Study: H-1Bs prompt more, not fewer, American hires

CNET NEWS.COM
March 10, 2008 10:00 AM PDT
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Opponents of increased H-1B temporary worker visas have long argued that raising the annual cap will cause Americans to lose out on jobs to foreigners--or see their wages depressed.

A new study scheduled to be released Monday by a free market-leaning nonprofit group tries to argue that's not the case--and that insufficient quantities of visas are actually sending would-be U.S. job openings offshore.

That group, called the National Foundation for American Policy, argues that for each H-1B visa requested by a corporation, its overall hires climbed by, on average, fivefold. In smaller companies, the group estimated seven new employees were hired for every H-1B application submitted. (Its data is based on regression equations derived from U.S. Department of Labor H-1B visa filings and year-by-year job totals for 76 technology companies in the S&P 500 between 2001 and 2005.)

And when companies were reducing their hiring numbers, their applications for H-1B visas also dropped off, which NFAP contends is a sign that companies don't seek out H-1B workers to save money on wages. If cheap labor were really the goal of H-1B participation, then the number of requests for those workers should have gone up during such "hard times," NFAP argues.

Those findings, coupled with a survey of 27 technology companies about their H-1B practices, prompted NFAP to conclude that foreign-born professionals are being hired to complement, not displace, American workers.

Furthermore, an "artificially low limit" that Congress imposes on H-1B visas actually hurts American workers by sending jobs overseas, NFAP contends. Sixty-five percent of the companies that participated in its survey said insufficient H-1Bs caused them to hire more people in subsidiaries outside the United States--or simply to outsource work to firms abroad.

H-1B visas, of course, allow companies to bring foreign workers with at least a bachelor's degree in their area of specialty onboard for up to six years.

NFAP describes itself as a nonpartisan organization that believes in a free-market economy and "will pursue and promote debate consistent with an American entrepreneurial spirit that is welcoming to new people, ideas, and innovation." Since its establishment in 2003, it has released a number of reports that seem bent on debunking U.S. programmers' arguments that heightened numbers of skilled-worker visas harm American workers.

High-tech companies have been complaining for years that the baseline H-1B cap of 65,000--plus an extra 20,000 for foreigners who obtained advanced degrees in the United States--isn't nearly high enough. But so far, Congress hasn't done anything to change that number.

In response to concerns from American computer programmer groups like Programmers Guild, some senators have proposed imposing additional obligations on U.S. companies in an effort to ensure they give qualified American workers a first shot at job openings.

The report's timing hardly seems accidental. Less than a month from now, the application window for next year's visa crop will open, and if last year was any indication, it'll end almost as soon as it began. While it seems highly unlikely that Congress will make any changes before the likely rush on visas begins April 1, the tech industry will clearly be looking for new ways to promote its cause.

Programmer's Guild representative Kim Berry, who had access to the reports in advance, argued NFAP's claims fall short because they fail to consider the habits of the largest H-1B consumer: foreign consulting firms that snap up visas and recruit foreign workers, only to outsource them to offshore companies. No new American jobs are being created as a result of those activities, Berry suggested.

"It is biased, industry-funded propaganda intended to mislead Congress into increasing the flow of cheap foreign labor into the U.S. IT sector," Berry said of the report. (NFAP executive director Stuart Anderson, for his part, told CNET News.com that none of the industry groups or technology companies in the report provide financial or other support to his group, nor did they commission the study.)

A live link to the report was not available at press time but is expected to be available at NFAP's Web site.