

The Curious Case of Vanishing U.S. Jobs

BUSINESS COMMENTARY

JOB'S CONTINUED FROM A1

The H-1B visa is capped at 65,000 jobs annually, which is less than 1 percent of the total July 2011 U.S. unemployment numbers of 13.9 million people, but it adds up year after year. Also, the foreign worker may stay in the United States six years, and may even be eligible for a permanent residency and U.S. citizenship down the road. Then the individual brings in brothers, sisters, and families that can take jobs from qualified Americans.

"Loopholes in these programs have made it too easy to bring in cheaper foreign workers with ordinary skills, who directly substitute for, rather than complement, workers already in America. They are clearly displacing American workers and denying them both current and future opportunities," testified Ronil Hira, professor at Rochester Institute of Technology, before a U.S. Senate subcommittee hearing in July.

Proponents of the H-1B visa saga roll out a slew of reasons why U.S. foreign workers programs should be kept alive, while opponents address the program's problems that become more prominent during hard economic times.

The 2011 GAO report suggested that lax oversight and statutory changes are undermining the original intent and value of the foreign guest worker program. Besides, it has become easy to perpetrate fraud.

"A recent Department of Homeland Security study reported that 21 percent of the H-1B petitions they examined involved fraud or technical violations," said the GAO report.

Over the past years, the programs have been watered down significantly and it gives an unintended competitive advantage to companies that outsource well-paying and high-tech jobs

to foreign shores.

"For at least the past five years the employers receiving the most H-1B and L-1 visas are using them to offshore tens of thousands of high-wage, high-skilled American jobs," testified Hira.

Scrutinizing Numbers

"The top three India-based offshore outsourcing firms, Tata Consultancy Services, Infosys Ltd., and Wipro Ltd., added a stunning 57,000 net new employees last year alone [2010]," said Hira.

The outsourcing industry increases its workforce by the thousands year after year with American workers being on the losing end most of the time.

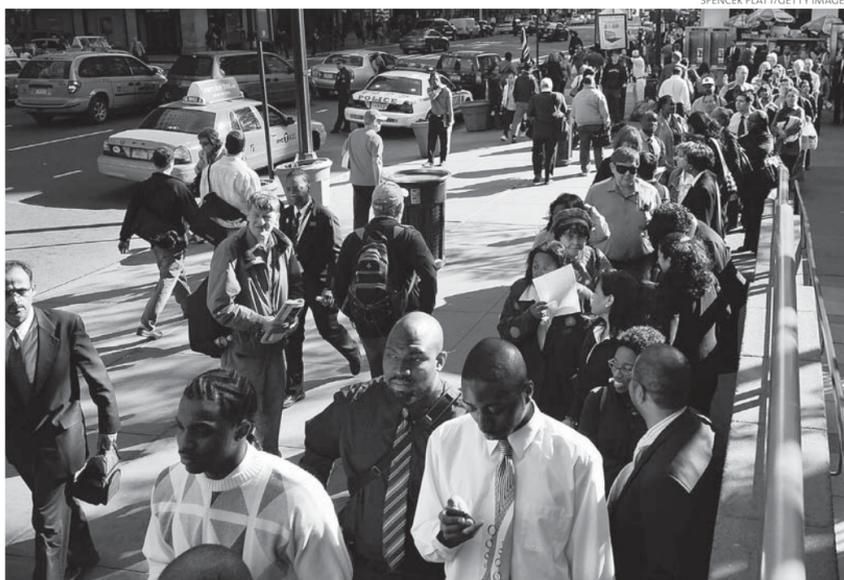
Infosys Ltd. brought into the United States 10,002 workers on the H-1B and L-1 visa between 2007 and 2009. Wipro Ltd. used the H-1B and L-1 visa for 7,878 of its workforce.

"The H-1B and L-1 visa programs do not require any labor market test. ... Employers are not required to show that qualified American workers are unavailable. ... Employers can and do bypass American workers when recruiting for open positions and even replace outright existing American workers with H-1B or L-1 guest workers," testified Hira.

America's Icon Using J-1 Visa

"The J-1 Exchange Visitor Program is now the largest U.S. guest worker program in terms of annual admissions. Of the 350,000 exchange visitors and their spouses and dependents that entered the country in 2010, nearly 300,000 were employed in full- or part-time jobs during their stay," said a mid-2011 report by the Economic Policy Institute (EPI).

EPI suggests that summer jobs in the recreation and entertainment industry that should traditionally be reserved for America's



VANISHING JOBS? Hundreds of people looking for employment wait in line outside at an AARP job fair in New York in this file photo. The unemployment rate in the United States still hovers around 9.1 percent, yet the U.S. federal government still allows companies to bring in foreign workers under its foreign worker programs with the excuse that local talent is not available.

youth or those out of a job during hard economic times go to individuals from China, Russia, Brazil, India, and other countries.

Companies don't have to advertise the availability of such jobs, even if there are many unemployed American workers in the particular area, and thus legality cannot be questioned.

"U.S. workers that are displaced by J-1 workers have no protections or enforcement tools under the State Department regulations," according to the EPI report.

Even icons, such as the Hershey Company, are keeping American students from landing a summer job by bringing foreign students into the country for several months to learn English. The program Hershey has used is the J-1 visa program, which allows foreigners to come to the United States to fill seasonal tourism jobs at resorts and seaside towns.

Awareness of the J-1 cultural exchange visa program, which was largely hidden though the years, came to light after around 400 students, hired by Exel Inc., which runs the Hershey warehouse in Palmyra, demonstrated poor working conditions.

"The State Department's J-1 Exchange Visitor Program allows for and facilitates the abuses the students face. ... The J-1 has been hijacked by employers and turned into a program that provides cheap, exploitable labor," according to a recent EPI article.

The EPI report accuses the State Department, which has complete oversight of the guest worker program, of not overseeing the program and neglecting to root out abuse.

"It is not clear that this guest worker diplomacy benefits anyone other than certain U.S. employers and sponsor organizations. If the

Exchange Visitor Program is to continue, the State Department should provide evidence demonstrating how the country benefits culturally and educationally from having 300,000 workers enter the country each year to take jobs that young Americans desperately need," said the EPI report.

Pink Slips for America's Teachers

In researching the J-1 visa program, it appears to be a multiuse program, as it also brings teachers into the country at a time when many teachers are losing their jobs. Just to name a few instances: In 2011, New York City gave the pink slip to thousands of its teachers; the Los Angeles school district laid off 4,500 teachers; and the Milwaukee school system will have laid off more than 300 teachers before the beginning of the new school year.

"The Cordell Hull Foundation (CHF) is currently accepting applications from public, private, and charter schools to join our teacher exchange program, allowing CHF to sponsor foreign teachers to work for one to three years in U.S. K-12 schools," said an article on the J1VisaTeachExc website.

What is little known to the average U.S. citizen is that the Chinese regime, through its so-called Confucius Institute, under a program called "Han Ban," offers teachers to schools throughout the United States, and even pays salaries, living expenses, and round-trip transportation.

The Chinese offer is a way to make it easier to get rid of American teachers, make place for someone from a foreign country under the J-1 Visa, and as an added bonus, brainwash American youngsters.

Although the intent of the Confucius Institute appears to be benign, teaching about Chinese culture, the true objective is "to suppress criticism of China and to shape what is taught on campus through the usual tactics of bribery and intimidation," according to an article on the Michael Turton blog.

The Confucius Institute is running into unforeseen problems with its major push to get itself integrated into schools worldwide.

The University of Pennsylvania decided not to host a Confucius Institute (CI) and India refused to have these institutes gain a foothold, according to an article on the Topix website. But neither addressed the J-1 visa program used to bring CI teachers to the United States.

"The best schools have refused to accept the CI due to similar concerns of decline of educational standards and educational freedom. Some of the best schools in the USA such as Harvard, Stanford, Yale, Princeton, Columbia, UPenn, and many other top-tier schools have refused CI programs," according to an article on China Censorship Watch.

Goldman Adjusts Bankers' Pay

BY CAROLINE DOBSON
EPOCH TIMES STAFF

Goldman Sachs Group Inc. may be looking to adjust employee salaries and bonuses, according to reports, as the investment bank's shares have fallen by more than 30 percent since Jan. 1.

Goldman, the most profitable Wall Street bank, will be cutting bonus payments for some bankers, according to recent reports. Traditionally, more than half of a banker's total compensation is in the form of bonuses, but that may change going forward due to the recent public scrutiny over bank bonuses.

According to an anonymous source in a Bloomberg report, of around 6,500 people who

work for the bank in London, less than half of those employees received a base-pay increase and smaller bonuses. The global financial crisis in 2008 put the spotlight on corporate bonuses, and the fifth-biggest U.S. bank by assets devised a new pay package so that the bankers would still be compensated without backlash from the government and its own staff.

Therefore, the U.K.-based bankers received 50-100 percent hikes to their base salaries while their bonuses dropped, with the average employee total compensation in 2010 at \$430,000. The total amount of pay including bonuses was around \$15.3 billion, according to the Guardian.

The company's chairman and Chief Executive Officer

Lloyd C. Blankfein voiced his sentiment against raising base salaries on Wall Street in a June 16, 2010, interview with staff of the Financial Crisis Inquiry Commission. He argued that compensation should be based on performance instead.

"Salary is another form of guarantee, so we would like low salaries and high contingent comp," Blankfein, 56, said in the June 2010 interview, referring to compensation that's contingent on performance. "We think the world is going in a poor direction. We think having high fixed salaries for people, or guarantees for people and lower contingent comp actually is worse behavior."

In the meantime, Blankfein himself received a pay raise recently that increased his sal-

ary from \$600,000 to \$2 million. In a June 2010 interview he expressed his opposition to London's Financial Services Authority cap on how much of employees' total compensation could be paid in terms of a bonus.

"If we could do it, we would have their bonus[es] be 100 percent of their comp. ... And so we do something different in London than we do here, but we do it there," said the Goldman Sachs boss.

The volatility in the global financial markets, along with the controversy surrounding pay packages, has put increasing pressure on the industry. In July, Goldman announced that it would trim its work force by 1,000 this year, and said that last quarter's topline revenues dropped by 53 percent from a year ago.



STABILIZING? A "For Sale" sign stands in front of a house in Chicago, Illinois in this file photo. According to the Standard & Poor's Case-Shiller Home Price Index housing prices rose from May to June by 1.1 percent this year, unadjusted for seasonality, which may be a sign that home prices are stabilizing.

Consumers, Businesses Rethinking Need for Insurance

BY FRANKLIN YU
EPOCH TIMES STAFF

NEW YORK—After a bout of natural disasters in the span of a week, business owners and consumers in the Northeast are rethinking their need to insure against nature's vagaries.

The Northeast isn't traditionally a hotbed for earthquake activity (such as California), nor does it frequently suffer devastating tropical storms (think Florida, Louisiana, and Texas), but Aug. 23's magnitude 5.8 earthquake and Hurricane Irene over the weekend of Aug. 27-28 have rekindled the interest in insurance coverage in the region.

Many business owners in the area have cut back on their insurance expenditures, especially after the 2008 recession. After the disasters, however, they are

rethinking their need for insurance.

Nationwide Insurance has already received phone calls regarding damages caused by the storm.

"Many of the initial claims we have received were caused by strong wind and excessive rain," Nationwide Director of Catastrophe Claims Ken Enscoe said. "Claims may also involve water or sewage backup in basements. If the waste system becomes blocked, overflow can be forced back through toilets and floor drains in the low points of your home."

Standard business insurance typically covers tornadoes, wind, rain, and other common natural phenomenon. Earthquake insurance must be purchased separately. For hurricanes, while standard business insurance does cover damages incurred by the



AFTERMATH: A local wine shop owner, Jeff Botta, fixes his shop's sign, Botta Di Vino, in the Brooklyn borough of New York City, Aug. 28. In the aftermath of Hurricane Irene, business owners may be rethinking the need for insurance.

hurricane itself, it does not cover losses due to floodwater, which is a separate insurance business owners must consider.

According to InsuranceQuotes.com, an insurance research company, "Most Americans must buy flood insurance through the federally backed National Flood Insurance Program. Few private companies sell flood insurance." The flood insurance sold by most

insurance brokers is the national program, and it is the federal government that reimburses insured clients.

Among the cities in the path of Hurricane Irene, Newark, N.J., ranks last in preparedness when it comes to having flood insurance, according to data from InsuranceQuotes.com. The No. 2 least-prepared city is Boston, Mass.

Residential Home Prices Show Signs of Stabilizing

BY FRANKLIN YU
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NEW YORK—The residential real estate market may be showing signs of stabilizing, as the latest S&P/Case Shiller index of home prices rose in June.

The latest report from the Standard & Poor's Index, which is a leading home price indicator tracking the top 20 U.S. metropolitan areas, showed that housing prices rose from May to June by 1.1 percent this year, unadjusted for seasonality.

Nineteen out of the twenty areas covered by S&P were showing higher real estate prices in June than May, with Portland, Ore., the only area that remained flat.

"This month's report showed mixed signals for recovery in home prices. No cities made new lows in June 2011, and the majority of cities are seeing improved annual rates," said David M. Blitzer, chairman of the index committee for S&P in a statement.

While the report was positive, summer is generally a good month historically for home prices, as demand is typically higher. Compared with last June, June 2011 is 4.5 percent lower, signaling that the real estate market is actually less robust than last year.

"Most people think that when the downturn ends the recovery will be pretty good, but that's not going to be the case at all," analyst Paul Dales of Capital Economics Ltd. said in a Bloomberg report.

Analysts believe that the real estate market is expected to remain flat at best going forward, especially since the unemployment rate remains high nationally, and consumer confidence is slipping.

The Conference Board released its consumer confidence gauge for August 2011 on Aug. 30 and its reading dropped to 44.5, the lowest figure since early 2009. The drop is mainly due to negative sentiment on jobs and business prospects.