professionals — and would-be professionals — are now also seeing foreigners take jobs that would otherwise be available to them. For those lucky enough to find skilled employment, the threat of competition from increasing numbers of foreign workers makes them less likely to demand high wage and benefit increases.

It will be interesting to see if this issue comes to the fore in the coming national elections. Americans need to take their country back from the special economic interests. We are all in this struggle together. €