

# Maine Voices: When high-tech corporations take the low road to cheaper labor

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By Jonette Christian

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HOLDEN — Last year, the Walt Disney Corp. fired 250 tech workers and required them to train their foreign replacements.

Southern California Edison did the same to 500 IT workers, saving \$20 million annually by paying their replacements barely half of what the fired employees earned. Fired Americans have also trained their foreign replacements at Toys R Us, New York Life, Harley-Davidson, Cargill, Pfizer, Northeast Utilities and others.

## ABOUT THE AUTHOR

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Training your foreign replacement is euphemistically called “knowledge transfer.” And when it’s complete, companies often offshore the entire division overseas.

U.S. Sen. Orrin Hatch, R-Utah, has introduced the “I-Squared” bill, which would more than triple the number of foreign worker visas that allowed these companies to displace Americans and outsource their jobs. Maine independent Sen. Angus King is co-sponsoring this legislation. We hope he reconsiders his priorities.

It’s all legal. Foreign guest workers are hired through multiple visa programs. The H-1B program, used at Disney, enables employers to import up to 85,000 foreign workers every year if high-skilled Americans cannot be found. By bringing in the “best and the brightest” to do “the jobs Americans can’t do,” the argument goes, we’ll ensure the vitality of our tech sector, creating good jobs for all.

But these programs were never intended to allow corporations to displace Americans in mass firings, and then outsource technology divisions. Obviously, there’s a gap between reality and political narrative.

The H-1B workers at Disney weren’t filling unfillable positions – the positions were already filled. And the replacements weren’t “the best and the brightest” – they had to be trained by the Americans they replaced. And they certainly weren’t job creators if they replace existing workers.

One fired Disney worker provided The New York Times with his annual performance rating: His supervisor described his “outstanding” performance, saving the company thousands of dollars. His resume listed top-level skill certification and command of seven operating systems and 15 program languages. Americans can do math!

Even worse is the L-1, which allows multinational companies to transfer workers from overseas, and Optional Practical Training, for recent foreign graduates. These programs have no wage floor, no cap on numbers, no recruitment or displacement requirements and virtually no federal oversight.

Electronics for Imaging, a publicly traded Silicon Valley company with over a half-billion dollars in revenues, was paying its foreign workers \$1.21 an hour to install computers, when the prevailing rate in Silicon Valley was \$19 to \$45 per hour.

The workers were imported on the L-1 visa. Since there’s no wage requirement in the L-1 program, the company had had violated minimum-wage laws, not foreign-worker laws.

Of the 10 biggest employers of H-1B workers, nine are foreign outsourcing companies, and they aren’t creating jobs for Americans. Silicon Valley giants constantly demand that Congress raise the cap. And Democrats are no more sympathetic than Republicans.

When last year’s “comprehensive immigration reform” fizzled, massively expanding foreign worker visas, President Obama, by executive action, quietly issued work permits to the spouses of foreign workers, thereby expanding the cap without consulting Congress.

Mark Zuckerberg, et al., may be clamoring for more imported workers, feeding the press bogus “labor shortage” stories, but does the labor market really need the Hatch-King proposal? As reported in The Atlantic, a compelling body of research by the National Bureau of Economic Research, the Rand Corp. and the Urban Institute finds no evidence of widespread labor shortages in science and engineering occupations.

Only half of U.S. technology graduates find a technology-related job, while two-thirds of newly created science, technology, engineering and math jobs are filled by low-skilled foreign guest workers. According to the Government Accountability Office, over half of H1-B workers are paid entry-level wages – hardly what one would expect if they were truly exceptional.

Not surprisingly, studies by the liberal Economic Policy Institute and others document that H-1B workers have only average skills and that hiring H1-B workers drives down the wages of other workers and has minimal, if any, effect on job creation or innovation.

Our foreign worker programs need a radical overhaul, not a massive increase. And the political narrative in Washington promoting these programs needs a reality blast. Priorities should change. One reform is obvious: Require employers to pay their foreign workers higher salaries than Americans. If they’re uniquely brilliant, they deserve the higher wage.

