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USA Bars Federal Agencies from Hiring H-1B Visa Holders

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Why in News

Recently, the **President of the USA** has signed an **executive order barring federal agencies from hiring H-1B visa holders** and other foreign workers in place of USA citizens or green card holders.

Key Points

- **H-1B Visas:**

- The H-1B visa is a **non-immigrant visa** that **allows USA companies to employ foreign workers in speciality occupations** that require **theoretical or technical expertise**.
- The **technology companies depend on it** to hire tens of thousands of employees each year from countries like **India and China** to **keep costs in check**.

Such jobs in developed countries **pay minimum wages**, which are not lucrative enough for employable individuals of these countries.

- **Executive Order:**

- The executive order has asked the federal agencies to **stop replacing USA workers and green card holders with H-1B visa holders or other foreign workers.**

A green card holder (**permanent resident**) is someone who has been **granted authorization to live and work** in the USA on a permanent basis.

- The order has also directed all agencies under the federal government to **review the contracts they gave out in the two previous financial years and the performance** of such contracts or subcontracts.

The heads of departments will undertake an **audit and check whether the jobs could have been performed by the USA workers** and whether opportunities for domestic workers were impacted by such hiring.

- The Department of Labour will also **finalise guidelines to prevent H-1B employers from moving H-1B workers to other employers' job sites** to displace American workers.

- The order seems to be an extension of an earlier order in which the **entry of non-immigrant visa workers had been banned until the end of 2020.**

- **Background:**

- The USA government under Trump leadership is moving towards a **more conservative work visa regime** under the **America First policy.**
- It has **alleged Indian and Chinese IT companies of sending workers at very low cost**, which hurt the prospects of skilled workers in the USA.
- The immediate trigger was an announcement by the federally-owned **Tennessee Valley Authority (TVA)** that it would **outsource 20% of its technology jobs** to foreign countries.

This action could result in **loss of jobs for up to 200 highly-skilled American tech workers** in Tennessee and could also lead to possible **leaking of sensitive user data and theft of intellectual property**, detrimental to national security.

- The USA government has held that **outsourcing of jobs should be avoided** as far as possible because it is especially detrimental in the middle of a **pandemic**, which has already cost millions of Americans their jobs.

- **Impact on Indian Workers in the USA:**

- The H-1B visa is the most sought-after among Indian IT professionals.
- Apart from workers hired by federal agencies, the order will also **impact workers of Indian companies that are on contract** with federal agencies.

Bigger federal agencies such as state-run banks give the contract for supply and maintenance of their databases and other services to bigger Indian companies such as Infosys, TCS or Wipro.

- **Impact on the USA:**

- The order comes at a time when there is a **huge shortage of STEM** (Science, Technology, Engineering and Mathematics) **skills in the USA** that workers on short-term non-immigrant visas like **H-1B and L-1 help bridge**.
- Such a measure **could slow down the recovery phase of the USA** as countries start unlocking.

Way Forward

- Suspending the visas and barring federal agencies from hiring H-1B visa holders will only weaken the USA's economy in the long run.
- Immigrants have played a crucial role in making the USA a global leader in cutting edge technology and there is a need for the USA to recognise it and stop taking such drastic steps.
- Politics should not be placed above smart policy and inclusivity and there is a need to strengthen both. The ingenuity of migrant workers should be harnessed to revive an economy in dire straits especially in pandemic struck times like this.

Source: IE