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## **H-1B, offshoring supporters get key Obama Administration posts**

Commerce nominee Judd Gregg believes H-1Bs help create jobs for U.S. workers

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**February 3, 2009** ([Computerworld](#)) WASHINGTON -- [President Barack Obama](#) has filled some of his top White House posts with people who not only support expanding the H-1B visa program, but also see offshore outsourcing as a plus for the U.S. economy. That group includes the president's new pick to run the Commerce Department, [Sen. Judd Gregg \(R-N.H.\)](#).

But another one of Obama's choices, [Diana Farrell](#), may be just as important in shaping White House policy. The former director of the McKinsey Global Institute, McKinsey & Co.'s economics research arm, Farrell has been tapped to serve on the National Economic Council and as deputy economic adviser to the president.

McKinsey, a management consulting firm, has published research that argues that offshore outsourcing to low-wage countries brings "substantial benefits" to the U.S. Its studies and reports have been cited by the tech industry in support of the H-1B visa program. Farrell may have the president's ear, but it's Gregg, as Commerce Secretary, who may well become the White House lead for expanding the cap on H-1B visas, a position Gregg strongly supported in the Senate. Obama voiced support early in his campaign for increasing the 85,000-visa cap, which includes 20,000 visas set aside for advanced-degree graduates from U.S. universities. But he has not addressed the issue in recent months.

In a talk last April at the Cato Institute, a libertarian policy research group, [Gregg pointed to comments by Bill Gates](#) that for every H-1B worker who comes to the U.S., five jobs are created. Gates, who was still Microsoft's chairman at the time, had made the comments the month before, during an appearance before a U.S. House committee.

"It's not like... we are taking jobs from Americans, which is what you hear from labor unions. We're actually creating jobs by bringing bright people into this country," Gregg said in a video on the Cato Institute's Web site.

Many in Congress are divided on the H-1B issue, Senate Republicans especially. For instance, Sen. Chuck Grassley (R-Iowa) believes [H-1B workers are being used to displace Americans](#).

Gregg acknowledged that there has been some abuse in the H-1B program, "especially involving Indian-related companies and their basic flooding of the market in this area and then having people return to India with knowledge that they gained here." But, he argued, that's an issue "that can be corrected fairly easily with minor adjustments in the program."

Indian offshore firms are the largest users of H-1B visas and consider it critical to their delivery model for moving IT functions offshore. It's a point they have made repeatedly in U.S. Security and Exchange Commission filings.

Some observers are critical of Obama's appointments. [Ron Hira](#), an assistant professor of public policy at the Rochester Institute of Technology and author of [Outsourcing America](#), said the Gregg and Farrell picks indicate that Obama "is either ignorant or naive about the real job market for American IT workers. He is doing his level best, with these appointments, to undermine American workers and their livelihoods."

The [IT job market has been shrinking](#), and most major IT vendors have announced layoffs. Among them is [Microsoft, which is laying off 5,000 workers](#).

**The idea that five new workers are hired for each H-1B position came from a report by the National Foundation for American Policy in Arlington, Va.** Released just before Gates' spoke last year, the report analyzed publicly accessible Web-based help-wanted ads and H-1B use.

The five-jobs-per-H-1B-worker claim, said Hira, "is so absurd that Mr. Gregg should be laughed out of the room. This is the kind of thoughtful leadership that Mr. Obama is bringing us?"

Tech industry groups praised Gregg's appointment in statements. TechNet, a bipartisan political network of tech-centric CEOs, said Gregg "will no doubt be a strong ambassador for America's workers, businesses and our dynamic economy."