

## INTRODUCTION

As the United States enters the 21<sup>st</sup> century, Washington is steeped in controversy over United States immigration policy. The debate spans issues from the H-1B visas given to skilled foreigners in search of high-tech jobs, to illegal immigration from Mexico and China, to conflicts about labor seen in the explosive World Trade Organization protests. In his most recent publications the preeminent labor economist and immigration expert George J. Borjas pushed for a reduction by a factor of two of the United States' yearly intake of immigrants. He cited the lack of skills of recent immigrants as a reason their large numbers were becoming detrimental (Borjas 3). Early in the year 2000, Alan Krueger, the Bendheim Professor of Economics at Princeton University, said that "The inscription on the Statue of Liberty is quietly being rewritten: 'Give me your tired, your poor, your huddled masses yearning to breathe free; I'll also take your skilled employees under the temporary visa program, H-1B'" (Krueger 2). This paper outlines the historical precedent for and opposition to immigration, and then reviews the current landscape of the H-1B visa market and its place in United States immigration policy.

## HISTORICAL PRECEDENT FOR IMMIGRATION

There is a strong historical precedent supporting open immigration in the United States. It was open immigration from various Western European countries that this nation was built upon. The thirteen colonies that became the United States were settled by immigrants in search of better lives; many came over to find religious freedom—all came over for economic betterment. During the colonial period, it was common for immigrants to come as indentured servants, required to work for four to seven years to earn back the cost of their passage. The "New World" promised a classless, democratic form of government (Rein, et al 2). At the heart of the American dream

lay the promise that anyone with the vision and drive to come to America could do so—and achieve success through hard work. During the later part of the 19<sup>th</sup> century—billed the age of invention—the practice of indentured servitude was renewed. Between 1880 and 1924, twenty-six million immigrants arrived. Many of them were hired at the docks of big cities—by companies who paid for their passage—and transported to mining and factory towns. It has been argued that New York, Chicago, and Los Angeles were the home of thriving companies, because immigration filled them with ambitious, inexpensive workers (Leone, et al 194).

### HISTORICAL OPPOSITION TO IMMIGRATION

Though open immigration fueled the growth of the United States, it eventually faced stiff opposition. Article I of the Constitution granted Congress the right to pass immigration laws when it stated, “Congress shall have the power to establish a uniform rule of naturalization...” (Rein, et al 4). Congress did not exercise that power until the second half of the 19<sup>th</sup> century. The United States started controlling immigration in the 1880s through various quotas and stipulations. Congress bowed to pressure from West Coast nativists in passing the Chinese Exclusion Act and the Gentleman’s Agreement, which made it difficult or impossible for Chinese and Japanese people, respectively, to migrate to the United States. A number of other acts tightened immigration further in the 20<sup>th</sup> century. No longer were our borders open to anyone with the desire to cross them and start a new life. For the first time, formal policies began to dictate who could cross the border and become American. As Julian Simon, professor of business administration at University of Maryland, College Park, said, ethnic groups opposed immigration because they feared that it would cause their proportion of the population to decrease. Rita Simon of American University has found that the arguments against immigration have remained

eerily identical over time. In the first half of the 19<sup>th</sup> century, Irish immigrants in New York and Boston were seen as “unassimilable possessors of all bad qualities” (qtd. in Leone, et al 204).

Francis Walker, Commissioner General of the Immigration Service, wrote in 1896:

The question today is...protecting the American rate of wages, the American standard of living, and the quality of American citizenship from degradation through the tumultuous access of vast throngs of ignorant and brutalized peasantry from the countries of Eastern and Southern Europe.

(Leone, et al 205)

In recent years, the arguments against immigration have remained unchanged. There is widespread “opposition by special interests, such as organized labor (which wants to restrict competition for jobs)” (Leone, et al 205). I will address that argument at length later, but I will point out that nativism is thinly veiled bigotry—a direct contradiction supposed equality of the United States labor market.

## THE H-1B VISA

Opening the borders of the United States to completely free immigration would be a huge step, but there is a simpler interim solution based on the current infrastructure of immigration bureaucracy. Established in 1990, the H-1B visa permits foreigners with a college degree or greater education to work in the United States for a renewable three-year term for employers who petition on their behalf (Masci 576). Derided by some as a temporary fix while Washington stalls on serious immigration reform, the H-1B visa program has been so successful that the quotas have been consistently met early in the year. In 1999, Congress passed a law that increased the H-1B cap for 1999 and 2000 from 65,000 to 115,000, under heavy pressure from technology companies (Masci 572). Last year, the quota was temporarily increased again, to 195,000 visas

per year (Ault 74). A recent study, “Building a Workforce for the Information Economy” was authored for Congress by the National Research Council. It concluded that the H-1B visa program is necessary for sustaining growth in high-tech industry. The report and the increase in the H-1B visa quota has faced opposition from some labor groups, including the Federation for American Immigration Reform and the Institute of Electrical and Electronics Engineers, which claim high-tech companies want foreign workers because they accept lower wages than American employees (Kirby 1). That argument is addressed at some length in the section Addressing the Opposition’s “Bad Arguments”.

### CURRENT OPPOSITION TO IMMIGRATION

Julian Simon pointed out that there is well-organized opposition to immigration and a total lack of organized support for it. FAIR, the Federation for American Immigration Reform, has a large budget—it amassed \$2,000,000 in revenues in 1989—and a large staff. It supports letter-writing campaigns to newspapers and legislators, gets its representatives onto television and radio, and is in the rolodex of every journalist who writes on the subject. Several other organizations play a similar role. On the other side, until recently no organization advocated more immigration generally (Leone, et al 205). On their own website, FAIR said, “FAIR adamantly opposes increasing or removing the current limit on the number of H-1B foreign workers admitted to the U.S. each year.” The FAIR home page fingers “mass immigration” as the cause of a projected 400 million person population in the United States in the year 2050 (FAIR 1). Those who fear overpopulation should see that a ban on immigration is no more legitimate than a ban on pregnancy. If, on the other hand, FAIR’s opposition stems from concern for the foreign workers, and the exploitation they could face, they should note that Congress put in place

controls that prevent employer abuses when it created the H-1B program, and that the Department of Labor uncovered only ninety violations over the life of the program (Rein, et al 123).

The strongest argument for unlimited H-1B visas comes in the form of testimonials by leaders of universities and high-tech businesses. Dr. Daniel L. Sullivan, senior vice president of human resources at Qualcomm, Dr. Richard W. Lariviere, associate vice president of International Programs at the University of Texas at Austin, and Dr. T. J. Rodgers, president and CEO of Cypress Semiconductor Corporation each spoke before the Subcommittee on Immigration of the House Judiciary Committee. Sullivan pointed out that much of Qualcomm's success—over \$2.1 billion in annual sales—can be credited to the contributions of employees who came to the company as foreign nationals. He went on to point out that, “American companies cannot compete globally without access to the top engineering and scientific talent, and that includes engineers and scientists drawn from an international pool of talent” (qtd. in Rein, et al 124). Lariviere stressed that, “In education as well as business, the flow of human capital and ideas across borders is a key to success in a global society.” and that “The contributions of H-1B professionals at the post-graduate level fill a crucial need for U.S. academic institutions from an academic and training perspective.” (qtd. in Rein, et al 125). Lariviere went on to describe the synergistic collaboration of foreign nationals at U.S. universities, and the significant benefits their presence confers (Rein, et al 125).

#### ADDRESSING THE OPPOSITION'S “BAD ARGUMENTS”

Rodgers was particularly acerbic in opposing the “factually hollow, emotion-driven claims of those who insist the U.S. [high-tech] industry can retain its current global leadership without an

adequate supply of high-quality engineers, including immigrants” and he outlined a number of “bad arguments” by those opposed to H-1B visas (qtd. in Rein, et al 125). In response to “Bad Argument #1,” that American high-tech companies do not make an adequate effort to recruit engineers at home, Rodgers said, “High-technology companies pump tens of millions annually into bolstering science learning, while sponsoring job fairs and recruiting intensely on U.S. campuses.” In response to “Bad Argument #2,” that American high-tech companies do not make enough effort to train the engineers they recruit, he said, “Despite our significant investment in recruiting and training, we have historically averaged between 75 and 250 openings at any given time.” In response to “Bad Argument #3,” that immigrants take jobs from native-born Americans, he said:

Cypress has 470 engineers and 2,771 worldwide employees. Roughly speaking, this means each engineer creates jobs for six additional people who make or administrate or sell the products developed by our engineers.

...if we had been prevented from hiring the 172 immigrant researchers we have hired, we would have failed to create about 1,000 other jobs—70 percent of which are held by native-born Americans...” (qtd. in Rein, et al 126)

The common theme of the testimony before Congress is that the H-1B visa program is necessary for the continued growth of American high-tech industry, and that foreign nationals create jobs for native-born Americans rather than taking them away. “Bad Argument #5,” that immigrants work for less money, reducing the wages of other workers, was echoed in the FAIR website. In a section denoting their principles, FAIR cites that “immigration should not be permitted to undermine opportunities for America's poor and disadvantaged to improve their working

conditions and wages” (FAIR 1). The claim that immigration lowers wages of Americans is a common argument. Rodgers responded to that claim by saying:

San Jose’s immigrant population is among the nation’s highest. Yet competition for workers here is so intense that the average wage in 1995 was...\$42,000, number one in the nation, ahead of number two New York, another highly concentrated immigrant center.

...According to the Manhattan Institute’s Index of Leading Immigration Indicators, the 1995 unemployment rate in the states with the highest immigration presence, including California, was a full 1.5 percent lower than the rate in low-immigration states. (qtd. in Rein, et al 127)

### THE MARKET FOR H-1B VISAS

Some Americans argue that instead of importing workers to fill vacancies, the United States should focus on training unemployed Americans. That is certainly a popular stance, but it is fundamentally flawed. It is based on the injustice of “giving away American jobs to foreigners”. Sadly, immigration quotas keep the cost of labor artificially high in comparison to other nations. That means that high-tech jobs have followed the lead of manufacturing jobs—often simply leaving the United States altogether. Daniel Sullivan warned that, “limiting the number of H-1B visas granted each year will only force U.S. companies to hire these [foreign] students and settle them in their countries of origin, or in another country...” (qtd. in Rein, et al 125). Many factories have been moved to Mexico and developing nations in Asia, where labor is inexpensive. Harris Miller, president of the Information Technology Association of America, said there is a huge gap between the number of jobs and qualified workers in the IT industry. Estimates of the shortage run as high as 800,000 (Masci 576). In 1996, the economy generated 135,000 new positions in the software industry alone—while universities produced only 36,000 computer science graduates (Rein, et al 123).

I propose a change to unlimited issuance of H-1B visas. Because they are only issued at the request of American companies, there will be no glut of cheap, high-tech workers. The H-1B visa is the modern equivalent of indentured servitude—allowing skilled workers to come to the United States to work for a specific company for a limited amount of time. During the 1990s, the United States took in nearly ten million foreigners, more than in any previous decade since the 1940s and almost double the number that came during the 1980s, and it experienced the longest economic boom in its history amidst the “Second Great Migration,” although that is not to imply causation (Krueger 1). That is significant, because in addition to H-1B visas and other special programs, the INS can issue no more than 140,000 green cards a year, and no more than 9,800 to any one country (Masci 582). Clearly there is a desire by foreigners to enter the United States, and there is no reason for those with a college education to be barred. As Harris Miller said, “I urge you to...join me in being thankful that America remains a beacon to so many talented and educated people around the globe...” (qtd. in Rein, et al 122).

It was in 1998, amidst the seemingly never-ending boom in technology, that Daniel Sullivan warned of companies hiring students and settling them in their countries of origin (Rein, et al 124). On January 16, 2001, following a drawn-out recession in the technology-based NASDAQ exchange, the skilled-worker shortage remained unchanged. John Chambers, the CEO of router giant Cisco Systems, told a gathering of technology experts in New Delhi that world-class engineers in India cost only a fraction of their American counterparts (Madhavan 1). Cisco predicts a worldwide shortage of two million networking professionals by 2005. Cisco is eyeing India as a “key base,” with two software development centers in the country already and plans to set up 34 training academies to produce about “100,000 Internet network executives to combat

the expected professional shortage” (qtd. in Madhavan 2). Sullivan’s prediction was right on the money, and the result is movement of American corporate operations to foreign nations.

Whether or not American special interests appreciate it, the 21<sup>st</sup> century is the home of a truly global economy; now more than ever, the market marches on, oblivious to the pleas of narrow-minded bystanders. Alicia Ault refers to a “cottage industry of US companies [which] has sprung up to bridge the gap [between the 195,000 H-1B per annum limit and the 850,000 tech-related jobs which will be left unfilled this year].” The new companies act as “global headhunters,” tracking down qualified programmers and coders overseas and then contracting them to do projects for US clients. The foreign laborers work from their home countries, sending their output to the US electronically (Ault 74).

Sunnyvale, California-based Angel Engineers charges firms \$35 an hour for work done by its 50 Chinese programmers. Openpages, a content manager in Westford Massachusetts, draws on talent from Moscow State University. The company has 130 contract workers in Russia, and its clients include Crain business publications and the online units of the *Chicago Tribune* and Knight Ridder. (Ault 74)

The ITAA’s Harris Miller is not thrilled about the work getting shipped overseas, saying, “Eventually, these countries will become competitors” (Ault 74).

## CONCLUSION

Alan Greenspan also supports immigration as a source of skilled labor, saying, “As we are creating an ever more complex, sophisticated, accelerating economy, the necessity to have the ability to bring in...people from abroad to keep it functioning in the most effective manner increasingly strikes me as [sound] policy” (qtd. in Masci 571). Not only are there numerous

economic “blackboard theories” that support an open flow of workers from one country to another, there is also compelling moral support for such a decision. Dan Lacey, an author on employment-related subjects, said, “It should not be necessary for people of less fortunate lands to suffer and die along America’s borders so that Americans can prosper,” (qtd. in Leone, et al 189). Having been born in the United States should not give someone an advantage in receiving employment. Limiting immigration makes the wages of American workers artificially high, yielding a negative net effect on consumers similar to that of a monopoly, because American companies do not receive the best labor for the lowest price. In this age, skilled labor is the most important factor of production. Foreigners who have pursued a college degree are best positioned to take advantage of what the United States has to offer—and offer the most in return. The H-1B visa is the perfect vehicle for immigration reform and the correct policy move is to remove the quota on H-1B visa issuance.

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