

# The Programmers Guild

An Organization for those in programming and related professions who share our mutual interest.

## Special Post Election Issue – 1st Quarter 2005

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### Politics

#### Election 2004

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#### In Colorado

#### Pete Coors

#### Loses bid for US Senate

*"Pete creates jobs, just not for American workers"*

*Reported by Richard Armstrong*

Pete Coors (R) was running for US Senate in Colorado, he was highly backed by Hire American Citizen's long-term enemy Governor Owens. Pete and I had traded emails last Spring when he asked why his beer was on our boycott list. I sent him his LCA records showing all the H-1Bs he had hired, and offered to help him create an American worker first and American worker retention policy at Coors. He never replied back.

Pete Coors was running as a "Jobs Creator", I contacted the Rocky Mountain News and Denver Post about the fact that there are NO AMERICAN citizens in the IT department at Coors Beer. Coors also did a lot of IT work in India. The Rocky printed this story, and quoted me as saying "Pete creates jobs, just not for American workers". They also summarized the emails Pete and I exchanged.

The Democratic National Committee and other committees against Pete noticed this news story and within 3 days, the TV commercials were blasting Pete for sending jobs overseas and eliminating 900 workers. The commercials were played on every station and during every break from then until yesterday... when Pete lost, and Salazar won!

*See "No Americans in IT Department at Coors"*

**Article on Page 3**

### Fake Job Ads

You're applying to hundreds of job ads, yet surprisingly you get no response even when your resume is a perfect fit. Could it be these Companies have no intention of hiring you? Is the ad a fake?

For some thoughts on this, please see:

#### *Fake Job Ads*

**Article on Page 10**

### H-1B Visa

#### Cap rises to 85,000

**In a Lame Duck Session** Congress raised the H-1B cap to 85,000 foreign workers per year. The US Senate added an amendment into a giant "must pass" Omnibus Appropriations Bill creating a loophole allowing 20,000 more foreign workers into the USA.

This newly created category allows 20,000 foreign workers to be exempt from the current 65,000 cap if they obtained a Masters degree from a US institution. Many American college graduates whom are unable to find jobs upon graduation have gone back to school seeking Masters in Computer Science and other high tech graduate degrees.

*Will American students then find themselves unemployed, now with Masters Degrees and additional student loans?*

This provision means 20,000 MORE American tech workers will be without a job next year. It's a 30% increase over the 65,000 H-1B visas now offered each year, further attacking a struggling U.S. occupational force.

*I am getting a Masters Degree but in another field said one 20-year veteran of the IT industry.*

**Please see page 11**

### Outsourcing

Outsourcing allows for huge savings in manufacturing and service costs, something all companies desire. However, outsourcing will have a very significant effect on the future of America and its workers.

Detroit was the World's manufacturing capital, now it is a city in financial ruins. Will Detroit, with its loss of jobs, be a model for the rest of America? For some thoughts on this see:

#### *Offshoring America's 4<sup>th</sup> Largest City*

**Article on Page 6**

### Tech Salaries Drop 3<sup>rd</sup> year in a row.

Medium incomes of Tech workers drop by 2 percent in 2003 according to a survey of IEEE-USA members. Offshoring, and increased use of guest-worker (H-1B) Visas, health care, and global competition are putting downward pressures on wages said John Steadman, President IEEE-USA

Salaries in the high-tech sector overall are **back to 1997 levels**. Actual base pay and total compensation has declined each year since 2000. During the first 6 month of 2001, salaries dropped 6% (12% annually) for all tech professions. Technical project managers took the biggest 6 month hit 14%.

### 11.2% of Tech Workers were Laid off in 2003

Workers with jobs stayed put, just 8.9% of tech workers willingly left their jobs last year, and 11.2% were laid off says an Aon Consulting survey of 595 of the world's best-known tech firms, including Microsoft, Cisco Systems and Intel. This compares favorably to the 20.3% of workers involuntarily separated (laid off) in 2001, when the tech bubble burst.

*Congress also raised the H-1B Visa annual cap to 195,000 in 2001.*

## Announcements

### Programmers Guild has a new Website

<http://www.programmersguild.org>

### Yahoo Email Groups are Back! – The

PG Yahoo Groups are back due to popular demand. Get in touch with others in the industry. Gain comradeship, share thoughts, opinions, news, ask questions, and organize. When you write to the Yahoo Group everyone receives your email.

See our new website to sign up. Or contact our membership chairwoman Valerie Chau at ( [vchau@4dcomm.com](mailto:vchau@4dcomm.com) )

Choose **Standard Mode** to receive every email.

Or choose the **Digest Mode** to get one summary email per day.

### Programmers Guild New Jersey Chapter's Monthly Meeting (NJ/NY/CT/PA area)

On the 2<sup>nd</sup> Tuesday of each Month from 6:30 to 8:45pm.

Contact: **Jim Davidson** ( [fatdogpa@optonline.net](mailto:fatdogpa@optonline.net) )

Next Meeting: Tuesday, February 8, 2004

At the Morris County Library -Public Meeting Room

30 East Hanover Avenue

Whippany, NJ

973-285-6930 (main circulation desk)

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## Board Members

Richard Armstrong (Parker, CO) - Pres. [HireAmericanCitizens.org](http://HireAmericanCitizens.org)

Kim Berry (Sacramento, CA) – Pres. Programmers Guild

Valerie Chau (San Diego, CA) – Membership Chairman

John Miano (Summit, NJ) – Founder and past President

Terry Oldberg (Santa Clara, CA )

Mark Powell (Westminster, CA) – Newsletter Editor

### Other Officers:

Les Miklosy (Laguna Beach, CA) – Newsletter Coeditor

[//www.programmersguild.org/officers.asp](http://www.programmersguild.org/officers.asp)

## Ask Programmers Guild

*We answer member questions*

*Who voted to raise the H-1B cap to 85,000? Should we find out who voted for it and punish them?*

*-- Henry Lee, Ohio.*

**Almost everyone voted for it.** The US Senate slipped it into a giant must pass appropriations (Spending) bill. Much in the same way, you might hide a lump of coal inside a railroad train.

The Senate also pushed their watered down version of (HR 10) the Homeland Security Bill, stripped of the 911 commission's immigration recommendations. This larger issue, had thousands of people calling their representatives, creating a month long fight lasting until mid December between the House of Representatives and the Senate, diverting the media attention from the H-1B issue.

Unfortunately, for us they drowned out our dozens of calls on the H-1B amendment in the appropriations bill. It passed prior both houses prior to the Thanksgiving holiday. **The Key issue is; Who put the amendment into the appropriations bill?**

**See Article on Page 11** for more information.

*Why does the Programmers Guild mail the newsletter to members when using email could save money?*

*-- Nancy Sanchez, Florida*

You are reading my answer, because it is sitting on your lap having arrived in the mail. The US postal system is the best way to reach you because people seldom change postal mailing addresses. However, they change email addresses frequently.

Our newsletter is over 1meg in size, we have the issue of Overflowing email boxes, Spam filters, and people changing ISP's. In addition, who reads every one of their 100's of email?

Last November, Richard Armstrong sent out a call to arms trying to stop the H-1B caps recent increase. He stayed up to 3:00am on several nights. More than 30% of the email addresses bounced back for one reason or another. Of those delivered we have no idea how many were actually read.

*Did our calls and actions do any good?*

*-- Andrew, California*

**Yes,** because of our calls and past efforts, we managed to get a new category of H-1B Visa capped at an additional 20,000 per year rather than an **unlimited number of H-1B's** in this newly created loophole as originally planned.

In addition, Senator Ted Kennedy's (Section 203) Wage Provision allowing decreased wages of H-1B workers putting downward wage pressure on all workers was removed from the amendment.

Industry Lobbyists turned the Outsourcing argument on its head.

*They claimed "With all the jobs going overseas. US Educated Foreign Students can now get jobs in their home country! So we must have more H-1B Visas to keep them here."*

## Politics

### No Americans in IT Dept at Coors

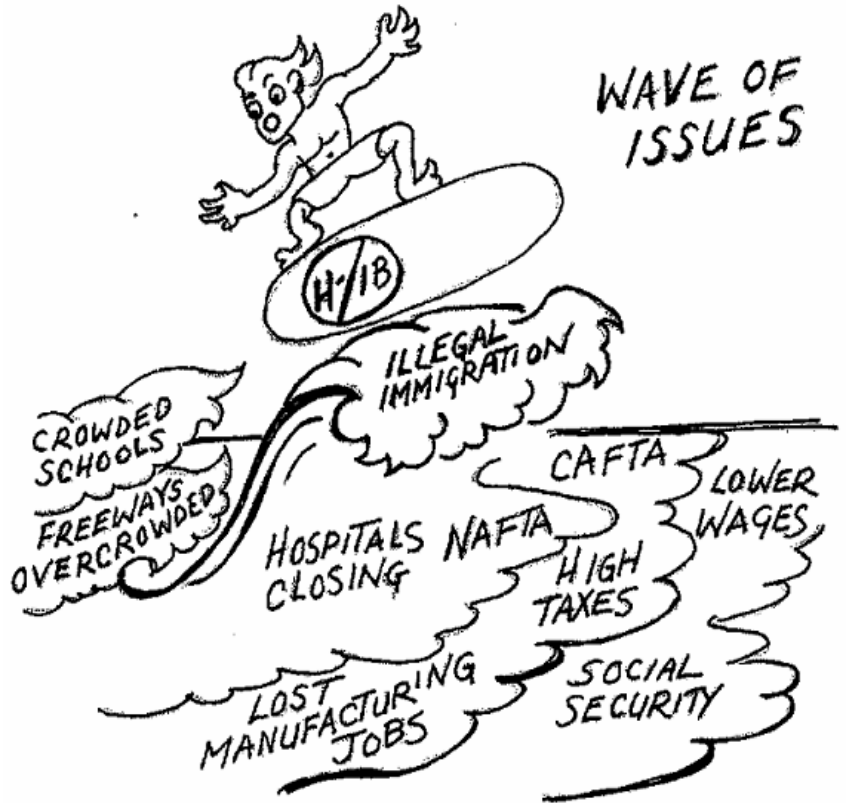
*Continued from Page 1*

Within 3 days the DNC and others noticed this news story, TV commercials were blasting Pete for sending jobs overseas and eliminating 900 workers. These ran through Election Day, Pete Coors lost. With the election of Ken Salazar (D) Colorado now has one Senator from each party, a good balance of power.

Also, Bruce Cairns, one of the Colorado State Senators who killed Senator Deanna Hanna's Colorado anti-offshoring bill was defeated. We had several members in his area hand-deliver flyers about Bruce being against the American worker and supporting American worker replacement programs. You can see our members hand-delivering door to door these flyers on our educational DVD. Channel 2 news covered our efforts.

By the way, Senator Deanna Hanna was at the Greg Spotts showing here in Denver, and said she learned a great deal more about the H-1B and L-1 visas that she didn't know. She is planning on working with us to get legislation passed to prevent offshoring and American worker replacement programs. She was also under re-election this year... and she won!

The news gets even better... For the first time in 45 years, both houses of the Colorado State legislature is controlled by the Democrats!!! The republicans killed Deanna Hanna's bill. We now have a ripe opportunity with new control to make our legislation happen.



### “Fire Dreier”

### Catching a Wave of Issues

**Representative David Drier** (R) CA-26<sup>th</sup> district is the chair of the powerful House Rules committee. He is responsible for raising the H-1B cap to 195,000 in 2000. As rules committee chair he brought Senate bill S 2045 to vote as a voice vote with very few members present. Using various procedural moves, he did this with speed and stealth thwarting our representation. [www.zazona.com/ShameH1B/H1BHistory.htm](http://www.zazona.com/ShameH1B/H1BHistory.htm)

Those working in the High Tech industry would be aware of this however, most people living in his district have never even heard the H-1B visa.

**Illegal Immigration** concerns many people in Rep. Dreier's district. California is awash with illegal aliens, our schools are overcrowded, hospital emergency rooms are closing, we have clogged freeways and people are facing downward wage pressure. The federal government does not reimburse state's cost of illegal immigration.

This created a Tsunami sized wave that nearly washed David Dreier out of office.

It all started last in June 2004 when a dozen INS agents started inland sweeps in Temecula CA deporting 400 illegal aliens in a 3 day period. The undersecretary of Homeland Security, Asa Hutchinson, accepted the request of Joe Baca a CA Democratic Congressman to stop the sweeps immediately.

*See “Political Human Sacrifice”*

*Continued on Page 4*

### Throw the Bums Out?

Election Day once again highlighted just how uncompetitive most Congressional Races have become. Of the 435 members in the House of Representatives, only seven incumbents lost.

Winners in just 37 House races this year received 55% or less of the vote, a key threshold for determining vulnerability in the next election cycle. More than 75 house races were landslides with the winner grabbing 70+% of the votes. Another 150 House races, the winner got 60% of the vote.

The founding fathers required elections in the House every two years because they wanted it to be responsive to the public. However, politicians through their ability to draw their own districts, a process called “Gerrymandering” have rigged the system. Computer models assess voter registrations block by block, contest are effectively decided months before an election.

**Blame gerrymandering if you want**, most voters simply vote for the person with the “R” or the “D” after their name. They often do not even know the name of their own Congressman.

In the Senate, by contrast 11 of 34 races were won with 55% of the vote or less, and 2 others by 56%. This is because it is hard to gerrymander an entire state.

## Politics

### “Political Human Sacrifice”

*Continued from page 3*

“Where are our Republican representatives!” said Los Angeles radio host John and Ken. ([www.johnandkenshow.com](http://www.johnandkenshow.com)) Who are on weekdays (3-7pm) on KFI AM 640 in Los Angeles with over one million listeners.

We can understand the Democrats stopping the sweeps. But why are the Republicans not going to Asa Hutchinson’s office and asking him to restart the sweeps? Could it be that they have sold out to Cheap Labor lobbyist? The John and Ken show decided to send a message to Washington DC by having a “Political Human Sacrifice”. The plan was to vote out one Democrat and one Republican keeping the balance of power.

The democrat was an easy choice Joe Baca who stopped the sweeps. But the Republican choice would require listener participation modeled after the popular “Survivor” show. However, in this case you want to be voted off the island.

1. **Internet Voting to narrow 13 Republican Reps down to the final 5 for 2<sup>nd</sup> stage**
2. **Invite finalist to on air interviews for the Reps to defend their immigration records.**
3. **Replay all interviews, final voting on internet.**

Rep. David Dreier was chosen as the “Political Human Sacrifice”. In a 5 way race during the last stage he garnered 73% of the vote.

He was the only one of the five who refused to come on and defend their record. Also, prior to listener voting, while in the 108<sup>th</sup> congress he voted to give Social Security to Illegal aliens, and to accept the Matricula ID card, despite the 911 commissions recommendations against this. He has “sold out” to the banks that make money off the fees sending money back to Mexico.

In 2004, nearly 7,500 qualified California residents who would otherwise be entering California state universities as incoming freshmen, are likely to be turned away for lack of funds.

Meanwhile, approximately 7,500 illegal immigrants will receive heavily subsidized university educations at a cost of between \$45 million and \$65 million annually at those same universities.

Under a law signed in 2001 by Gov. Gray Davis, an illegal alien who has graduated from a California high school after three years of attendance, all while in violation of U.S. immigration laws, is entitled to attend a community college or state university at the in-state tuition rate previously reserved for legal California residents.

*Remember illegal Immigration is a Federal issue just like the H-1B and our US representatives are the ones responsible.*

### ‘Fire Dreier’ rally draws hundreds of protesters

**Thursday, September 16<sup>th</sup>** – The John and Ken radio talk show hosts held a “Fire Dreier” rally, criticizing a local Republican Congressman for doing nothing to keep illegal immigrants from coming into the United States. KFI AM-640 listeners came to the rally next to the office of Rep. David Dreier on Route 66 armed with protest signs and bullhorns. Many honked their horns in support of the rally, which lasted from 3 to 7 p.m. Police said several hundred people came and went during the rally.

The publicity gave his opponent Cynthia Matthews a democrat ([www.matthews4congress.com](http://www.matthews4congress.com)) a big boost and a fighting chance against an incumbent who had millions of dollars in his war chest. Her platform was strongly against the H-1B Visa, illegal immigration, Offshoring Jobs, and NAFTA. As outlined in her Position on Issues of Immigration and Labor found on her website.



Many local people donated \$26 dollars (for the 26<sup>th</sup> district), others donated the \$2000 max. Many people spent a Saturday walking the district. Others like James Murphy a programmer from North Hills CA joined her campaign helping with the website's content.

Many others joined the fight including, and not limited to John Venti of Fire Dreier dot com and John De Gennaro

“the pool man”, the League of Woman Voters, Calif Coalition for Immigration Reform (CCIR.net), and many other groups within his district who were dissatisfied with Congressman Dreier.

John Venti who created the Fire Dreier dot com website also invested \$6000 dollars of his own private money in signs. His “Fire Dreier” signs served as a supplement to Dreier’s opponent Cynthia Matthews own “Elect Matthews” signs. He donated a thousand of his signs to her campaign.

Volunteers ranged from truck drivers to tax accountants. One Saturday, I walked the district with a middle-aged Hispanic man who cleaned houses for a living. He was volunteering his time because he knew illegal aliens were putting downward wage pressure on him.

<http://www.matthews4congress.com/> Committee to elect Cynthia Matthews she was David Dreier’s opponent

[www.matthews4congress.com/jobkiller.html](http://www.matthews4congress.com/jobkiller.html) - Must see - People from Washington DC visited this page

<http://www.firedreier.com/> By John Venti - Great information, including some excellent videos, and volunteers.

<http://www.dojak.net/> By John De Gennaro - Great information, organizes volunteers, and more.

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## Fire Dreier

*Continued from page 4*

The Private websites served as a recruiting tool to get volunteers for Cynthia Matthews campaign. As more volunteers joined and KFI AM 640's John and Ken kept educating their audience, and the horse race began.

**David Dreier got worried** rumor had it that he hired an out of state firm to take a poll of his district. Apparently he did not like the results. He then dipped into his war chest and spent nearly 1 million dollars on radio commercials. He hit every AM station and a good number of FM stations in an effort to save his job. He even advertised on Howard Stern in Los Angeles. Dreier even tugged on Gov. Arnolds coat tails for a phone message.

The committee to elect Cynthia Matthews by contrast only spent \$35,000 compared to Dreier's 1 million.

## Election Journal

**On Friday October 29<sup>th</sup>** David Dreier must have been worried because: John & Ken received a federal complaint filed by the **Dreier Campaign** and the **National Republican Congressional Committee (NRCC)** regarding Political Human Sacrifice! John & Ken are asking all our listeners to contact the NRCC and let them know what you think about the complaint.

[www.johnandkenshow.com/index.php?m=200410](http://www.johnandkenshow.com/index.php?m=200410)

**On November 1<sup>st</sup>** after receiving the OK from the radio stations legal council they decided to have another Fire Dreier rally adjacent to his local office. This time Channel 7 ABC news Los Angeles showed up and it made the 11pm newscast.



Their high-profile "sacrifice" effort failed, but outspoken voters who turned on Rep. David Dreier over the issue of illegal immigration shrunk the Republican's margin of victory on Tuesday to the narrowest it has been in 24 years. After radio personalities and their listeners spent weeks attacking his record, Dreier received a smaller percentage of the vote than any Congressional incumbent in the state, and took in the smallest percentage of his district's vote since first claiming the seat from an incumbent Democrat in 1980. "I've heard the message from voters, and that is about the problem of illegal immigration, and I share that concern," Dreier said Wednesday.

**Dreier victory proved to be** the slimmest margin in his career. It was also the smallest margin of victory for any incumbent congressman in California this election. According to the final tally, the Glendora Republican received 53.7 percent of the vote while Democratic challenger Cynthia Matthews took 42.8 percent. The balance went to Libertarian Randall Weissbuch. At first blush, the win looks decisive. But for a 12-term congressman who has never won with less than 57 percent of the vote, the numbers show he was hurt by a series of radio and Internet attacks that took issue with his record on illegal immigration.

**California has 53 house seats (12% of the nations) yet none of them switched parties. In 51 races, the winner garnered at least 60% of the vote.**

**An incumbent considered vulnerable during the next election cycle if he wins by 55% or less.**

## Facts & Figures on Dreier's 2004 Victory

( [www.kfi640.com/JnKdreier2004.html](http://www.kfi640.com/JnKdreier2004.html) )

In the 2004 California congressional election, 31 Southern California winners won with an average of 68.9 % of the vote in their safe districts. Dreier won with 53.7 % the lowest percentage for any winner

Dreier's 10.9% victory margin is the narrowest victory margin for any incumbent's congressional seat in California.

Cynthia Matthew's 42.8 % is the highest percentage of any loser in the 2004 California congressional election

Cynthia had 43,090 more votes than his 2002 challenger

### 2004 race

David Dreier, Republican ..... 116,218 votes **53.7%**

Cynthia. Matthews, Democrat .. 92,665 votes **42.8%**

Randall Weissbuch, Libertarian 7,731 votes **3.5%**

**Dreier's victory margin is 10.9%, 23,553 votes**

### 2002 race

David Dreier, Republican ..... 94,314 votes **63.8%**

Marjorie Musser Mikels, Dem.... 49,575 votes **33.5%**

Randall Weissbuch, Libertarian ..... 4,029 votes **2.7%**

**Dreier's victory margin is 30.3%, 44,739 votes**



Cynthia Matthews is planning a rematch and John Venti's "Fire Dreier" group continues to meet and plan for 2006. If interested, please contact.

[www.firedreier.com](http://www.firedreier.com)

and

[www.matthews4congress.com](http://www.matthews4congress.com)

# Outsourcing America's 4<sup>th</sup> Largest City

By William Kingston, CPA

There are at least two sides to every story, and that applies to the outsourcing issue. It is true that outsourcing gives a company opportunities to cut costs and improve their bottom line, something that everyone desires. However, it would be a serious error to ignore the negative consequences of outsourcing. One of the most obvious is that employees lose jobs.

I have been a CPA in the Detroit area for over 35 years and have seen what the loss of jobs did to the City. Detroit was once one of the greatest cities in the world. Years ago Life Magazine portrayed Detroit as, "a city that changed the World's pattern of life and now is the Fourth City in the Land." They also stated, New York was the Financial Capital and Detroit was the Manufacturing Capital of the World.

## Detroit the Manufacturing Capital of the World

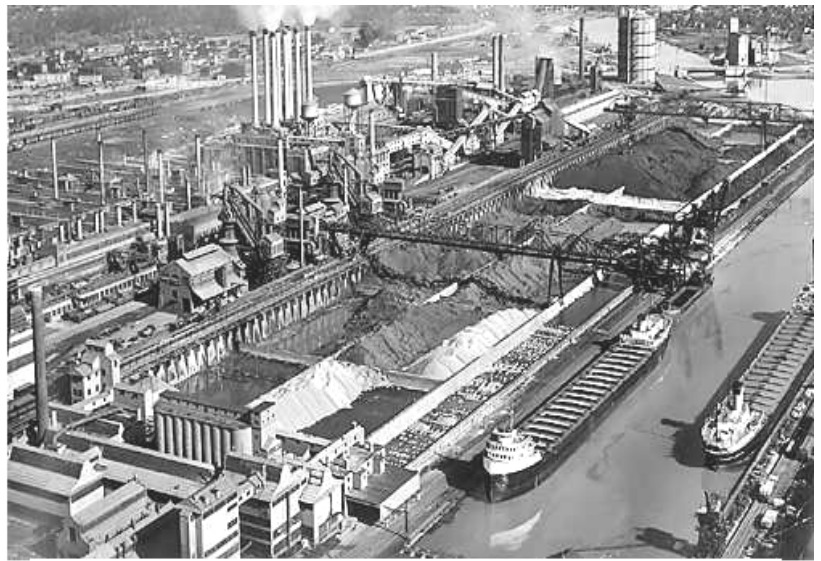
As it was known years ago, and that was in regards to auto production and employment, when there was little outsourcing. Presently, the City of Detroit has few manufacturing jobs, unemployment is high, hundreds of manufacturing plants and shops have ceased operations, are abandoned, or have been torn down, many parts of the city are in ruins, the city is currently on the brink of bankruptcy.

- **1.9 Million - Population of Detroit in 1950's**
- **901,000 – Current Population of Detroit**
- **Currently Detroit's largest employer is the city itself**

It is difficult to say when Detroit's problems started, yet it was long before the buzz-word "outsourcing" was invented, but it was the loss of jobs caused them. Many reasons are given for the decline of Detroit including, labor problems, automation, relocation of manufacturing to the suburbs, other states, Mexico, other countries, imports, etc. Going back to the years of Detroit's heyday, you will find that little outsourcing was being done by the auto companies, nowhere was this more evident than in the operation of Ford Motor Company, these facts were taken from their website.

**History of Ford Motor-Rouge Plant-** "Henry Ford's ultimate goal was to achieve total self-sufficiency by owning, operating and coordinating all the resources needed to produce complete automobiles.

Responding to a labor shortage, in 1914 Henry Ford doubled the wages of factory workers from 2.34 to **\$5 dollars per day**. Ford's Model T price **dropped** from \$950 in 1909 to \$360 in 1916 and to an astonishing \$260 in 1925!



The Ford Rouge complex circa 1947 - a 2000 acre complex from Ore to Assembly

**Developed between 1917 and 1928**, the Rouge Plant was an automotive "ore to assembly" complex. Henry Ford's idea was to achieve "a continuous, nonstop process from raw material to finished product, with no pause even for warehousing or storage." There were ore docks, steel furnaces, coke ovens, rolling mills, glass furnaces and plate-glass rollers. Buildings included a tire-making plant, stamping plant, engine casting plant, frame and assembly plant, transmission plant, radiator plant, tool and die plant, and, at one time, even a paper mill. A massive power plant produced enough electricity to light a city the size of nearby Detroit, and a soybean conversion plant turned soybeans into plastic auto parts. By 1927, the Rouge was the world's largest industrial complex. All steps in the manufacturing process from refining raw materials to final assembly of the automobile took place there, characterizing Henry Ford's idea of mass production. At its peak in the 1930s, more than 100,000 people worked at the Rouge.

In 1947, at the pinnacle of the Rouge's success, Henry Ford died, that was when the roar of the Rouge began to fade as Ford Motor Company embarked on a new era that stressed decentralization and a more global approach.

## Decentralization-

The company grew to rely more and more on an ever-increasing cadre of suppliers and to methodically extract itself from other fields such as mining, lumbering and glass making. In 1981, steel-making operations at the Rouge became part of a new independent company. When these operations were sold to Rouge Steel in 1989, Ford gave up ownership of all Rouge River frontage and boat docks, as well as about 45 percent of the original 2,000 acres."

After Henry Ford's death Ford Motors began "outsourcing" production to smaller shops and manufacturers in the area, or elsewhere in the USA, they were no longer interested in producing everything needed for a complete car. Ford was unique, in the early days, by producing cars "from ore to assembly", this was unlike other manufacturers who had always subcontracted work to smaller shops. This subcontracting-outsourcing was not as negative as what is occurring presently, as the work most likely stayed in the area or at least stayed in the country.

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When many tool and die shops began operations- they made the machines, devices or tools needed to make products, and their dies stamped out metal parts like fenders, and molds used to produce plastic parts. Since the 1800s toolmakers have been considered instrumental to American manufacturing power. These Tool-making jobs have always been viewed as highly skilled, paying \$40,000 a year or more, and during World War II these workers were even exempt from the draft.

By contrast Machining Magazine estimated that Chinese toolmakers are currently paid between 17 cents and \$2 per hour.

- **Ford paid \$5 a day - A model T cost \$260 dollars in 1925**  
Henry Ford believed his workers should be his customers.
- **20 to 40 cents per hour – Average US industrial wage** in the United States in the 1920's and 30's
- **In China toolmakers wages are 17 cents to \$2 per hour**
- **A current year Ford Mustang cost \$24,995 today.**

## Detroit Present

Presently some still describe Detroit as the “Manufacturing Capital of the World”, but this refers to the fact that the world headquarters of Ford, General Motors and the North American headquarters of Daimler-Chrysler and Volkswagen are in the area. The largest industry in the area is now service, and health services are now the largest employer. Detroit’s largest employer is the City of Detroit. The “Manufacturing Capital of the World” was Detroit, but now the title goes to China.

There are very serious problem in Michigan, as often discussed in the local papers. International manufacturers like General Motors Corp in efforts to slash tooling costs on dies, molds and machinery are now buying them in China or requesting that their suppliers give them "global pricing," which GM suppliers called code for buying parts from China.

Bo Andersson, GM vice president of worldwide purchasing, was recently quoted in the Detroit Free Press stating "I expect our suppliers to buy where they can buy best, whether that is northern Michigan, South Carolina or somewhere else," said GM's Andersson. "We have asked our tier-one suppliers to look at the global marketplace for parts. I expect that from them."

### Will Detroit’s problems be the future of America?

- **Large Loss of Manufacturing Jobs**
- **Higher Unemployment**
- **Increased Government welfare benefit costs**
- **Lack of Domestic Investment**
- **Population exiting the city**
- **Loss of Tax Base – City near bankruptcy**

America and Michigan are being especially hard hit in competing with this type of cutthroat global business environment. During one week in December, Crain’s Detroit Business announced the bankruptcy of Oxford Automotive, headquartered in Troy, they were a Tier-one supplier to the auto companies, with \$1 billion in sales and headquarters and 4 plants in Michigan. The company described their capabilities- “With 33 strategically positioned facilities in 9 countries around the world, Oxford Automotive has the extensive manufacturing capabilities necessary to meet the needs of our global customers.” It seems they could not meet the needs of their customers regarding price.

Two days later Crain’s announced “Delphi plans to cut 8,500 jobs. Troy, Michigan based Delphi Corp. (NYSE: DPH) is predicting \$200 million less in revenue for the fourth quarter than it previously estimated. The company also is putting three more plants in its Automotive Holdings Group, a collection of money-losing operations that have a “fix, close or sell” strategy.”

The Detroit Free Press had previously reported, Delphi is being forced by GM and competitors to increase its workforce in lower-wage countries like China and India. Delphi is one of the biggest private employers in China and saw its revenues jump 50 percent there in 2003.

- **Outsourcing** – Having some of your production done by an outside vendor or supplier.
- **Offshoring** – Moving your own production (factories) to another country.
- **Offshore Outsourcing** – Having your production done by an outside vendor or supplier in another country.

## China – The Manufacturing Capital of the World

“Global Pricing”, a few years ago, meant buying from manufacturers and suppliers in locations including Japan, Korea, Taiwan, South America, and Mexico. Now suppliers in these areas are threatened by China, as their wage rates and cost are also much higher. By contrast Chinese toolmakers make between 17 cents to \$2 an hour, which is less than the cost of supplying health insurance to an American employee.

Presently China is the largest parts and tooling supplier to the auto companies and to their suppliers. This change in our purchasing, to China, has caused serious problems to many in the tooling industry. Over 30% of the country’s toolmaking shops have closed down causing 10s of 1000s of workers to lose their well paying jobs. When these toolmaking shops close down it is very difficult for them to re-open. In Michigan alone, state labor data shows, approximately 34,000 tooling jobs have been lost. While waiting for the coming “recovery”, what happens to all those workers whose jobs are gone? High-precision tool makers that were earning \$20 an hour are now stocking shelves at Wal-Mart. **Will their well paying jobs ever return?**

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Jobs are outsourced to many countries besides China, these job losses are effecting workers in almost ever industry, including programming, textiles, shoes, electronics, etc. WalMart the world's largest retailer purchased \$15 billion or 70% of their goods from China, that alone accounts for 10% of the United States trade deficit with China. If Wal-Mart were an individual economy, it would rank as China's eighth-largest trading partner, ahead of Russia, Australia and Canada.

- **America is exporting training, support and back office functions to offshore companies.**
- **Technology development now done offshore**
- **Stagnation in innovation, many tasks as processes may move off the screens of managers**
- **Three million manufacturing jobs lost in the last three years, and 2-6 ancillary jobs are also lost when a manufacturing job is moved overseas.**
- **Manufacturing jobs have a multiplier effect that generates real wealth for the economy.**
- **Displaced workers in most cases, had a substantial reduction in pay**
- **Unfair Labor Practices in some countries, child and slave labor, etc.**

In the IT industry much of the work is virtual. With Virtual work no physical presence is required to do the job. This holds true in terms of coding, testing and maintenance of the software programs, and in certain cases servers and other peripherals can be taken care of remotely. It isn't just IT losing service jobs. A recent CNN article stated that any job that can be done at a desk with a computer is vulnerable to offshoring Basic R&D, chip design, financial analysis, accounting, tax preparation, architecture, and medical specialties such as radiologist are also being outsourced.

### **Are there Positive effects from Outsourcing?**

Some "Experts" believe that America benefits from outsourcing, US companies benefit from lower costs and , higher profits and consumers benefit from lower prices. They speculate that the country will gain "on the net" even though workers will lose jobs. True we can buy some goods at lower prices. It's amazing at what you can now buy at a Dollar Store. Electronics, tools and many items are cheaper. But point of fact these experts seemed to have ignored the increasing costs of Health Care, Tuition, Housing, Gasoline, Insurance, Utilities, Automobiles, and the bulk of what a family has pay for to maintain their existence.

- **Reduces the cost of goods and services to American companies and consumers.**
- **Helps companies compete in the global market. May satisfy international manufacturers' pricing demands**
- **May increase "Shareholder Value".**
- **Increased sales of industrial equipment and technology to China and others.**

## **Outsourcing – What can be done?**

America is an increasingly global economy, but as we globalize, the rules must keep pace and be fair. America is still the world's greatest economic power, we need to use common sense and be concerned about the future, our job base, our manufacturing base and how to keep our domestic companies strong, vibrant and growing. Many steps can be taken in an attempt to level the playing field, but it will remain difficult to compete against labor costs that are a fraction of ours. We need policies that are based not only on what the transnational employer's desire, but that are also concerned with limiting the erosion of our manufacturing base

Is it fair to allow a deferral of income tax to companies that shut down their U.S. manufacturing operations, move their plants and jobs overseas, and then export products back to the United States? These Offshore companies do not pay taxes on the profits from these sales until the funds are brought back to the USA (If ever)? It puts companies that stay here at a competitive disadvantage because they hire their workers here, pay their taxes, and provide healthcare and other benefit to their employees. (Social Security taxes etc.)

In certain countries, China, it is difficult to repatriate profits and they are usually reinvested, therefore in many cases the USA will not receive income tax payment on the profit of sales made back to America. The Dorgan-Mikulski Runaway Plants Amendment, that did not pass, would have eliminated the tax loophole that allows this deferral of tax. The American Jobs Creation Act of 2004 did little to address this issue; the Act seems to give additional benefits to big business allowing them, on a voluntary basis, to repatriate foreign earnings back to America at a very low 5 ¼% tax rate.

### **Is Insourcing the Answer?**

The D.C.-based Organization for International Investment claimed, "in the last 15 years total insourced jobs grew at an annual rate of 7.8 percent, while total outsourced jobs grew by just 3.8 percent". However, when you look at the total number (not percentages) of job losses versus job gains, it's a much different story, especially during the last 5 years.

It is true that Honda, Nissan, Samsung, Augusta Westland are opening up or expanding assembly plants here. Will they create enough jobs to offset those millions of jobs outsourced? They have not invested much in the United States lately.

We have experienced a net reduction in the amount of Foreign Direct Investment (FDI) Flows to the United States, investment in recent years: 2000-\$314 Billion, in 2001= \$144B, in 2002: \$30B, and in 2003= \$72B, down 75% from 2000.

A reasonable person would expect Foreign investments in the US to be up not down if Insourcing was on the rise.

- **Very little Insourcing is occurring in the USA**
- **Lots of Overseas investment little Domestic investment**
- **Foreign Direct Investment Flows to the U.S down by 75% since 2000**
- **The greatest fall, of FDI, has been in the Computer and Electronics industry, where foreign outlays fell from \$42.6 billion in 2000 to less than half a billion dollars in 2002.**

*Continued from page 8*

*Outsourcing, the Nation could become another Detroit.*

- **Detroit thrived prior to Outsourcing.**
- **Outsourcing is a short-term gain, but a long-term loss.**
- **China will be manufacturing cars for sale in the USA at a 30% discount**
- **How do we stop the US from becoming Detroit?**

It does not seem to enter the minds of many who discuss outsourcing, that outsourcing is more than purchasing labor and goods at a lower cost. What is also involved is the export of our treasures, consisting of the technology and knowledge which we have accumulated over decades in exchange for a few quarters of possibly increased profits on a corporate earnings report. The cheaper goods that we import come at a high price, including the loss of our manufacturing base- the closing of 8,500 industrial facilities and the loss of millions of jobs. I wonder what the real cost of this cheap labor will be over the long-term including the silent export of our expert know-how, methods of thinking on production, marketing, accounting, etc, in short all that set us apart from the rest of the world.

### **What's Our Government's Role?**

Remember that fifty years ago they said "What's good for GM is good for the Country." Now many in government say: What's good for Big Business is good for the Country.

Is there a governmental solution? Some points to consider.

- **Enforcement of Trade Laws and Agreements**, keep them fair to US manufacturers and workers.
- **Reform the Tax Code.** Close loopholes that provide incentives for companies to move jobs abroad. –
- **No deferral of income tax** for companies that offshore and sell same goods to USA. –
- **Tax credits** for companies that manufacture here, etc.
- **Prohibit the outsourcing of federal and state government contracts.**
- **Strong privacy laws** to protect information.
- **Enforce intellectual property laws.**
- **Scrutiny of the need for H-1B and L-1 Visas.**
- **Reduction of the trade deficit.**
- **End currency manipulation**
- **Eliminate the low fixed exchange rate**, pegged to the dollar it boosts China's exports with artificially low prices.
- **Correct labeling of goods-country of origin-duty**

Soon China will be selling cars here at a 30% discount to comparable models, but what will that mean to the millions who had lost their well paying jobs. For those lucky enough to find employment there has been a substantial drop in their compensation, many are earning \$1,500 to \$2,000 per month less with a reduction of benefits. If they are able to purchase an auto imported from China, it may reduce their monthly payment by \$100, something that would not be too meaningful to someone whose pay had been cut by over \$1,000 per month and is not earning sufficient income to support a family.

**Think about Detroit and their loss of jobs, will the United States become another Detroit?**



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William Kingston, is a CPA with over 35 years of accounting, business, tax and litigation experience. He had, without an attorney, prevailed in a complicated partnership case in U.S. Tax Court and was awarded costs. This noteworthy victory was reported in the Wall Street Journal and various other publications. His website is: [www.wkingstoncpa.com](http://www.wkingstoncpa.com)

*Coming in our next issue: "Is America Safe?"  
How Outsourcing is Destroying National Security!*

# Fake Job Ads

By Kim Berry

Programmers Guild President

A key reason that 500,000 U.S. tech workers are unemployed is that Congress flooded 500,000 H-1B workers into a stagnant job market over the past five years. In theory these are temporary workers who will return to their homeland after three or six years. The dirty secret is that our government has taken steps to assure that these workers remain by streamlining the procedures for converting from H-1B to permanent resident green card holder; this is known as the "PERM certification process."

Companies run "fake job ads" to meet the "RIR" (Reduction in Recruitment) requirement, which allegedly demonstrates a lack of U.S. workers. Your Sunday paper is likely full of such ads. Qualified Americans applying for these jobs don't have a chance, since the jobs are already filled by H-1B workers. By statute, these ads appear in the Sunday paper, twice in 30 days. In my local Sacramento Bee more than 50% of the programmer help wanted in the past month appear to be RIR ads.

Signs of RIR ads include 2-3+ year's experience (the duration of an H-1B visa), a requirement that applications be snail-mailed, and the same openings not appearing on employers' websites. Some will blatantly state "2 years experience in the job offered." Some will have absurd requirements such as "seven years experience with XML, UML, C# and .NET." (These new skills where only invented a couple of years ago.)



*"Even in a depressed economy, employers who favor aliens have an arsenal of legal means to reject all U.S. workers who apply." - Joel Stewart - author "The PERM Book"*

There are statutory standards (20 CFR 655 and 656) mandating that, before the U.S. State Department (DOS) and the Department of Homeland Security (DHS) may grant a PERM visa, both agencies must make a finding that:

- a) There are insufficient U.S. workers to fill the positions, and;
- b) These visas will not adversely affect wages and working conditions of similarly employed U.S workers.

However, the procedure for converting an H-1B to a permanent resident alien, who is eligible for a green card and ultimately citizenship, **does not meet this mandate**. Under RIR all that is required is for an employer to run a few fake jobs ads in a Sunday paper and advertise on a website. That's all it takes for the government to rubberstamp the application.

As immigration attorney Carl Shusterman explains; *"Our firm is yet to see an RIR labor certification which was rejected."*

If a U.S. worker (who is looking for a job) dares to bargain for a better wage or benefit, the government deems him "unavailable" and grants the job to the foreigner.

On December 27, 2004, the DOL published revisions which allow employers to apply for RIR certification via their website and expediting certification time from over a year to under 60 days. This is "rubber-stamping" not efficiency. It's a way to add PERM's to the workforce at a faster rate!

A key objective of the Programmers Guild in 2005 is to raise public awareness of the RIR program and the fraudulent jobs ads being used to deprive U.S. workers of their profession. (No media has ever covered this issue.) The Guild advocates that the RIR applications be publicly searchable on the DOL site, and that Americans be able to submit their applications via the same public site.

PG members can help bring the fake ads in your local paper to the attention of the editors and legislators. Scan the ads and post them in the Programmers Guild Yahoo forum.

PG will continue to lobby to put a stop to this sham on U.S. workers. Among the solutions PG proposes is that the RIR applications be publicly viewable from the DOL website, and the DOL website include a provision for U.S. workers to apply for these jobs online.

If you see a job ad that you expect is fake. Please see [www.programmersguild.org/RIR/](http://www.programmersguild.org/RIR/) for more information on what to do.

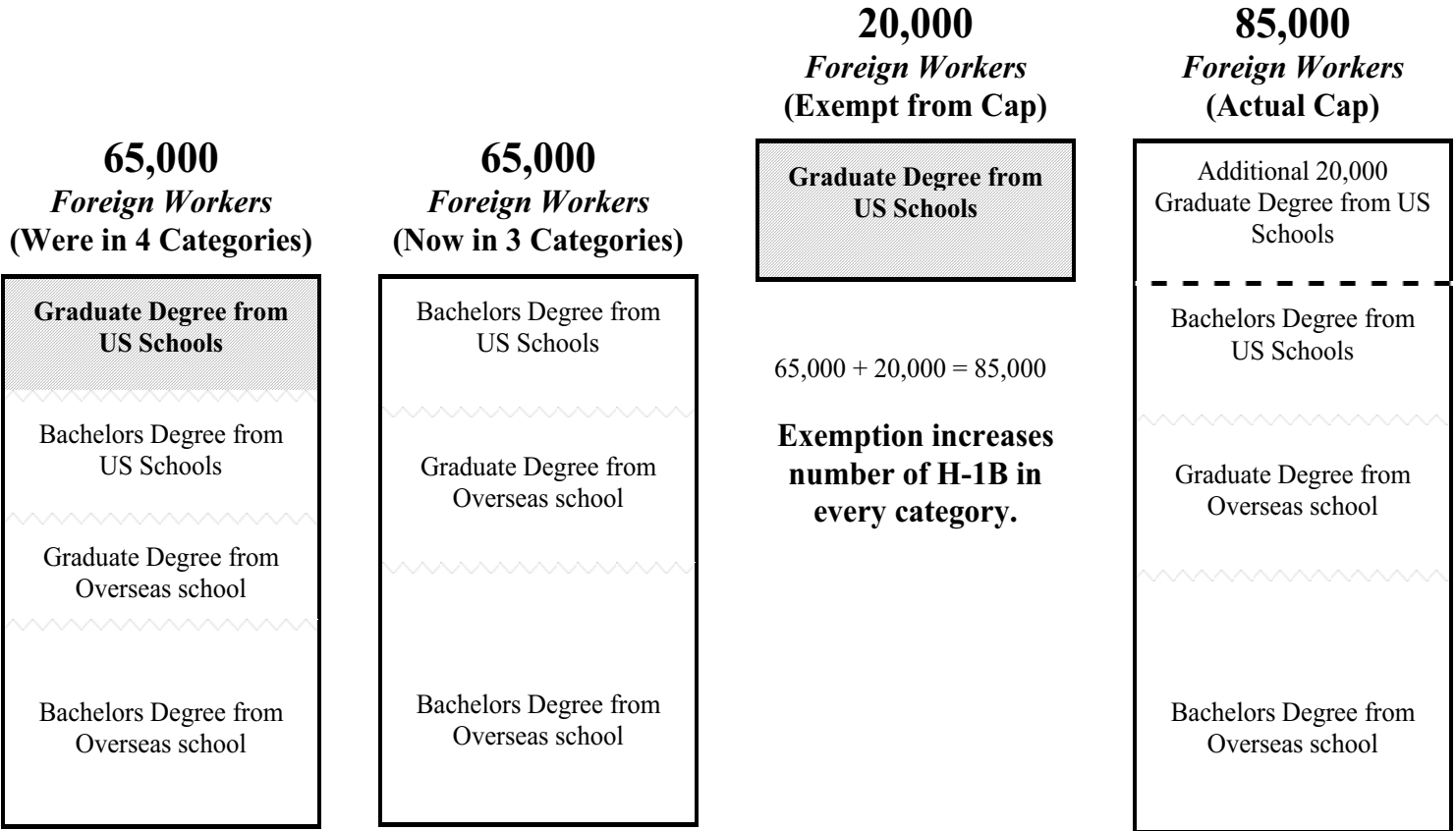
*This could be the next big threat: Permanent Labor Certifications for Temporary Visa Holders.*

# H-1B Visa Cap rises to 85,000

Allowing 20,000 additional Foreign Workers into the USA

**2004**

**2005 and Beyond**



**The Senate** inserted these additional 20,000 foreign workers per year as an amendment into a “Must Pass” Omnibus (pork laden) Spending Bill during the Lame Duck session of congress. This bill contained 3500 pages (weighing 14 pounds) guaranteeing it would pass both houses without being read.

## How did they do it?

During a Lame Duck (Nov. 2004) post election session of congress, appropriations committee members Rep. Lamar Smith (R-Texas) and Immigration Subcommittee Chairman Saxby Chambliss (R-Ga.) inserted an amendment into a “Must Pass” year end spending bill which is used to create the government’s fiscal budget for the following year. By inserting it as an amendment into an already existing bill, this immigration provision would avoid the normal steps involved including review by the Judiciary committee, and Sub-committee on Immigration, which would take months. The spending bill passed amendment intact, prior to Thanksgiving.

Chambliss said a recent analysis by the Congressional Budget Office indicated the proposal is "revenue neutral," which has caused him to send the proposal back to several lawmakers who had been under the impression that the bill would generate revenue. "There was a lot more interest when it was **not** revenue neutral," he said. *Could have Chambliss been misled?*

This was a shrewd move on the Senators involved. Congress was also in the process of agreeing on a Homeland Security Bill at the same time. The Senates version had stripped the 911 commission’s immigration provisions from the house version of

the bill. By doing two bad things at once, the lesser of the two evils got little notice. The Homeland Security bill did get held up until mid December in the House of Representatives.

**What happened to HR 4166?** The house bill sponsored by Rep. Lamar Smith never came to vote. The Programmers Guild and other groups took the proactive steps of sending over 1000 letters to members of both houses. We concentrated our efforts on the Judiciary Committee members of both houses.

**We were caught off guard.** Because this was an amendment, it never passed through these normal channels. The Programmer Guild sent a mass email alerting our membership to call the Senators involved. Unfortunately many of our emails bounced back or were blocked by spam filters.

**Numbers USA headed up the effort** to thwart this end run by the Senate. They organized concentrated call in campaigns starting with Senator Larmar Smith asking Senator Chambliss to include it as in amendment. On thru the Senate Appropriations Committee and then to the House Appropriations Committee .

*Senator Edward M. Kennedy even tried to include a provision for lowering industry wide wage standards. Lucky for us he was unsuccessful.*

## As Citizens What's Our Role?

By Les Miklosy

- **Become Educated:** Learn who your US Congressman is. Learn who your US Senators and State representatives are too.
- **Go to a Town Hall meeting:** Meet them in person, let your representatives know your issues. Remind them that as a voter they work for you. You can also call them on the phone or write letters. (Phone calls to Washington DC can be made toll free.)
- **Spend 10 minutes to Sign up at Numbers USA** or FAIR to use their free Fax Service. When congress takes immigration actions (such as raising the H-1B cap) these organizations send out daily and often hourly email updates. You must check yes for email updates.
- **Join a local or national group.** Do both, often at times local groups can be effective as shown in this newsletter.
- **Recruiting PG Membership:** Get involved! Write your State Legislature and instruct them on outsourcing issues. If you are working then make a financial contribution to the PG, if you are not working you can still join and participate in our group.
- **Speak Up and be heard:** Make a phone call immediately when they are doing something you don't like. Write them a letter when the issue is less timely.
- **Contact Representatives outside your district:** Remind them that their actions impinge on all Americans.

### Ask your Representative and Senators to:

- **Cosponsor Representative Tancredo's HR 2688** to repeal the H-1B visa program. <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.r.02688>:
- **Cosponsor Representative DeLauro's HR 2702** to close the L-1 visa loophole. <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.r.0270>:
- **Thank Representative Bernie Sanders**, Independent Vermont for taking a stand on behalf of US workers for preserving well paid US jobs.

### In your career be aware:

- **Protect your job:** Watch for the early signs from management for potential outsourcing, reducing cost and reducing management headaches.
- **Immunize yourself from outsourcing:** specialize in irreplaceable skills, know your divisions business, invent technologies, have advanced knowledge the company's technology which sustains its core business.
- **Training:** in programs least vulnerable to global outsourcing, such as security, networking and core business infrastructure.
- **Help others;** in your field, and hopefully they will help you. Share ideas, training, and job leads among your own tribesmen.

## Featured Sites

### The Programmers Guild

<http://www.programmersguild.org>

### T.O.R.A.W – The Organization for the Rights of American Workers

<http://www.toraw.org>

### The National Hire American Citizens Professional Society

[www.hireamericancitizens.org](http://www.hireamericancitizens.org)

## Free Faxes

### CAPS – Californians for Population Stabilization

<http://www.capsweb.org>

Have free faxes for both State and Federal Bills (H-1B, L-1 etc.) including lots of reference information explaining them. Also features a “Media Contacts System”.

### Numbers USA

<http://www.numbersusa.com/index>

Has free faxes for Federal immigration Bills. In addition, they have voting records for all federal representatives, plus lots of reference information on federal immigration bills.

## Phone Numbers

**White House Comment Line** – leave a message (212) 456-1111 or to send a fax (202) 456-2461 to the President.

**US House & Senate Toll Free** (877) 762-8762

**California Legislators** (916) 319-2856

## Look up a Bill

Bill Search US Congress (Federal Bills)

<http://thomas.loc.gov>

California Assembly (Bill Search)

<http://www.assembly.ca.gov>

U.S. House of Representatives

<http://www.house.gov/>

United States Senate

<http://www.senate.gov/>

## Write your Reps

Find their mailing address on their homepage or

<http://www.theorator.com/senate.html>

<http://www.theorator.com/government/house.html>

[http://www.theorator.com/government/state\\_local.html](http://www.theorator.com/government/state_local.html)