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Trump Misses the Point on Tech Visas

Employers hire high-skill immigrants for the same reason they hire low-skill ones: out of necessity.

By Jason L. Riley

It was an example of what Rush Limbaugh calls “drive-by media” coverage—the sensational and superficial reporting of a story while skimming on context.

In June of last year, the [New York Times](#) wrote on its front page that the [Disney](#) World resort in Orlando, Fla., had furloughed about 250 tech workers. The employees were offered severance packages and bonuses if they remained for a few months to train their replacements. One hundred and sixty of the displaced workers retired or were rehired in new jobs by Disney. About 90 took the severance.

No one likes to read about someone losing his job, but Disney employs more than 70,000 people in Orlando alone. The fact that 90 of them ultimately were pushed out is free-market economic churn and wouldn't normally be news. The reason the Times highlighted the story is because some of the replacement hires were high-skill immigrants. The layoffs at Disney and other companies, such as Southern California Edison, said the Times, “are raising new questions about how businesses and outsourcing companies are using the temporary visas, known as H-1B, to place immigrants in technology jobs in the United States.”

The suggestion here is that U.S. companies are gaming the visa system by using foreign-based outsourcing firms to replace more-expensive Americans with less-expensive immigrants. It's what those who see labor markets in zero-sum terms—an immigrant worker's gain is a U.S. worker's loss—would have us believe. [Donald Trump](#) invited the laid-off Disney workers to a rally in Alabama in February, showing once again that the Republican presidential nominee's opposition to immigration isn't limited to the illegal [variety](#).

But a [report](#) released last week by the [National Foundation for American Policy](#) challenges some of the basic assumptions in the outsourcing debate. For starters, both government and academic research shows that H-1B visa-holders, on balance, are not paid less than comparable U.S. workers. In fact, the data show the opposite. “After comparing the median reported salaries of U.S. workers and H-1B professionals in the same fields and age groups, the Government

Accountability Office (GAO) found H-1B professionals generally earn the same or more than their U.S. counterparts,” says the new report.

Nor is it clear that eliminating these visas would stop or even reduce the likelihood that a company would outsource. Typically, companies outsource so that they can focus more on their core activities, and handling accounting or IT functions in-house no longer makes sense. “Companies are not replacing long-time employees with new workers doing the exact same jobs,” according the study, “but rather replacing the employees with new systems in an attempt to perform the function in a more efficient way.”

The study’s author, Stuart Anderson, told me that scapegoating immigrants for these layoffs assumes that immigration law is driving the decision to outsource. In reality, hiring a contractor is often done through a competitive bidding process, and the company doesn’t know beforehand whether or to what extent the winning bidder will use H-1B visa holders.

But the bigger oversight is the assumption that these U.S. workers would have retained their jobs if Disney and other companies that outsource had chosen firms that employ only U.S. workers. Mr. Anderson found no evidence to support that. Once the contracting decision was made, some employees unfortunately were going to lose their jobs, either to a visa-holder or another U.S. worker.

U.S. employers turn to high-skill immigrants for the same reason they turn to low-skill immigrants—out of necessity. Foreign nationals, who tend to be either more skilled or less skilled than the typical U.S. worker, fill niches in our labor markets and make them more efficient and productive. Between 2006 and 2012, immigrants started one-third of U.S. venture-backed companies that became publicly traded. In recent years, more than half of the billion-dollar startups based in the U.S., including Uber and SpaceX, had at least one immigrant founder.

The technology revolution that began in the 1990s has dramatically increased the demand for workers in the fields of math and science. But more than 70% of full-time graduate students in electrical engineering and computer science at American universities are international students. Over the past three decades, college-degree holders outside of the U.S. have more than doubled, while the U.S. share of those with college degrees has declined by 30%. Employers want access to this international pool of talent because that’s where the people with desirable skill sets are concentrated.

[Hillary Clinton](#) (on trade) and Donald Trump (on trade and immigration) are too busy scaring voters to be bothered with a sober discussion on the causes and effects of outsourcing. But the winner in November will have to produce faster economic growth if he or she wants a second term. And that won’t happen if U.S. companies can’t hire and retain the workers they need to stay competitive in a global economy.

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