

Work visas are allowing Washington to sidestep immigration reform.

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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."

The H-1B visa was established in 1990 to permit foreigners with a college degree or higher to work in the United States for a renewable three-year term for employers who petition on their behalf. In 1998, the program was expanded to allow 115,000 workers, up from 65,000, to enter the United States in fiscal years 1999 and 2000. Demand for H-1B visas by employers is high, particularly among high-technology companies. This year the limit was reached just six months into the year. President Clinton and many members of Congress would like to increase the limit to 200,000 a year the next three years.

The expansion of temporary work visas should be evaluated in the context of overall immigration policy. But immigration reform, replacing Social Security, has become the new third rail of American politics. So instead of tackling the issue head on, Washington has come to rely on temporary work visas as a substitute for addressing the economic and social shortcomings of current policy.

The United States is in the midst of the "Second Great Migration." The first occurred between 1880 and 1924, when 26 million immigrants arrived on our shores. The second began in the late 1970's: more immigrants have come to the United States since 1980 than in the previous 60 years.

Workers admitted under the H-1B program are not immigrants, but experts in the field expect that most of them will end up staying permanently in the United States.

In addition to workers with H-1B visas, hundreds of thousands of other foreigners are admitted to work temporarily in the United States under visa categories covering intracompany transfers, individuals with extraordinary ability, registered nurses and nonprofit religious organizations. A fast-growing category is the Nafta TN visa, which offers an unlimited number of temporary visas for professional workers from Canada and soon Mexico.

In a new book, "Heaven's Door," George Borjas, a Harvard economist, proposes that the United States adopt a Canadian-style point system, in which applicants for visas are assigned points on the basis of characteristics like their ability to speak English, work-force skills, family ties, refugee status and ethnic diversity. Those whose total points exceed a certain threshold would be admitted. Going even further, Professor Borjas favors setting the threshold so that the number of immigrants entering the United States falls from about 900,000 to about 500,000 a year. The total number can be debated. If nothing else, this policy would be transparent.

Who should become an American? The question is profound, involving more than economics alone. But economic considerations obviously play a role.

Theoretically, the economics of immigration is straightforward. If more workers are admitted to the country -- as permanent immigrants or temporary workers -- the earnings of native American workers competing with them for jobs should fall. At the same time, the price of goods and services they produce should decline, and the profits of

businesses should rise.

The winners are employers, consumers and the immigrants themselves. The losers are workers in the same job market as immigrants.

Economic research has not been able to estimate with any confidence the wage decline for native workers that results from immigration. Much solid research finds no effect. This suggests to me that any effect is likely to be small.

Professor Borjas's evidence indicates that the skills of legal and illegal immigrants have slipped relative to those of natives since the 1970's. A third of employed male immigrants are high school dropouts. At the same time, the labor market increasingly demands more high-skilled workers, as suggested by the long-term rise in the number of workers with college degrees and their sharply increased pay compared with that of those with high school degrees. Therefore, it would be economically beneficial to admit relatively more highly skilled permanent immigrants -- not to mention that skilled immigrants are less likely to take advantage of the safety net.

If immigration reform is off the table, it makes economic sense to increase the number of skilled immigrants by issuing H-1B visas -- through what might be called heaven's backdoor. Yet economic principles also suggest that the playing field between H-1B workers and the rest of the work force should be leveled.

American workers are protected from exploitation on the job by three defenses: exit, voice and regulation. Exit entails the ability to move to a better job if one is available; voice results from representation by labor unions and other organizations; and regulation is a labyrinth of standards enforced by government agencies.

These protections are deficient for H-1B workers.

They cannot easily switch jobs because they must find another employer willing to petition the Immigration and Naturalization Service on their behalf. Even if they manage to do that, they must wait months for a reply. H-1B workers are also unusually beholden to their employers, the ones who can sponsor them for permanent immigrant status.

They lack voice because no organization effectively represents them.

And they have less regulatory protection than other workers because the Labor Department is precluded from investigating their conditions of employment unless a complaint is filed.

Evidence suggests H-1B visa holders suffer as a consequence. Even though 70 percent of them are in well-paid computer-related and engineering fields, a 1996 report by the Labor Department's inspector general found that 19 percent of H-1B workers are paid less than the salary they were promised.

Legislation to increase the number of H-1B visas should provide protection from exploitation. This also would help native workers and improve economic efficiency.

What could be done? Permit H-1B workers to change jobs freely after they are admitted to the country. Authorize the Labor Department to conduct random investigations of their employment conditions. Finally, require the immigration service to process applications for permanent, employment-based immigration more quickly, which would reduce the need for H-1B visas in the first place.