

INVESTOR'S BUSINESS DAILY

NEWS

The Business World Tries to Cope With Trump's Immigration Ban



President Donald Trump's travel ban is expected to have far-reaching implications in the business world. (AP)
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Silicon Valley, Motown and Wall Street all clashed with Pennsylvania Avenue as President Donald Trump's executive order banning refugees and travelers from seven Muslim nations reverberated throughout the U.S. business world Monday.

Trump's Friday signing of the executive order also alarmed executives from big employers including **General Electric (GE)** and **Goldman Sachs Group (GS)**. A chaotic weekend of protests, emergency court hearings and White House

rebuttals left executives with a tricky choice: speak out and risk drawing fire from an outspoken president, or stay silent and face criticism from employees and activists.

GE Chief Executive Jeff Immelt's response underscored the delicate balance business will have to strike.

"We have many employees from the named countries and we do business all over the region," he said in an internal email. While he called those staff "critical to our success," he avoided direct criticism of Trump's policy. GE "will continue to make our voice heard with the new administration and congress and reiterate the importance of this issue," he said.

"We would never think this would become any kind of an issue," Ludwig Willisch, chief executive officer of North American operations at BMW, said at an automotive conference on Saturday. "This country is a melting pot, freedom of speech, everybody gets together and creates this great country. So, we were not prepared for this kind of thing."

Seven Nations

Trump's order shut the door to nationals of Iran, Iraq, Libya, Somalia, Sudan, Syria and Yemen — including refugees, visiting scholars and, at least temporarily, even permanent American residents who happened to be abroad for work or holidays. Confusion reigned in the first 48 hours of its implementation, with border agents and airlines unsure how to interpret the rules.

Criticism from pockets of corporate America, which was matched by statements from the leaders of Germany, France, and Canada, stood in stark contrast to the warm words toward Trump just a week ago.

Executives at the World Economic Forum's annual meeting in Switzerland, including **AT&T's** ([T](#)) Randall Stephenson and **JPMorgan Chase's** ([JPM](#)) Jamie Dimon, praised Trump's promises to overhaul corporate taxes and invest in

infrastructure. Optimists suggested he would quietly drop pledges to tear up trade deals and reconsider defense commitments to allies.

Trump has "had this extraordinary honeymoon where Wall Street has kind of discounted all the negative aspects," Richard Fenning, the CEO of consultancy Control Risks, told Bloomberg Television. As companies react to the migrant ban, "perhaps that honeymoon is starting to be over," he said.

The about-face was epitomized by **Tesla Motors** ([TSLA](#)) founder Elon Musk; last week he praised Trump's nominee for secretary of state, former **Exxon Mobil** ([XOM](#)) CEO Rex Tillerson, as a potentially "excellent" pick. On Sunday, Musk tweeted that migrants "don't deserve to be rejected" and asked his 6.9 million Twitter followers to read the immigration order and suggest changes.

Goldman Speaks Out

Wall Street stayed out of the fray initially. Late Sunday, Goldman Sachs CEO Lloyd Blankfein told employees that "this is not a policy we support," criticizing an administration stocked with the firm's alumni, including Steven Mnuchin, Trump's pick to head the Treasury.

It creates "potential for disruption to the firm" and staff, whom Goldman will seek to assist, Blankfein said in a companywide voice mail. JPMorgan also said it was working to help affected employees.

Starbucks ([SBUX](#)) CEO Howard Schultz said Trump's move left him with "deep concern, a heavy heart and a resolute promise." The coffee chain will redouble efforts to hire as many as 10,000 refugees over five years in 75 countries, he wrote in a note to employees Sunday.

Reaction was sharpest from the technology industry, with Twitter awash in reminders that **Apple's** ([AAPL](#)) late co-founder, Steve Jobs, was the son of a Syrian immigrant. Among the first to speak out was Sundar Pichai, CEO of Google parent **Alphabet** ([GOOGL](#)) and himself an immigrant from India, who called the policy "painful." Another India-born CEO, **Microsoft's** ([MSFT](#)) Satya

Nadella, took to LinkedIn to highlight "the positive impact that immigration has on our company, for the country, for the world."

Trump should expect sustained challenges from the tech industry in particular, said Ian Bremmer, CEO of political consultancy Eurasia Group, because it differs significantly with him on issues from net neutrality to immigration. "While most every CEO wants to just 'get back to business' after Trump's election, that's going to prove much harder" for technology leaders, he said. "There's going to be a fight."

How To Implement

Compounding business leaders' unease was the order's confused implementation, which included unclear directives on how border agents should treat lawful permanent residents, and contradictory statements about how it would affect those who hold passports from two countries — for example, a dual citizen of Iran and the U.K.

Others railing against the ban included **Facebook** ([FB](#)) and **Salesforce** ([CRM](#)), saying it violated the country's principles and risked disrupting its engine of innovation. But Trump's next steps could strike even closer to home: His administration has drafted an executive order aimed at overhauling the work-visa programs technology companies depend on to hire tens of thousands of employees each year.

If implemented, the reforms could shift the way American companies like Microsoft, **Amazon.com** ([AMZN](#)) and Apple recruit talent and force wholesale changes at Indian companies such as **Infosys** ([INFY](#)) and **Wipro** ([WIT](#)). Businesses would have to try to hire American first and if they recruit foreign workers, priority would be given to the most highly paid.

"Our country's immigration policies should be designed and implemented to serve, first and foremost, the U.S. national interest," the draft proposal reads, according to a copy reviewed by Bloomberg. "Visa programs for foreign workers ... should be administered in a manner that protects the civil rights of American

workers and current lawful residents, and that prioritizes the protection of American workers — our forgotten working people — and the jobs they hold."

Designed To Help Firms

The foreign work visas were originally established to help U.S. companies recruit from abroad when they couldn't find qualified local workers. In many cases, the companies are hiring for highly technical positions in the fields of science, technology, engineering and math, or STEM.

But in recent years, there have been allegations the programs have been abused to bring in cheaper workers from overseas to fill jobs that otherwise may go to Americans. The top recipients of the H-1B visas are outsourcers, primarily from India, who run the technology departments of large corporations with largely imported staff.

"Immigrant STEM workers have contributed an outsize share to founding new companies, getting patents, and helping build up American companies, which in turn because of their success have created tens of thousands, hundreds of thousands of jobs," said Gary Burtless, a senior fellow at the Brookings Institution who does research in labor markets. "Discouraging such people to apply for visas to enter the United States to work — I can't imagine how that can be considered to be in the American national interest."

The Trump administration did not respond to a request for comment on the draft. The proposal is consistent with the president's public comments on pushing companies to add more jobs to the U.S., from technology to auto manufacturing.

Detroit Effects

And in Detroit, automakers are walking a tightrope as they court Trump, whose policies on clean-air standards, corporate taxes and trade will affect their fortunes.

They have to balance that against other considerations closer to home: The traditional three U.S. automakers are based in Michigan, which backed Trump's surprise victory but also has a substantial Middle Eastern population troubled by his immigration order.

Ford Motor's ([F](#)) hometown of Dearborn has been referred to as America's Muslim Capital, with more than 30% of the population of Arab descent. From 2005 to 2015, the state accepted 19,545 refugees from Iraq and Syria — two of the seven countries affected by Trump's ban.

"People would say that if you landed here at 9 p.m., you can have a job at 9 the next morning," Ibrahim Kazerooni, the imam at Dearborn's Islamic Center of America, said in an interview. "We have many people in our community who work at Ford. We're a part of this community."

Plans Canceled

Plans for 26 refugees to immigrate to the Detroit area from Iraq and Syria in the next week have been canceled, said Lynne Golodner, spokeswoman for Samaritas, formerly known as Lutheran Social Services of Michigan, which has a contract with the state to help asylum seekers settle and find employment.

Trump took special aim at Ford during the campaign and the automaker has worked to get back in his good graces. Executive Chairman Bill Ford, a great-grandson of the founder Henry, has said he can always get a hold of Trump, or the president calls him. CEO Mark Fields visited the White House on back-to-back days last week to discuss jobs, fuel-economy standards and even Oval Office decor.

Still, Ford and its auto-industry peers in the Detroit area have been largely silent on the immigration order. Christin Baker, a Ford spokeswoman, declined to comment. Representatives for **General Motors** ([GM](#)), **Fiat Chrysler Automobiles** ([FCAU](#)), **Toyota Motor** ([TM](#)), **Nissan Motor** ([NSANY](#)), Hyundai Motor and **Honda Motor** ([HMC](#)) also passed.

"They should be proactive and stand up for the Muslim community,"
Mohammad All, a 26-year-old Ford engineer, said during a protest Sunday at
Detroit Metropolitan Airport. He entered the U.S. from Iraq in 1997 after years
in a Rafha, Saudi Arabia, refugee camp. "The stand Mark Fields took was more
about helping Ford and the bottom line than about human rights."