

# *The Wall Street Journal*

## **Review and Outlook**

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### **Turning Away Talent**

#### ***Another harmful 'stimulus' provision.***

Bank of America, citing a provision of the stimulus package that became law last month, is rescinding job offers to foreign-born students graduating from U.S. business schools this summer. Protectionists will applaud, no doubt. But denying companies access to talented workers born outside the U.S. will neither jump-start the economy nor serve the nation's long-term interests.

The stated purpose of the amendment, which was sponsored by Vermont Independent Bernie Sanders and Iowa Republican Chuck Grassley, is "to prohibit any recipient of TARP funding from hiring H-1B visa holders." Press reports have suggested that these visa holders are displacing U.S. workers.

Mr. Sanders cited an especially misleading Associated Press story, which said that the major banks requested visas for more than 21,800 foreign workers over the past six years. "Even as the economy collapsed last year and many financial workers found themselves unemployed," said AP, "the dozen U.S. banks now receiving the biggest rescue packages requested visas for tens of thousand of foreign workers to fill high-paying jobs."

What the story left out is that companies file multiple applications for each available slot to comply with Department of Labor wage rules for H-1B hires. By focusing on how many *applications* were filed rather than how many foreign workers were hired, the story exaggerates actual visa use. In fact, H-1B visa holders have been a negligible percentage of financial industry hires in recent years. In 2007, for instance, Citigroup hired 185 H-1B workers, which represented .04% of its 387,000 employees. Bank of America hired 66 H-1B workers, which represented .03% of its 210,000 employees.

The reality is that cumbersome labor regulations and fees make foreign professionals more expensive to hire than Americans, which undercuts the argument that the banks were looking for cheap labor and explains why H-1B applications tend to fall during economic downturns. But far from displacing U.S. workers, H-1B hires have been associated with an increase in total employment.

A 2008 study of the tech industry by the **National Foundation for American Policy** found that for every H-1B position requested, U.S. technology companies in the S&P 500 increase their employment by five workers. America must compete in a global economy, and if U.S. companies can't hire these skilled workers -- many of whom graduate from U.S. universities, by the way -- you can bet foreign competitors will.