

To: H-1B/L-1/offshoring e-newsletter

During the March 7 testimony of Bill Gates, the senators fell all over themselves in adulation. Quite an honor for someone who, in Google's words, is a "convicted monopolist." In fact, in 1998 Gates was called on the carpet by the Senate for Microsoft's predatory business practices, with an especially hostile grilling by Senator Hatch. (Hatch represents Utah, home of Novell, which at the time was sinking due in part to Microsoft's actions.)

You can read the entire transcript on the Microsoft Web page, at <http://www.microsoft.com/Presspass/exec/billg/speeches/2007/03-07Senate.mspix>

(I believe this is complete, but note my comments on Sherrod Brown below.)

Much of the discussion focused on education, but there is no doubt that Gates' main goal was to get the Senate to expand the H-1B program and establish a new work visa, F-4, as in his Washington Post op-ed a couple

of weeks ago. The industry lobbyists have always known that they can get all the H-1Bs they want by pushing the Education Button.

As I've explained before, it is a total obfuscation of the issue. We have NO shortage of programmers and engineers. Recall for instance the BusinessWeek article which found that starting salaries for new computer

science and electrical engineering graduates, adjusted for inflation, have been flat since 1999.

Moreover, since that data is for new graduates, you can see that the universities are not underproducing graduates in these fields, as the industry lobbyists claim. And while there has been a decline in new graduates in the computer science field, we are still producing more than we need.

Concerning Microsoft in particular, another BusinessWeek article stated:

"The Wall Street Journal reported that Microsoft received resumes from about 100,000 graduating students in 2004, screened 15,000 of them, interviewed 3,500, and hired 1,000." Granted, not every is of high quality, but that screening will involve a phone screening where the employer grills the applicant about technical issues to ensure the person is of good quality before bringing them in for an interview. But you can see that Microsoft is not hurting for applicants. And as to

Gates' pointing to Microsoft's 3,000 openings, that's out of 76,000, about 4%. ANY major company will have at least that percentage of openings at any give time, just due to normal attrition and the like; it

certainly does NOT indicate a labor shortage.

So we have no shortage, and in fact are not using the people we have.

The testimony refers to university production of engineers in China.

This is also very misleading. See

<http://heather.cs.ucdavis.edu/Archive/NotSoManyChineseAndIndianEngineers.txt>

NOT EVEN ONE SENATOR questioned Gates' "need" for H-1Bs. This in spite of the fact that two congressionally-commissioned studies have found that abuse of the program is commonplace.

I have also mentioned before that for the last few years, the Democrats have taken the position that offshoring is bad but H-1B is OK.

Apparently it is bad to lose one's job to someone overseas, but fine to

lose one's job to someone brought in from overseas for the purpose of taking one's job. Comments by Sen. Brown, a Democrat, and Sen. Sanders,

an Independent who generally votes with the Democrats, reflected this. They challenged Gates on offshoring but not H-1B.

Here are Sanders' remarks:

Let me ask you this, and this is a sensitive issue, and a touchy issue.

I think there is no disagreement on this committee or in the Congress

that as a nation we're doing a terrible job in math and science, that it

is a disgrace how few engineers we are graduating. And you have done a

fantastic job in focusing on that issue.

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But there is another side of the coin where you and I may disagree, and

I'd like your comments on that, and that is the issue of outsourcing.

And that is my understanding is that from January of - this is according

to the Bureau of Labor Statistics, that from January of 2001 to January

of 2006, the information sector of the U.S. economy lost 644,000 jobs,

et cetera, et cetera.

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Also, I think you would probably agree that many major corporations, including your own, if they can hire qualified labor, engineers, scientists, in India or China for a fraction of the wages being paid in

the United States, they're going to go there. And we have quotes from

people like Andy Grove and John Chambers, leaders in information technology, who basically predict that the IT industry may end up in China.

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Now, how do you address that issue, understanding we are in agreement,

all of us are, the need to do a heck of a lot better job in education,

high school education, math, science, but isn't there still going to be

a lure, unless we get a handle on it, that companies are going to be running to China and India for qualified workers who are often paid a

fraction of the wages they are in the United States?

Nothing on H-1B, and unfortunately, he also bought into Gates' education claims.

The press quoted Senator Brown as saying:

Senator Sherrod Brown, an Ohio Democrat, said he heard different stories

from industries and workers during forums on the economy in his state last

month. "Time and time again, local businesses told me that they just could not find the engineers or the computer scientists they needed to run their businesses," he said. "At the same time, skilled workers in my state are watching their jobs move overseas, not because foreign workers are more qualified, but because U.S. companies can get away with paying poverty wages to workers in other countries."

What Brown is avoiding saying is that those firms are also hiring H-1Bs in Ohio instead of hiring Ohioans who are U.S. citizens and permanent residents.

I'm told that the reason Brown won't tackle H-1B is that he is afraid of offending his Indian-American constituents. I believe that this is indeed his motivation. For example, in his testimony, he refers to H-1B as "H1," the term Indians use for the visa, so it is clear who Brown is talking to. Brown was one of the founders of the India Caucus when he was in the House. But he is wrong in assuming that most Indian-Americans support H-1B. Many more have been harmed by it than helped.

By the way, Brown's remarks, quote by Grant Gross of the IDG News Service, do not appear in the written transcript, nor are they in the video, also on the Microsoft site. (There is a video on the Senate site, http://help.senate.gov/Hearings/2007_03_07/2007_03_07.html, but I had technical troubles with it.) This raises the possibility that Microsoft censored the transcript and the video, but I really doubt that this happened. It may be that Brown submitted written testimony to the hearing, which I seem to recall Kennedy doing.

All in all, it was quite a dismal scene.

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