Anti-H1B causes, declining visas, increased outsourcing

Shakti Bhatt reports on the anger among America's unemployed against the inflow of foreign workers

Pete Bennett has not held a fulltime job for more than two years now but the 45-year-old Bay Area resident is busier than ever. A typical day includes at least one meeting with a California lawmaker, the signing of several petitions, attending to a few dozen calls at home, and maintaining a web site that gets over 400 daily hits.

Bennett is the founder of nomore h1b.com, a web site run by American hitech workers who hold the H1B visa responsible for their unemployed status. Bennett, a web developer, said Intel Corporation refused him a job in May 2000. "The job went to an H1B worker," he said from his home in east San Francisco bay. "And you know something? Our skills were identical."

Bennett is one of thousands of computer specialists in the US who have organized themselves to oppose the inflow of foreign workers, a large portion of who are from India. They go to great lengths to prove that they are not xenophobic or racist, contending that employers hire foreign workers even when qualified Americans are available. They say companies fire American employees while retaining H1B visa holders in the same jobs.

"The companies are bringing in workers to replace US workers which is absolutely wrong," Bennett told *India Abroad*.

Figures convey a somewhat different picture. Last year 79,100 H1B visas were issued, which is less than half the 163,000 sponsored the year before, while the current cap, which stands at 195,000, will be reduced to 65,000 next year. Though the drastic decrease in the maximum permissible H1B visas is for the most part a sign of the sluggish national economy, for Bennett and others it is proof of successful lobbying. "If they were to increase this number again, we will vote each and every one of them out of power," Bennett said.

For Harris Miller, president of the Information Technology Association of America in Virginia, Bennett and others are justified to feel threatened — but for all the wrong reasons. Miller, who has traveled and lectured extensively in India, says the opponents of H1B are "plain unsophisticated".

"The H1B program is a non-issue," Miller said. "The real challenge is the global development of work. The real challenge is when India produces several thousand IT students every year that makes off-shoring inevitable for US companies."

Miller may have hit the nail on its head. The current recession in the US, which has left at least two million people jobless, has forced companies to adopt severe cost cutting measures and, more importantly, look overseas for help desk type services. And why not, say CEOs. For the same job that pays around $100 an hour in Silicon Valley, an enthusiastic IIT graduate in Bangalore will expect around $20.

"The cost differential is pretty much it," said Michael Jansen of the Outsourcing Center, the research division of Everest Group, one of the world's largest consulting firms on business process outsourcing. "India has available in large numbers a low-cost high-quality labor."

Names like Microsoft, Dell, and Intel have either contracted with Indian IT suppliers or opened shop in the by now well-established IT hub of Bangalore in India.

A fitting example is the energy giant General Electric which announced layoffs of more than 1,000 people last year. The same company has accommodated around 10,000 Indians on its payroll.

Vijay Gurbaxani, professor of information systems at University of California, Irvine, said whereas H1B workers from India form the visible part of the issue, the largely invisible trend of outsourcing has gone unnoticed by US laborers.

On Bennett's information-crowded web site, the issue of outsourcing takes less than five sentences. 'If you're in college taking Computer Science classes, you might want to reconsider your major,' the web site says, adding that 'outsourcing will take millions of jobs.'

The US workers' resistance to outsourcing does not surprise Gurbaxani. "It is completely rational for somebody losing a job to do all they can to hold on to it," he said. "At the same time, it gives the US more access to markets that will in the long term open up to US products. But if I were an American worker," he added, "I would be worried right now."

What induces further anxiety in American workers are research studies that paint an even grimmer future. A total of 3.3 million US jobs and more than $136 billion in wages will be sent overseas in the next 15 years, a report from the Forrester Research group in Massachusetts said.

A similar study by the Meta Group, an IT consulting firm, said continued financial pressures at home and improved worker skills abroad would ultimately push 60 percent of large companies' software development work offshore, mostly to India-based firms.

For Rajiv Tandon, CEO of Adayana, one of the 50 fastest-growing companies in Minnesota, resisting the increasing trend of outsourcing and off-shoring means tampering with the natural movement of global business. "When these workers go shopping," he said, "do they buy the most expensive things? It is the nature of the world. Also, while in the US 2002 was not a good year, it was the best year in India. Even though their physical presence here may have declined, their work presence will only continue."

Not that US legislators haven't noticed. A few weeks ago, decision-makers in New Jersey put forth a bill that may bar state contractors from outsourcing their businesses. Several states such as Maryland, Connecticut, Missouri and Wisconsin may soon follow suit.

Observers maintain that the bill will most likely not be approved and that corporations will continue to go abroad to stay competitive.

Rajiv Khanna runs a company that has outsourced its work to several parts of India. He is also one of the most prominent immigration lawyers on the East Coast. Khanna said while the off-shoring and outsourcing of services is here to stay and will only increase, the number of H1B workers from India will gradually decline.

"We are never going to see the same level of immigration again," said Khanna from his Virginia office.

"The US companies are moving toward a 24-hour turnaround model. If you call Dell's help desk, the chances are you will be speaking to an Indian."

Whereas Bennett bemoans the paucity of IT jobs in the country, Khanna has a different story. For three consecutive weeks, Khanna posted an advertisement in *The Washington Post* looking for a PhP broadcast, MySQL, and Linux developer. He received no replies or resumes.

"I'm still looking," he said, adding that he would "like to look at the resumes of unemployed hi-tech workers."
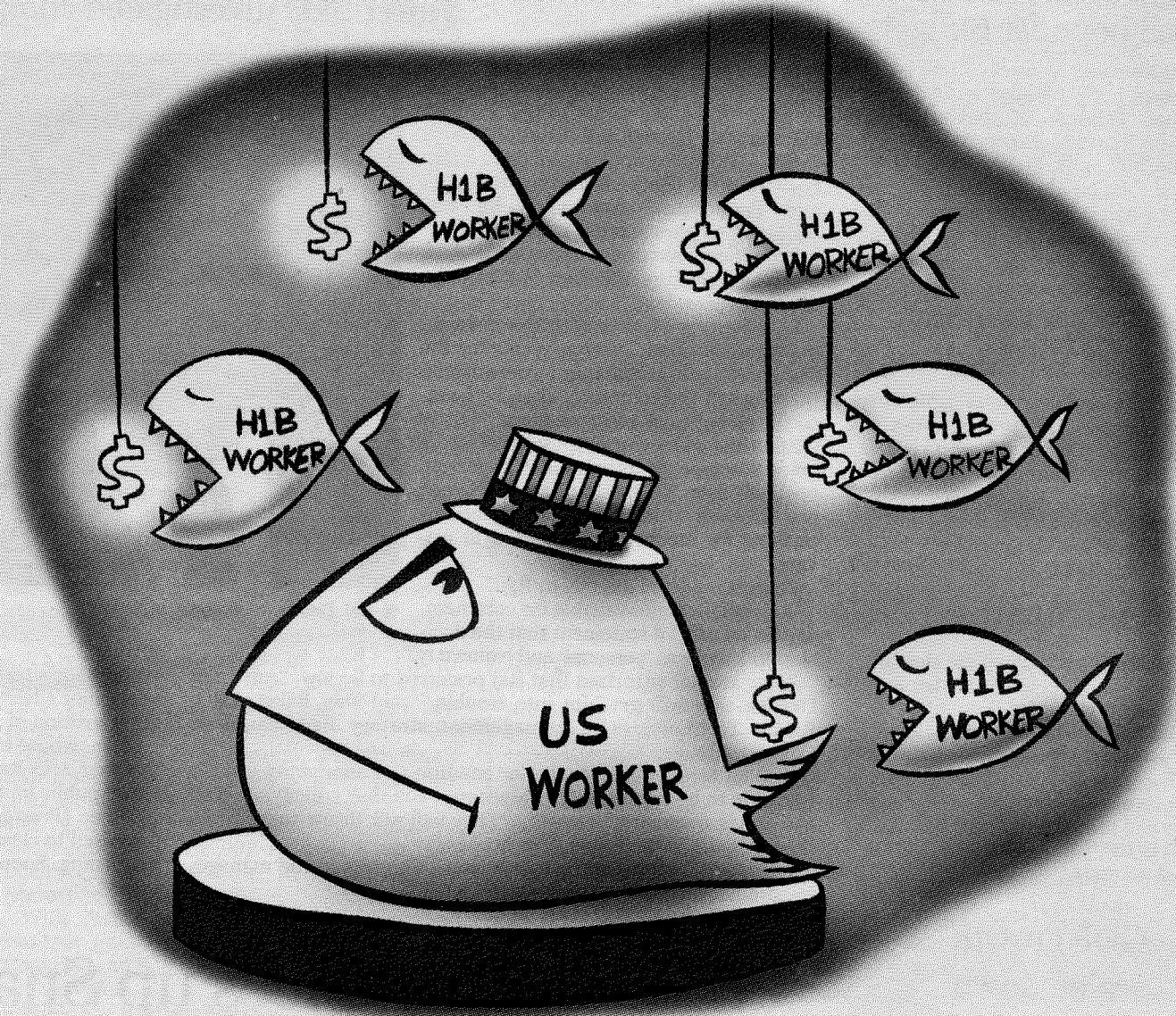
Miller of the ITAA said there are a few questions US workers should begin to ask themselves. "What are the variables that would make you competitive and efficient?" he said, emphasizing that US workers had an edge over Indians when it came to soft skills such as communication abilities. "Globalization is here," he added.

"If there are serious political problems in India, the same companies will relocate to China or Hungary."

The verdict is clear. American workers will have no choice but to deal with an economy where profit-driven companies, who care little about domestic job markets, will rely on foreign firms. If protectionist measures are legislated, analysts expect loud cries of foul play.

"You have to take these views against the immigration policies with a pinch of salt, anyway," said Khanna.

"It is typical in the US to blame immigrants and foreigners every time the economy is down. But you cannot close your doors to the global economy."