

India Abroad

April 7, 2008

Interview with Stuart Anderson

How much do political considerations, rather than economic arguments, influence the current debate surrounding the H-1B issue?

Stuart Anderson: Whenever Congress decides policy, there is always going to be some consideration of politics. The economic arguments are strong in favour of allowing more highly skilled foreign nationals, many of whom are completing degree programmes at US universities.

A key reason H-1B visas are so crucial is that they generally are the only way an outstanding international student can stay in the United States to work. The wait for green cards (permanent residence) is so long, 7 to 10 years or potentially more for people from India and China, that it is simply not feasible to hire someone directly on a green card.

The economic arguments made against H-1Bs are mostly versions of the same arguments made against immigrants for more than 100 years: namely that they take jobs from Americans.

Given the obvious alternatives, companies have to hire people outside the United States if they are not allowed to hire key personnel inside the United States. It's a little surprising that defenders of the status quo of blocking skilled foreign nationals can continue to make the same arguments and, in many cases, receive a receptive audience.

What is your reading about the stand of the presidential candidates -- the two Democrats and the Republican -- who have reportedly blamed 'shipping jobs' to India and China as the reason for US unemployment?

Stuart Anderson: John McCain, Hillary Clinton and Barack Obama have all come out in favour of increasing the H-1B cap. But Senator McCain has been a consistent supporter of free trade, and Senators Clinton and Obama appear to be playing more to what they perceive as a part of the Democratic base.

Every US President since World War II has attempted to expand global free trade, so one hopes that that record will continue regardless of who is elected President.

Recently released federal statistics indicating that Indian outsourcers received many of the visa petitions granted last year seem to have given a fresh impetus to the controversy, with critics such as Senators Chuck Grassley of Iowa and Richard Durbin of Illinois charging that companies like Infosys and Wipro are abusing the programme and are undermining the American economy. How do you react to the criticism?

Stuart Anderson: Data we received last year from the US Citizenship and Immigration Services showed that Indian 'outsourcing' companies used less than 14 per cent of H-1B petitions issued in 2006 for 'initial employment' [new hires]. The total number of approved petitions for new hires for these companies was approximately 15,000.

Even if these Indian companies received no H-1B visas last year, all of the H-1Bs still would have been used up on the first day of filing, since the demand for skilled labour is so great among US companies and the quota is set so low.

In context of 150 million people in the US labour force, the idea that these 15,000 people represent a major threat to the US labour force is kind of silly.

Mostly these individuals work on contracts that likely improve the efficiency of American companies, at least that's why US companies would contract with these Indian companies or their competitors.

It should be obvious to even the casual observer that critics are using the Indian companies to attack H-1B visas more generally. After all, the Indian companies cited generally already have more than 15 per cent of their US workforce on H-1B visas, which means that under US law they must adhere to stricter labour rules on recruiting and not displacing US workers.

Almost all of the major legislative changes sought by Senators Grassley and Durbin would make it far harder for US companies to hire H-1B visa holders.

Any foreign country looking to attract more investment from US companies should be cheering for the Durbin-Grassley provisions to become law.

In his letter to Microsoft boss Bill Gates, Senator Grassley also said that the answer to the lack of skilled American workers is not to import foreign workers, but to educate Americans. Would you agree?

Stuart Anderson: It is ironic to ask this question of Bill Gates, since probably no American in history has given more money to charity, through his foundation, to help improve US education. There is a \$1,500 scholarship/training fee that US companies pay for each H-1B professional they hire [also for visa renewals]. To date, companies have received little credit for the nearly \$2 billion in these H-1B training and scholarship fees that they have paid just since 1999, which have funded 40,000 scholarships for American students.

So, companies are funding scholarships for Americans with every H-1B hired. Moreover, in addition to company philanthropy, tax data show that US businesses pay \$91 billion a year in local taxes to support public education in America.

Also, no one is saying we shouldn't educate more Americans. US companies that hire H-1B visa holders already employ 85 to 99 per cent US residents, so they would be foolish not to want a well-educated US labour force.

But to say we need to wait another decade to see if we can improve education, before letting companies hire skilled foreign nationals, only encourages US companies to expand overseas, rather than in the United States.

While there are companies and people who talk about the shortage of skilled labour, there are people like Vivek Wadhwa, a professor for Duke University's master of engineering programmes, and others like Ron Hira of Rochester Institute of Technology, who feel there is no basis to the claim because there is no hard evidence to prove that. What is the position of NFAP on this? Is there a shortage, or not?

Stuart Anderson: We recently conducted a review of job openings for skilled positions in the US among all companies in the Standard & Poor's 500. We found major US technology companies

averaged over 470 such openings, and American defense firms had, on average, over 1,200 skilled job openings.

The leading companies on the list had over 3,000 job openings for skilled positions in the United States.

This is a global labor market. If larger companies are unable to hire a key person or fill positions in the United States, they likely will have the option to still hire the person or perform the work in another country.

This option is always going to complicate any discussion on this issue, since there is not purely a domestic labour market for technical talent. The irony is that the ones most hurt by the H-1B limits are smaller, growing companies, who may be prevented from hiring key people and don't possess the option of placing someone in Canada, Ireland or India, the way large corporations can.

How optimistic are you given that the opposition adopted by some members of Congress, Representative Lamar Smith's bill on raising the cap on H1-B visas will make headway on Capitol Hill?

Stuart Anderson: At this point it is difficult to know the ultimate fate of any immigration legislation in Congress. H-1B visas appear still to be tied up with action on other unrelated immigration matters. H-1B visas are less controversial than items in some other bills that may be under consideration, but at this point it's difficult to move one bill on immigration without someone also pushing for action on another immigration bill.

But the one thing that makes immigration policy interesting is that something surprising always happens, so we shall see.