

Unlikely Sources Confirm Wage Suppression in the H-1B Program

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Two entities devoted to expanding the H-1B foreign worker program have (unwittingly, I am sure) just documented the fact that the program artificially suppresses wage levels — which in turn denies jobs to American workers and fattens corporate profits.

The players are the libertarian Cato Institute, here in the States, and the press in India.

As background, one would assume that in the U.S. labor market, all else being equal, workers with less experience, those who are younger, and those who are female would get wages that are substantially lower than a population that is a few years older, has more work experience, and is male.

Let's explore each of these factors, one at a time.

- Women, generally, make about 19 percent less than men;
- People aged 30 make 15 percent less than those aged 35 (with similar gaps for other five-year intervals);
- Those with a few years less experience in the job market make less than those with a few years more — I could not find data on this point but let us guesstimate 5 percent less.

So, if you take all three factors into consideration (by multiplying 81 percent by 85 percent by 95 percent), the younger, less experienced, and female labor force would be expected to get something like 65 percent of the wages received by the other group of workers.

What we are describing above are two different labor forces with about the same education, roughly the same ability with the English language, and (though it should not make any difference) comparable skin colors and religious tendencies.

The younger, primarily female population is of H-4 nonimmigrant workers, essentially spouses of H-1B workers (it consists mostly of women from Southern India). Cato says that 91.81 percent of H-4s, according to the Department of Homeland Security, are from India. Another 6 percent or so are from China.

The older, primarily male population is that of their H-1B spouses, mostly slightly older males from southern India.

The women are said to have about as much education as the men, but earlier in their years as H-4s they did not work; the Obama administration made it possible for some of them to work in H-4 status, but many lost five or more years of work before they could get work permits.

So, given all the above, we might expect that the H-4s would be getting about two-thirds of the wages of their H-1B spouses, right?

Wrong! Their wage levels, according to a Cato blog post from earlier this year (and reported last week in the Times of India) were 98.8 percent those of their spouses!

More exactly, H-1Bs in 2019 were earning \$113,022 and their spouses were getting \$111,632, according to Cato. If, on average, there is a \$1,500 differential in favor of the men, there must be many households where the reverse is true, an uncomfortable position for some tradition-bound males.

As neither Cato nor the Times of India explains, the near equality of wages is the direct result of the differential legal status of the two work forces. People with H-4 work permits are not concentrated in industrial ghettos, their employers have no sway over their legal presence in the country, and H-4s can move easily from one job to another.

Their rights in the labor market are nearly identical to those of citizens.

Their H-1B spouses, on the other hand, do not have those labor rights, leading to their lower-than-expected earnings. They often work in situations where many if not most of the other workers have the same visa; if they lose their visa by an employer's action they are subject to deportation; and, while they can move to another employer, it must be another H-1B employer. Further, their employers may have filed a green card application for them.

In short, the H-1Bs are near-indentured, and thus their wages are well below those of other workers with similar jobs, as Professor Ron Hira of Howard University has reported, using direct measures of wages rather than the indirect ones shown above.

It is pleasant when the other side makes a case for you, even though that case is hidden to most eyes.