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THE NEED FOR COMPREHENSIVE IMMIGRATION REFORM: SERVING OUR NATIONAL ECONOMY

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BEFORE THE

SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY AND CITIZENSHIP

OF THE

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THE NEED FOR COMPREHENSIVE IMMIGRATION REFORM: SERVING OUR NATIONAL ECONOMY

THURSDAY, MAY 26, 2005

UNITED STATES SENATE,
SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY AND CITIZENSHIP OF THE COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The Subcommittee met, pursuant to notice, at 2:49 p.m., in room SD–226, Dirksen Senate Office Building, Hon. John Cornyn, Chairman of the Subcommittee, presiding.

Present: Senators Cornyn and Kyl.

OPENING STATEMENT OF HON. JOHN CORNYN, A U.S. SENATOR FROM THE STATE OF TEXAS

Chairman CORNYN. This hearing of the Senate Subcommittee on Immigration, Border Security and Citizenship will come to order. We appreciate your understanding as we finished the markup on the asbestos bill, and we were delayed slightly while we reorganized the chairs and got our thoughts together.

I want to thank Senator Specter for scheduling today's hearing, as well as Senator Kennedy, my Ranking Member, for working with us to help make this hearing possible. This Subcommittee has held a number of significant immigration hearings this year, and I appreciate all of our colleagues—Senator Kyl, whose Subcommittee sat with us in each of these hearings, and Senator Kennedy and Senator Feinstein, our Ranking Members—working with us to make them productive.

Today, we continue our review of the immigration system. Our immigration and border security system is, I think the evidence is clear, badly broken. In a post-9/11 world, we simply do not have the luxury of accepting the status quo any longer. National security demands a comprehensive solution to our immigration system, and that means both stronger enforcement and reasonable reform of our immigration laws. We must solve this problem, and we must solve it now.

First, we must recognize that in the past we simply have not devoted the funds, resources, and manpower to enforce our immigration laws and protect our borders. That must change, and that will change. As history amply demonstrates, reform without enforcement is doomed to failure. No discussion of comprehensive immigration reform is possible without a clear commitment to and a

substantial and dramatic escalation of our efforts to enforce the law.

That is why Senator Kyl and I have embarked on a series of hearings, as I mentioned, devoted exclusively to the topic of strengthening enforcement throughout our Nation's immigration system—at the border, between the ports of entry, and within the interior of our Nation. These enforcement hearings have shown that our border inspection and security system at the ports of entry is full of holes, our deployment of manpower and use of technology to secure the border between the ports of entry is deficient, and our deportation process is over-litigated and under-equipped.

So, it is clear we need stronger enforcement. But, it is also clear that enforcement alone will not get the job done, nor will our job be done by merely throwing money at the problem. Our laws must be reformed as well as enforced.

Any reform proposal must serve both our national security and our national economy. It must be both capable of securing our country and compatible with the demands of a growing economy. Our current broken system provides badly needed sources of labor, but through illegal channels—posing a substantial and unacceptable risk to our national security. Yet, simply closing our borders to secure our Nation would only destroy our economy. Any comprehensive solution must address both our security needs as well as the needs of our national economy.

Accordingly, just last week, we began a series of hearings examining the benefit that comprehensive immigration reform would provide. Noted experts testified that national security would be bolstered if we properly reformed our system. Specifically, they testified that any reform should be designed to allow the government to focus its efforts on those who mean to do us harm as opposed to expending those resources on people who merely want to work. Reform along these lines would allow law enforcement to target its limited resources where they belong on high priorities like smugglers, drug dealers, and terrorists.

Today, we shift our focus to explore the importance of immigration reform to our national economy.

Our current economic system provides the necessary sources of labor crucial to many areas of commerce, but as I said, through illegal channels. Commissioner Bonner has previously testified before this Subcommittee that the vast majority of those the Border Patrol apprehends are migrant workers simply coming here to work. He said "...the Border Patrol is still dealing with a literal flood of people on a daily basis...most of whom are attempting to enter this country in order to work."

While the situation Commissioner Bonner faces at the borders represents a substantial and unacceptable risk to our national security, it also demonstrates why we cannot simply close our borders or round up and remove the approximately 10 million people who live outside our law. We do not have the resources, we do not have the facilities, we do not have the ability to identify, locate, and apprehend 10 to 12 million undocumented workers. Securing our Nation's borders at the expense of weakening our economy by choking off or removing needed sources of labor is not an acceptable alternative.

But, even if we were equipped to do so, our economy would suffer if we stripped millions of workers from our national workforce, just as it would suffer if we eliminated entire stocks of natural resources from our national inventory. On the other hand, our economy would be strengthened if all workers could simply come out of the shadows, register, pay taxes, and fully participate in our economy.

It is my hope that today's hearing will help us to better understand the benefits that would accrue to our national economy should we properly reform our immigration system. Some have expressed concerns about the impact of reforming the immigration system on the American worker. Today's hearing will examine that question.

To be sure, America is a welcoming Nation. The hard work and strength of our immigrants have made our Nation prosperous. And, many immigrants and sons and daughters of immigrants have joined the military to help safeguard the liberty of America, advance scientific discoveries, and otherwise lead our Nation at various times. Nevertheless, we must craft a fair and consistent system that reforms our Nation's immigration laws without harming the economic security of American citizens.

I want to end by noting that a bipartisan group of former INS Commissioners wrote to me recently, calling for a comprehensive immigration solution that both protects our national security and serves our national economy. The desire of these dedicated public servants to see that the immigration system is enforced and reformed transcends political ideology and is formed by years in the trenches. We would do well to heed their call.

Without objection, I will make that a part of the record at the end of my comments.

I am confident that Americans, working together, will rise to this challenge and find a solution that serves the best interests of our country.

[The prepared statement of Chairman Cornyn appears as a submission for the record.]

Chairman CORNYN. With that, I will turn to Senator Kyl, who has worked so closely with me and I with him on this issue for, lo, these many months, and as border State Senators, I think we understand perhaps as well as anybody about not only the reasons why we need to address the security issue, but also the necessity of addressing equally the economic issues associated with this phenomenon. So, Senator Kyl, I will turn the floor over to you for any statement.

Senator KYL. Thank you. Mr. Chairman, because we want to hear from the witnesses—we have a very distinguished panel of witnesses, and I appreciate all of you being here today. Our good friend, Steve Law, is going to lead off. Therefore, I am simply going to apologize in advance for having to leave in about half an hour. But to the extent that I do not hear somebody, I will read your testimony and look forward to visiting with you in any event.

So thank you, Mr. Chairman.

Chairman CORNYN. We are pleased today to have Deputy Secretary of Labor Steven Law appear here. Deputy Secretary Law serves as the Chief Operating Officer of the Department of Labor,

a 17,000-employee agency with an annual budget of more than $50 billion. Mr. Law was confirmed as the Deputy Secretary of Labor by the Senate in 2003.

While at the Department of Labor, Mr. Law has worked to update overtime regulations, provide transparency reforms for labor unions to protect rank-and-file union workers, and develop initiatives on, among other things, immigration reform.

We are pleased to have you here today, and we would be pleased to hear your statement, Mr. Law. I can only think, as I am introducing you, how we are going to add to your burdens by creating an asbestos trust fund. But, that is another subject for another—something Senator Kyl and I have been working on along with the entire Judiciary Committee.

If you would please remember to turn your microphone on, and I ask that you initially limit your statement to about 5 minutes, and then we would like to engage in a conversation with you. Thank you.

STATEMENT OF STEVEN J. LAW, DEPUTY SECRETARY OF LABOR, DEPARTMENT OF LABOR, WASHINGTON, D.C.

Mr. LAW. Absolutely. I would like to offer an extensive statement into the record on the asbestos legislation, but I will not do that at this time.

[Laughter.]

Mr. LAW. Mr. Chairman, Senator Kyl, thank you very much for this opportunity to testify on the role of immigrant labor in our 21st century economy. The Department of Labor has long played an important role in immigration policy. In fact, in the early 1900s, 85 percent of the Department's 2,000 employees worked in its Bureau of Immigration before it was transferred over to another department. The first two Secretaries of Labor were both immigrants, from Scotland and South Wales, respectively. Our current Secretary of Labor, Secretary Chao, is also an immigrant. And my own grandfather came from Norway to San Francisco in 1906. You may remember that was the same year as the great San Francisco earthquake, which only goes to show that we Norwegians have no sense of timing at all.

Over the centuries, immigrants have helped the American economy prosper, literally helped build the country, fought its wars to defend our liberties, and enriched our culture in countless ways. And yet our attitude toward immigration has run hot and cold through the years, and that has been exacerbated by an immigration system that is increasingly torn between the needs of our economy and our security and between the rule of law and gritty realities.

Last year, President Bush proposed dramatic reforms to that system to better control our borders, to ensure long-term economic growth, and to deal equitably and responsibly with the millions of undocumented workers who currently live in the shadows of American life.

The President's proposal for a new temporary worker program recognizes that many sectors of our economy rely on foreign-born workers to fill jobs where there simply are not willing U.S. workers available. The President's proposal also recognizes that the current

system for bringing in temporary workers is complex and cumbersome, and we would streamline that process so that willing workers can be matched efficiently with employers while always putting American workers first. And, finally, the President's plan recognizes that America's vast underground labor economy needs to be brought into the daylight for the benefit of all. We would do this compassionately but without conferring amnesty, without creating an entitlement to citizenship, and without putting those who have ignored our laws in front of those who have obeyed them and waited patiently for their turn.

Now, the focus of this hearing is the intersection of the economy and our need for foreign-born workers. Our labor market today is healthy and robust. The unemployment rate has dropped to 5.2 percent, which is below the monthly average of the last 50 years. In April, the economy created 274,000 new jobs, and that is part of the 3.5 million jobs that have been added since June 2003. At the end of March, there were 3.6 million unfilled job openings in the United States.

At the same time, a quiet revolution has been taking place in the composition of our workforce. Over the last 15 years, the number of foreign-born workers in America has swelled 50 percent to a total of 21.4 million workers in 2004. And yet this rapid growth in the foreign-born labor force has not come at the expense of American workers. For example, just between 2002 and 2004, just a 2-year gap, about 1.2 million foreign workers were added to our labor force, at the same time that the unemployment rate for American workers went from 5.7 percent to 5.5 percent.

In the future, demographic trends will make the steady influx of foreign-born workers not only sustainable but ultimately economically necessary. And yet today, the need for foreign-born workers is being felt acutely in many sectors of the U.S. economy, from construction and agriculture to health care and high-tech.

At the Department of Labor, we watch for gaps between wage rates and employment levels. If wages are climbing much more rapidly than employment levels in particular occupations, this suggests a tightening labor market and a pent-up demand for more workers. For example, between 2002 and 2003, wages for pharmacists increased 44 times faster than employment. Wages for dispensing opticians grew more than 18 times faster than employment.

Of course, these are just numbers on a page. The importance of foreign workers to our economy is presented to you every day through your constituents. The Department of Labor receives scores of letters from Members of Congress every year making requests about the status of visa petitions that are filed by employers who are in desperate need for workers to harvest crops, to cut trees, to provide rural health care, and to write software. In all these areas we find that very typically there is a connection between the jobs that need to be filled by foreign workers and supporting jobs that are currently filled by Americans.

This intersection of immigration and the needs of our economy is a crucial issue for our Nation, and we look forward to working with this Subcommittee and Congress to achieve immigration re-

forms that respond to our economy's needs, that reflects America's character, and that guard our Nation's security.

Thank you.

Chairman CORNYN. Thank you for your statement, Mr. Law. We will proceed with a round of questions.

First of all, I think, as I said in my opening statement, many people in America today are frustrated by our inability to control our borders. It is an issue that, from a national security perspective, after 9/11, has taken on a new sense of urgency and concern. The real national security deficit and the frustration that many people feel about the Federal Government's not living up to its responsibilities is something that, as I said, Senator Kyl and I address with Title I of our comprehensive immigration reform bill.

At the same time, the Congressional Research Service has estimated as recently as last year that we have approximately 10 million undocumented immigrants, people who have come in outside of the laws currently residing in the United States, approximately 6 million of those in the workforce, is the number Congressional Research Service uses. I have heard different estimates.

What studies or reports has the Department of Labor undertaken to identify the types of jobs that immigrants currently perform, if any? Or what kinds of sectors of the U.S. economy will continue to need migrant labor in the future?

Mr. LAW. There are a variety of different external reports, not Department of Labor-specific reports but external reports, that have documented the extent of immigrant employment in various sectors of the economy. There is, just for example today—and this is purely anecdotal, but it is confirmed much more broadly—an article in the Washington Post that describes the influx of Hispanic workers, mostly foreign-born, in the construction industry just around this particular area. Again, that is an anecdotal answer, but it is replicated by numerous reports and studies around the country that the construction industry has become an area where immigrant labor is increasingly needed as the employment in the construction sector is now at an all-time high and continuing to increase every single month.

In addition to that, immigrants have become increasingly important to the agricultural sector, particularly in rural areas where it is very difficult to get surge capacity employment from the domestic labor force so that there is increased reliance on migrant farm workers, which are largely foreign-born immigrants.

In addition to that, there is an increasing need for typically immigrant labor in the health care sector, and lastly, also in the area of highly skilled workers, in particular the software industry, the computer hardware engineering industry. These are areas where there simply is a much greater need for additional workers than the current domestic labor supply can keep the pace with.

Chairman CORNYN. Mr. Law, some Members of Congress have proposed—and I am thinking about, in particular, the ag jobs bill that was introduced earlier, or taken up even during the course of our debate about the supplemental appropriation bill earlier this year—that we deal with this on a sector-by-sector basis; in other words, that we deal just with the ag industry and farm workers.

My own question about that is: Is there any good reason, from your perspective, why we would deal with this on an industry-specific basis as opposed to creating a system which would allow people to match willing workers with willing employers, once they have determined an American is not able to fill that job? Is there any good reason why we would limit the kinds of jobs that these people, once screened and once qualified, could perform in our economy?

Mr. LAW. Well, probably the best answer to that question is that today, as my previous answer suggested, immigrant workers, foreign-born workers, occupy a very, very broad array of occupations and sectors of the economy. A fix in one area obviously would not address the need for workers in significant other areas.

There is undoubtedly an acute need for a steady and predictable supply of foreign-born workers in the agricultural sector, but simply dealing with that problem alone will not deal with the equally acute and deeply felt need for immigrant and foreign-born workers in the high-tech sector, for example, or in health care or in construction.

And so very clearly the benefit, I guess I would say, of a comprehensive approach is that all of the different economic needs we have would be addressed by a comprehensive approach, and in addition to that fact, we would also be reaching all of the workers who currently live and work here who are undocumented who are in this broad array of different industries and occupations.

Chairman CORNYN. What kind of assurances could be provided to assure the American people that any immigration reform that would allow immigrants to work here on a temporary basis would not be displacing American workers? How would you see that we would best address that?

Mr. LAW. Absolutely. That is a very important question, and one of the central principles of the President's approach which he announced last year was that American workers need to come first. We need to protect their rights to get access to jobs that are available above all else.

We administer a number of worker visa programs, and a key feature of several of them is a labor market test which requires us and employers to go through reasonable, verifiable efforts to test the market to see whether there are available and willing American workers. We would expect that such a feature would be part of whatever ultimate temporary worker program were designed and implemented by Congress. And that is something that we would want to ensure, which is that employers working together with the Government put American workers first and make sure that we are not giving jobs away to foreign-born workers that an American is available to fill.

Chairman CORNYN. Thank you very much.

Senator Kyl?

Senator KYL. Thank you. Mr. Chairman, I had noted to Secretary Law that his name is a good intro for one of the things that we are trying to accomplish here, and I know he will agree with the statement. The Department, I am sure, agrees with Senator Cornyn and I that the key here is for us to develop a system in

which everybody can work within the rule of law. Would that be a fair summary principle?

Mr. LAW. I think that is a very important principle, yes.

Senator KYL. Clearly, we have employer needs for workers in our country, but I think all of us would agree that they need to be satisfied within a legal framework.

Among the principles that you testified to were that the undocumented workers who are here today but for whom some legal status is urged, nevertheless should not gain an advantage over those who have followed the rules. Let me just flesh that out just a little bit.

That would not preclude in your view, would it, allowing people who are illegal immigrants today from participating right alongside legal immigrants in a new temporary worker program? In other words, if we create a new temporary worker program for people to be here temporarily, both people who are coming from another country and these people who came here illegally today would be able to participate in such a program?

Mr. LAW. Yes, that is correct.

Senator KYL. That would be consistent with the principle.

Mr. LAW. Right.

Senator KYL. I gather an example of something that would not be consistent with that principle would be, however, to allow those illegal immigrants to gain legal permanent residency while someone who is seeking to do so legally from their home country—well, obviously, would be doing it in a totally different way, the way it is currently done.

Mr. LAW. Right. In fact, that was one feature that has been somewhat criticized and regretted about the 1986 Immigration Reform and Control Act, which did exactly as you said, and one of the principles that has been enunciated in this temporary worker program is that this should not be an occasion for someone who is here illegally to get in front of the line of people who have waited outside patiently and obeyed our laws.

Senator KYL. Right. Now, I don't know if you have read some of the other testimony, but I read Tom Donohue's testimony, and as always, he has got a lot of good meat in his statement. On page 8 he said something that I really want to emphasize here and get your reaction to it. He said, "Some ask whether the high level of employment means"—and this is of people who are not documented—"that employers are violating the law. No, it does not." "Necessarily," I guess I would add. "It should be emphasized that employers are required to, and do, verify that each employee is eligible to work in the United States, but by law employees get to choose which documents from [DHS'] approved list (set out on the 'I–9)'. . ." And he goes on to say, "These documents look valid on their face and many times they are in fact legitimate documents belonging to relatives or friends who are authorized. . ." and so on. "By law, the employer must accept these documents."

And, of course, that goes on to illustrate why this is very difficult for employers, because employers cannot go behind the documents and say, "Well, you don't look right to me, I am going to demand something else of you." They will get hit with EEOC complaints in that event.

So we have put a real tough burden on the employers not to hire illegal immigrants but, by the way, not to ask too many questions, and we have given them the documents they can choose from, which everybody knows can be and in many cases are counterfeited.

Would it be the Department's view that critical to the success of a new program of comprehensive immigration reform would be a system for hiring that is simple, relatively inexpensive, easy for employers to use, and would have absolute verification requirements that would, if enforced and if applied properly, ensure that no more would illegal immigrants be hired?

Mr. LAW. Certainly employers are put between a rock and a hard place in the current system. Many of them do have very compelling needs for foreign-born workers to fill jobs for which there are simply no willing Americans available. And the current system is cumbersome. The current system, in many cases we are trying to make it simpler. But the current labor market tests in some cases are very, very complicated. And so I think any effort to simplify and clarify what the employers' responsibilities are and to ensure that those requirements actually do what they are intended to do I think would make the program work better and, therefore, encourage both employers and those who are undocumented to participate in it.

Senator KYL. The bottom line is that everybody working within the rule of law is better for society. The employers are protected and know that they have legal employees. The legal employees know that they have protections. And society at large knows that both the employers and the Government are sticking with the rule of law, which we really need in a society if we are going to have trust in the Government and trust in the rule of law. You would agree with that?

Mr. LAW. As you pointed out at the outset, that is my last name, Senator.

[Laughter.]

Senator KYL. Thank you.

Chairman CORNYN. Mr. Law, in your statement, you talk about the need for foreign workers and how that relates to the aging of current American workers. Could you expand on that a little bit so we could understand that better? Why aren't there enough younger Americans coming along to fill those jobs being vacated by those of us as we get older and reach retirement age?

Mr. LAW. Well, in large measure, this is a long-term demographic trend that is having an impact on a wide variety of issues in our country, including the Social Security debate, which we have been talking about in other settings. But as I think all of us know, the baby-boom generation, of which I am the tail end, is moving within range of retirement, and this is a very, very large cohort of people. In fact, the number of people who will be entering into the retirement years in the next few years is 50 percent larger than the same group that went through 10 years past. So it is a very, very large group of people who will be heading into retirement and leaving the productive workforce.

Meanwhile, the generation of people who are coming behind them, those who are, say, between 16 and 25 years old, has re-

mained essentially flat over the last several years. And so what we are seeing is a large number of people who will be outside the workforce, a somewhat smaller group of people who will be in their productive years in the years ahead, and that will create substantial pressure, is, in fact, already creating substantial pressure on labor markets. And it goes to the issue that I mentioned a little bit earlier where we look at what is happening to wage rates in key professions and comparing it to the employment levels. If wage rates are climbing dramatically in particular professions vis-a-vis how many new jobs are being filled, that suggests some pent-up demand for laborers.

One of the examples I did not get a chance to talk about was computer hardware engineers. We have heard a great deal, for example, about the dotcom bust, and so a lot of people assume there are no opportunities left in the high-tech industry. Well, anyone who is from that industry will tell you that the opposite is, in fact, true. We have heard about the dotcom bust, and yet despite that and despite the fact that that particular occupation of computer hardware engineer has been steadily filled with foreign-born workers through the H1–B visa program, and also despite the fact that these are traditionally very, very highly compensated positions, the wages of computer hardware programmers increased nearly 2 times faster than employment levels for that particular occupation between 2003 and 2004.

So we see a lot of examples all across the economy of greater need for workers in these particular occupations than the domestic labor supply can provide, and as you pointed out at the outset of your question, that will only get more substantial as the baby-boom generation retires, and the next generation, which is much smaller, will be there to fill those jobs.

Chairman CORNYN. I have found out during the time that I have spent focusing on immigration issues that one reason that our law appears to be so badly fragmented and not comprehensive in any real sense of the term is because it is controversial. So, people tend to favor rifle-shot solutions perhaps that do not get a lot of attention, but yet relieve a little bit of the problem here or there—for example, caps on H1–B workers and the like.

But, I wonder what your perspective would be on whether the caps that we have on legal immigration or perhaps the administrative burdens on legal immigration and legally working in the United States, do those provide an incentive for some people to simply avoid a legal way of coming into the country or working here because the burdens are just too high, the caps are too low?

Mr. LAW. Well, certainly if you look at the past history of our capped temporary work visa programs, in the past these visa program caps were not always met. Today, increasingly, they are being met and frequently being met very early in the program year. And so as a result of that, those programs become impossible to use for large numbers of employers who are concerned about using them.

The Senate recently passed an amendment offered by Senator Mikulski to at least reserve some of the H2–B visas for the latter part of the year, where some seasonal workers in her State and in

other States are needed for various food-processing tasks and that sort of thing.

So there is a lot of pressure on the current system with its current restrictions and caps and requirements, and I think that all argues for the kind of comprehensive approach that the President has talked about and that is being talked about here, where we deal with all of these different pressures on the system and different concerns, such as the ones that Senator Kyl talked about earlier and you talked about earlier, which is also ensuring the rule of law while at the same time meeting the economic needs that our country has.

Chairman CORNYN. It struck me as ironic that, as we have heard during the course of our hearings, the Border Patrol detains about 1.1 million people a year. These are relatively uneducated, low-skill workers who are coming across in that way. Of course, we are also told that they probably detain one out of every four or so. And, of course, they detain them, many of them, most of them, and then release them on their own recognizance pending a hearing on deportation for which most of them do not show up.

Mr. LAW. Right.

Chairman CORNYN. But, my point is we have put caps on some of the best educated and the best trained people, and yet we have virtually uncontrolled illegal immigration for unskilled workers. That seems backwards to me.

Mr. LAW. Well, certainly one of the issues that has been raised that needs to be looked at is just the role of high-skilled immigration in this country, and people have increasingly been talking about that. There has been some recent analysis done about the tremendous contribution that high-skilled foreign-born workers make to our economy, to our standard of living, and the degree to which they really contribute to our economy's competitiveness and vitality.

So, once again, I think it argues for looking at the entire picture, what each temporary worker or foreign-born worker contributes to the economy, as well as these other issues that you have raised earlier in this hearing.

Chairman CORNYN. Well, one last point in that same vein. Senator Lugar, Senator Alexander, Senator Coleman, and I have begun to have a series of roundtables on the decrease in the number of foreign students who come and study in the United States due to heightened security procedures and scrutiny given to these foreign students, many of whom, because of the difficulty of getting into the United States to study, are going to study in Europe. Unfortunate, from my standpoint, not only do we lose some of the brain power that might ultimately inure to the benefit of the United States, a lot of the public diplomacy that occurs when foreign students come to the United States and study and then return to their home countries is lost.

Mr. LAW. Right.

Chairman CORNYN. Because, it seems to me that there is probably no better person to communicate the positive attributes about our country than a student who comes from another country, who studies here, and then returns to their home country, and then is able to their fellow countrymen what America is really like as op-

posed to what they read in the newspapers, in some newspapers, and watch on some TV screens.

Thank you very much.

Mr. LAW. Thank you, Senator.

Senator KYL. Mr. Chairman, unfortunately, I am going to have to go, but just again, relating to the Department of Labor's desire to serve both employer and employee here with a sensible system, and Tom Donohue's observation in his testimony, I was reminded of that old saying that was kind of the cynical humor of the Soviet Union era when the workers would say, "Well, the government pretends to pay us and we pretend to work."

It was a cynical reflection on the fact that there was no rule of law there. The government was breaking the law and everybody knew it, and so the workers felt no obligation to try any harder than the government.

We have a Government that sets out a standard that everybody knows does not work. The employers are required to comply with it. They and certainly the employees who are hired illegally know that it is all a sham. And yet we allow it to continue. The employers do not want it to continue that way. The Government certainly should not want it to continue that way. The employees would obviously like to be legal.

We have got to get a handle on this and create a system where people in the future will have respect for the system, the rule of law, and will say now we have got something where people can legally be employed in a relatively easy way by employers who want to comply with the law and are now doing so, and the Government that cares about enforcing the law. If we can get to that point, I think Senator Cornyn and I will have succeeded. But since you are always available, I am not going to take any more time to question you. I will just talk to you later. Thank you.

Mr. LAW. Absolutely. I would be glad to do so, Senator. Thanks.

Chairman CORNYN. Thank you very much. We will now go to our second panel. Thank you for being with us.

Mr. LAW. Thank you very much, Senator. Glad to be here.

[The prepared statement of Mr. Law appears as a submission for the record.]

Chairman CORNYN. While our panel is taking their seat, let me just say that we have a very distinguished second panel in addition today.

Our first witness is Thomas J. Donohue, the President and CEO of the United States Chamber of Commerce. Mr. Donohue leads the world's largest business federation representing 3 million companies, State and local chambers, and American Chambers of Commerce abroad. Mr. Donohue brings important perspectives on a variety of issues being considered by Congress including intellectual property issues, corporate governance, and today's topic, immigration reform. Thank you for being here with us today.

Joining Mr. Donohue on our second panel is Dan Griswold. Mr. Griswold is Director of the Cato Institute's Center for Trade Policy Studies, and has authored or co-authored studies on, among other subjects, globalization, the World Trade Organization, trade and manufacturing, immigration and trade in democracy. Mr. Griswold has been published extensively and has appeared in numerous TV

and radio news and talk shows. Welcome, Mr. Griswold, to the Committee.

Finally, I would like to welcome Douglas S. Massey. Dr. Massey is Professor of Sociology and Public Affairs at Princeton University's Woodrow Wilson School of Public and International Affairs. Dr. Massey is also published extensively on Mexican immigration, including co-authoring Beyond Smoke and Mirrors, which discusses U.S. immigration and the economic integration of migrant workers. Thank you as well, Dr. Massey, for being with us.

We are privileged to have such a distinguished panel of witnesses to bring a broad base of practical experience to these issues, and we would be pleased at this point to hear your statements.

Mr. Donohue.

STATEMENT OF THOMAS J. DONOHUE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, U.S. CHAMBER OF COMMERCE, WASHINGTON, D.C.

Mr. DONOHUE. Senator, thank you very much, and thank you for inviting me here to speak on this critical issue. It is important to the well-being of our country immigration reform.

I last testified on this subject before Congress on September the 7th, 2001. At that time you will recall our Nation was moving towards major reform. John Sweeney and I had testified together with some common thoughts.

President Bush and President Vicente Fox appeared also to be heading towards a mutual set of agreements.

Just four days later after we testified the tragedy of September 11th occurred, and the Nation, understandably, focused all of its attention on security. Immigration reform fell by the wayside.

But nearly four years later the need for immigration reform is greater than ever. Our immigration system is broken and will stay broken until we fix it.

Allow me, Senator, to add just a personal note before I carry on with my testimony. I travel around the country talking about immigration, and its importance to this Nation, and I am somewhat turned off by the very often vicious reaction of sensible people to the need to add immigrants to our workforce. I always ask how many American Indians are in the room. There are not too many. I remind the others that they are all them, those people. That is where we came from. But at the same time I am not worried about the result because this long discussion about this complicated subject is going to still be going on when the problem becomes so severe that the Congress, the States and our fellow citizens are going to deal with it.

If you look at all the people that are unemployed in the United States now, there are about 1.6 million of them that are ready, willing and able to go to work. If you look at all of the immigrants that are undocumented and here working, and the Pew study said, what, 10.3 million? That suggests if we send them home or we do not make them employable, we have got a national crisis now. If you listen to Steve Law's comments about what happens in the coming years in retirements, we have an even more serious crisis.

So I think we are dealing with two issues here, basically the need to fix the system, and second, the reality that no matter how

prejudiced or emotional or understandably angry our fellow citizens are, they are going to be ready to solve it long before they are going to change their attitudes.

Let me suggest that there are three things we can do to change this system. First is some type of targeted earned adjustment to take care of the status of undocumented workers who are here, many of them paying taxes, and certainly working in a lot of our very important industries. Some like to use the word "amnesty." I do not. We support legislation that would provide a step-by-step process in which an undocumented worker could qualify for permanent legal status.

I know that some people, as I said, are uncomfortable with providing these workers with legal status, but the alternative solutions are not only indefensible, they are not workable. We are not going to adopt a massive deportation program, and if we did, we could not make it work. Our economy would grind to a halt if we tried to round up and deport the estimated 10 plus million undocumented workers, and maintaining the status quo is equally wrong. A shadow society of undocumented workers and a booming fraudulent document industry—which by the way, gets more effective every year because the technology is better—protects criminals and terrorists and it makes it easy for people to exploit undocumented workers.

Creating a pathway for earned legal status in this country would rightfully recognize those upon whom our economy depends and would enable our law enforcement officials to do their job more effectively.

I second think that immigration reform should allow employers to hire foreign workers under a temporary worker system. By the way, these would not all be low-end jobs. Our problems on the higher end are moving in a negative way faster than on the lower end. A temporary worker program is absolutely essential for us to address these needs of an expanding economy, a declining working age population, a lower birth rate and an impending retirement of much of the workforce. By the way, we have done this five or six times since the founding of our country with major thrusts of immigration. We might want to try it again. It has produced some pretty good people.

My written testimony gives you all the demographic data, but rather than go into that, I would like to just report one line from a workforce expert who says the "most inescapable challenge facing the American workforce in the coming 20 years", the next 20 years, "we will not have enough people to fill" the jobs.

When we did our outsource study we got a result that said by 2010—that is 5 years from now—that we would have between 6 and 10 million jobs in this country with no one to fill them. That is why I have a sense we will move forward.

I do not want to bleed on your time anymore. I would simply say that we need skilled and unskilled, moderately skilled workers. You look at the numbers on housing starts, at an all-time high. Who do you think are building these houses? You look at what is going on in our expanded agricultural business in your own State, with massive exports of agriculture products and coming to a better—who do you think is working these industries? A sizeable

chunk of our economy requires these immigrants, and we need their help.

Finally, we recognize that stronger enforcement of our immigration and border security laws are important, and people have to have a law that has credibility in it, and we have seen all the reports about violence and people dying unnecessarily. We certainly do not want to have that happen. I do remember a lot of Irish people that got on boats and came here through terrible storms, and a lot of them died. They were not only leaving a famine. They were coming to a great time of opportunity, and this country has not got the facility to lock those borders.

Senator, let me just say we need more workers. We need enhanced security. We need a document system we can trust, and obviously many details have to be worked out. The Chamber is a leader in the Essential Worker Coalition. We are going to work very hard on that. We are going to work with you and your colleagues, but let us try and get something done before reality overtakes us, and it is breathing hard down our necks.

Thank you very much.

[The prepared statement of Mr. Donohue appears as a submission for the record.]

Chairman CORNYN. Thank you very much, Mr. Donohue, for your statement.

Mr. Griswold, we would be glad to hear yours.

STATEMENT OF DANIEL GRISWOLD, DIRECTOR, CENTER FOR TRADE POLICY STUDIES, THE CATO INSTITUTE, WASHINGTON, D.C.

Mr. GRISWOLD. Senator Cornyn, thank you very much for inviting the Cato Institute to speak today on immigration and the U.S. economy.

Our research at Cato has consistently shown that immigrants plan an important part in the success of our free enterprise economy. Immigrants work willingly to fill important segments of the labor market. They gravitate to occupations where the supply of workers tends to fall short of demand, typically among higher-skilled workers and lower-skilled occupations. That hour-glass shape of the immigrant labor pool compliments the native-born workforce, where most workers fall into the middle range in terms of skills and education. As a result, immigrants do not compete directly with the vast majority of American workers.

Lower-skilled immigrants benefit the U.S. economy by filling jobs for which the large majority of Americans are simply over qualified. Important sectors of the U.S. economy, hotels and motels, restaurants, agriculture, construction, light manufacturing, health care, retailing and other services depend on low-skilled immigrant workers to remain competitive.

Even in our high-tech economy demand for less skilled labor will continue to grow in the years ahead. According to the Department of Labor, the largest absolute growth in jobs during the next decade will be concentrated in categories that require only short-term on-the-job training. Of the 20 job categories with the largest expected growth in employment between 2002 and 2012, 14 of them require only short-term training. These occupations include retail

sales, food preparation, grounds keeping, janitors, waiters and waitresses. The net employment growth in those categories alone is expected to be 4.9 million.

Meanwhile, the pool of American workers willing and happy to fill such jobs continues to shrink. We are getting older as a Nation and we are getting better educated. I am also one of those aging baby-boomers. Between 1982 and 2012, according to the Bureau of Labor Statistics, the median age of workers in the U.S. labor force will increase from 34.6 to 41.6 years. That is the highest level ever in American history, and the pool of workers between 16 and 24, the share is dropping by a third. At the same time workers in the U.S. labor force are more educated than ever. In the past four decades the share of adults 25 and older who have not completed high school has plunged from more than half in 1964 to less than 15 percent today, and if you look at adult native men in the workforce, it is below 10 percent and dropping.

Immigrants provide a ready and willing source of labor to fill that growing gap between demand and supply on the lower rungs of the ladder. Yet here is the rub. Our current immigration system offers no legal channel for peaceful, hard-working immigrants from Mexico and other countries to come into the United States and fill these jobs that the vast majority of Americans do not want. The result is large-scale illegal immigration. Our current dysfunctional immigration system is colliding with reality, demographic and economic, and as usual, reality is prevailing.

Since 1986 the U.S. Government has dramatically increased spending on border enforcement. For the first time in our history we have imposed fines on companies that knowingly hire undocumented workers. Yet the number of illegal immigrants continues to grow by several hundred thousand a year to an estimated 10 million today.

The only realistic answer is comprehensive immigration reform. Such reform should grant temporary but also renewable visas that would allow foreign-born workers to fill those jobs where labor is most needed. Such visas should allow multiple reentries for as long as the visa is valid, complete mobility between employers and sectors, and full protection of U.S. law.

Comprehensive reform should also legalize the millions of workers who are currently in the United States without documentation. Many of these workers have lived and worked in the United States for several years. They are valuable participants in their workplace and their communities. They should be allowed and encouraged to come forward and be legalized and documented.

Legalization does not mean amnesty. Newly legalized workers can be assessed a fine. They should be required to get in line with everybody else to apply for permanent status. Whatever way we achieve legalization, it would be far preferable to the status quo of millions of people living in a social and economic twilight zone outside the rule and protection of law.

Reform is not about opening the door to millions of additional foreign workers. It is about legalizing the millions already here and the hundreds of thousands who are coming in each year already.

According to research, legalization would raise their wages, benefits and working conditions by giving them more bargaining power

in the marketplace. They could more easily change jobs to improve their pay and working conditions. They would be more likely to qualify for health insurance and to invest in their job and language skills. They could put their savings in the bank. Legalization would replace an underground supply of illegal workers with a safe, orderly and documented population of legal workers.

In conclusion, we need to recognize reality, adopt comprehensive reform, and fix America's flawed immigration system so that it conforms to the realities and the ideals of a free society.

Thank you.

[The prepared statement of Mr. Griswold appears as a submission for the record.]

Chairman CORNYN. Thank you very much, Mr. Griswold.

Dr. Massey, we would be glad to hear from you.

STATEMENT OF DOUGLAS S. MASSEY, PROFESSOR OF SOCIOLOGY AND PUBLIC AFFAIRS, PRINCETON UNIVERSITY, PRINCETON, NEW JERSEY

Mr. MASSEY. Mr. Chairman, since 1982 I have co-directed a large research project studying Mexican migration to the United States with my colleague Jorge Durand at the University of Chicago.

The Mexico Migration Project, which is funded by NICHD and the Hewlett Foundation, offers the most comprehensive and reliable source of data available on documented and undocumented migration from Mexico. The project won a merit award from the National Institutes of Health, and based partly on its success, Jorge and I have been elected to the National Academy of Sciences.

Two decades of intensive research using these data reveal a fundamental contradiction at the heart of U.S. relations with Mexico. On the one hand, we have joined with that country to create an integrated North American market characterized by relatively free, cross-border movements of capital, goods, services and information. As a result, since 1986 total trade with Mexico has increased by a factor of 8. On the other hand, we have also sought to block the cross-border movement of workers. The United States criminalized undocumented hiring in 1986, and over the next 15 years tripled the size of the Border Patrol while increasing its budget tenfold.

The escalation of border enforcement was not connected to any change in the rate of undocumented migration from Mexico. Rather, U.S. policymakers appeared somehow to have hoped to finesse a contradiction, integrating all markets in North America except one, that for labor. This contradictory stance has led to continued migration under terms that are harmful to the United States, disadvantageous for Mexico, injurious to American workers, and inhumane to the migrants themselves.

Rather than increasing the likelihood of apprehension, the militarization of the Mexico-U.S. border has reduced it to a 40-year low. Before 1975 the odds of getting caught on any given attempt at entry were about 33 percent. Today they are around 10 percent, and this is because militarization channels migrants to more remote sectors where the chance of getting caught is actually smaller. In these relatively unguarded sectors, however, the risk of death is greater. Mortality among migrants has tripled, bringing about the needless death of 300 to 400 persons per year.

Although U.S. efforts to increase the costs and risks of border crossing did not discourage undocumented migrants from coming, they had the perverse effect of deterring them from going home. Once in the United States migrants are reluctant to face again the gauntlet at the border, so they stay put and they send for their family members. The end results has been an unprecedented increase in the size and growth rate of the undocumented population. The hardening of the border in San Diego and El Paso also pushed migrants away from traditional destinations towards new receiving areas.

In the end, during the 1990s, what had been a circular flow of able-bodied workers into three States became a settled population of families across all 50 States, significantly increasing the cost of migration to U.S. taxpayers. The economic costs were likewise exacerbated by the criminalization of undocumented hiring in 1986, which was an effort to eliminate the magnet of U.S. jobs. This action, however, only encouraged U.S. employers to shift from direct hiring to labor subcontracting. Rather than dealing directly with migrants, employers began increasingly to work through intermediaries to escape the burdens of paperwork and the risks of prosecution. In return, subcontractors pocketed a portion of the wage bill that formerly went to migrants, thereby lowering their wages.

Unfortunately, the ultimate effect was not to eliminated undocumented hiring, but to undermine wages and working conditions in the United States, not so much for undocumented migrants who had always earned meager wages, but for authorized workers who formerly had been able to improve their earnings over time. In the new regime everyone had to work through a subcontractor regardless of legal status, and the advantaged bargaining position once enjoyed by citizens and legal resident aliens was nullified.

At this point all we have to show for two decades of contradictory policies towards Mexico is a negligible deterrent effect, a growing pile of corpses, record low probabilities of apprehension at the border, falling rates of return migration, accelerating undocumented population growth, and downward pressure on wages and working conditions in the United States. These outcomes are not simply my opinion, but scientific facts that can be reproduced by anyone else, using the data that is publicly available from the Mexican Migration Project on the Web.

The situation is thus ripe for reform. Rather than undertaking repressive actions to block migratory flows that are a natural consequence of Mexico's economic transformation and its growing integration with the United States, a more salutary approach would be to bring flows above board and manage them in ways that are beneficial to both nations.

The steps that I believe that are needed to accomplish this reform include, but are not limited to: (1) the creation of a temporary visa program that gives migrants rights in the United States and allows them to exercise their natural inclination to return home; (2) expand the quota for legal immigration from Mexico, a country with $1 trillion economy and 105 million people to whom we are bound by history, geography and a well-functioning trade agreement, and yet it has the same quota as Botswana and Nepal; (3)

offering amnesty to children of undocumented migrants who entered as minors and have stayed out of trouble—these children who came here as minors are guilty of no sin other than obeying their parents and they should be offered immediate amnesty; (4) finally, establishing an earned legalization program for those who entered the United States in unauthorized status as adults.

These actions, along with others I could enumerate, go a long way to resolving the current mess. They would enable the United States to maximize the benefits and minimize the costs of a migration that will likely occur in any event. The approach of management, rather than repression, will better protect American workers and allow Mexico to develop more quickly to the point where forces now promoting large-scale migration ultimately disappear. The legislation submitted to Congress by Senators Kennedy and McCain moves the agenda of immigration reform substantially in this direction, and for this reason I support it.

[The prepared statement of Mr. Massey appears as a submission for the record.]

Chairman CORNYN. Thank you very much, Dr. Massey.

Let me start, if I may, with you, and you paint a rather grim picture of the consequences of our policy since 1986. You have given us some ideas about how it is we might address some of those. How would your proposed reforms deal with the threat of international terrorism where people who want to come here and hurt us can use the same means that people who want to merely come here and work currently use in order to come into our country and then simply melt into the landscape? How would the proposals that you suggest help us deal with that challenge?

Mr. MASSEY. Well, in two ways. First, when you have got 10 to 12 million people in undocumented status who are afraid of the law, that provides a big sea for terrorists to swim in without being detected. The way to detect terrorists who are out to harm Americans and their interests, is to bring all these people above board and document them. Then the undocumented will stand out and can be more easily identified and apprehended.

Second, I think the evidence shows that our militarization of the border with Mexico has not bought us any additional security. None of the terrorists came through that border. And why would a terrorist attempt to come through the Mexico-U.S. border, which is heavily policed, when they can waltz across the Canadian-U.S. border without being bothered. So I think what we need to do if we want to enhance our security is not try unilateral police actions at the border, but engage in cooperative law enforcement activities with our two close neighbors in North America, and get the Mexicans and Canadians to work with us in deterring people even before they get to Mexico or Canada.

Chairman CORNYN. We have had previous witnesses, Dr. Massey, who said that the two things that Mexico could do to help the most in terms of international terrorism and the threat of danger to American citizens would be to, No. 1, to protect their southern border, and No. 2, to deal more effectively with OTMs, as we have heard the phrase, other-than-Mexicans who transit through that country, through their airports or across their roads to come into the United States. Do you agree with that?

Mr. MASSEY. Yes. A model here is what the European Union is doing with Poland. They are providing the Polish Government with technical assistance to enforce its eastern border from other countries in the former Soviet Union, and in return, they have admitted Poland into the European Union. It is not complete labor mobility yet, but they have a very generous temporary visa program to allow Polish workers in, and it seems to have been relatively successful.

I will note that the southern border of Mexico is much shorter than the Mexico-U.S. border, which is about 2,000 miles, and if we were to work with Mexico and provide technical assistance in patrolling that border, I think it would be much to our benefit.

Chairman CORNYN. Mr. Donohue, let me ask you about what Congress could expect, Congress should expect from American employers that you represent, that the Chamber represents, if we provide the means for employers to determine the status of prospective employees? Should we be able to expect that they will avail themselves of that ability to determine whether the person they are looking at as a prospective employee is in fact authorized to work in the United States?

Mr. DONOHUE. I assume, Senator, you would like a very candid response to that, so I will give you one.

Chairman CORNYN. I would expect nothing less from you.

Mr. DONOHUE. First of all, a great majority of American companies want to abide by the law, not only because they may be caught and pay a penalty of some sort, but because they are Americans. There are some people in any organization, whether it is Government or church or associations or companies, who will not play by the law, so you can write that percentage off.

But there is a fundamental reality when you stop and think that some 92 percent of the adults who came in who are undocumented workers, are all employed in this country. When you add their families to it, you know, it is even a greater number, and they are available to work.

Now, if you go back to Texas and you decide to run a small company, a small manufacturing company, a small printing company, a small hotel, and you cannot find workers, you are going to keep your business going. The better question would be, if we make it possible for these companies to get the workers they need to keep providing the service to their customers and therefore stay in business and keep their people employed, the rest of the people employed, they will respond to that aggressively.

I am asked all the time when I am in Europe, "How come the United States economy is so strong, 3.68 percent, 4 percent last quarter of last year, and we cannot get off a dime?" I say, "It is very simple. We have got 20 million small companies in our country, and they are honorable, thoughtful people. They just do not pay too much attention to Government."

Government is running behind this issue. The only way to get in front of it is to deal with the challenge and the problem, and that is we do not have enough workers, and we like to tell everybody there are all sorts of American workers. The unions tell me all the time, there are all kinds of American workers ready. Just pay them enough money. There is not enough money in the world to pay peo-

ple that do not exist. The demographics of this society should be a required study before members of the Congress, members of the Senate, the administration and the press, decide to take this issue apart. If you were not born 21 years ago, you are not here today ready to go to work.

Chairman CORNYN. You indicate in your written testimony that the application process for some of our visas, for example, the H2–B process, is too bureaucratic, too burdensome, that it causes many employers simply to avoid that process in the first place. What sort of impediments do you see to the way that our immigration system is currently being administered that make it unworkable to the average American employer, if there is such a thing?

Mr. DONOHUE. Well, first of all, if you go back to Texas and find a guy who is building small homes or adding rooms to homes or doing refurbishments and all that sort of thing, and he hired wallboard guys on Tuesday, Thursday and Saturday, and he gets a plumber to come in some other days, and he has a tile guy coming in, first of all, he is running the whole company out of his left breast pocket. All his tools and everything are in his pickup truck. He knows who to hire. He hires the people that work hard, do not steal his stuff, he can trust to come into homes, and the word is out in the industry, they know who is going to produce. I am not sure they are much into doing the paperwork required to figure out this visa business. Have you ever looked at it?

Chairman CORNYN. I have not tried to hire anybody, no.

Mr. DONOHUE. My son is a builder, our middle son, you know, middle sons are cool. My son is a builder in Colorado. He is my resident expert on this subject and I regularly consult with him on the difficulties of running a small business. His brother, the lawyer, has advised him that if he takes care to deal with the IRS and the Colorado IRS, he is 95 percent of the way there.

Chairman CORNYN. I take it that you mean that American employers need workers, and presumably if we were able to create a legal framework for immigrant labor to work in this country in a way that was less bureaucratic, less burdensome on the employer, less paperwork, that it would be—and we were able to provide a means for that employer to determine whether this prospective employee could legally work here—would it be reasonable for Congress to expect that that would be a program that could be, at least in theory, implemented and usable?

Mr. DONOHUE. Of course it would. If we make the system simpler, the paperwork simpler. You heard Dr. Massey tell you we have added of people, a bureaucracy of high significance, and we have gone from a third interdiction to 10 percent, and obviously we are making progress.

But the issue that is fundamental here is, first of all, any company of size, any company that has a personnel department, a human resources department, any company that has sufficient size to be held responsible, is going to jump at that opportunity, and by the way, they do not only need low-end workers. We are in a major crisis on high-end workers. They all used to like to study here and then get an H1–B visa. They are going home to India and China to make their fortune. We have got an up end. But do not let us kid ourselves about the 20 million really small companies that are

in certain kinds of businesses in this country that use temporary workers, that use seasonal workers, that use workers that have skills that are needed only part of the time. What we need is a system that is going to encourage them to be as reasonable as we can, but I am not going to sit here and tell you that this Government has any facility to stop entrepreneurs of great energy and courage and ambition from getting the wallboard put up on Tuesday.

Chairman CORNYN. Mr. Griswold, one of the frustrations that I hear expressed by people who are concerned about our inability to control the influx of illegal immigrants across our borders relates specifically to the cost imposed on two particular sectors of local communities by the Federal Government. For example, in the health care field, Federal law mandates that anyone who shows up at an emergency room in a hospital, regardless of their legal status, regardless of their ability to pay, must be seen and must be treated. We can all understand from a human compassion standpoint why that is important; however, it does impose a substantial financial burden on local communities.

The other example relates to public education. From my own standpoint, it is better if people are going to be here that they be educated and be productive rather than the converse. Nevertheless, we see that in places around the country where the immigrant population is exploding that the burden put on local schools and on local taxpayers is increasing mightily, and there is frustration associated with that. Could you comment on how you believe that Congress could and should address those two issues?

Mr. GRISWOLD. And I think these are legitimate concerns that need to be taken seriously. The National Academy of Science just did a very thorough of immigration in about 1997, and they came to the conclusion that the typical immigrant and their descendants paid more in taxes than they take from the Government. So immigrants over their lifetime and their children—the big payoff is their children, who tend to be overachievers. So immigration is not an overall burden on taxpayers, but low-skilled immigrants of course do incur more costs, they pay fewer taxes. And the costs tend to be focused on the State and local level where these sorts of services are delivered. They are great for the Federal Government, the Social Security system, that sort of thing. They pay in and do not collect.

One, I think we need to look at reforms within those sectors, and I am not about to offer any advice on reforming health care of education, but those need to be tampered with. We have got systems there that—

Chairman CORNYN. Feel free if you have any ideas.

[Laughter.]

Mr. GRISWOLD. My colleagues at Cato have lots of advice, Cato.org.

[Laughter.]

Mr. GRISWOLD. But I think one thing Congress could do is some kind of revenue sharing. The Federal Government tends to make a lot of money off of immigrants, whereas the costs are concentrated in the short term at the State and local level, some kind of cost sharing in terms of offsetting that.

You know, frankly, these problems are not an immigrant problem, they have to do with low-income people, and they cause these sorts of burdens wherever they are, whether they are immigrants or not, and the ultimate answer is to help people get educated, get the skills they need to raise their income and their productivity, and be less of a burden to taxpayers.

Chairman CORNYN. I appreciate your answer. I would just tell you that the Federal Government's track record in this area is abysmal. Coming from a border State where the costs of health care are borne by local communities—25 percent of the population in Texas is uninsured, and a large number of those are undocumented immigrants. So, the challenges are real and I hear what you are saying. It remains a big problem.

Let me ask you, Professor Massey, we have heard from time to time a discussion of circularity of immigration patterns, and you have noted that by enhancing border security, assuming you would agree that that is what we have done, we have probably compounded the problem and forced people to stay in the United States who could be expected to return at least on a periodic basis to their country of origin. Could you address that and how you believe we could best respond to that phenomenon?

Mr. MASSEY. That dovetails with your last question about the social costs of immigration. Of course there are inevitably some costs because you are not just bringing in labor, you are bringing in people. The problem is when it is underground there is nobody to pay and it usually falls heavily on State and especially local governments.

The advantage of bringing it above board is that you can tax people and you can charge them a fee. We know the migrants are willing to pay now an average of $1,200 to get smuggled into the United States. So the Federal Government can undercut the coyotes and charge them $600. Over several hundred thousand people creates millions of dollars in revenue that you can use to create an insurance pool to pay for the services provided to temporary migrants when they get injured or sick and end up in an emergency room. And they will not be uninsured and the burden will not fall on the local hospitals.

Second thing is, yes, by militarizing the border, the paradoxical effect is we really did not have very much of an effect in the inflow, but we had a huge effect on the outflow, and dramatically decreased the rate of return migration. So if you keep the inflow the same and you decrease the outflow, demographically only one outcome is possible, you are going to get a big population increase, and that is what has happened.

But as people stay longer, what had been a flow of single men, as people stay longer, as the men stay longer, they naturally get lonesome and send for their family, and so it has also transformed it from a population of male workers into a settled population of families. That drives up the social and economic costs. You pay more for education.

So by legalizing the people that are already here, and especially the children who really are an ongoing human tragedy in the United States, but legalizing those, putting their revenues into the tax pool, bringing it all above board, I think you will provide great-

er revenues for educating the second generation, and by creating a temporary worker program and demilitarizing the border a bit, you actually get higher rates of return migration so fewer people are going to settle here, and more people will go home.

By militarizing the border we actually frustrate the desire of most Mexicans to return to Mexico and people who would otherwise work here a couple seasons and go back, repatriate their money, self-finance the construction of their house or start a business in Mexico, they end up here and then their kids come here, and then once your kid is here, you know, you start to build roots on this side of the border and it becomes a much more costly enterprise.

So I think if we just try to manage it more rationally and reasonably, Mexico would be better off, we would be better off, the American workers would be better off, and the State and local governments would be better off.

Chairman CORNYN. You mentioned people of course returning back to Mexico after working here, assuming they could under some legal framework. It always struck me as being in the best interest both of the United States and of, for example, Mexico, not to have Mexico's workforce permanently leave that country and hollow it out in terms of the labor they need in order to develop their economy and provide opportunity there.

But it also struck me as being in our best interest, even if we need a temporary workforce, or one that can go back and forth across the border, to encourage workers to return to their country of origin with the savings and the skills that they acquire in the United States to help develop their own country. This is one of the reasons I believe in trade agreements like NAFTA and CAFTA, which is coming up, as one gentleman told me in Guatemala recently, he said, "We want to export goods and services, not people." What I understood him to say is we would love to be able to create jobs and work in our home countries and export those goods and sell those elsewhere, rather than export our human capital and make ourselves poorer and less able to support ourselves.

Mr. Donohue, you had a comment?

Mr. DONOHUE. First of all, I associate myself with your analysis there, except for one thing. We are going to need a very significant permanent workforce. If you look across the border in Mexico and look at the extraordinary number of workers below 27, and you look across the border into the United States and see an aging workforce, this thing fits together in an extraordinary way.

It is hard for some people to swallow. We certainly need a temporary workforce that is seasonal, but this country needs permanent workers all up and down the daisy chain because we are running out of them and it is very hard for the unions to stomach, it is very hard for people to look at this and say, you know, why did this happen? We have done this again and again and again in our country, which has given us the greatest gene pool in the history of the world, and it is important for everybody to understand we do not have a choice.

Chairman CORNYN. One of the concerns that many have expressed about a system which would allow any worker to come here and qualify to work in a temporary worker program and then have a path permanent residency and perhaps citizenship, that that

would create a virtual magnet for illegal immigration. Many point to the amnesty provisions of 1986 as an inducement to illegal immigration. People thought that if they get here, if they wait long enough, ultimately the Government would wave its magic wand and they would receive an amnesty and, thus, their illegal activity was rewarded. I would like to hear your comment.

Mr. DONOHUE. I am not at all suggesting an open border. I mean, to say that anybody who wants to come here from anywhere in the world can come here tomorrow is not a practical or thoughtful solution. I think we need a clearer understanding of what kind of workers we need and how many we need, and we should start with the ones that are here and working and established roots and figure out a way under the various bills that are being discussed here to resolve that problem.

Going forward, I think the idea on a temporary basis, as Dr. Massey indicated, of having a revolving system where people could come here seasonally and go home makes sense. The real challenge we have is to get from the idea to the practice, but we have to get there with a full understanding that we need a serious number of permanent workers and an ever-changing number of temporary workers. It is very, very hard for government writers of legislation and rules to deal with that, but we are going to have to find a way to do it.

I am with those people that say we should not open up the borders and let every—you know, there are 1.3 billion people in China. I don't think we want to see 300 million of them show up here tomorrow. And there are ways we can do that. But in the Americas, where we are trying to—where we have one economy and we are trying now—we should at least try and do some of the things they were able to do in Europe.

I think that there is a need for a dose of truth and then a way to sit down and try and figure out how to make this happen. And we will do anything we can to help you. The demand for people is going to be greater than the demand for energy.

Chairman CORNYN. Mr. Griswold?

Mr. GRISWOLD. Senator, could I just add that there were two mistakes made, I think, in the 1986 amnesty legalization. One was that it was an amnesty: You have been here before 1982, here is your green card. And they did jump ahead of the line. That sent the wrong signal. The other mistake was we did nothing about the flow coming in. There was no liberalization to allow people to come in legally.

I don't think there is any Mexican worker—certainly the vast majority of them—who wouldn't prefer to come in legally to illegally. If you would give them this legal channel to come in, they will come in legally, and they will respond to demand. It is very expensive for a Mexican worker to come to the United States and be unemployed. Their lifetime savings disappear very rapidly trying to live here in the United States. So they tend to respond to demand. We are not going to get 10 million Mexicans coming in. They come in because they know there is a job. Often you have communities where the word gets out that there are jobs in Dalton, Georgia, or Laredo, Texas, or wherever, and they go there.

So I don't think we need to fear that massive numbers are going to come in. We don't need to fear that they come in illegally if we have a legal way for them to come in. There is one historical precedent that I think we can learn from. We had the bracero program in the 1950s, and there are some lessons we can learn from that, too. That was a guest worker program. Workers were tied too closely to the employer. That gave the employer too much leverage. There was some abuse there. But we had illegal immigration in the early 1950s. The Eisenhower administration, in cooperation with Congress, significantly increased the number of visas available, and illegal immigration dropped dramatically because they could come in legally. And I think we can learn from that.

Chairman CORNYN. On a related point, you mentioned this during your opening statement, Mr. Griswold. I know some of my colleagues, as a matter of fact, maybe all of my colleagues, are concerned that the immigrant labor pool will drive down the wages of people who are legally here in the country and working. Can you explain? I believe you say the immigrant labor pool is shaped like an hourglass and complements the native-born workforce rather than directly competes against it. Could you expand on that for a moment?

Mr. GRISWOLD. Yes, immigrants disproportionately tend to be concentrated on the higher end—you know, think a college physics professor—and on the lower end—a construction worker, a hotel worker; whereas, the American workforce skill spectrum tends to be bulging in the middle. And so, therefore, immigrants don't compete directly with the vast majority of Americans. In fact, the same National Academy of Sciences study I mentioned found there were only two groups that had downward pressure on their wages from immigration. One was other recent immigrants, which makes sense. They are similar to immigrants coming in. And the other were Americans without a high school degree.

Now, if you are an adult in the U.S. workforce trying to get by in life, you are getting it from all sides if you do not have a high school degree—changing technology, an information economy. The answer is not to choke off the influx of immigration. It is to give those people the skills they need to be productive members of the workforce.

Again, one thing we learned from history, when we had a large influx of immigrants 100 years ago, during the great migration, that also put downward pressure on lower-skilled wages. What that helped to start was the high school movement. It, in effect, raises the premium of having a high school degree, gives American kids one more reason to stay in school and get a high school degree. That is what we should be emphasizing.

Chairman CORNYN. Dr. Massey, I think—well, I think it was Mr. Griswold, maybe I will ask him first, and then ask you to comment on this. You have referred a couple of times to mobility between labor sectors, and this is important to me because we have heard some proposals that deal just with, let's say, the ag industry. You mentioned the bracero program and one of the abuses being that it tied the workers too closely to the employers in a particular sector. Could you explain a little bit more about what you mean?

Mr. GRISWOLD. Yes, and I think you are on to something there, Senator. If a visa is tied to a particular employer, it gives that employer a lot of leverage. If that worker does not like their working conditions, they may face deportation. They lose their right to work if they do not work for that particular company.

The best worker protection, I believe, is the ability to go across the street or out of State and get another job. You don't like the conditions, you don't like the pay, you find another job someplace, and that makes employers compete for labor. That is the best protection. So, one, I think for the individual worker, it is best to have mobility; but, second, for the U.S. economy. I don't want bureaucrats here in Washington deciding, you know, we need 100,000 workers for this sector, we need 200,000 workers for this sector. I think if we let workers come in responding to demand, as the economy changes and evolves, I would like those workers to have the freedom to move to other sectors. Maybe agriculture will not need as many workers as we think, but light manufacturing or the tourism industry will need more. So I think flexibility is the key, both for the individual worker and the U.S. economy.

Chairman CORNYN. Professor Massey, do you have a different view, or the same?

Mr. MASSEY. No, I agree completely. We have a mechanism for allocating people to jobs, and they are called labor markets. And if you believe that markets work, then you should set up a labor market so that it very efficiently allocates people to places they are needed. And you do not need a bureaucratic intermediary doing studies to figure out where the jobs are because that will take too long, it sucks up a lot of resources in between, it is inefficient. By the time you get the approval for the labor visa, conditions have probably changed, anyway.

If you believe in markets, then you set up the markets and let them work. And you would do this by giving the migrants the visa and let them go to wherever the demand takes them. And they would not come here if there were no jobs. As Dan pointed out, it is very expensive to come to the United States. And they cannot stay very long unless they have a job. So it is more or less self-regulating.

Chairman CORNYN. Mr. Donohue, I know you believe in markets. Do you have a different view, or the same?

Mr. DONOHUE. Not at all. I share those views, but I would point out one in addition. Under the current system, employers spend a good deal of time trying to recruit workers, particularly those with legitimate visas, and, therefore, expect some period of time that the worker would stay with them. And we have to figure that out. I mean, if that leads to abuse, then that ought to be changed. But Dr. Massey just indicated, if the visa goes to you, sir, and you can go on the free market and find your work, then no one has a claim on you of any type.

So if we could get from here to there, count me in.

Chairman CORNYN. Well, very good. Thank you all for being here. We could continue this conversation, and no doubt will, for some time in the future.

I know that we have a number of statements from some of our colleagues, those of Senator Kennedy and Senator Leahy, which will be made part of the record, without objection.

We also have a letter from the United States-Mexico Chamber of Commerce that is supporting the efforts to deal with comprehensive immigration reform as others are. The letter will also be made part of the record, without objection.

Thank you very much for your participation. We look forward to continuing to work with you and to seek your advice. There are a lot of different ideas pending even in the Senate, and everyone in the Senate is going to be contributing to this process. But on behalf of the Subcommittee, I would like to thank all of the witnesses.

We will leave the record open until 5:00 p.m. next Thursday, June the 2nd, for members to submit any additional documents into the record or to ask questions in writing of any of the panelists.

With that, our hearing is adjourned.

[Whereupon, at 4:21 p.m., the Subcommittee was adjourned.]

[Submissions for the record follow.]

SUBMISSIONS FOR THE RECORD

U.S. Senate Judiciary Subcommittee on Immigration, Border Security and Citizenship
U.S. Senator John Cornyn (R-TX), Chairman

"The Need for Comprehensive Immigration Reform: Serving Our National Economy."

Thursday, May 26, 2005, 2:30 p.m., Dirksen Senate Office Building Room 226

OPENING STATEMENT OF U.S. SENATOR JOHN CORNYN

This hearing of the Senate Subcommittee on Immigration, Border Security and Citizenship shall come to order.

I want to thank Chairman Specter for scheduling today's hearing. I also want to thank Senator Kennedy, the ranking member of this subcommittee, for working with me to make this hearing possible.

This subcommittee has held a number of significant immigration hearings this year and I appreciate Senator Kennedy working with me to make each of these hearings productive.

Introduce Hearing

Today we continue our review of the immigration system. Our immigration and border security system is badly broken, due to years of neglect. In this post-9/11 world we simply do not have the luxury of accepting this status quo any longer. National security demands a comprehensive solution to our immigration system – and that means *both* stronger enforcement and reasonable reform of our immigration laws. We must solve this problem – and solve it now.

First, we must recognize that, in the past, we simply have not devoted the funds, resources, and manpower to enforce our immigration laws and protect our borders. That must change – and will change. As history amply demonstrates, reform without enforcement fails. No discussion of comprehensive immigration reform is possible without a clear commitment to, and a substantial and dramatic escalation of, our efforts to enforce the law.

That is why Senator Kyl and I embarked on a series of hearings in March and April, devoted exclusively to the topic of strengthening enforcement throughout our nation's immigration system – at the border, between the ports of entry, and within the interior of our nation. These enforcement hearings have shown that our border inspection and security system at the ports of entry is full of holes; our deployment of manpower and use of technology to secure the border between the ports of entry is deficient; and our deportation process is over-litigated and

under-equipped. So we need stronger enforcement. But enforcement alone will not get the job done. Nor will our immigration system be fixed merely by throwing money at the problem. Our laws must be reformed as well as enforced.

Any reform proposal must serve *both* our national security *and* our national economy. It must be both capable of securing our country and compatible with growing our economy. Our current broken system provides badly needed sources of labor, but through illegal channels – posing a substantial and unacceptable risk to our national security. Yet simply closing our borders would secure our nation only by weakening our economy. Any comprehensive solution must address both concerns.

Accordingly, just last week, we began a series of hearings examining the benefit that comprehensive reform would provide our country. Noted experts testified that national security would be bolstered if we properly reformed the system. Specifically, they testified that any reform should be designed to allow the government to focus its efforts on those who mean to do us harm as opposed to expending resources on those who merely want to work. Reform along these lines would allow law enforcement to target its limited resources where it belongs on high priorities such as smugglers, drug dealers and terrorists.

Today, we shift our focus to explore the importance of immigration reform to our national economy.

Our current economic system provides badly needed sources of labor to many areas of commerce that sorely need it – but through illegal channels. Commissioner Bonner has previously testified before this subcommittee that the vast majority of those the border patrol apprehends are migrant workers simply coming here to work. He said "... the Border Patrol is still dealing with a literal flood of people on a daily basis ... most of whom are attempting to enter this country in order to work."

While the situation Commissioner Bonner faces at the borders represent a substantial and unacceptable risk to our national security, it also demonstrates why we cannot simply close our borders or round up and remove millions of people. We do not have the resources, the facilities, or the ability to identify, locate and apprehend 10-12 million undocumented workers. Securing our nation's borders at the expense of weakening our economy by choking off or removing needed sources of labor is not an acceptable alternative.

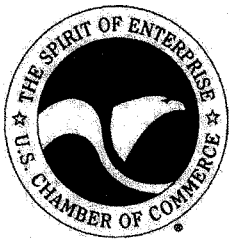
But even if we were equipped to do so, our economy would badly suffer if we stripped millions of workers from our national workforce - just as it would suffer if we eliminated entire stocks of natural resources from our national inventory. On the other hand, our economy would be strengthened if all workers could simply come out of the shadows, register, pay taxes, and participate fully in our economy.

I hope that today's hearing will help us better understand the benefits that would accrue to our national economy should we properly reform our immigration system. Some have expressed concerns about the impact of reforming the immigration system on the American worker. Today's hearing will examine those concerns.

To be sure, America is a welcoming nation. The hard work and strength of our immigrants have made our Nation prosperous. And many immigrants and sons and daughters of immigrants have joined the military to help safeguard the liberty of America, advance scientific discoveries, and otherwise lead our nation at various times. Nevertheless, we must craft a fair and consistent system that reforms our Nation's immigration laws without harming the economic security of Americans.

I want to end by noting that a bipartisan group of former INS Commissioners wrote to me recently, calling for a comprehensive immigration solution that both protects our national security and serves our national economy. The desire of these dedicated public servants to see the immigration system enforced *and* reformed transcends political ideology and is formed by years in the trenches. We would do well to heed their call.

I am confident that Americans, working together, will rise to this challenge and find a solution that serves the best interest of our country. And with that, I will turn the floor over to Senator Kennedy for any introductory remarks he may have.



Statement of the U.S. Chamber of Commerce

ON: **"THE NEED FOR COMPREHENSIVE IMMIGRATION REFORM: SERVING OUR NATIONAL ECONOMY"**

TO: **U.S. SENATE SUBCOMMITTEE ON IMMIGRATION, BORDER SECURITY AND CITIZENSHIP OF THE COMMITTEE ON THE JUDICIARY**

BY: **THOMAS J. DONOHUE**

DATE: **MAY 26, 2005**

The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

Statement

On

The Need for Comprehensive Immigration Reform: Serving Our National Economy

Before the

U.S. Senate Committee on the Judiciary

Subcommittee on Immigration, Border Security and Citizenship

By

Thomas J. Donohue

President and CEO, U.S. Chamber of Commerce

May 26, 2005

2:30 pm

Mr. Chairman, thank you for inviting me to speak before the Subcommittee on the issue of comprehensive immigration reform and its importance to our economy. I am Thomas J. Donohue, President and Chief Executive Officer of the U.S. Chamber of Commerce, the world's largest business federation, representing more than 3 million businesses of every size, sector and region.

On September 7, 2001, I testified before the Senate Committee on the Judiciary, four days before the tragic events of September 11th, on many of the same issues we will discuss today. Of course, much has changed since that fateful day—with a much-needed focus on national security—but much has also remained the same. So, I come before this Subcommittee to once again address the business community's continued interest in comprehensive immigration reform. It is clear from the recent three hearings held by this Subcommittee that it believes immigration reform is needed from both a national security perspective as well as an economic perspective. The Chamber agrees.

Stated simply, the Chamber supports immigration because immigrants have always been a key to the success of our economy. As stated in the Economic Report of the President transmitted to the Congress in February 2005, "Immigration has touched every facet of the U.S. economy and, as the President has said, America is a stronger and better Nation for it."[1] Immigrants not only fill jobs, but also create jobs here in the United States—helping our economy expand. Immigrants are one solution to workforce shortages that will inevitably exist in different sectors of our diverse economy. Our new

[1] *Economic Report of the President* at 93, February 2005.

immigrants come from nations around the globe to work in the full myriad of occupations "from construction and cooks to computer programmers and medical doctors."[2]

Within the last year, the Chamber has been involved in several immigration policy efforts that provide small fixes to a dysfunctional system. These include obtaining an additional 20,000 "H-1B" visas for foreign students with advanced degrees granted by U.S. universities; helping small businesses who depend on seasonal labor by increasing the availability of "H-2B" visas throughout the year; and supporting the recapture of about 141,000 additional immigrant visa numbers in the employment based immigrant visa category left unused from previous years due to processing delays at the U.S. Citizenship and Immigration Services. But, we believe it is now time for Congress to turn its attention to broader reforms of the immigration system. Indeed, while there are different proposals and viewpoints, no one seems to argue that the status quo is acceptable or rational.

Immigration Reform Principles

The Chamber represents members from all industries and employers of workers at all levels. We consistently hear from Chamber members across the country that workforce availability issues are among their top priorities. Members in the restaurant, hotel, health care, manufacturing, construction, and many other predominantly service industries, have asked the Chamber for help in finding policy resolutions that will allow them to hire and retain the "essential workers" that keep our economy running. Immigration must remain, as it has been throughout our history, a tool to fulfill the demands of our growing economy.

For many of these reasons, nearly six years ago, the Chamber helped found the Essential Worker Immigration Coalition (EWIC). EWIC is a coalition of businesses, trade associations, and other organizations from across the industry spectrum concerned with the shortage of lesser skilled ("essential worker") workers and impediments in current immigration law to addressing that shortage. EWIC and the Chamber support reform of U.S. immigration policy to facilitate a sustainable workforce for the American economy while ensuring our national security, built on several basic principles. Most, if not all, of these principles align with those of the President and provide good building blocks for reform. Above all, immigration reform must be comprehensive: addressing both future economic needs for workers and undocumented workers already in the United States—while concurrently improving our national security. Our principles for immigration reform include:

- Strengthening national security by providing for the screening of foreign workers and creating a disincentive for illegal immigration. The President's principles also call for controlling our borders and for a program that supports ongoing efforts to enhance homeland security.[3]

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[2] *Economic Report of the President* at 93, February 2005.
[3] Fair and Secure Immigration Reform, The President's basic principles, *available at* http://www.whitehouse.gov/infocus/immigration/more-immigration.html.

- Strengthening the rule of law by establishing clear, sensible immigration laws that are efficiently and vigorously enforced.
- Creating an immigration system that functions efficiently for employers, workers, and government agencies. The President's principles call for a program that "is clear, streamlined, and efficient so people can find jobs and employers can find workers in a timely manner."[4]
- Creating a program that allows hard working, tax paying undocumented workers to earn legal status. The President's principles call for the promotion of compassion in a program that would grant currently working undocumented aliens a legal status with work authorization.[5]
- Ensuring that U.S. workers are not displaced by foreign workers. The President's principles call for the matching of a willing immigrant worker with a willing employer when no American worker is available and willing to take a job.[6]
- Ensuring that all workers, including legal temporary workers, enjoy the same labor law protections. The President's principles strive to guarantee that, whatever legal status is bestowed upon these individuals, they have protections from abuse by employers.[7]

Demographics and Essential Worker Shortages

The aging domestic workforce and the dilemma this country faces as population growth rates decline even while job growth continues has been much discussed by the experts. But, a brief review of the relevant statistics and analysis may be helpful.

The Bureau of Labor Statistics (BLS) estimates that the number of people in the labor force ages 25 to 34 is projected to increase by only three million between 2002 and 2012, while those age 55 years and older will increase by 18 million.[8] By 2012, those aged 45 and older will have the fastest growth rate and will be a little more than 50% of the labor force.[9] According to estimates released in February 2005 by the United Nations, the fertility rate in the United States is projected to fall below "replacement" level by 2015 to 2020, declining to 1.91 children per woman (lower than the 2.1 children per woman rate needed to replace the population).[10] By 2010, 77 million baby boomers will retire and, by 2030, one in every five Americans is projected to be a senior citizen.[11]

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[4] The President's basic principles, *available at* http://www.whitehouse.gov/infocus/immigration/more-immigration.html.
[5] *Id.*
[6] *Id.*
[7] *Id.*
[8] Bureau of Labor Statistics, *Labor Force Projections to 2012: the graying of the U.S. workforce*, February 2004.
[9] *Id.*
[10] *World Population Prospects: The 2004 Revisions* at 71, February 24, 2005, *available at* http://www.un.org/esa/population/publications/WPP2004/2004Highlights_finalrevised.pdf.
[11] JIM EDGAR, DORIS MEISSNER, ALEJANDRO SILVA, KEEPING THE PROMISE: IMMIGRATION PROPOSALS FOR THE HEARTLAND 12, Report of an Independent Task Force, which brought together forty leaders from business, academia, and civil society (The Chicago Council on Foreign Relations)(2004).

At the same time, we have, fortunately, projected job growth, including in lower-skilled occupations. Most jobs in our economy do not require a college degree. Close to 40% of all jobs require only short-term on-the-job training. In fact, of the top 10 largest job growth occupations between 2002 and 2012, all but two require less than a bachelor's degree.[12] At the same time, six of the top 10 growth occupations require only short-term on-the-job training.[13] Some of these top 10 occupations that only require short-term on-the-job training include: retail salespersons, nursing aides, janitors and cleaners, waiters and waitresses, and combined food preparation and serving workers.[14]

A panel on the future of the health care labor force in a graying society concluded that "[t]his will not be a temporary shortage. ... Fundamental demographic changes are occurring in America, and the coming labor crisis will be with us for decades."[15] Currently, the American Hospital Association reports high vacancy rates and more difficulty in recruiting workers for positions ranging from housekeeping and maintenance to nursing assistants and registered nurses.[16] The impact of such workforce shortages, according to the Association, translates into severe emergency room overcrowding, emergency patients diverted to other hospitals, delayed discharge/increased length of stay, increased wait times for surgery, cancelled surgeries, discontinued programs, reduced service hours, and others.[17]

However, shortages of essential workers are not limited to the largest growth occupations. In fact, the need for essential workers cuts across industry sectors. In February 2004, Emily Stover DeRocco, Assistant Secretary of Labor for Employment and Training, in a speech to the National Roofing Contractors Association, explained that BLS projected an increase in jobs between 2002 and 2012 for roofers of over 30,000, while at the same time there would be attrition in this occupation of about 40,000—a net deficit of 70,000.[18] The Construction Labor Research Council issued a labor supply outlook earlier this year where it found that the construction industry would need 185,000 new workers annually for the next 10 years.[19]

The National Restaurant Association projects that the restaurant industry will add more than 1.8 million jobs between 2005 and 2015, an increase of 15%.[20] However, the U.S. labor force is only projected to increase 12% during the next 10 years, which will make it more challenging than ever for restaurants to find the workers they need.[21] The

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[12] KEEPING THE PROMISE: IMMIGRATION PROPOSALS FOR THE HEARTLAND at 81, Appendix A, Table 2.
[13] ID.
[14] ID.
[15] American Hospital Association, *Trend Watch*, June 2001.
[16] *2004 American Hospital Association Survey of Hospital Leaders*; some occupations, such as registered nurses, come under the H-1B visa program. While the primary focus of this testimony is on the projected shortages of low skilled workers, the Chamber is acutely aware of the continued need to also increase access to highly skilled workers under the H-1B visa program.
[17] *Id.*
[18] From information gathered and forwarded to the Chamber by the National Roofing Contractors Association.
[19] Information from the National Roofing Contractors Association.
[20] From information gathered and forwarded to the Chamber by the National Restaurant Association.
[21] *Id.*

National Restaurant Association study notes that the 16 to 24 year old labor force—the demographic that makes up more than half of the restaurant industry workforce—is only projected to increase 9% during the next 10 years.[22]

Our own surveys, not surprisingly, reflect the problems these employers have in finding the workers that they need. On April 19, 2005, the Chamber's Center for Workforce Preparation, which I will describe later, launched a Workforce Needs Assessment Survey of chambers, businesses, and associations. Of the chamber survey participants, 36% had 1,000 or more members. On the business side, seven out of 10 had an operating budget of less than $10,000,000 and roughly three-fourths had 50 employees or less. One out of four associations had a budget of over $2,500,000 and a wide range of industries were represented including arts, entertainment and recreation, professional scientific, technical services, social assistance, and nonprofit organizations. Difficulties in finding both entry-level and skilled workers, and developing solutions for this problem, ranked extremely high in importance to those surveyed.

Views by the Experts

Respected economists and labor specialists have recognized the importance of immigrants to the U.S. economy. In *The Jobs Revolution: Changing How America Works* by Steve Gunderson, Robert Jones, and Kathryn Scanland, the authors note that the "most inescapable challenge facing the American workforce in the coming 20 years is that, barring substantial change, we will not have enough people to fill it."[23]

Justin Heet of the Hudson Institute acknowledged in *Beyond Workforce 2020: The Coming (and Present) International Market for Labor* that the "level of productivity gains that would be necessary to alleviate workforce growth declines will be too high to be relied on as a public solution to the triangle of retirement/healthcare/workforce considerations."[24] He concluded that governments in the developed world will need to use immigration in order to compliment their native workforce.

Federal Reserve Chairman Alan Greenspan, over the last few years, has continually reiterated that immigrants are good for our economy and support the workforce. Chairman Greenspan stated before the Senate Special Committee on Aging in February 2003, that "Immigration, if we choose to expand it, could prove an even more potent antidote for slowing growth in the working-age population. As the influx of foreign workers in response to the tight labor markets of the 1990s showed, immigration does respond to labor shortages."

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[22] From information gathered and forwarded to the Chamber by the National Restaurant Association.
[23] STEVE GUNDERSON, ROBERT JONES, AND KATHRYN SCANLAND, THE JOBS REVOLUTION: CHANGING HOW AMERICA WORKS 29 (2004).
[24] Justin Heet, Hudson Institute *Beyond Workforce 2020: The coming (and present) international market for labor* June 23, 2003 at 11, *available at* http://www.hudson.org/files/publications/workforce_international_mkt_labor.pdf

Secretary of Labor Elaine Chao in her 2001 "State of the Workforce" address noted the phenomenon of the "Incredible Shrinking Workforce."[25] She noted then that to keep up with the slower growth of the workforce and the increasing number of retired Americans we needed "to introduce new populations . . . into the workforce . . . to meet this challenge head-on."[26] According to a 2003 Employment Policy Foundation (EPF) study, by 2030, the demand for labor could very well outpace supply by 35 million jobs.[27]

The Chicago Council on Foreign Relations issued a report in 2004 which noted that today's economies are "highly dependent on immigration, legal and illegal, temporary and permanent." It explained how the different economies rely "on the labor of those who arrived under employment-based categories as well as those who arrived under family reunification or humanitarian categories." It also restated the demographic trends and labor market projections explained earlier that "foreshadow increasing economic dependency on immigrant labor."[28]

It should also be noted that studies have shown that the less-skilled workers, who compete most closely with low-skilled immigrants, experience very little downward pressure on their wages (generally, it is estimated that a 10% increase in the share of foreign-born workers reduces native wages by less than 1%).[29] It now seems apparent that immigrants are complementing our U.S. workforce, not displacing it. As a nation, we have made it a priority for our workers to move into higher-paying, higher-skilled jobs. In turn, immigrant workers are filling the gap by taking many manual labor jobs that American workers are either unwilling or unable to take.

Of course, we recognize that the business community must also help domestic workers find suitable employment. Previously, I mentioned the survey done by our Center for Workforce Preparation, which was created as a Chamber affiliate to address labor shortages and to engage businesses in incorporating effective recruitment, retention, and training solutions. These efforts include the following:

- Identifying and supporting programs that bring new sources of labor into the workforce—mature workers, former welfare recipients, individuals with disabilities, youth, and others. By bringing these skilled individuals into the workforce, employers will have greater access to qualified employees.

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[25] Secretary of Labor Elaine Chao, *State of the Workforce*, August 30, 2001, *available at* http://www.dol.gov/_sec/media/speeches/20010830_stateoftheworkforce.htm.
[26] *Id.*
[27] Employment Policy Foundation, *Despite Labor Market Weakness, A Labor and Skill Shortage is Looming in the U.S.*, August 13, 2003. The report also projects that per capita income with adequate immigration would be over $63,000 in current dollars by 2033—more than two times the current level—while a failure to close the labor supply gap would lead to per capita personal income of less than $50,000.
[28] The quotes in this paragraph come from KEEPING THE PROMISE: IMMIGRATION PROPOSALS FOR THE HEARTLAND 33; a more complete citation of the report can be found in footnote 11.
[29] *Economic Report of the President* at 105, February 2005.

- Replicating successful workforce and education models that focus on partnership development between businesses, chambers, government, and education institutions.
- Educating businesses on innovative recruitment and retention strategies such as workplace flexibility as a management tool that allows businesses to address the labor shortage by retaining their workers.
- Connecting businesses to qualified and skilled youth who are already trained and available to establish careers in high-demand industries such as construction and health care.
- Informing businesses on using the Earned Income Tax Credit as a retention tool to support entry-level workers.
- Working with five states and the District of Columbia to develop a national and portable credential that defines, measures, and certifies that entry-level job seekers have the employability skills like problem solving and critical thinking that employers require.
- Forming solutions around issues such as workplace housing that impact an employer's ability to recruit and retain skilled workers.
- Building the capacity of over 135 chambers to advance their role in building workforce and education partnerships between businesses, community colleges, and the public workforce system.
- Helping the Chamber's federation of 3,000 state, local, and regional chambers of commerce to effectively engage in workforce development by providing tools and promising practices.
- Connecting businesses to market-responsive community colleges and other educational programs available to them to create continuous skills training for their employees to ensure that their skills keep pace with changes in technology.

It is also important to restate the Chamber's commitment to filling jobs with U.S workers before seeking to fill these vacancies with potential new guestworkers or immigrants abroad. Indeed, industries and businesses that are our members are some of the leaders in the nation's welfare-to-work, school-to-work, and prison-to-work efforts. Because many of these jobs are entry-level, requiring little or no experience, and often few skills, they are the stepping stones for many on their road to the American dream. Employers are taking all the reasonable steps that they can to fill these jobs with the current United States workforce, but still many jobs are going unfilled.

The Dilemma of the Unauthorized Workforce

We have an existing situation in which our nation has millions of jobs available, a decreasing workforce relative to the number of openings, and an immigration system that provides no practical legal mechanism for employers and foreign nationals to fill those openings. It is no wonder that we have such a large number of undocumented workers in this country.

Who are these individuals and how many are there?

There is no exact measure, but a recent study put the number of undocumented migrants at about 10.3 million. Of these 10.3 million, about seven million are working—which is about 5% of the U.S. labor force.[30] In fact, while a large proportion of undocumented women with families are stay-at-home mothers, 92% of undocumented adult (age 18 to 64) men actively participate in the workforce.[31] These undocumented migrants are here, working hard, and paying taxes.[32]

Currently, Mexicans make up by far the largest group of undocumented migrants at 5.9 million (57% of the total).[33] About 2.5 million undocumented migrants, or about 24% of the total, are from other Latin American countries. Asians make up about 9% of the undocumented migrants, and 6% are from Europe and Canada. Of all of the foreign-born in the United States, Mexicans represent about 32% of them. While this is a high figure by historical standards, it is certainly not unprecedented—both German and Irish immigrants in the 19th century accounted for a higher percentage of the foreign-born.[34]

Some ask whether the high level of employment means that employers are violating the law. No, it does not. It should be emphasized that employers are required to, and do, verify that each employee is eligible to work in the United States, but by law employees get to choose which documents from the Department of Homeland Security's approved list (set out on the "I-9" form) to present to the employer in support of their claim that they are authorized to work. These documents look valid on their face and many times they are in fact legitimate documents belonging to relatives and friends authorized to work in the United States. By law, the employer must accept these documents. To ask for additional documentation because someone may look or sound foreign is potentially a violation of that person's civil rights under both immigration and employment laws.

Due to the prevalence of these practices in the employment authorization verification process, most employers do not know their employees are undocumented. Sometimes, employers learn of their employee's lack of authorization to work only after an Immigration and Customs Enforcement (ICE) raid.[35] Most often, employers learn of the lack of authorization to work through a Social Security Administration "no-match" letter that tells the employers that their employee records do not match the government's records.

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[30] Pew Hispanic Center, *Estimates of the Size and Characteristics of the Undocumented Population*, March, 2005.

[31] Pew Hispanic Center, *Unauthorized Migrants: Numbers & Characteristics*, May 4, 2005.

[32] Eduardo Porter, *Illegal Immigrants are Bolstering Social Security with Billions*, THE NEW YORK TIMES, April 15, 2005, at A1.

[33] *Estimates of the Size and Characteristics of the Undocumented Population.*

[34] *Id.*

[35] A recent enforcement action where ICE arrested 60 unauthorized workers exemplifies the troubles employers face. In this instance, the unauthorized workers were employed in critical infrastructure sites around the country. According to ICE's chief, their employer, a company that provides contract workers to companies around the country, is not a target of the investigation because they understand that the unauthorized workers "presented fraudulent documents to [the employer]." *See* Jerry Seper, *ICE arrests 60 illegals working in sensitive areas*, THE WASHINGTON TIMES, May 21, 2005 at A4.

The result is that the employer must dismiss these employees, if they have not already left in fear of deportation. To an employer who is facing labor shortages, this instability in the workplace exacerbates an already critical problem—especially when, as we hear from our members, it is some of their best employees that they need to dismiss.

Finally, while I will leave the national security issues to the experts, let me state what I think is obvious. Whatever some may otherwise think about providing legal status to the undocumented, surely we are better off knowing who these people are and putting them through a screening process and identifying those that are criminals or terrorist suspects. At the very least, this process will "shrink the haystack" and allow law enforcement officials to focus resources on true criminals and threats to our security rather than cooks, janitors, and caretakers. Surely the status quo of a shadow society, with today's appropriate focus on national security, is unacceptable. In the same vein, we are simply not going to round up 10 million people and deport them. Such an action would not be consistent with this country's principles and it would adversely impact many industries. The Chicago Council report summarized the reasons why the status quo is unacceptable; it undermines the rule of law, exposes workers to exploitation, separates families, and complicates the security problem.[36] The report noted:

> The U.S. government lacks sufficient resources and political support to deport nearly 10 million people. Their deportation would wreak economic havoc in certain industries and communities as well as negatively impact many U.S. citizens (including children) through deportation of guardians, economic providers, or close family members. Continuing to avoid the issue will only exacerbate the challenges and postpone solutions.[37]

Problems with Existing Immigration Laws and Proposed Solutions

Members of the Subcommittee, I believe I have adequately demonstrated the problem. Now we must look to solutions. As stated above, we must continue to do all we can to ensure that we are utilizing our domestic workforce, but because of the current lack of available job applicants, and the future demographics, we must look to our immigration system to help "fill the gap." However, as you are by now aware, our current immigration system does not adequately allow us to draw upon this important pool of applicants.

We do currently have a temporary labor program, called the "H-2B" visa program. The H-2B visa is a temporary visa issued to individuals who will be working in temporary, seasonal jobs outside of agriculture. The H-2B process is a cumbersome and bureaucratic one that involves two separate agencies, much paperwork, and often more time than the job itself will last. In the past, this red tape has meant that very few employers bothered to use the program, although in recent years its use has escalated due to the tight labor market.

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[36] KEEPING THE PROMISE: IMMIGRATION PROPOSALS FOR THE HEARTLAND 37.
[37] ID.

As many of you now know, the H-2B cap was hit this fiscal year in January, after only three months of availability. This was the second year in a row that the cap was reached so early in the fiscal year. The H-2B visa program is capped at 66,000 visas per year, and this number has not been adjusted since this visa category was initially enacted in 1990. Congress recently passed a provision, which was signed into law, that exempts H-2B workers who have participated in one of the prior three years, but the cap was not raised. This and other short-term fixes do not fully take into account the realities on the ground and the caps do not seem to have any relationship to actual market needs.

While many employers do have seasonal needs, and the changes to the H-2B visa category were warranted, many more employers have year-round and long-term needs that are not fulfilled. Such employers seeking to hire foreign nationals for their job openings do not have an opportunity to, since no long-term temporary visa exists in our current system. There is no H-1B (the high tech visa option) counterpart for essential workers. If an employer has a long-term essential worker position, there is no legal mechanism to sponsor foreign nationals to fill that need.

If the employer needs a lower-skilled worker permanently, he or she is, as a practical matter, out of luck. Current annual quotas limiting green cards to only 5,000 each year for persons coming to work in jobs that require less than two years of education or training translate into a five to 10 year wait—not a practical or reasonable solution for employers. We need comprehensive immigration reform that allows for a match between willing employers and willing employees that is fast and reliable combined with visa limitations that fluctuate in connection with the needs of the market.

From the business perspective, we have two major problems to deal with—filling the unfilled jobs, both now and in the future, and keeping our currently reliable workforce through some type of earned adjustment for undocumented workers. In looking forward, we believe that any legislative outcome must address both problems. That is why the Chamber supports a comprehensive approach to immigration. As President Bush has stated, we must develop a new legal immigration framework that will "match a willing employee with a willing employer."

While the specifics of such a program are fair game for experts, businesses want a system that is simple, easy to understand, and responsive to their needs as well as a system that addresses the reality that some of our best workers want to stay and continue contributing to their employers and communities. We also realize that protections to prevent possible abuses and to help ensure that the interests of American workers are protected must be included. But the system must not become so encumbered with bureaucratic hurdles that it becomes, as a practical matter, unworkable.

Some are espousing a fix of the immigration system through open borders, others are pushing for draconian penalties on employers that would end up disrupting our economy, and still others want to close our borders to most, if not all, immigration. The Chamber believes that the solution lies not in a piecemeal agenda that emphasizes one

area over the other, but in a comprehensive approach that addresses all of the complicated issues and concerns facing this great nation of immigrants.

We thank the Chairman for his leadership and vision in realizing that a comprehensive approach is needed and for holding hearings on this issue. We ask that Congress take advantage of the unprecedented coalition of business, labor, and civil rights organizations—together with a receptive President that has made comprehensive immigration reform a priority of his administration—to address this important issue head-on. It has been close to 20 years since the last comprehensive immigration reform took place. It is said that "if it is not broken, do not fix it," and I add that if it is broken, as the consensus is with regard to our immigration laws, then we must fix it. The time to act is now.

I welcome any questions you may have.

May 13, 2005

The Honorable John Cornyn
Chairman, Subcommittee on Immigration,
Border Security and Citizenship
Committee on the Judiciary
United States Senate
517 Hart Office Building
Washington, D.C. 20510

Dear Mr. Chairman,

As former Commissioners of the Immigration and Naturalization Service, we are writing to commend and encourage you in your effort to bring about fundamental reform of our immigration laws, policies, and practices. We represent a bipartisan view that fundamental change is required if we are to better protect the American people from the threat of terrorism from abroad while preserving our legacy as a nation that continues to draw much of its strength and vitality from the energy and dreams of immigrants.

The tragic events of September 11, 2001 focused public attention on something that we knew already—our system of entry into this country has not been adequate to protect against those who would do us harm, or from those who are determined to come here, notwithstanding our laws. Since September 11 we have made some, but not enough, progress in addressing this challenge. The popularly espoused, but ultimately ineffective, remedy is to build more fences and detention facilities, deploy more Border Patrol agents, effectively close our borders to those escaping oppression, and spend inordinate amounts of money to solve a problem that cannot be addressed solely through enforcement measures. Nor do we believe that a guestworker program, standing alone, will solve the problem of illegal entry. We oppose any kind of general amnesty that is not linked inextricably with holistic reform of our immigration system.

We believe that the failure, for many decades, of Congress, and both Republican and Democratic Administrations, to provide adequate support to the former INS, and particularly the Congress' propensity to micromanage that agency, contributed significantly to the problems that have been identified in our immigration system. It does no good to dwell on that history except to learn from it. What we do going forward is what will count. Providing adequate resources and common sense laws and policies, as well as the leadership and sustained attention necessary for their implementation, will allow for the repair of our immigration system.

We have such a large population of illegal immigrants among us because our quota and preference systems do not reflect the realities of our supply and demand economy. Nor do they reflect the reality of having neighbors, particularly on our southern border, with populations that dream of a better life in America. Our laws have not always created unrealistic barriers to entry by our neighbors to the south, as they do

now. We must re-create reasonable paths to legal entry if we are to stop the rapidly growing tide of migrants attempting to enter without legal admission. A comprehensive strategy, including overhaul of our basic immigration laws, to combat illegal immigration and to secure our borders against terrorists and criminals must be implemented and fully funded by the Congress as soon as possible.

Most undocumented immigrants attempt to enter this country to build a better life for themselves and their families. Unfortunately, we also know that the routes used by those with benign intent also are exploited by those engaged in criminal and terrorist enterprises. Any comprehensive reform should fashion a clear, compassionate, fair, and reasonable opportunity for those desiring to enter our country to better their lives, or to find freedom from oppression. Conversely, it also should provide the tools to detect, deter and eliminate threats from those who would do us harm. We know personally, and beyond a shadow of a doubt, that the men and women on the front lines of securing our borders are passionate in their dedication to protecting our country from all threats. Given the necessary tools, they can meet and exceed the expectations of the American people.

Mr. Chairman, the historical intersection of September 11, and the obvious powerful draw of our free society and strong economy to those seeking a better life, provides an unprecedented opportunity for the Congress and the Administration to take bold actions to protect our national security and to enhance our country's legacy. It is not only an opportunity, it is an imperative.

Thanks to the efforts of the President and legislators such as you, the deficiencies in our immigration policies, practices and procedures are part of the national agenda and consciousness. The findings of the September 11 Commission, and many studies produced by the GAO, various Inspectors General, and independent commissions, support the need for fundamental reform of our immigration system. We urge you to seize the moment. You have our support in this endeavor.

Sincerely,

Gene McNary Doris Meissner James W. Ziglar, Sr

Testimony on
"The Need for Comprehensive Immigration Reform:
Serving Our National Economy"
Before the Senate Committee on the Judiciary
Subcommittee on Immigration, Border Security and Citizenship
By Daniel Griswold, Cato Institute
May 26, 2005

Mr. Chairman and members of the Subcommittee, thank you for inviting the Cato Institute to testify today on the subject of immigration reform and the U.S. economy. Our current immigration system is fundamentally out of step with the realities of American life and desperately needs comprehensive reform.

Immigrants play an important part in the success of America's free-enterprise economy. Immigrant workers willingly fill important niches in the labor market. They gravitate to occupations where the supply of workers falls short of demand, typically among the higher-skilled and lower-skilled occupations. That hourglass shape of the immigration labor pool complements the native-born workforce, where most workers fall in the middle range in terms of skills and education. As a result, immigrants do not compete directly with the vast majority of American workers.

Immigration provides needed flexibility to the U.S. economy, allowing the supply of workers to increase relatively quickly to meet rising demand. When demand falls, would-be immigrants can decide not to enter, and those already here can decide to return home. The result is a more efficient economy that can achieve a higher rate of sustainable growth without encountering bottlenecks or stoking inflation.

Immigration not only increases the supply of labor but also the demand for the labor of others—to provide food, housing, transportation, services and consumer goods. Immigration helps to maintain a steady, healthy growth rate in the U.S. labor force. Because of immigration, the U.S. workforce and economy will continue to grow well into the 21st century, while Japan, Germany, and other advanced economies will be forced to adjust to an unprecedented decline in their workforces.[1]

The impact of immigration on the small segment of the U.S. workforce that competes directly with immigrants is more than offset by the lower prices and wider range of goods and services that all workers enjoy because of immigration. Americans also benefit from higher returns on investment, and from the opportunities created for more skilled native-born workers in those industries that depend on immigrant workers to meet the needs of their customers. The comprehensive study by National Research Council in 1997 concluded that immigration delivers a "significant positive gain" of $1 billion to $10 billion a year to native-born Americans.[2] And those gains from immigration recur year after year.

America's recent history confirms that American workers can find plentiful employment opportunities during times of robust immigration. During the long boom of the 1990s, and especially in the second half of the decade, the national unemployment rate fell below 4 percent and real wages rose up and down the income scale, including for the poorest one-fifth of American households, during a time of high immigration levels. Today the U.S. unemployment

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[1] Pete Engardio and Carol Matlack, "Global Aging," *BusinessWeek,* January 31, 2005.
[2] James P. Smith and Barry Edmonston, editors, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration,* National Research Council (Washington: National Academy Press, 1997), p. 6.

rate has again fallen to levels consistent with full employment and without diminished levels of immigration. Obviously, immigrants and native-born Americans alike can all find work in our $11 trillion economy.

Low-skilled immigrants benefit the U.S. economy by filling jobs for which the large majority of American workers are overqualified and unwilling to fill. Large and important sectors of the U.S. economy—hotels and motels, restaurants, agriculture, construction, light manufacturing, health care, retailing, and other services—depend on low-skilled immigrant workers to remain competitive.

Even as our economy becomes more technologically advanced, the demand for less-skilled labor will continue to grow in the years ahead. According to the Department of Labor, the largest growth in absolute numbers of jobs during the next decade will be in several categories that require only "short-term on-the-job training" of one month or less. Of the 20 job categories with the largest expected growth in employment between 2002 and 2012, 14 of them require only short-term training. Those occupations include retail sales, food preparation, landscaping and grounds keeping, janitors, cashiers, waiters and waitresses, teaching assistants, and home health aides. The net employment growth in those 14 categories alone in the next decade will total 4.9 million.[3] (See Table 1.)

Table 1.

Projected Change in Total Employment from 2002 to 2012

Occupations Requiring Only Short-term On-the-job Training	Projected Growth
Retail salespersons	596,000
Food preparation, including fast food	454,000
Cashiers, except gaming	454,000
Janitors and cleaners, commercial	414,000
Waiters and waitresses	367,000
Nursing aides, orderlies, attenendants	343,000
Receptionists and information clerks	325,000
Security guards	317,000
Office clerks, general	310,000
Teacher assistants	294,000
Home health aides	279,000
Personal and home care aides	246,000
Truck drivers, light or delivery services	237,000
Landscaping and groundskeeping workers	237,000
Sub-total among top categories	**4,873,000**

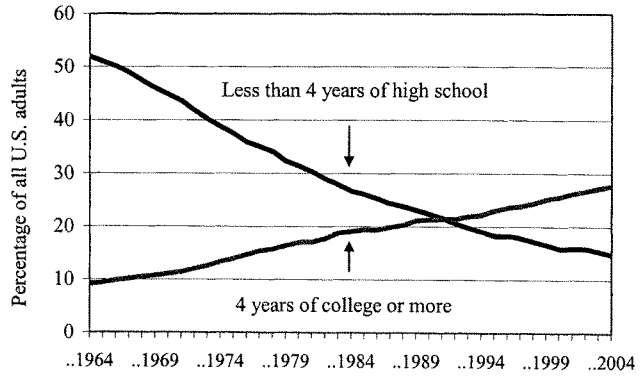
Source: Bureau of Labor Statistics, *Monthly Labor Review*, February 2004, Table 4, p. 101.

[3] Daniel Hecker, "Occupation Employment Projections to 2012," U.S. Department of Labor, *Monthly Labor Review*, February 2004, Table 4, p. 101.

Meanwhile, the pool of American workers willing and happy to fill such jobs continues to shrink. We are getting older and better educated. Between 1982 and 2012, according to the Bureau of Labor Statistics, the median age of workers in the U.S. labor force will increase from 34.6 years to 41.6 years, the highest level ever recorded in U.S. history. The share of young workers between 16 and 24 will drop by a third, from 22.3 percent to 15 percent.[4] At the same time, workers in the U.S. labor force are more educated than ever. In the past four decades, the share of adults 25 and older who have not completed high school has plunged from more than half in 1964 to less than 15 percent in 2004.[5] (See Figure 1.) The share of native-born adult Americans without a high school degree has declined even further, to below 10 percent.[6] Immigrants provide a ready and willing source of labor to fill that growing gap between demand and supply on the lower rungs of the labor ladder.

Figure 1.

Educational Attainment of U.S. Adults (25 and older)



Source: U.S. Census Bureau

Yet our current immigration system offers no legal channel for peaceful, hardworking non-residents to enter the United States even temporarily to fill those jobs that the vast majority of Americans do not want. The result is large-scale illegal immigration.

Our current dysfunctional immigration system is colliding with those powerful economic and demographic realities, and as usual reality is prevailing. Since 1986, the U.S. government has increased spending on the Border Patrol by ten-fold. It has built walls for miles out into the desert. For the first time in U.S. history, it has imposed fines on U.S. employers who knowingly

[4] Mitra Toossi, "Labor Force Projections to 2012: The Graying of the U.S. Workforce," U.S. Department of Labor, *Monthly Labor Review,* February 2004, p. 56.
[5] U.S. Bureau of the Census. http://www.census.gov/population/socdemo/education/tabA-2.xls.
[6] George Borjas, *Heaven's Door* (Princeton, N.J.: Princeton University Press, 1999), p. 21.

hire undocumented workers.[7] Yet the number of illegal immigrants living in the United States continues to grow by several hundred thousand a year to an estimated 10 million today.[8]

The presence of such a large pool of illegal workers imposes an unnecessary drag on our economy. Many of those illegal workers are unable to bargain effectively with employers for a full market wage, relegating them to secondary markets where they are more likely to be paid in cash or hired through subcontractors. The result is submarket wages and submarket working conditions for undocumented workers and for legal immigrants and native-born workers who compete with them in the labor market. As a result, employer sanctions and other enforcement efforts have acted as a kind of tax on low-skilled workers in the United States, whether immigrant or native.

The only realistic answer is comprehensive immigration reform. Such reform should create a legal channel for workers from Mexico and other countries to enter the United States temporarily to fill those jobs vital to our economic strength as a nation. It should grant temporary but also renewable visas that would allow foreign-born workers to fill those jobs where their labor is most needed. Such visas should allow multiple re-entries for as long as the visa is valid, complete mobility between employers and sectors of the U.S. economy, and the full protection of U.S. law.

Comprehensive reform should also legalize the millions of workers currently in the United States without legal documentation. Many of these workers have lived and worked in the United States for several years. They have become valuable participants in their workplaces and their communities. They should be allowed and encouraged to come forward to be legalized and properly documented. Legalization does not mean amnesty. Newly legalized workers can be assessed a fine. They should be required to get in line with everybody else if they want to apply for permanent status. However we achieve legalization, it would be far preferable to the status quo of millions of people living in a legal and social twilight zone, outside the rule and protection of the law.

Undocumented workers who are currently employed and who pose no security threat should be allowed to stay in the country while they adjust their status. Forcing several million workers to leave their jobs and their communities for an indefinite period would serve no compelling national interest. It would, however, impose a substantial cost on U.S. companies and consumers in terms of disrupted production and even potential unemployment for native-born American workers in the affected industries. It would also impose an unnecessarily harsh cost on the affected immigrant workers and, in many cases, their U.S.-citizen family members.

Reform is not about opening the door to millions of additional foreign workers. It's about legalizing the millions already here and the hundreds of thousands who are coming in each year already. Legalization would raise their wages, benefits and working conditions by giving them more bargaining power in the marketplace. They could more easily change jobs to improve their pay and working conditions. They would be more likely to qualify for health insurance. They would be more likely to invest in their language and job skills. They could put their savings in the bank. Legalization would replace an underground flow and stock of illegal workers with a

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[7] For an examination of the failure of U.S. border enforcement policies, see Daniel T. Griswold, "Willing Workers: Fixing the Problem of Illegal Mexican Migration to the United States," Cato Trade Policy Analysis no. 19, October 15, 2002, especially pp. 4-5.

[8] Jeffrey S. Passel, "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005, p. 2.

safe and orderly supply of legal workers—workers who would enjoy the full protection of the law and freedom of movement in the labor market.

In conclusion, members of the subcommittee and Congress have three basic options before them. We can muddle through with the status quo, leaving millions of currently illegal and mostly low-skilled immigrants in the legal shadows, unable to realize the full benefits of their labor in the marketplace.

Or we can redouble the failed policies of the past and crack down, once again, on illegal immigration, building more fences, assigning thousands more agents to patrol the border, and raiding more workplaces.

Or we can recognize reality, adopt comprehensive reform, and fix America's flawed immigration system so that it conforms to the realities of a free society and a free and efficient economy. A legalized system of migration would, in one stroke, bring a huge underground market into the open. It would raise wages and working conditions for millions of low-skilled workers and spur investment in human capital. And it would allow American producers in important sectors of our economy to hire the workers they need to grow.

Thank you and I look forward to your questions.

Statement of Edward M. Kennedy
Hearing before the Subcommittee on Immigration, Border Security, and Citizenship
"The Need for Comprehensive Immigration Reform: Serving our National Economy"
May 26, 2005

Mr. Chairman, thank you for calling this hearing on the need for immigration reform and its importance for the nation's economy.

Many sectors of our economy today rely heavily on the hard work and contributions of immigrants. They comprise 40% of the jobs in farming, fishing, and forestry, 33% in building and grounds maintenance, 22% in food preparation and related occupations, and 22% in construction. Their work is indispensable to the continued growth of the American economy.

The nation's dependence on immigrants will be even greater in coming years. The baby boom generation is retiring. During the next 30 years, more than 61 million Americans are estimated to retire. Birth rates are falling and will soon drop below the replacement level. The labor force is becoming more educated. Only 10% of American-born workers do not have a high school diploma.

At the same time, the Bureau of Labor Statistics estimates that by 2010, more than 30 million new jobs will be created that require little or only modest training. The labor shortage in many communities will become even more serious without an immigrant work force, in the years ahead, and America's ability to compete in global markets will be undermined.

As the education of U.S. workers continues to rise and as older workers retire, the number of U.S. workers in lower-skilled jobs will continue to decline. Each year already, fewer and fewer U.S. workers are willing and able to fill the growing number of lower-skilled jobs.

The data clearly shows that immigrant workers are vital to our economy. But, the fact is well known that millions of these workers are here illegally. They and their families live their lives in the shadows, in constant fear of deportation, and are easy targets for abuse and exploitation by unscrupulous employers. Inevitably, they are afraid to stand up for their rights or bargain with employers. They accept substandard wages and shameful working conditions – which in turn makes it even harder for American workers to invoke their own rights.

In the last 10 years, the federal government has spent more than $20 billion to enforce our immigration laws. We've tripled the number of border patrol officers. We've improved technologies for broader surveillance. But these strategies have often backfired. They've failed to prevent new immigrants from coming in. They've also ended the circular migration that previously allowed temporary workers to return home and come back. As Professor Massey stated in this testimony, workers who came to work temporarily and would have preferred to go home for visits are "reluctant to face the gauntlet at the border so they stay put and send for their family members." As a result, border enforcement policies are clearly contributing to the unprecedented increase in illegal immigration.

Our current immigration laws are out of touch with current economic realities and have no way to meet future economic trends. According to the Pew Hispanic Center, more than 400,000 illegal immigrants arrive each year to work – and we need them to keep our economy growing. But current immigration law provides visas for only 5,000 lower-skilled workers.

There is virtually no legal way for a foreign worker to enter the country and take a full-time, year-round job. With so few legal channels for foreign workers, the current system essentially guarantees an illegal flow. Businesses can't find the workers they need. Entire industries operate on the wrong side of the law. Millions of foreign workers live in the country illegally. It's a farce for the rule of law and an unacceptable security risk for all Americans. The immigration system doesn't work for anyone, neither immigrants nor U.S. Citizens. No wonder the public is upset – we've got to take back control of the border and reestablish the rule of law.

Last year, the Chicago Task Force on Foreign Relations, a bi-partisan group headed by former Illinois Governor Jim Edgar and former INS Commissioner Doris Meissner, recommended that "immigration be treated as a critical element of economic policymaking and national productivity." They emphasized that we need to reform our immigration laws, as we have to adjust to the economic changes of the last decade and respond to the current trend. Many other respected experts agree with these recommendations.

Two weeks ago Senator McCain and I introduced legislation that offers practical solutions to deal with these basic problems. Our bill – the Secure America and Orderly Immigration Act – contains an earned legalization program for illegal workers already in the United States. It will reduce the enormous backlog of petitions for family unification. It revises the current temporary worker program to provide legal ways for future workers to enter the country. It contains strict border security and enforcement provisions, along with measures to ensure that other countries do their part in helping to control the flow of their citizens to jobs in the United States.

We feel our bill is a realistic and practical solution to the complex immigration challenges we face, and we've worked closely with as many interested groups as possible to make it fair to all. By providing an adequate flow of legal temporary workers and by implementing strict, new workplace enforcement provisions, the bill will greatly reduce the current unfair competition. Temporary workers and newly legalized immigrants will have the freedoms enjoyed by U.S. workers, making life better for them, and also for U.S. workers.

We cannot regain control simply by cracking down harder. We've tried that and it doesn't work. What's needed is obvious. We have to replace current laws so out of sync with reality that we can't possibly enforce them. Once we've built a new, more honest system based on laws that enable us to meet our need for labor legally, we need to enforce these new limits to the letter. In this age of international terrorism, we have no choice. We need a realistic system – and we need to enforce it.

We can meet our labor needs by enabling employers to obtain a legal, reliable, secure supply of workers, making it unnecessary for businesses to resort to illegal workers. At the same time, by providing earned legal status to these immigrants and giving temporary workers full portability, we will enable them to have the same rights and protections as American workers.

They will be able to bargain for wages and benefits just as U.S. workers do. If they don't like their jobs or the way they are treated, they will be permitted to change jobs. They will have the same right that American workers have to join or organize a union. Employers hiring temporary workers will be required to comply with all federal, state and local labor laws.

This legislation offers a realistic improvement in our current immigration laws. It shows an understanding of the value and necessity of immigrants in the economy, and it enables this resource to be employed in a lawful way with major benefit to the economy and the nation's strength and security.

I thank our witnesses at today's hearing, and I look forward to their insights on these important challenges ahead of us.

STATEMENT OF STEVEN J. LAW
DEPUTY SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON IMMIGRATION,
BORDER SECURITY AND CITIZENSHIP
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

May 26, 2005

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on the President's principles for a new Temporary Worker Program.

Last year, the President proposed that we examine and reform our current system for admitting and employing temporary foreign workers. The President's proposal for a new system recognizes that many sectors of our economy rely on temporary foreign workers to fill workforce shortages when there are insufficient numbers of willing or able domestic workers.

The current system for hiring and admitting temporary workers to the U.S. is complex and burdensome for both the employer and employee. The President's proposal would address this problem by streamlining the process so that willing workers can efficiently be matched with employers who need foreign workers. The President's plan would also seek to bring undocumented workers who currently labor in an underground economy into the open.

The President's proposal is based on five basic principles:

- **Protecting the Homeland by Controlling Our Borders**: The program must support ongoing efforts to enhance homeland security.
- **Serve America's Economy by Matching a Willing Worker with a Willing Employer**: When no American worker is available and willing to take a job, the program should provide a labor supply for American employers. It should do so in a way that is clear, streamlined, and efficient so people can find jobs and employers can find workers in a timely manner.
- **Protecting the Rights of Legal Immigrants**: The program should not permit undocumented workers to gain an advantage over those who have followed the rules.
- **Promoting Compassion**: The program should grant currently working undocumented aliens a temporary worker status to prevent exploitation. Participants would be able to travel back and forth between their home and the U.S. without fear of being denied re-entry into America.
- **Providing Incentives for Return to Home Country**: The program will require the return of temporary workers to their home country after their period of work has concluded.

A temporary worker program based on these basic principles will provide America with the following benefits:

- **A More Prosperous Economy**: The program would allow workers to find jobs and employers to find workers, quickly and simply.

- **A More Secure Homeland by Improving the Efficiency and Management of All People Crossing Our Borders**: It is in the interest of the Nation, and each community, to identify foreign visitors and immigrants and make clear the nature of their intentions.
- **A More Compassionate System**: All workers in America will be protected with labor laws, the right to change jobs, fair wages, and a healthy work environment.

State of the Economy

The U.S. economy continues to grow at a steady pace and our labor market is healthy. We ended 2004 with an annual GDP growth rate of 4 percent, which exceeds the annual average of the last 25 years. The overall monthly unemployment rate continues to hover around 5.2 percent, which is below the monthly average of the last 50 years.

In April, the economy added 274,000 payroll jobs. That is a significant contribution to the 3.5 million jobs that have been added since the employment recovery began in June 2003. Employment growth has been increasing in most industries, and, at the end of March, there were 3.6 million unfilled job openings in the United States.

Historical Reliance on Foreign Born Labor

As our economy has grown over the past 15 years, so has our reliance on foreign born labor. From 1990 to 2004, foreign born workers increased from 9 percent of the civilian

labor force to 14.5 percent. America now has 21.4 million foreign born workers. That is a 50 percent increase in just 15 years. More than 50 percent of foreign born workers are non-citizens. Without their contribution to the economy, our output of goods and services would be significantly less.

It is important to note that the growth in the foreign born labor force has not produced significant adverse effects on native workers. For example, between 2002 and 2004, about 1.2 million foreign born workers were added to the workforce, at the same time the unemployment rate for native born workers went from 5.7 percent in 2002 to 5.5 percent in 2004.

Future Need for Foreign Workers

Significant ongoing changes in the U.S. population and our labor market mean America will continue to need foreign workers in the future. As we often hear, the American population is aging and the baby boomer generation is approaching retirement. There are currently 23 million workers age 55 or older who will be approaching retirement in the next few years. This is more than a 50 percent increase from 10 years ago. And while the number of older Americans in the workforce has been increasing significantly over the past 10 years, the number of young workers – ages 16 to 24 – in the workforce has changed little. This indicates there is an even bigger workforce shortage looming on the horizon.

This is a real problem, especially for employers in need of workers to fill jobs that do not require a college degree. Between 2002 and 2004, the number of native born persons in the workforce who were 25 or older with no more than a high school diploma decreased by 817,000. During that same time period, the number of foreign born workers in that category increased by 758,000.

Many businesses in America rely on highly skilled foreign workers as well. The Department of Labor's analysis of relative wage and employment growth in recent years show wages in some occupations requiring advanced education are increasing faster than the number of people employed in those occupations. This suggests a tightening labor market in those occupations.

For example, between 2002 and 2003, wages for pharmacists increased 44 times faster than employment. Wages for dispensing opticians grew 18.5 times faster than employment.

If these trends continue, it is possible that the demand will be met by more U.S. college students preparing for careers in these occupations, but we may also have to consider increased immigrant or guest workers to meet future demand for these jobs.

Another occupation that continues to see demand exceed supply is computer hardware engineers. This occupation category is one that has frequently utilized foreign workers under the H-1B visa category. Even with foreign workers and some of the highest wage

levels among reported occupations, pay of computer hardware engineers still increased nearly 2 times faster than employment, demonstrating continued demand for workers in this occupation.

Of course the continual labor shortages experienced by American businesses are not news to the Members of this Subcommittee, or to your colleagues in the Senate and the House. Every year, the Department of Labor receives numerous letters from members of Congress inquiring about the status of work visas on behalf of their constituents who rely on foreign labor to augment their workforces. It is a clear statement of the need for foreign workers that the 66,000 cap on visas under the H-2B visa program was reached barely 5 months into fiscal year 2004. Moreover, the demand for temporary foreign workers extends to many sectors of our economy, ranging from food processing to recreational establishments.

Enforcement

The Department of Labor takes very seriously its responsibility to ensure that this Nation's foreign workers, including those admitted under a temporary worker program, have fair and equitable protection under our labor laws. After all, this is about immigration, not exploitation.

Just as an example, following the U.S. Supreme Court's 2002 ruling in Hoffman Plastic Compounds, Inc. v. NLRB, the Department initiated an aggressive enforcement and

communications plan that reinforces our commitment to enforcing workplace protection laws on behalf of workers without regard to their immigration status.

Moreover, one of the Department's key enforcement priorities is ensuring compliance in low-wage industries that employ vulnerable workers, many of whom are immigrants. In fact, in fiscal year 2004 alone, the Wage and Hour Division (WHD) within the Employment Standards Administration collected more than $43 million in back wages for 84,897 workers in selected low-wage industries – an increase of over 22 percent of low-wage workers receiving back wages since fiscal year 2001.

In FY 2004, the Department also collected $465,000 for 1,600 workers under the Migrant and Seasonal Agricultural Worker Protection Act (MSPA).

Such enforcement efforts help discourage employers from attempting to exploit foreign born workers who are desperate for work and who may be willing to work for sub-minimum wages and under unsafe conditions. Strong enforcement also helps to prevent fraud and abuse in temporary worker programs.

Compliance Assistance

In addition, the Department has made immigrant workplace safety a priority and is committed to identifying ways to improve the safety and health of our immigrant workers. For example, through the Department's Hispanic Worker Taskforce, the

Occupational Safety and Health Administration (OSHA) has planned, developed, and delivered a variety of informative, educational, and cooperative programs and materials for the Hispanic community. A wide variety of publications are now printed in Spanish, including an easy-to-use publication that describes worker rights. The Secretary's commitment to this issue was demonstrated by the Hispanic Safety and Health Summit that she held in July 2004.

And we are seeing the results of these efforts. Workplace fatalities among Hispanic workers declined in 2002 for the first time in seven years. And fatalities among Hispanic workers are down 11.6% since 2001.

Such enforcement and compliance assistance activities not only protect foreign born workers from exploitation, but also help ensure that American workers are not undercut by unscrupulous employers.

Conclusion

The Administration looks forward to working with you in the coming months. Reforming our temporary worker programs is a difficult undertaking. Working together, we can enact reforms that will benefit workers, employers, and the American economy.

Thank you again for the opportunity to testify today. I would be happy to answer any questions you may have.

Statement of Senator Patrick Leahy
Subcommittee on Immigration, Border Security, and Citizenship
Hearing on "The Need for Comprehensive Immigration Reform: Serving Our National Economy"
May 26, 2005

This hearing reminds me of one held by the Judiciary Committee on September 7, 2001, four days before the 9/11 attacks. Thomas Donahue testified at that hearing as well, along with John Sweeney of the AFL-CIO, with both supporting meaningful reform of our immigration system. Unfortunately but understandably, the terrorist attacks put an end to serious hopes for reforming our system for a number of years, as Congress and the Administration instead focused on the steps required to secure our borders. Having devoted so much time, attention and resources to that question for the last four years – though there certainly remains more to do -- we are now again presented with the opportunity to make meaningful and common-sense changes to our immigration laws, and I hope we seize it.

The bill introduced by Senators McCain and Kennedy, the Secure America and Orderly Immigration Act (S. 1033), presents the roadmap for a solution. It provides incentives to the illegal population to come forward and legalize their status on a temporary basis, while also speeding the process for those outside the country who have played by all the rules in their efforts to come to the United States. This bipartisan legislation should be the focus of this committee's efforts.

I have previously pointed out that our economy depends on the labor of the more than 10 million illegal aliens who are currently in our nation. Were it possible to deport all of these aliens tomorrow – which of course it is not – our economy would probably go into shock. But the status quo is not the way to run our society. None of us, whatever our political party, should tolerate a system where our employers rely on unauthorized workers, and where those workers have little recourse to the legal protections that lawful workers enjoy. We need to regularize this system, and the McCain-Kennedy bill would do exactly that.

I look forward to reviewing the testimony of today's witnesses and to moving ahead with real immigration reform.

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Testimony Before Immigration Subcommittee
Senate Committee on the Judiciary
May 26, 2005

My name is Douglas S. Massey and I am Professor of Sociology and Public Affairs at Princeton University. Since 1982 I have co-directed a large project studying Mexican Migration to the United States with my colleague Jorge Durand of the University of Guadalajara. The Mexican Migration Project, which is funded by NICHD and the William and Flora Hewlett Foundation, offers the most comprehensive and reliable source of data available on documented and undocumented migration from Mexico. The project won a MERIT Award from the National Institutes of Health and based partly on its stature in the field, Jorge and I have been elected to the National Academy of Sciences.

Two decades of intensive research using these data reveal a fundamental contradiction at the heart of U.S. relations with Mexico. On the one hand, we have joined with that country to create an integrated North American market characterized by the relatively free cross-border movement of capital, goods, services, and information. Since 1986 total trade with Mexico has increased by a factor of eight. On the other hand, we have also sought to block the cross-border movement of workers. The United States criminalized undocumented hiring in 1986 and over the next 15 years tripled the size of the Border Patrol while increasing its budget tenfold.

This escalation of border enforcement was not connected to any change in the rate of undocumented migration from Mexico. Rather U.S. policy makers somehow hoped to finesse a contradiction, integrating all markets in North America except one—that for labor. This contradictory stance has led to continued migration under terms that are harmful to the United States, disadvantageous for Mexico, injurious to American workers, and inhumane to the migrants themselves.

Rather than increasing the likelihood of apprehension, the militarization of the Mexico-U.S. border has reduced it to a forty-year low, channeling migrants to remote sectors where the chance of getting caught is actually quite small. In these relatively unguarded sectors, however, the risk of death is greater and mortality among migrants has tripled, bringing about the needless death of 300-400 persons per year. Although U.S. efforts to increase the costs and risks of border crossing did not discourage undocumented migrants from coming, they did deter them from going home. Once in the United States, migrants are reluctant to face again the gauntlet at the border so they stay put and send for family members. The end result has been an unprecedented increase in the size of the undocumented population. The hardening of the border in San Diego and El Paso also pushed migrants away from traditional destinations towards new receiving areas.

In the end, during the 1990s what had been a circular flow of able-bodied workers into three states became a settled population of families scattered across 50 states, significantly increasing the social costs of migration to U.S. taxpayers. The economic costs were likewise exacerbated by the criminalization of undocumented hiring in 1986, in an effort to eliminate the "magnet" of U.S. jobs. This action only encouraged U.S. employers to shift from direct hiring to labor subcontracting. Rather than dealing directly with migrants, employers began to work

through intermediaries to escapes the burdens of paperwork and the risks of prosecution. In return, subcontractors pocketed a portion of the wage bill that formerly went to migrants, thereby lowering their wages. Unfortunately, the ultimate effect was not to eliminate undocumented hiring, but to undermine wages and working conditions in the United States, not so much for undocumented migrants who had always earned meager wages but for authorized workers who had formerly been able to improve their earnings over time. In the new regime, everyone had to work through a subcontractor regardless of legal status and the advantaged bargaining position once enjoyed by U.S. citizens and legal resident aliens was nullified.

At this point, all we have to show for two decades of contradictory policies towards Mexico is a negligible deterrent effect, a growing pile of corpses, record low probabilities of apprehension at the border, falling rates of return migration, accelerating undocumented population growth, downward pressure on U.S. wages and working conditions, and billions of dollars in wasted money. These outcomes are not simply my opinion, but are scientific facts that can be reproduced by anyone else using data publicly available from the Mexican Migration Project website.

The situation is thus ripe for reform. Rather than undertaking repressive actions to block migratory flows that are a natural consequence of Mexico's economic transformation and its ongoing integration with the United States, a more salutary approach would be to bring labor flows above board and manage them in ways that are beneficial to both nations.

The steps that I believe are needed to accomplish this reform include but are not limited to: (1) the creation of a temporary visa program that gives migrants rights in the United States and allows them to exercise their natural inclination to return home; (2) expanding the quota for legal immigration from Mexico, a country with a one trillion dollar economy and 105 million people to whom we are bound by history, geography, and a well-functioning free trade agreement; (3) offering amnesty to children of undocumented migrants who the United States entered as minors and who have stayed out of trouble; and (4) establishing an earned legalization program for those who entered the United States in authorized status as adults.

These actions, along with others I can enumerate, would go along way toward resolving the current mess. They would enable the United States to maximize the benefits and minimize the costs of a migration that will likely occur in any event. The approach of management rather than repression will better protect American workers and allow Mexico to develop more quickly to the point where the forces now promoting large-scale migration ultimately disappear. The legislation submitted to Congress by Senators Kennedy and McCain moves the agenda of immigration reform substantially in this direction, and for this reason I support it.

UNITED STATES-MEXICO CHAMBER OF COMMERCE
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Chairman Frank King
President Albert C. Zapanta
Honorary President Amb. Carlos de Icaza
Secretary Carole Campbell

May 26, 2005

The Honorable John Cornyn
United States Senate
Washington, D.C. 20510

Dear Senator Cornyn:

The United States-Mexico Chamber of Commerce (USMCOC) and its 10 Chapters in the U.S. and 6 in Mexico representing over 1500 corporations and businesses, would like you to know that we support your efforts to bring a comprehensive immigration reform bill to Congress.

We will be participating at the hearing today at 2:30 p.m. focusing on "The Need for Comprehensive Immigration Reform: Serving Our National Economy."

We look forward to supporting your efforts in serving bilateral U.S.-Mexico relations for the coming years.

Sincerely,

Albert Zapanta
President and CEO