



*Carlini's Comments, MidwestBusiness.com's oldest column, runs every Wednesday. Its mission is to offer the common man's view on business and technology issues while questioning the leadership and visions of "pseudo" experts.*

CHICAGO – Writing about the H-1B program's abuse brought a deluge of feedback agreeing with [last week's column](#). It also brought a tiny amount of people claiming we need to expand the program.

The three people who are for expanding the H-1B visa program are those who want cheap labor and don't see the abuse. One wrote:

I agree with your assessment of the need to promote and encourage a total overhaul of education in this county. We also need to hand each foreign-born master's graduate in science and engineering a fast-track citizenship application along with their diploma from our universities. Get them to stay and become our productive, skilled workers.

Unfortunately, many H-1Bs are not whiz kids with sterling credentials who proponents like to paint as the "typical H-1B". Many are just average-skilled H-1Bs being used in questionable and mundane capacities just to reduce payroll.

In addition to the e-mails and feedback on the article [mirrored](#) by Wisconsin Technology News, someone with a doctorate called me up from Wisconsin saying he has read my columns for a while and he's glad someone is telling the truth about these issues.

### **'There is Iron in Your Words'**

That famous quote ("there is iron in your words") in "The Outlaw Josey Wales" movie from 1976 is a very powerful statement. To have someone say I'm one of the few writing the truth about H-1B visas (they need to be reined in and not expanded), gigabit broadband connectivity needed for global competitiveness and the bloated pay of school superintendents is a huge compliment.

As Ten Bears went on to say: "It's sad that governments are chiefed by the double tongues." Ten Bears never knew about lobbyists. My observation on H-1Bs is not unique. Many share my observation that this program is flawed and is being abused. One multi-credentialed (including a University of Chicago M.B.A.) reader from Colorado wrote:

You omitted one key item. We need to end corporate welfare (tax incentives, subsidies, etc.) and even put strings on federal loans and research grants. [We need to] tie them to companies that aren't exporting jobs but rather are creating jobs domestically (and for American citizens).

Other than that, I think your [column] is right on target. It is interesting how the (presidential) candidates have proven silent on this issue. Maybe they don't want to offend people [who] are already in the process of importing their own relatives into the welfare state.

### **Typical Feedback on H-1Bs**

While many people wrote comments, this one seems to capture a good picture of reality rather than just arguing concepts like keeping America competitive. This is from a working professional who is also enrolled in Northwestern University's Kellogg Graduate School of Management:

I just want to say I've read your [column] tonight on the abuses of the H-1B program and have never seen a more accurate depiction of the situation. I can't believe the mainstream media [don't] pick up on the issues you outline so concisely.

I am [three-fourths] through the TMP program (the part-time M.B.A. program) at Kellogg. I used to work for PeopleSoft [and] now I contract to "X" (to keep this person's identity safe) in Chicago. Over the past five years, I've regularly found myself on floors of IT professionals where I was one of 40 bodies with U.S. citizenship.

ABN AMRO (one of my clients) subcontracts with Infosys, which now is using the L-1 program as a means to land more headcount on shore (only these intra-corporation visa holders have no bargaining power at all).

They're forced to work weekends and through the nights and their visa status does not let them look for other work outside Infosys (unlike the coveted H-1B designation). Again, a similar situation is seen on my current contract where Hexaware Technologies uses similar practices with the L-1 program to contract IT work to the "X" (again, keeping the identity safe).

One of those colleagues described the situation best by stating: "We're nothing more than your modern-day slaves." I was sad to hear that, but he was right. No one should have to work like that for \$40,000 [while] living three to a one-bedroom apartment in Presidential Towers.

I've recently filed a complaint on the former scenario to the U.S. Department of Labor after having written to [Illinois] Sen. Dick Durbin's office for guidance. The input from the U.S. Department of Labor was simply that I needed HR or payroll records from Hexaware to prove my claim. The gentleman [who] contacted me made light of the issue [and] said there was nothing he could do about it.

As I go through the program (particularly the economics courses), it saddens me to think where we're headed as a nation. As the marginal costs of U.S. education increase at four times the rate of inflation, higher learning slips out of reach for most of us [who] have worked for access to the middle class.

After \$150,000 invested in education for myself, I have to place my equilibrium price point above that of the imported competition. The net effective is a reduction in incentive for citizens to further their educations when the benefits of receiving our degrees are erased so Wall Street can be placated with higher margins.

I think the only way we're going to see anything change is when the lawyers start seeing their industries infiltrated. When companies like LegalZoom start commoditizing the attorney's livelihood, we'll start to see some red tape go down to help us all out. Until then, we're all scrapping for the opportunity to work and being a citizen no longer gets us a priority claim.

He makes a good point. I also have firsthand knowledge of other H-1Bs living in the same crowded conditions at Presidential Towers in Chicago. The government worker "making light of this situation" should be thrown out on the street.

### **Remember Those Airline Magazine Degrees?**

What good is paying for premium education here if companies are just looking for the cheapest cost? Some executives evidently haven't heard that you get what you pay for. Some companies that have used H-1B workers would have been better off just getting rid of their overpriced, poor-performing executive management. Their leadership has been abysmal.

Another work force issue that was brought up by the doctorate person in Wisconsin was that many are

getting fly-by-night degrees in order to beef up their credentials. Remember flying and reading that you could get your master's or even a doctorate if you just sent away your experience "and a check" to the "university" listed in the back ads of the airline's magazines?

It seems those programs have been replaced with many online academies that basically offer the same thing. While I used to say that no one in HR would be dumb enough to give the same worth to an online degree versus a traditionally earned degree, I have been corrected. Many HR departments don't seem to assess credentials properly.

This is also going on in education as people get themselves an Internet master's degree and then proclaim they're now in a different pay lane and should be getting a \$20,000 raise. As a taxpayer, I find that revolting. Any feedback on this? While many will agree, I'm sure those anointed with a online master's and doctorate degrees will send me arguments why their degree is as good as one from a real school.

Until we get a real grasp on our problems and take a sledgehammer to break all the politically correctness and obtuse rationality supporting them, we will continue to slide further into the declining vortex of mediocrity that doesn't help our economy.

**Carlinism:** If there really is a shortage of critically skilled people, salaries would be skyrocketing instead of plummeting.

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H-1B Visa  
Program  
is  
Broken:  
Which  
Candidate  
Will Fix  
It?

2/20/2008



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CHICAGO – An H-1B visa is given to temporarily fill a job. What happens when that job is through? Over the years, I have written several columns about the overuse of H-1Bs and the false premise that there is a shortage of skilled technology workers in the United States.

Those who bleat that the U.S. will not keep up with the global competition unless we get more critically skilled workers are more concerned about making sure they get a bigger bonus by cutting labor costs. If there was a real shortage, salaries would skyrocket and not fall down as they have done over the last several years.

In our economy, the real issue is the correlation of people losing good-paying jobs and how it all interrelates to the housing market, foreclosures and the 20-year low in buying new cars. The "typical IT worker" who has been displaced by an H-1B worker is now at a much lower pay scale and his or her buying power has been acutely reduced.

The other observation is that this rush to hire H-1Bs has effected more than the IT industry. Some companies (like United Airlines) have used the H-1B program to fill jobs ranging from financial analysts and counter help to directors of fuel supply. These don't sound like jobs where there is a shortage of U.S. citizens or critical skills to fill them.

## **Economy Has Been Stagnated**

This is a real problem that has been growing for at least the last six years in the general economy. I have addressed job erosion in Illinois, which has affected foreclosures as well as new car sales and state tax revenues. Illinois, by the way, has more than a \$1 billion shortfall.

The great "cost savings" that companies realized in hiring cheap labor has been figured into their profits across the last couple years. If you notice, some of the same companies have now shown poor growth and lagging profits. Hiring cheap labor was "last year's solution" for many and they can't make great cost reductions on the salary side any more.

In other words, the easy ways to look more profitable on paper than what you actually are have been exhausted.

Some CEOs are now faced with being creative and looking for new markets rather than implementing yearly cost cutting in order to justify an overly generous bonus that's not earned. Cutting costs is a tactical function that can be accomplished by an analyst or a sharp clerk. It's not a strategic initiative for which a CEO should be given a multimillion-dollar bonus.

Some high-tech companies are being looked at very differently by their once-loyal employees. At IBM, some are looking at a [union](#) as are others in multi-national companies.

Plainly stated, many IT software engineers and analysts who were being paid \$80,000 to \$100,000 in the early 2000s have now taken jobs for significantly less. Those who are still working in the industry may have been bounced from an employee status to a contractor status where benefits and pensions aren't part of the compensation equation.

Flushing out employees who are eligible for benefits and pensions and hiring them back as consultants and part-time contractors for a flat hourly rate has been the strategy of many companies. I refer to that as the "Wal-Martization of the industry".

These people aren't looking at new cars or new houses. They're not buying a lot of high-tech things and

for the most part have taken a downgraded lifestyle. The amount of money they used to spend on landscaping, house additions, vacations and other expenditures has dried up. Other industries and jobs have now been affected and more and more small business owners see a decline in their business and then their lifestyle.

Everyone is talking about sluggish growth at their companies because they can't slash any more to create the appearance of growth. The result is that the overall economy is stagnating and the buying power of the consumer has diminished. The great decisions of hiring a lot of H-1Bs are backfiring in the economy as money is being siphoned out of the U.S. economy and sent back to countries of origin where the H-1Bs came from (this is good for their economy but bad for ours).

There is very little or no recirculation of salaries into other segments of the U.S. economy. You don't have to be a Nobel Prize winner in economics to figure out the impacts of that lack of circulation. If you're a non-IT person, business owner or someone in a totally different industry, you're now feeling the impacts that have cascaded over the last couple years from a couple high-tech industries into yours.

Want to sell that car? How many thousands do you want to knock off from the sticker price? The bargaining goes on and on while cars sit on lots. Dentists are another group affected as more and more people are losing dental benefits. Many already see more and more not coming in for regular checkups as they aren't being picked up any more by dental plans that have been eliminated.

## What Needs to Be Done

Can this downward trend be reversed? That's what many are looking for in this presidential election. As we look at both parties, their candidates and their campaign rhetoric of hope and change, there is a lot of talk about magically creating good jobs for people but little substance on how that's going to be accomplished.

Who talks about fixing the negative impact that the H-1B visa program has made on the economy of this country? The Republicans? Jay Leno had an [interesting observation](#) on that.

Hillary Clinton is for expanding the H-1B visa program. She says she's willing to sacrifice more jobs and the well-being of families. It's funny how the unions haven't [picked up on this](#). Barack Obama hasn't really addressed H-1Bs and John McCain isn't seeing it as a problem. Here is what needs to be done:

1. We need to curb cheap labor coming into this country. The reality is that the vast majority of these people aren't wizards and only have basic skills that have been overrated or overhyped as critical for global competitiveness. The lack of managing this program correctly has added to the amount of illegal aliens in this country.
2. Make higher education cheaper and hold universities to educating the work force here. Instead of investing in foreign ventures that may be good as a secondary or tertiary strategy, their primary strategy should be to create a competitive work force here (from which they get their endowments, alumni gifts and state and federal funding).

Those who don't comply get their funding cut off. Some alumni who blindly give to their alma mater should look into where the schools are focusing their efforts.

3. Create a more cohesive working relationship between state, school and business groups to tackle the problems that are in our states (so all don't wind up like Michigan). The [video](#) in an earlier column made by veteran TV reporter Vince Wade shows the problems in Michigan.
4. Encourage global competition and a sense of urgency to educate the work force by tightening up on curricula in higher education and public schools. Focus on programs that yield a crop of good graduates in areas that industries claim there's a shortage in instead of cutting out programs that could have helped these areas.
5. States should also focus on creating jobs programs that take highly skilled people and transfer them into appropriate-level jobs instead of aiming low-level jobs programs for limited-skilled workers to those who have degrees, certificates and critical experience.

Taking someone with a master's degree in computer science and offering them a menial job opportunity at the local Home Depot isn't solving the problem or adding to the economy. There is a lot of talent sitting on the sidelines and unemployment figures don't reflect this. Underemployment is skyrocketing while the politicians and business media point to "good numbers" in unemployment statistics.

While all the presidential candidates talk about developing new jobs, none seem to talk about specifics or fixing the H-1B issue. In listening to all of them, the best quote to keep in mind is Harold Geneen's (the former chairman of ITT):

Words are words,  
Explanations are explanations,  
Promises are promises, but  
Only performance is reality.

**Carlinism:** If there's a shortage of IT people, wages should be through the roof and not in the cellar.

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*See James Carlini interviewed by the Strassman Report out of California.  
The [30-minute video](#) discusses the need for planning gigabit network  
infrastructure today in order to be globally competitive tomorrow.*

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**Check out Carlini's blog at [CarlinisComments.com](http://CarlinisComments.com).**

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