Where Are The Jobs Going?

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The big argument for the tax cut Congress just passed is that it will create much-needed jobs. But one big question remains: will those jobs be created for Americans, or will corporations simply hire more job-seekers from India and China?
It's time for Congress to call a halt to the scandal of the way big corporations hire foreigners at the same time they are laying off their American employees. The hiring of hundreds of thousands of foreigners is why the New York Times proclaimed on its front page the bad news that this year's "Graduates Are Lowering Their Sights in Today's Stagnant Job Market."

Remember how, when U.S. corporations built hundreds of plants in Third World countries, we were told not to worry about losing blue- collar manufacturing jobs because we were keeping the service jobs? Well, now the high-paying white-collar service jobs are going overseas, too, particularly jobs for engineers and computer specialists.

Follow the money. The big corporations hire Indians and Chinese for less than half the wages, work them long hours without overtime pay, and treat them like indentured servants unable to quit for a better job. The corporations partner with the U.S. government by making political contributions to assure the passage of legislation that legalizes the importation of foreign cheap labor.

This racket started when Section 1706 was slipped into the Tax Reform Act of 1986. This uniquely discriminatory section required anyone who is an "engineer, designer, computer programmer, systems analyst or other similarly skilled worker" to be classified by Internal Revenue as an employee rather than as an independent contractor, which hundreds of thousands were at that time.

This change in the law plus aggressive IRS enforcement resulted in the creation of large consulting or contracting firms that hire such persons as their own employees and then contract to sell computer services to big corporations. These "gatekeeper" firms and computer corporations soon began to exploit H-1B and L-1 visas by employing foreigners while dumping American engineers and programmers out on the street.

H-1B visas were created in 1990 to allow corporations to import up to 65,000 foreign skilled workers to fill alleged labor shortages, a claim that was always a fiction and now is nonsense. L-1 visas were created to allow inter-office transfers of key managers, executives or persons with specialized knowledge, but there are no numerical limits and no safeguards against abuse.

The corporations had such clout with the politicians that they got the number of allowable H-1B visas increased in 2000 to 195,000 (even while the industry was hiring only 2 percent of software applicants). In a striking example of stealth politics, on October 3, 2000, the House leadership announced there would be no further votes that evening, and then passed the H-1B increase, after most Members had departed, by a voice vote with only about 40 out of 435 Members present.

Republican Congressional Campaign Committee Chairman Rep. Tom Davis (R-VA) candidly commented, "This is not a popular bill with the public.... This is a very important issue for the high-tech executives who give the money." Senator Robert Bennett (R-UT) admitted, "There were, in fact, a whole

lot of folks against it, but because they are tapping the high-tech community for campaign contributions, they don't want to admit that in public."

By 2001, corporations and contracting firms were employing at least 384,191 H-1Bers without any demonstration of a labor shortage, plus at least 328,480 L-1ers masquerading as "intracompany transferees." In a bitter postscript to the careers of laid-off Americans, they were often required to train their foreign cheap-labor substitutes.

The NBC station in Hartford exposed why Connecticut now has 20,000 white-collar unemployed computer service workers but 70,253 employed aliens. The giant insurance company Cigna fired its local workers, turned its technology jobs over to the Indian firm, Satyam, under a "closed-loop process providing Satyam with the right of first refusal for all consultants requests."

This Cigna agreement denies U.S. citizens even the chance to compete. Where are the conservatives who argued for years against the closed union shop?

The Siemens company in Florida contracted to have its U.S. employees replaced by foreigners brought in by Tata Consultancy Services, one of India's largest consulting firms. When Tata used L-1 visas to bring in Indians at one third the salary of the Americans laid off, the Siemens spokesman shrugged off complaints saying, "They don't work for us. They work for Tata."

What to do? Congress should (1) reject all attempts to extend the current high number of H-1B visas and allow the limit to revert to 65,000; (2) require employers to show a good-faith effort to hire Americans before applying for visas; (3) require employers to lay off non-citizens before laying off U.S. citizens; (4) restrict L-1 visas to jobs paying $100,000 a year and prohibit transfers between companies; and (5) forbid government agencies from hiring non-citizens or from contracting with outside firms that hire non-citizens.

Phyllis Schlafly is the author of "Feminist Fantasies" (Spence Pub. Co., 2003)