COMPREHENSIVE IMMIGRATION REFORM: BUSINESS COMMUNITY PERSPECTIVES

HEARING

BEFORE THE

SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

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COMPREHENSIVE IMMIGRATION REFORM: BUSINESS COMMUNITY PERSPECTIVES

WEDNESDAY, JUNE 6, 2007

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP,
REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:10 a.m., in Room 2141, Rayburn House Office Building, the Honorable Zoe Lofgren (Chairwoman of the Subcommittee) presiding.

Present: Representatives Lofgren, Berman, Jackson Lee, Waters, Davis, Ellison, King, Gallegly, and Gohmert.

Staff present: Ur Mendoza Jaddou, Chief Counsel; R. Blake Chisam, Majority Counsel; George Fishman, Minority Counsel; and Benjamin Staub, Professional Staff Member.

Ms. LOFGREN. This hearing of the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law will come to order.

I would like to welcome the Immigration Subcommittee Members, our witnesses, and members of the public who are here today for the Subcommittee's 14th hearing on comprehensive immigration reform.

Our series of hearings on comprehensive immigration reform began at Ellis Island, where we examined the need for comprehensive immigration reform to secure our borders, to address economic and demographic concerns, and there we reviewed our Nation's rich immigrant history.

We have studied immigration reform from 1986 and 1996 in an effort to avoid the mistakes of the past. We have considered the problems with and proposed solutions for our current employment and work site verification system. And in light of the recent Senate immigration agreement to eliminate family priorities in immigration and replace those priorities with a completely new and untested point system, we studied the contributions of family immigrants to America and the various immigration point systems used around the world. We have explored the cost of immigration on our States and localities, the importance of immigrant integration, and the future of undocumented immigrant students in the United States.

A few weeks ago, we heard from the faith-based and immigrant communities, and labor unions who represent both U.S. workers and immigrants around the country.

Today we turn our attention to perspectives from the business community.

Looking back to our first hearing on comprehensive immigration reform at Ellis Island, economist Dan Siciliano noted, "The evidence continues to mount in favor of the conclusion that immigration is good for the economy, good for jobs, and a critical part of our Nation's future prosperity."

This statement is not only true in one or two sectors of the American economy, it is true in several sectors, including high-tech, agriculture, and service industries.

The world, as Thomas Friedman puts it, is now flat. To compete in such an economy, American high-tech businesses need access to the global talent pool. Without consistent, simple access to the best and brightest minds in the world, America will likely face stiffer competition from abroad in what may be the key economic sector of the 21st century.

Like the high-tech industry, the service industry recognizes the urgent need for comprehensive immigration reform. From restaurant workers and landscapers to housekeepers and, most importantly, people who care for our most vulnerable, including children and elderly parents, our current immigration system is failing to fill the needs of our aging U.S. workforce.

Nowhere is the lack of U.S. workers more obvious than in the agriculture sector. In California alone, last season's pear crop was lost due to a lack of workers to pick the fruit. Farmers around the country will testify that no matter how much they can realistically pay workers, they can't seem to find U.S. workers to tend the field.

It is time for Congress to recognize an urgent need. It is time for comprehensive immigration reform.

I want to thank you again, to our distinguished witnesses, for being here today to help us sort through what is a complex and very important issue.

And I would now recognize our Ranking minority Member, Congressman Steve King, for his opening statement.

[The opening statement of Ms. Lofgren follows:]

PREPARED STATEMENT OF THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRWOMAN, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

I would like to welcome the Immigration Subcommittee Members, our witnesses, and members of the public to the Subcommittee's fourteenth hearing on comprehensive immigration reform.

Our series of hearings on comprehensive immigration reform began at Ellis Island, where we examined the need for comprehensive immigration reform to secure our borders, to address economic and demographic concerns, and there we reviewed our nation's rich immigrant history. We have studied immigration reform from 1986 and 1996 in an effort to avoid the mistakes of the past. We've considered the problems with and proposed solutions for our current employment and worksite verification system. In light of the recent Senate immigration agreement to eliminate family priorities in immigration and replace those priorities with a completely new and untested point system, we studied the contributions of family immigrants to America and various immigration point systems used around the world. We have explored the costs of immigration on our states and localities, the importance of immigrant integration, and the future of undocumented immigrant students in the United States. A few weeks ago, we heard from the faith based and immigrant communities and labor unions who represent both U.S. workers and immigrants around the country.

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It is time for Congress to recognize an urgent need. It's time for comprehensive immigration reform.

Mr. KING. Thank you, Madam Chair. Thanks for holding this hearing. And thanks for all of the hearings that we have had.

We have had a lot of witnesses before us, and I appreciate you all being here as a service to America. We thank you for that.

But I don't think the public realizes how much sacrifice there is on your part, of your time and treasure, to come here and contribute to the public record and dialogue that hopefully will move us toward a rational immigration policy.

But as the Senate engages in debate on the fragile deal before it, the media is full of comments from lawmakers and stakeholders expressing their sentiment that the deal is not perfect, but it is the best we can do.

But it is far from perfect, and it is not the best we can do, and we should never commit the destiny of America to that kind of sentiment.

So as we seek to cure our Nation's immigration ills, we should be mindful of the Hippocratic principle that the treatment for any illness is first do no harm.

We tried a broad amnesty as the treatment for illegal immigration in 1986. That was a comprehensive immigration reform plan.

And I would be interested in anybody who could define the distinctions between the two except in the order of magnitude, and this one is a 12 to 20 multiplier of that 1986 comprehensive immigration reform plan.

It not only failed to cure the problem, it made it worse. A million illegal immigrants quickly became 3 million. And now we have 12 million to 20 million or more, yet the Senate bill proposes administering the same cure that made the illness worse before.

Proponents of the Senate deal claim that it is not an amnesty because illegal aliens will be required to undergo a background check, pay back taxes and pay a fine before they will be given permanent status.

They gloss over the fact that none of these things needs to be accomplished before an illegal alien is given the very objective of his crime, which is immediate authorization to work in the United States or stay in the United States, along with the protection from removal for as long as they would like to renew their status.

Even the background check is not a precondition to a grant of probationary status. If the background check cannot be completed by the close of business on the day following the filing of an application for probationary status, the illegal alien immediately gets legal status, work authorization and protection from removal anyway.

Many advocates of the deal rationalize that at least this will bring illegal aliens out of the shadows, enhancing our security.

But granting amnesty to 12 million to 20 million people who have already demonstrated by their very presence a willingness to break our laws does absolutely nothing to make our country safer and gives me no confidence that those who are willing to break our laws will come out of the shadows.

This drastic step is being proposed under the pretext that our economy will collapse without legalizing millions of cheap, unskilled workers.

First, there is no widespread labor shortage that would justify this approach. There are 69 million Americans of working age who are simply not in the workforce.

And I had no witness come forward and tell me why we are not trying to recruit one out of 10 of those to replace the 6.9 million working illegals in America.

Many of these Americans dropped out of the workforce because they were discouraged by the depressed wages being offered as a result of the widespread availability of cheap labor.

Supply and demand does work with labor as well as any other commodity, and an oversupply drives down the value of that labor.

The second, as Mr. Hawkins of the U.S. Business and Industry Council points out, creating a large underclass of uneducated, impoverished toilers is a business model that looks backward, not forward.

It does not expand the middle-class market that most businesses need to reach to sell their goods and services. Businessmen stand to lose more in the long run from the increased tax and regulatory burdens that an alienated proletarian voting bloc will support than from the deceptive short-term gains from low labor costs.

America's historical response to a tight labor market has been advancements in technology and improvements in productivity, resulting in so many Americans achieving the American dream.

Finally, the claim that illegal immigrants are doing work that Americans won't do is false and an insult to the American workforce. Americans have historically done every kind of work, and they continue to do so now in virtually every field.

Many more Americans would be willing to do the jobs that proponents of amnesty consider undesirable if they were paid a decent wage.

And then as I listened to the testimony of Dr. Siciliano, the economist from Stanford University, his testimony said that illegal—or immigration would—he didn't draw a distinction between legal and illegal—would increase and improve the economy because those who didn't agree didn't take into account the ripple effect of the jobs that are created by the consumption of those immigrant workers, legal or illegal.

But he also said that he didn't know where the dividing line was, where the point of diminishing returns was. He had not done the calculation. He simply concluded that it always paid, and so "I don't know" was his answer to that question, "Where are the diminishing returns?"

I have not heard empirical data that supports these conclusions. I have heard anecdotes. And I happen to also hear—I am going to hear more and more anecdotes here.

But I am going to ask you witnesses, present us, please, with some empirical data that is a broad objective across this overall society, economy and culture. If we legislate on anecdotes, we could drive America down into the depths of the third world if we don't make a bright decision here.

Let's let it be an informed decision, not an anecdotal decision that fits someone's political agenda. And I look forward to the testimony.

And I would yield back the balance of my time.

Ms. LOFGREN. The gentleman's time has expired.

We will reserve time for the Chairman of the Committee, Mr. Conyers, and the Ranking Member, Mr. Smith, should he come, for their opening statements.

And other Members of the Committee are invited to submit their statements for the record.

[The prepared statement of Ms. Jackson Lee follows:]

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS, AND MEMBER, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

Today we continue these series of hearings dealing with comprehensive immigration reform. This subcommittee previously dealt with the shortfalls of the 1986 and 1996 immigration reforms, the difficulties employers face with employment verification and ways to improve the employment verification system. On Tuesday May 1, 2007 we explored the point system that the United Kingdom, Canada, Australia, and New Zealand utilize, and on May 3, 2007 the focus of the discussion was on the U.S. economy, U.S. workers and immigration reform. Last week we took a look at another controversial aspect of the immigration debate, family based immigration. Today we continue the vital task of eliminating the myths and seeking the truth. Last Wednesday's hearing dealt with probably the most crucial aspect underlying the immigration debate, an immigrant's ability to integrate, and assimilate into American society. Last Thursday we tackled another pressing topic, the practical issue of the impact of immigration on States and Localities. On Friday May 18, 2007 we discussed the issue of the "Future of Undocumented Immigrant Students," and on May 24, 2007 we examined the "Labor Movement Perspective" on comprehensive immigration reform. Today we will examine the perspectives of the business community.

I want to begin by thanking the Chairwoman, Congresswoman Zoe Lofgren for her leadership on this crucial issue, and her wisdom in calling these hearings. These hearings have afforded us the opportunity to hear from the players who are most impacted by comprehensive immigration reform. Regardless of where you stand on this issue, the one thing that Members on both sides of the aisle can agree on is the need to fix a system that is broken. This will include tougher enforcement of immigration laws, but only after a meaningful effort has been made to provide our border patrolman with the resources they need to do their job effectively. Although I may not be a proponent of building a fence, I do realize the need to secure our borders so I would advocate for more border patrolmen; better radio's so these patrolmen and patrolwomen can communicate effectively; vehicles that can navigate the water and the tough terrains of the southern border; aircraft that will give our border patrolmen an enhanced presence and improved visibility; and a virtual fence that utilizes the latest technology. My legislation the "Save America Comprehensive Immigration Reform Act" of 2007 provides for all of these necessities.

In addition to securing our borders we must simultaneously protect our economy and protect all workers from exploitation. The title of this hearing is "Business Community Perspectives," and I am almost confident that the witnesses will repeat much of what we have already learned over the past couple of months and that is the fact that comprehensive immigration reform is essential to the survival of our nation's economy. We live in a highly educated society where our high school graduates expect to earn a college degree and a significant number of those individuals move on to earn advanced degrees so they can work in high-skill positions. However, there are jobs that need to be filled in the low-skilled sector because our economy continues to grow, the American worker is spending longer hours at the office, and the demand for essential products like groceries is not going to cease to exist. Therefore the undocumented population continues to provide an essential service that our economy needs. I will reiterate the fact that immigration actually benefits our national economy and we have heard this fact from numerous witnesses who have testified before this subcommittee in the past. Immigration will benefit social security, and immigration helps create small businesses that generate tax revenue for local municipalities across the nation.

I note that one of today's witnesses is John Gay who represents the National Restaurant Association. I am confident that his remarks will echo the sentiments of those who represent the construction and agricultural industry. Quite frankly there is a labor shortage in these various industries, and these industries continue to grow at a rapid pace. In light of these facts I am puzzled by Senator Bingaman's amendment to the Senate immigration bill which passed and cut the guest worker program in half to 200,000. This is not feasible in light of all the studies that suggest we have an increasing labor shortage; certainly the anecdotal evidence is there when you pass a construction project that has not been completed, or you pass a field that is being tended to by just a handful of laborers.

We will also hear testimony from Laszlo Bock of the Google Corporation. He can also testify to the virtues and numerous contributions that foreign born entrepreneurs have made to U.S. technology companies like Google, Intel, and Yahoo. In fact it was a Russian born immigrant named Sergey Brin who helped start Google. Another foreign born entrepreneur Jerry Yang co-founded Yahoo.

In a recent study by the National Venture Capital Association they discovered that over the past 15 years, immigrants founded one of every four venture-backed startups that became publicly traded companies. The study also showed that immigrant-founded public companies today employ about 220,000 people in the United States alone, and represent a total market value of more than $500 billion. Therefore, the value of H-1B visas can not be overstated. The contribution that these individuals make to our country economically is quantifiable, and culturally undeniable.

However, Mr. Bock and others from the tech industry are also suffering from a shortage in the labor supply. Since the 9/11 attacks the number of H-1B visas granted to U.S. employers has dropped to 65,000 a year, from 195,000 year annually in 2000 and 2001. Senator Gregg has offered an amendment to the Senate Immigration bill that would increase the number of H-1B visas to 150,000 for fiscal year 2008, and 215,000 a year thereafter. This amendment offered by Senator Gragg is the type of thoughtful approach that we need to make as we craft a new immigration bill, a bill that will hopefully be practical but meets our national security and economic needs.

In conclusion I will say that the current immigration system has failed the business community. Employers can not verify the status of potential employees, resulting in scenarios that we saw played out in New Bedford Massachusetts, or at the Swift Meat Packing Company in Colorado. Likewise, leaders of the agricultural, service, and construction industries continue to make pleas for an effective guest worker program, or a path to legalization for the millions of undocumented folks that are here. A solution must be found.

I look forward to the testimony of our witnesses, Madam chair I yield back my time.

Ms. LOFGREN. I am pleased to introduce the witnesses.

I would like to start with an introduction to Jerry Mixon, Jr., a partner alongside his brothers at Mixon Family Farms, Inc. Producing blueberries; raspberries and blackberries. Mixon Family Farms employs between 500 and 600 people during harvest season. He served for 4 years as president of the Florida Blueberry Growers Association and currently sits on two standing committees of the Florida Fruit and Vegetable Association, as well as the board

of directors for the Polk County Farm Bureau in Florida. He earned his bachelor's degree at the University of Central Florida and has completed his master's degree course work at the University of Florida.

I am pleased to introduce also John Gay, who is the senior vice president for government affairs and public policy at the National Restaurant Association. Mr. Gay co-founded and continues to co-chair the Essential Worker Immigration Coalition and chairs the board of the National Immigration Forum. Prior to his post at the National Restaurant Association, he worked for the American Hotel and Lodging Association and the International Franchise Association. He also worked on the legislative staff of the former Republican Senator from Georgia, Mack Mattingly.

I would like to welcome our minority party witness, William Hawkins, the senior fellow for National Security Studies at the U.S. Business and Industry Council. Before joining the staff of the Business and Industry Council, Mr. Hawkins served as a Senior Research Analyst to Congressman Duncan Hunter of California, the former Chairman of the Armed Services Committee. Holding degrees in both economics and history, he is the author of two books, *Importing Revolution* and *The Open Borders Lobby*.

And finally, I would like to welcome Laszlo Bock, the vice president of People Operations at Google. Mr. Bock came to Google after a distinguished tenure at the General Electric Company and McKinsey & Company. Mr. Bock and his family left Romania in July 1974, staying first at a refugee camp in Austria, where his mother Susan remembers receiving care packages signed, "These are gifts from the people of the United States of America." They arrived in the U.S. in November 1974 as political asylees, settling outside of Los Angeles, in Claremont, California, where Mr. Bock's mother, father and brother each started their own businesses. His father established an engineering firm that grew to employ 15 engineers. His mother founded a business consulting firm. And his brother created an Internet service firm. Mr. Bock received his bachelor's degree from Pomona College and his MBA from Yale University. And I am proud to have someone from Google, which is from my neck of the woods in California, here to testify.

And I did want to note that Mr. Bock's mother is here with us today. And would you stand, Mrs. Bock, so we could recognize you?

[Applause.]

It is always wonderful when the mom can be here to see the testimony.

I would first like to start with Mr. Bock.

And I will note to all of the witnesses that your full statements will be in the record. We have these little machines on the table. You have 5 minutes to summarize your statement. And when you have got about a minute left, the yellow light goes on. It always goes faster than you think.

And then when the red light goes on, it means that your time is up, and we don't have a heavy hand on the gavel, but we would ask that you summarize when the red light goes on so that we can hear all of the witnesses and get to our questions.

So, Mr. Bock, would you begin?

TESTIMONY OF LASZLO BOCK, VICE PRESIDENT, PEOPLE OPERATIONS, GOOGLE, INC.

Mr. BOCK. Madam Chair, Ranking Member King, Members of the Committee, it is a great pleasure to be with you this morning to talk about the impact of immigration policies on Google and the technology industry as a whole.

My name is Laszlo Bock, and I am the Vice President of People Operations at Google. I am responsible for Google's global efforts to attract, develop, and retain the most talented employees wherever we may find them.

I am pleased to appear before you to help the Committee better understand the practical impact that our immigration system has on Google.

Google's positive experience with American immigration policy dates back to our very inception. Our search engine began as a shared idea in the minds of our company's founders, Sergey Brin and Larry Page.

Sergey's own parents, and he himself, fled the Soviet Union in 1979 when he was 6. A first-generation American, he is now one of the most successful entrepreneurs in the world.

In fact, Google is just the most recent success story for immigrants in Silicon Valley. Intel, eBay, Yahoo!, Sun and many other companies were all founded by immigrants who were welcomed by America.

And within Google, there are countless examples of immigrants and non-immigrant foreign workers playing a vital role in our company. H-1B visa holders have helped lead the development of Google News and Orkut, our social networking site.

Immigrants from countries like Canada, Iran, and Switzerland now lead our business operations, our global marketing, our global business development, and our data infrastructure operations.

Without these talented employees and others, Google, and the high-tech industry as a whole, would not be the success it is today.

I would like to note that I, too, am an immigrant to America. My parents came here when they fled Communist Romania when I was a child. My mother is here with me today. I cannot begin to tell you what a proud moment this is for her and a humbling one for me.

In my testimony this morning, I would like to make three points: First, Google's success absolutely depends on attracting the best and brightest employees. Second, hiring and retaining the most talented employees regardless of national origin is essential to the United States' ability to compete globally. And third, companies like Google would benefit from improving our policies toward non-U.S. workers, including in the area of H-1B visas, so we can continue innovating and growing.

First I will talk about the role that our employees play at Google. People are our most vital competitive asset and the single most important ingredient to ensuring our future growth and success.

Our strategy is simple. We hire great people and we encourage them to make their dreams a reality. In the knowledge-based economy, companies large and small depend primarily on their employees for success.

America's edge depends on the ability of U.S. companies to innovate and create the next generation of must-have products and services. And that ability to innovate and create in turn depends on having the best and brightest workers.

Today approximately 8 percent of Google's employees in the U.S. are here on 6-year H-1B visas. These Googlers currently span 80 different countries of origin.

So while nine out of 10 of our employees are citizens or permanent residents, our need to find the specialized skills required to run our business successfully requires that we look at candidates from around the globe.

It is no stretch to say that without these employees we might not be able to develop future revolutionary products, like the next Gmail or the next Google Earth.

And let me share two examples. Orkut Buyukkokten was born in Turkey. He joined Google through the H-1B visa program and was responsible for developing our social networking service, which is called—you guessed it—Orkut.

Krishna Bharat, a native of India who joined Google in 1999 through the H-1B program, was one of the chief creators of Google News and is now our principal scientist.

Without Orkut and Krishna and many other employees, Google would not be able to offer innovative and useful new products to our users.

Now let me turn to the issue of how our immigration system affects our ability to compete with the rest of the world.

We believe that it is in the best interest of the United States to welcome into our workforce talented individuals who happen to have been born elsewhere, rather than send them back to their countries of origin.

But this doesn't mean we don't recruit here in the U.S. or that American workers are being left behind. On the contrary, we are creating jobs here in the U.S. every day.

But we are not the only ones recruiting talented engineers, scientists, and mathematicians. We are in a fierce, worldwide competition for top talent unlike ever before.

As companies in India, China, and other countries step up efforts to attract highly skilled employees, the U.S. must continue to focus on attracting and retaining these great minds.

So what does my day-to-day experience as Google's People Operations leader teach me about what our country should do to retain the best and brightest?

First and most importantly, each and every day we find ourselves unable to pursue highly qualified candidates because there are not enough H-1B visas.

We would encourage Congress to significantly increase the annual cap of 65,000 H-1B visas to a figure more reflective of the growth rate of our technology-driven economy.

Over the past year alone, the artificially low cap on H-1B visas has prevented more than 70 Google candidates from receiving H-1B visas.

Beyond increasing the H-1B visa cap, we also believe that Congress should address the significant backlog in employment-based green cards for highly skilled workers.

In conclusion, as Congress considers the various immigration proposals before you, we hope you will consider Google's experience as well as the important role that our immigration policies play in ensuring that the U.S. remains the world's high-tech leader.

Thank you.

[The prepared statement of Mr. Bock follows:]

PREPARED STATEMENT OF LASZLO BOCK

Testimony of Laszlo Bock
Vice President, People Operations, Google, Inc.
House Judiciary Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law
"Hearing on Comprehensive Immigration Reform: Business Community Perspectives"
June 6, 2007

Madam Chair, Ranking Member King, members of the committee.

It's a great pleasure to be with you this morning to talk about the impact of immigration policies on Google and the technology industry as a whole. My name is Laszlo Bock, and I am the Vice President for People Operations at Google. I am responsible for Google's global efforts to attract, develop, and retain the most talented employees -- wherever we may find them.

Let me say up front that my expertise is people, not legislation. I come before you not to discuss the nuances of the various immigration reform proposals before Congress, but rather to help the committee better understand the practical impact that our immigration system has on Google, our employees, and the ability of our company and other U.S. technology companies to stay competitive in the global economy.

Google has had a positive experience with American immigration policy that dates back to its very inception, when our search engine was just a shared idea in the minds of our company's founders, Sergey Brin and Larry Page. Sergey's parents fled the Soviet Union in 1979 when he was six. A first-generation American, he is now one of the most successful entrepreneurs in the world.

That his success happened here in the U.S. is no coincidence. We opened our doors to Sergey's parents -- a mathematician and an economist. Our educational system served Sergey well -- he attended the University of Maryland and Stanford University. Our free market economy supported Sergey and Larry's entrepreneurship and rewarded it when they proved that they could turn their idea into a successful business. And we continue to maintain an environment where entrepreneurs, regardless of where they started, want to come here to build their companies.

In fact, Google is just the most recent success story for immigrants in Silicon Valley and in other tech hubs around our nation. Intel, eBay, Yahoo!, Sun Microsystems, and many other companies were all founded by immigrants who were welcomed by America. In fact, over the last 15 years, foreign nationals have started 25 percent of U.S. venture-backed public companies, accounting for more than $500 billion in market capitalization and adding significant value to our economy.

And within Google, there are countless examples of immigrants and non-immigrant foreign workers playing a vital role in our company. H-1B visa holders have helped lead the development of Google News and orkut, our social networking site. Immigrants from countries like Canada, Iran, and Switzerland now lead our business operations, global marketing, global business development, and data infrastructure operations. Combined, these four former visa holders manage more than half of Google's U.S. employees. Without these talented employees and others, Google -- and the high-tech industry as a whole -- would not be the success it is today.

I will take a moment to note, Madam Chair, that I too am an immigrant to America. My parents came here when they fled communist Romania when I was a child. My mother is here with me today. I cannot begin to tell you what a proud moment this is for her -- and a humbling one for me. Under the Ceaușescu dictatorship, she could not have dreamed of her son testifying before a committee of the United States Congress.

In my testimony this morning I'd like to make three major points:

- First, Google's success -- like that of technology companies across our nation -- absolutely depends on attracting the best and the brightest employees.
- Second, hiring and retaining the most talented employees -- regardless of national origin -- is essential to the United States' ability to compete globally.
- And third, companies like Google and the U.S. as a whole would benefit from improving our policies towards non-U.S. workers – including in the area of H-1B visas – so we can continue innovating and growing.

Google's Success Depends on Attracting the Best and Brightest

First I'll talk about the role that our employees play at Google.

It's no accident that my title is Vice President of People Operations, and not the more traditional description of "human resources." At Google, we believe that people are our most vital competitive asset, and the single most important ingredient to ensuring our future growth and success.

Our strategy is simple: We hire great people and encourage them to make their dreams a reality. We believe in hard work, a fun atmosphere, and the sort of creativity that only comes about when talented people approach problems from varying backgrounds. We also believe that in addition to hiring the best talent, a diversity of perspectives, ideas, and cultures leads to the creation of better products and services for our users.

We view our people as central to our mission, and I'm happy to say we treat them well. As you may have heard, Googlers dine on gourmet food for free at any one of the 15 restaurants at our headquarters. New Googlers -- or "nooglers" -- sometimes gain what's called the Google 15, and when they do they can get free training at our gym, or play volleyball, swim, or rock climb on campus. Google gives our employees $500 worth of takeout when they have a newborn child and we provide child care. We give employees $5,000 toward the purchase of a hybrid car and provide car washes at our main campus. And we let Googlers bring their dogs -- and even their dirty laundry -- with them to work.

We are proud that our efforts to keep our employees happy has helped earn us *Fortune* Magazine's top ranking in its 2007 list of the "Best Companies to Work For," and that a recent *BusinessWeek* survey of college students named Google one of the "Best Places to Launch a Career."

In the knowledge-based economy that we operate in, companies -- from start-ups to multinational corporations -- depend primarily on their employees for their success. America's edge in the world economy depends on the ability of U.S. companies to innovate and create the next generation of must-have products and services. And that ability to innovate and create in turn depends on having the best and brightest workers.

Google's hiring process is rigorous, and we make great efforts to uncover the most talented employees we can find. Often times, many of these exceptional employees were born here in the United States and have spent their whole lives here. But in other cases, the most talented software engineer or product manager we can find happens to have been born elsewhere. As a result, Google depends on programs like the H-1B visa for highly skilled workers.

Let me share some figures with you. Today, approximately eight percent of Google's employees in the United States are here on a six-year H-1B visa. These Googlers currently span 80 different countries of origin -- from Argentina to Zambia. So, while nine out of ten of our employees are citizens or permanent residents, our need to find the specialized skills required to run our business successfully requires us to look at candidates from around the globe -- many of whom are already in the U.S. studying at one of our great universities.

It is no stretch to say that without these employees, we might not be able to develop future revolutionary products like the next Gmail or Google Earth.

Let me share two examples:

- Orkut Buyukkokten was born in Konya, Turkey, and later received his Ph.D. in computer science from Stanford University. He joined Google as a software engineer in 2002 through the H-1B visa program. Every engineer at Google is allotted what we call "20 percent time," giving them the freedom to spend one day a week pursuing whatever projects interest them. In his 20 percent time, Orkut developed and programmed a new social networking service, which Google later launched publicly and dubbed -- you guessed it -- "orkut." Today, orkut -- the web service -- has tens of millions of users worldwide, and is so popular in Brazil that Orkut -- the person -- was treated as a celebrity on a recent visit there. After spending four years in the U.S. on an H-1B visa, Orkut recently received his green card for permanent residency.

- Krishna Bharat joined Google even earlier, in 1999, and also through the H-1B program. A native of India, he received his Ph.D. from Georgia Tech in human computer interaction. His work on web search at DEC Systems Research Center and at Google earned him several patents, and he is a noted authority on search engine technology. Krishna was one of the chief creators of Google News, our service that aggregates more than 4,500 English-language news websites around the world. Today, Krishna serves as Google's Principal Scientist, and he too has received his green card for permanent residency.

Without Orkut and Krishna -- and many, many other employees -- Google would not be able to offer innovative and useful new products to our users. Immigrations laws that enable us to attract and retain highly skilled workers, regardless of their country of origin, make that possible.

Opening Our Economy Will Help Us Stay Competitive Globally

Now let me turn to the issue of how our immigration system affects our ability to compete with the rest of the world.

We believe that it is in the best interests of the United States to welcome into our workforce talented individuals who happen to have been born elsewhere, rather than send them back to their countries of origin. But this doesn't mean we don't recruit here in the U.S., or that American workers are being left behind. To the contrary, we are creating jobs here in the U.S. every day.

From December 2004 through March 2007, we have grown from almost 5,700 Googlers to over 12,200 employees – more than doubling our size in just over two years. Since the beginning of this year we have grown by approximately 2,000 employees. A recent *New York Times* article noted that we are adding about 500 employees each month, and that we recently listed almost 800 open positions in the San Francisco Bay Area alone.

But we're not the only ones recruiting talented engineers, scientists, and mathematicians. The fact is that we are in a fierce worldwide competition for top talent unlike ever before. As companies in India, China, and other countries step up efforts to attract highly skilled employees, the United States must continue to focus on attracting and retaining these great minds.

Simply put, if U.S. employers are unable to hire those who are graduating from our universities, foreign competitors will. The U.S. scientific, engineering, and tech communities cannot hope to maintain their present position of international leadership if they are unable to hire and retain highly educated foreign talent. We also cannot hope to grow our economy and create more jobs if we are ceding leadership in innovation to other nations.

You might wonder why we care so much, when we have a global presence and can locate engineers in foreign facilities. Indeed, as a global company, Google is fortunate to be able to have employees work for us in other countries if they are not allowed to stay in the U.S. It is vital to have a local presence in other countries, to help tailor our products and services for our international users.

However, many of our core products are created and improved here in the U.S., and we believe that worker satisfaction is higher when employees can work in the location they prefer. Being able to have H-1B visa holders remain in the U.S., building our products and expanding our business, also translates into more jobs and greater economic growth here at home.

Our Day-to-Day Experience Leads Us To Believe Some Improvements Are Needed

So, what does my day-to-day experience as Google's people operations guy teach me about what our country should do to attract and retain the best and the brightest?

First and most importantly, each and every day we find ourselves unable to pursue highly qualified candidates because there are not enough H-1B visas. We would encourage Congress to significantly increase the annual cap of 65,000 H-1B visas, to a figure more reflective of the growth rate of our technology-driven economy.

As the members of this subcommittee know well, in April 2007, the number of petitions to the U.S. Citizenship and Immigration Services exceeded the current annual cap within the first two days of the Fiscal Year 2008 filing period, with an estimated 133,000 visa applications filed. This marked the ninth time since 1997 that the cap has been reached before the end of the fiscal year and the fourth year in a row that it has been reached on or before the start of the fiscal year.

The H-1B crisis also affects recent college graduates. When we recruit talented foreign-born students to work for Google after they graduate, those students are not allowed to apply for H-1B visas until after they graduate. As a result, they miss the springtime application deadlines for the H-1B window that opens each fall.

In order to attract these talented new graduates, Google generally hires them under an immigration program called Optional Practical Training (OPT), which allows a student to work in the U.S. for up to 12 months. So for example, if a student graduates in June 2007, they might begin work at Google in August

2007, and they could work at Google in the U.S. through August 2008. They would have the ability to apply for an H-1B in the spring of 2008, but even if they are successful in securing an H-1B, that visa would not start until October 2008. So between August 2008 and October 2008, there is a two-month lag in which they would not be allowed to work in the U.S.

In many cases we offer employees affected by this lag the option to work out of one of our offices abroad. But over the last year alone, the artificially low cap on H-1B visas has prevented more than 70 Google candidates from receiving H-1B visas.

Beyond increasing the H-1B visa cap, we also believe that Congress should address the significant backlog in employment-based green cards for highly skilled workers.

These green card holders must pass strict labor market tests in order to be eligible for admission. Google wants to retain talented foreign-born employees that we currently have on payroll, but the green card backlogs force tens of thousands of highly trained professionals into legal and professional limbo for years.

These backlogs make it difficult for employers to promote employees already on payroll or allow them to change jobs or employers, often forcing spouses to also put their careers on hold. And unfortunately, many of these valued employees become frustrated with the inefficiencies in the immigration system, give up because of the up to five-year waits, and either move home or seek employment in more welcoming countries -- countries that are direct economic competitors to the United States.

Conclusion

I'd like to close by telling you about another Googler. Olcan Sercinoglu was born in Turkey and came to the U.S. to study at Washington University in St. Louis. He graduated at the top of his class with a degree in computer science and a 4.0 grade point average. In 2002 he received an H-1B visa, which allowed him to join Google full time as a software engineer. Since joining the company he has been promoted three times and has made significant contributions to building the data infrastructure that supports Google's search, advertising, and web-based applications. Today Olcan is awaiting his green card, after being forced to wait almost two years to begin the application process.

Had Olcan been forced to return to Turkey, he would have no doubt made a major impact at a technology company there, but the H-1B visa has allowed him to contribute to the success of an American company, and to the success of a U.S. economy. As Congress considers the various immigration proposals before you, we hope you will consider Olcan's experience, as well as the important role that our immigration policies play in ensuring that the U.S. remains the world's high-tech leader.

Thank you.

Ms. LOFGREN. Thank you very much, Mr. Bock. And you yield back your time.

Mr. Mixon, we are pleased to hear from you now.

TESTIMONY OF JERRY MIXON, JR., PARTNER, MIXON FAMILY FARMS

Mr. MIXON. The May 28, 2007, issue of *Newsweek* magazine recalled one of President Ronald Reagan's radio addresses. In 1977, he observed that apples were rotting on trees in New England because no Americans were willing to pick them. He was quoted as saying, "Are great numbers of our unemployed really victims of our illegal alien invasion, or are those illegal tourists actually doing work our own people won't do?"

Good morning, Chair Lofgren and Members of the Subcommittee. My name is Jerry Mixon, and I am here appearing before you on behalf of my corporation, Mixon Family Farms, Sunny Ridge Farm, the Florida Fruit and Vegetable Association, and the Florida and Georgia Blueberry Growers Association.

Sunny Ridge Farm is a second-generation agricultural producer and marketer of fresh blueberries, blackberries, raspberries, and citrus.

To date, we have farms, packing facilities, and offices in Florida, Georgia, Mexico, and Chile, employing up to 1,500 employees during our peak harvest season, with an annual payroll of over $7 million.

From our beginnings 15 years ago, we have committed ourselves to the values of honesty and hard work, with the goal of providing our customers with the highest quality berries possible.

A key challenge to achieving our goal of high quality from our fields to the consumer's table lies in the highly perishable nature of our products. Our berries must be harvested on a 4-day to 5-day picking rotation and then promptly delivered to the market so that the consumer can enjoy a great quality product.

The products we grow are primarily hand harvested due to their delicate nature. The importance of labor availability cannot be understated.

The volume of goods and services we purchase has a significant impact on other businesses and industries in our local and surrounding communities.

In 2006, Sunny Ridge Farm purchased in excess of $41 million of goods and services related to maintaining our business.

In 2004 and 2005, Florida had a value of production for the seven major vegetable crops—potatoes, berries and watermelons—of more than $1.8 billion on harvested acres of over 219,000.

The economic impact generated by these agricultural entities reaches beyond our local communities to our States and even into our Nation.

If growers are unable to find the labor to harvest these crops, and their farms go out of business, the upstream and downstream businesses will be adversely affected.

Growers would be forced to develop more farms offshore. Subsequently, goods and services needed by these farms would be purchased offshore.

Congress must pass comprehensive immigration reform this year which contains provisions that address the unique needs of agriculture for a reliable and legal workforce.

The unique agricultural provisions must contain these basic components: a program to allow the current experienced agricultural workforce to earn a legal working status—this could be earned by working in agricultural employment for several years into the future—in addition to the payment of fines and a demonstration of law-abiding conduct while in the U.S.

Secondly, the reform needs to include changes to the current employment verification system. Employers need to be given clear standards on how to comply with their hiring obligations without discrimination and with confidence that the workers they hire have proper work documents.

Thirdly, the H-2A agricultural guest worker program must be streamlined to avoid bureaucratic delays that could potentially cause a grower to lose his crop because of a workforce showing up too late.

The reformed H-2A program should also require a wage rate for foreign and U.S. workers that is fair and accurately reflects the market. The current H-2A adverse effect wage rate does not do so. And in many cases, growers cannot afford to pay the required wage and make a profit.

Included in this reform should be the option of providing a housing allowance in lieu of actual housing. This would allow agricultural producers located in rural or remote areas more access to use the H-2A program.

Currently the bill being debated in the Senate effectively addresses these key concerns. The resolution of these issues will be the success of not only my family's business but the businesses of many others who have chosen agriculture as a way of life.

It is our sincere hope that the Congress will expediently pass a comprehensive bill which will meet the needs of agricultural businesses throughout America and allow us to continue being a world leader in safe, great-tasting agricultural products.

The President Ronald Reagan quote that I began with ended with him saying, "One thing is certain in this hungry world. No regulation or law should be allowed if it results in the crops rotting in the fields for lack of harvesters."

Thank you for the opportunity to present my views and those of the FFVA on this critical issue.

[The prepared statement of Mr. Mixon follows:]

PREPARED STATEMENT OF JERRY MIXON, JR.

The May 28, 2007 issue of Newsweek magazine recalled one of President Ronald Reagan's radio addresses. In 1977, he observed that apples were rotting on trees in New England because no Americans were willing to pick them. He is quoted as saying: *"It makes one wonder about the illegal-alien fuss. Are great numbers of our unemployed really victims of the illegal-alien invasion or are those illegal tourists actually doing work our own people won't do?"* Reagan continued. *"One thing is certain in this hungry world: no regulation or law should be allowed if it results in crops rotting in the fields for lack of harvesters."*

Good morning Chair Lofgren and members of the Subcommittee. My name is Jerry Mixon and I am appearing before you on behalf of my corporation, SunnyRidge Farm, the Florida Fresh Fruit and Vegetable Association, and the Florida and Georgia Blueberry Growers Associations.

SunnyRidge Farm is a second generation agricultural grower and marketer of fresh blueberries, raspberries, blackberries, and citrus. My brothers and I began fifteen years ago, under the direction of our father, Gerald Mixon, Sr., with 200 acres of citrus, and have grown to encompass 1000 acres of blueberries, raspberries, and blackberries with 100 acres remaining in citrus production. We have established a marketing division at SunnyRidge Farm which has grown from servicing a niche market of Florida blueberries for 6 weeks of the year, to currently servicing a customer base spanning from Japan to England, from Canada to South America, 365 days a year, 7 days a week. To date, we have farms, packing facilities, and offices in Florida, Georgia, Mexico, and Chile. From our beginnings fifteen years ago, we have committed ourselves to the values of honesty, hard work, and the goal of providing our customers with the highest quality berries. We constantly strive to find the most effective and efficient ways to bring fresh, healthy, delicious product to our world market every day of the year.

A key challenge to achieving our goals of high quality from our fields to the consumer's table lies in the highly perishable nature of our products. Our berries must be harvested on a 4–5 day rotation schedule and then promptly delivered to the market so that the consumer can enjoy quality product. The products we grow are primarily hand-harvested due to their delicate nature. The importance of labor availability cannot be understated. We, at SunnyRidge Farm, currently employ a full time staff of 64 people. At the peak of our harvest season, we employ over 1500 in our field operations and packing facilities. Wages paid for the 2006 calendar year were $7.5 million. Because of the aforementioned perishable nature of agricultural products, any delay in the essential workforce would be detrimental and even destructive to production, as well as the livelihood of the grower.

The volume of goods and services we purchase has a significant impact on other businesses and industries in the local and surrounding communities. In 2006, SunnyRidge Farm purchased:

- $4 million — packing and shipping materials produced in local factories
- $3.2 million — transportation
- $800,000 — fertilizers and other supplies for farms
- $33 million — domestically grown product purchased from other local farmers
- $300,000 — travel

These items total $41 million in economic impact to our state and nation.

If agricultural growers are unable to find labor to harvest our crops and our farms subsequently go out of business, these upstream and downstream businesses will also be adversely affected. We will no longer require the use of these goods and services. As a result, these businesses will be forced to downsize their labor force. The $7.5 million in wages paid by SunnyRidge Farm would not be recirculated in the communities, causing a multiplier effect of losses to all consumer goods, retailers, services and housing. If we lose the ability to have an adequate labor supply, we will be forced to develop more farms offshore for production on foreign soil. With the offshore farms, all the goods and services would also be produced by foreign entities.

Today, I also am testifying on behalf of the FFVA, which represents numerous labor-intensive farmers in Florida whose businesses and continued success depends on a reliable labor force. In 2005, Florida had 42,500 commercial farms using a total of 10,000,000 acres. There were 6300 farms with sales exceeding $100,000. The average farm size was just less than 235 acres. The number of farms in Florida has remained fairly stable over the past ten years.

In 2004–2005, the value of production for the seven major vegetable crops, potatoes, berries and watermelons totaled $1,893,183,000 with a harvested acreage of 219,900.

In 2005, Florida ranked first in the U.S. for sales of snap beans, fresh market tomatoes, cucumbers for fresh market, cucumbers for pickles, bell peppers, squash and watermelons. Florida also ranked first in the U.S. in the value of production of oranges, grapefruit, tangerines, and sugarcane for sugar and seed. Without a reliable labor force, Florida agriculture is at risk and the multiplier effect of job and production loss that the figures mentioned above show that our company would experience would be replicated throughout the state's economy.

We, who have the great privilege and responsibility of providing safe, healthy and delicious produce, come to you today in support of comprehensive immigration reform. Congress must pass comprehensive immigration reform this year which contains provisions that address the unique needs of agriculture for a reliable and legal workforce. The unique agricultural provisions must contain three basic components:

- A program to allow the current experienced agricultural workforce to earn legal working status as part of comprehensive reform
- A reform of the H-2A agricultural guest worker reform
- Reform of the current employment verification system so that employers are given clear standards on how to comply with their hiring obligations without discrimination, and can be confident that the workers they are hiring have proper work authorization documents.

A program for general business will not meet the unique needs of agricultural business.

Those experienced agricultural laborers in undocumented status, who can prove substantial agricultural experience, should be allowed to earn legal working status. Legal status could be earned by working in agricultural employment for several years in the future, in addition to the payment of fines, and the demonstration of law-abiding conduct while in the U.S. This will provide an important bridge to the expanded use of the reformed H-2A program.

To make the H-2A guest worker program workable, it first must be streamlined to avoid bureaucratic delays that result in applications being approved by the Department of Labor in an untimely manner. This results in a grower potentially losing his crop due to a workforce arriving too late. Secondly, the program should require a wage rate for foreign and U.S workers that is fair and accurately reflects the market. The current H-2A Adverse Effect Wage Rate does not do so, and in many cases growers can not afford to pay the required wage and make a profit. Thirdly, the program is currently a litigation nightmare because of its complexity. It must be simplified. Mandatory mediation also must be part of the federal right of action, in order to avoid needless litigation costs and disruptions. Further, because agricultural products are grown primarily in rural areas, housing is not always available. The inclusion of a reform providing the option of a housing allowance, in lieu of housing, would benefit the agricultural businesses located in rural or remote areas by facilitating their use of the program.

Currently, the bill being debated in the Senate addresses these key concerns. The resolution of these issues is essential to the success of not only my family's business, but the businesses of many others who have chosen agriculture as their livelihood.

Research demonstrates that unskilled immigrants compliment rather than replace native-born Americans in the labor force, doing jobs that native-born Americans will not do.

The facts speak for themselves. The six states that receive the largest in-flow of illegal immigrants—New York, California, Illinois, Texas, Florida, and Arizona—have unusually low unemployment rates. In fact, with the exception of California and Illinois, they are already lower than the already low national average of 4.5 percent recorded in April of 2007.

FFVA and other state, regional, and national agricultural organizations have been in the forefront for the call for immigration reform for over a decade. In spite of repeated efforts by our industry and the development of a bipartisan proposal that has united workers and growers, Congress has repeatedly failed to act. Given actual shortages of legal workers and increasing enforcement activity, it is imperative that Congress pass a comprehensive bill that addresses agriculture's unique challenges this year. The consequences will be economic disruption in many agricultural communities and the exporting of our labor-driven agricultural production to foreign countries, along with all the upstream and downstream jobs.

It is our sincere hope that Congress will expediently pass a comprehensive bill which will meet the needs of agricultural businesses throughout America and allow us to continue being a world leader in the production of agricultural products.

Thank you for the opportunity to present my views and those of the FFVA on this critical issue.

Ms. LOFGREN. Thank you, Mr. Mixon.

And we will turn now to Mr. Gay.

TESTIMONY OF JOHN F. GAY, SENIOR VICE PRESIDENT FOR GOVERNMENT AFFAIRS AND PUBLIC POLICY, NATIONAL RESTAURANT ASSOCIATION

Mr. GAY. Thank you, Chairwoman Lofgren, Ranking Member King. Thank you for allowing me to testify at this important hearing on behalf of the National Restaurant Association and the Essential Worker Immigration Coalition.

I will cut to the chase. We have a serious demographic problem in the United States. Without an overhaul to our dysfunctional immigration system, we are in danger of not having the workers we need to grow our economy.

Roughly speaking, the native-born population is at replacement level. That is, we are having enough babies to replace ourselves. But the demand for workers keeps going. My industry is a good example.

Over the next 10 years, we estimate we are going to add 200,000 jobs per year, 2 million jobs over 10 years. But the Government estimates that the U.S. workforce is only going to grow 10 percent.

We are adding 15 percent to the number of jobs alone, and the Government estimates the workforce is growing at 10 percent. The 16- to 24-year-olds that make up half of our workforce—that group of people is not growing at all over the next 10 years, according to the Government.

And the restaurant industry is not alone. Other industries that traditionally provide employment to younger, lesser-skilled workers are creating jobs as well.

Of the Government list of the top 30 fastest-growing occupations, 22 of them require just on-the-job training. Only six require a bachelor's degree. The Nation needs an immigration policy that addresses the demand in all high-growth jobs. Right now, it doesn't.

The legal channels available to employers are grossly insufficient. The number of green cards available for lesser-skilled and unskilled workers, employment-based green cards, is 5,000 per year.

Is it any wonder, with a growing economy, there are 400,000 to 500,000 people net coming illegally and staying in this country each year?

Another problem is the worker verification system that satisfies no one. It doesn't satisfy workers. It doesn't satisfy employers. It doesn't satisfy you all. It doesn't satisfy others who are charged with enforcing our law. It is a mess, too.

A system this dysfunctional requires comprehensive immigration reform. And from the perspective of the Essential Worker Immigration Coalition, we seek reform that is workable in several key elements.

And I urge that you keep that concept of workability in mind as legislation moves through the process.

Compromise is the lifeblood of policy-making, but the final result must be something that is workable for all stakeholders, workable for those who have to implement the new law, who have to enforce the new law, for U.S. workers, for employers and for foreign workers.

We seek workable reform that addresses these elements: One, the undocumented. An estimated 5 percent of the U.S. workforce is undocumented. That fact of life alone should dictate that we seek some way for that group to earn permanent legal status.

Number two, sufficient channels for new workers. The flow of the undocumented into this country has been readily absorbed by a growing economy that now stands with an unemployment rate of 4.5 percent. This gives us an idea of the numbers of illegal flow that should be replaced by safe, orderly and legal flow.

New workers should come to the U.S. only after American workers are given first chance at the job. They should come in with the same pay and protections as U.S. workers, including the right to organize.

And workable immigration reform overall should come as a complement to the U.S. workforce, not at the expense of the U.S. workforce.

Number three, an employment verification system and enforcement. We need a system that functions efficiently for small business and large business.

We need bright lines so businesses know the rules they have to follow. We need safe harbors for employers that do the right thing. And we need penalties that deter without being unreasonable.

And finally, number four, border security. We must control our borders. Creating a legal way for the economy to get the workers it needs would be the best single thing we could do to decrease pressure at the border, but it is not the only thing that needs to be done. More steps must be taken.

However, we must be careful in structuring a system that requires certain border—a bill that requires certain border security measures to be in place before new worker programs or legalization programs are in effect.

We must be careful that those triggers are reasonable, attainable, and not subject to future legislative mischief.

Business can't tell you how many border patrol agents should be on the border, how many miles of fencing that we need, but we do understand that if there are triggers set where worker programs don't start before triggers are met, we don't get anything if those triggers are not attainable.

In conclusion, what is needed and the challenge you face as legislators is creating an immigration system that addresses the needs of the economy.

If we want the economy to grow, we—and by we, I mean you—need to figure out how many workers it needs to grow—high-tech workers, lesser-skilled, unskilled workers, agricultural workers—how many workers are needed to grow, and design an immigration policy that meets that need.

Thank you very much.

[The prepared statement of Mr. Gay follows:]

PREPARED STATEMENT OF JOHN F. GAY

Chairwoman Lofgren, Ranking Member King, thank you for allowing me to testify at this important hearing on the impact of immigration policy on business. I will be testifying on behalf of the National Restaurant Association and the Essential Worker Immigration Coalition, which I co-chair.

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry. The Association's mission is to represent, educate and promote a rapidly growing industry that is comprised of 935,000 restaurant and foodservice outlets employing 12.8 million people.

Created in 1999, the Essential Worker Immigration Coalition (EWIC.org) is a coalition of more than 50 trade associations, businesses and other organizations from across the industry spectrum concerned with the shortage of lesser-skilled and unskilled ("essential worker") labor.

I'll cut to the chase: We have a serious demographic problem in the United States. Without an overhaul to our dysfunctional immigration system, we are in danger of not having the workers we need to grow our economy.

Roughly speaking, the native born U.S. population is virtually at replacement level—we are having enough babies only to replace ourselves. But the demand for workers grows.

The restaurant industry, for example, is the nation's second-largest private sector employer, and we have been a job creation machine. The U.S. economy added 8 million net new jobs in the last 45 months. More than one in eight of those jobs were in the restaurant and foodservice sector. And our industry supports an estimated 7 million other jobs in industries such as manufacturing, agriculture and construction. We estimate that every dollar spent by consumers in restaurants generates an additional $2.34 spent in out nation's economy.

Our industry is proud to give almost one third of Americans their first job. In many ways, we are America's job training program, teaching those born here and those from abroad skills necessary to succeed. And our industry provides those with drive and ability a path to higher success—management or ownership. Four in five salaried restaurant managers began their careers as hourly employees.

That job-creation machine needs to keep going. At the National Restaurant Association, we estimate that our sector will add 2 million jobs over the next decade, a 15 percent increase in our workforce. Over the same period, the Bureau of Labor Statistics estimates that the U.S. labor force will grow only 10 percent. And the number of 16- to 24-year-olds—a group that makes up about half of the restaurant industry's workforce today—will not grow at all.

The restaurant industry is not alone. The BLS estimates that employment of janitors and cleaners, for example, will grow by 440,000 jobs over the next decade. Employment for home health aides will grow by 350,000.

Industries that traditionally provide large numbers of jobs to younger, lesser-skilled workers will have more and more trouble finding employees. These are essential jobs for our economy and essential in moving people up the job ladder. These industries are also creating significant job growth.

The Bureau of Labor Statistics lists the 30 fastest-growing occupations between 2004 and 2014. Twenty-two of those 30 occupations require just on-the-job training. Half of the 30 require only short-term on-the-job training. Just six require a bachelor's degree or higher education. The nation needs an immigration policy that reflects the growing demand in these jobs.

Long-term economic forecasts may be a topic for debate, but our nation's demographic picture and challenges are very clear. If we know how many eight-year-olds are in the country today, we have a very good idea how many 18-year-olds will be entering the workforce in a decade. It is said that demographics are destiny. We ignore these facts at our economic peril.

Some say, "Just pay more and you'll get workers." It is not that simple. We face a shortage of workers that is being felt not just at the low end of the wage scale. Construction jobs, for example, average over $21 an hour and are going unfilled.

If America is not producing enough workers to sustain our growth, where are we getting people to fill the jobs? From abroad. The problem is that the legal channels available to employers are grossly insufficient. The number of green cards available for lesser-skilled workers is 5,000 per year. There is not even a non-immigrant visa program to bring in such workers for longer than one year. Is it any wonder that there are an estimated 400,000 to 500,000 undocumented immigrants coming into the United States, and staying here, each year?

Another major problem is a worker verification system that satisfies no one—not employers, not workers, not the government.

Against their will, employers were drafted into the nation's immigration police force in 1986. And for the last 20 years, we have been dealing with an employee verification system that makes the employer walk a fine line between potentially forged documents on one side and risk of discrimination action on the other.

When an employee is hired, the employer must verify that person's authorization to work in the United States by filling out an I-9 form. The rules are complicated and, at times, contradictory.

New employees are asked to produce documentation verifying identity and work authorization. They have 25 documents to choose from. The dizzying array includes school identification cards, U.S. Coast Guard Merchant Mariner cards, and Native American tribal documents. These are divided into three columns. An employee can produce one from Column A—which lists the documents that prove both identity and work authorization. Or, the employee can produce one each from Column B—which proves identity and one from Column C—which proves work authorization. If the document looks facially valid, the employer must accept it.

Suppose you are an employer that wants to go the extra mile to make sure the employee is work authorized? Should you ask for a specific document from the list, one you are more familiar with than, say, a U.S. Coast Guard Merchant Mariner

card? That's against the rules. Should you ask for an extra document, just to be sure? That's against the rules too.

An immigration system this dysfunctional requires a comprehensive overhaul.

There are few subjects as far-reaching as immigration. From national security to humanitarian concerns to economics: there are many issues, many voices, many stakeholders.

From the perspective of the Essential Worker Immigration Coalition, we seek comprehensive immigration reform that encompasses several key elements. Each of these elements must be *workable.* I urge you to keep that key concept—workability—in mind as this legislation moves through the political process. Compromise is the lifeblood of policymaking, but it must produce a new immigration system that is *workable*—for those who must implement it, for those who must enforce it, for employers, for U.S. workers and for foreign workers.

We seek workable reform that addresses the following key elements:

THE UNDOCUMENTED

An estimated 5 percent of the U.S. workforce is undocumented. That economic fact of life should dictate that reform include

a path for a great many to earn legal status—after paying a penalty and after meeting significant requirements such as learning English and going through security screening.

We believe that fair reform requires the undocumented to start at the back of the line for permanent residency. That process will take years. We believe workable reform should allow them to stay on the job and with their families while waiting for the process to move forward.

The program also must provide sufficient certainty to the undocumented worker that it is in his or her interest to come out of the shadows. It is in everyone's interest to maximize the number of undocumented individuals who participate in this process. The best way to do that is with the carrot, not the stick.

There has been quite a battle over the definition of the word amnesty. The American Heritage Dictionary defines amnesty as "a general pardon granted by a government, especially for political offenses."

Levying a fine, requiring background checks, requiring back payment of taxes, requiring continued work, requiring people to learn English, and requiring them to meet these obligations over a number of years in order to earn a green card doesn't sound like a "general pardon." It sounds a lot more like a tough plea agreement followed by lengthy parole.

The immigration reform bill President Reagan signed in 1986 was amnesty. The current proposal is different: It includes penalties and a series of substantive obligations before people have a shot at applying for legal status. This is very different than what happened in 1986.

SUFFICIENT LEGAL CHANNELS FOR NEW WORKERS

As I mentioned earlier, the net flow of undocumented individuals into the United States has been estimated at somewhere between 400,000 and 500,000 per year. This flow has been readily absorbed by a U.S. economy with low unemployment, presently around 4.5 per cent. This gives us an idea of the illegal flow that should be replaced by a safe, orderly, legal flow though workable, comprehensive immigration reform.

New workers should come into the United States only after American workers are given first chance at any job opening. These workers should come in with the same pay and protections as U.S. workers, including the same ability to organize in unions. Workable immigration reform should come as a complement to the U.S. workforce, not at the expense of the U.S. workforce.

Workable immigration reform should also provide a sufficient channel for seasonal and temporary workers to meet ongoing shortages. The current H-2B program has proven inadequate to address the need.

EMPLOYMENT VERIFICATION SYSTEM/ENFORCEMENT

We need a workable system for employment verification that functions for both small and large businesses. We need bright lines so businesses know the rules. We need safe harbors for employers who do the right thing, and we need penalties that deter without being unreasonable.

At a more basic level, the verification system itself must work. The Basic Pilot system is not an encouraging model. With approximately 15,000 employers participating, the error rate remains a concern despite significant efforts by the Department of Homeland Security to bring it down.

What would happen if millions of American employers were required to run 140 million workers through a government system that was not ready? We believe that any verification system should be brought on line in stages, bringing one group of employers at a time into the system and allowing for tests of accuracy and efficiency before the next group of employers follows.

BORDER SECURITY

We must control our borders. The public demands this and they are right. Creating a legal way for workers to come into the United States will do more than any other single step to take the pressure off the border, but it is not enough. More steps will need to be taken.

However, we must be careful in structuring a system that requires certain border-security measures to be in place before worker or legalization programs get started. Any such "triggers" must be reasonable, attainable and not subject to legislative mischief.

SMALL BUSINESS

Small business deserves careful consideration in crafting workable immigration reform. The nation's small businesses are the engine of our economy. We must be wary of complex paperwork or document-retention requirements, high fees and fines, and intricate rules. A new immigration system will be hard enough for employers with full-time human-resources staff. Please keep in mind employers whose HR director also is the cook and dishwasher, and whose "office" may be an empty restaurant table.

THE ALTERNATIVE TO REFORM

For business, the stakes are high. If Congress and the Administration fail to enact comprehensive immigration reform, the alternative for business is not the status quo. Employers face an escalating array of enforcement actions against them at the federal, state and local levels.

Understandably frustrated by the lack of action at the federal level, states and localities have stepped in. At the National Restaurant Association, we count more than 1,150 immigration bills introduced in state legislatures this year, twice as many as last year. There are almost 100 additional proposals at the city and county level. Several states and localities have already enacted laws or ordinances directed at businesses, the undocumented, or both. Legislation signed into law in Oklahoma last month is the most recent example.

The federal government also has escalated its enforcement activities and expanded their scope. The raid on Swift that made headlines recently was not an immigration-law action, but a raid targeting identity theft.

The federal government also is considering stricter regulations on businesses. The U.S. Citizenship and Immigration Services of the Department of Homeland Security has drafted regulations regarding the legal obligations of employers upon receiving so-called "no match" letters from the Social Security Administration. This proposal will lead to the dismissal of many workers. Additional proposals are sure to come.

Finally, we are concerned about Congress taking a piecemeal approach to reform if they cannot pass comprehensive reform. For example, during its recent minimum wage debate, the Senate passed an amendment that would have barred companies from federal contracts even for a single paperwork violation of immigration law. That amendment passed 94–0 with very little discussion. Thankfully, the provision was stripped out before final enactment, but it illustrates the danger.

Employers should not have to deal with a patchwork of confusing and sometimes conflicting state and local immigration laws, overlaid with more enforcement and more rules at the federal level. None of these get to the underlying problem—a dysfunctional U.S. immigration system that does not match economic need.

CONCLUSION

What is needed, and the challenge you face as legislators, is an immigration system that reflects the needs of the economy.

Picking an arbitrary number of immigrants to be allowed into the United States sets up a choice that is not in the U.S. national interest: allowing some industries the workers needed at the expense of other industries. It also sets up a conflict between family-based immigration and work-based immigration.

Approximately 1 million people become permanent residents of the United States each year. That's about one-third of 1 percent of the U.S.'s population of 301 million. If legal immigration rose to 1.5 million per year—a number that more accurately

reflects the economic need—that would still be less than one-half of 1 percent of our total population.

If we want the economy to grow, we will need workers. We urge policymakers to start there. Decide how much economic growth is desired, figure out how many workers of all kinds it will take to produce that growth, and set the immigration policy accordingly.

Immigration is a complex, complicated problem. It deserves more than piecemeal solutions, more than a patchwork of regulation at various levels of government. It deserves a comprehensive solution from the people who have true responsibility for immigration law: Congress and the President.

Thank you.

ATTACHMENT

EWIC PRINCIPLES FOR IMMIGRATION REFORM

- Reform should be comprehensive: addressing both future economic needs for future workers and undocumented workers already in the United States.
- Reform should strengthen national security by providing for the screening of foreign workers and creating a disincentive for illegal immigration.
- Reform should strengthen the rule of law by establishing clear, sensible immigration laws that are efficiently and vigorously enforced.
- Reform should create an immigration system that functions efficiently for employers, workers, and government agencies.
- Reform should create a program that allows hard working, tax paying undocumented workers to earn legal status.
- Reform should ensure that U.S. workers are not displaced by foreign workers.
- Reform should ensure that all workers enjoy the same labor law protections.

EWIC IMMIGRATION POLICY OUTLINE

A. New Non-Immigrant Programs Based on Economic Needs

- A short-term program for industries that have short-term needs for one year or less.
- A long-term program that could be renewed if there are continuing needs.

B. New Immigrant Visa (Permanent Residence) Program Based Upon Economic Needs

- Available to participants in either short-term or long-term non-immigrant programs.
- Based upon petition by either Employer or Employee through a test of the U.S. labor market.
- With sufficient numbers of immigrant visas.
- New employment-based permanent visas should not come at the expense of other immigration categories.

C. Mechanism for Undocumented Workers in the U.S. to Earn Legal Status

- Establish a mechanism to allow undocumented, taxpaying and otherwise admissible workers in the U.S. to earn a legal status.
- Define clear requirements and obligations for eligible and qualified participants.
- Conversion to lawful status should be based upon employability, although not necessarily a particular employer.

D. Workable Immigration Enforcement System

- Enforcement of immigration laws is critical for economic, national security and for successful comprehensive immigration reform.
- Pairing enforcement with an updated legal immigration system to reduce undocumented immigration will result in adequate screening of the workforce, more control over undocumented workforce, and a shift in focus to the very small percentage of bad actors who seek to abuse the system.
- Enforcement reform should clearly define requirements and obligations for all parties.

- New enforcement regimes must not penalize employers for their past inability to comply with a broken system.

E. Funding for Immigration programs

- Dedicate resources to fund continuing program initiatives.
- Provide start-up funding for structuring and implementing new program.

EWIC ESSENTIAL WORKER IMMIGRATION COALITION

Membership List

American Health Care Association
American Hotel & Lodging Association
American Immigration Lawyers Association
American Meat Institute
American Nursery & Landscape Association
American Road & Transportation Builders Association
American Staffing Association
American Subcontractors Association, Inc.
Associated Builders and Contractors
Associated General Contractors
Building Service Contractors Association International
California Landscape Contractors Association
California Professional Association of Specialty Contractors (CALPASC)
Carlson Hotels Worldwide and Radisson
Carlson Restaurants Worldwide and TGI Friday's
Farm Equipment Wholesalers Association
Federation of Employers & Workers of America
First Data
Golf Course Superintendents Association of America
Harborside Healthcare Corporation
Ingersoll-Rand
International Association of Amusement Parks and Attractions
International Franchise Association
Marriott International, Inc.
Nath Companies
National Association for Home Care
National Association of Chain Drug Stores
National Association of Home Builders
National Association of RV Parks & Campgrounds
National Chicken Council
National Club Association
National Council of Chain Restaurants
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Tooling & Machining Association
National Wooden Pallet and Container Association
Outdoor Amusement Business Association
Pilgrim's Pride Corporation
Plumbing-Heating-Cooling Contractors—National Association
Professional Landcare Network
Retail Industry Leaders Association
Small Business & Entrepreneurship Council
Society of American Florists
The Brickman Group, Ltd.
Travel Business Roundtable
Travel Industry Association of America
Tree Care Industry Association
Truckload Carriers Association
Tyson Foods, Inc.
United Fresh Produce Association
US Chamber of Commerce

Ms. LOFGREN. Thank you, Mr. Gay.

And all three witnesses have stopped when the yellow light was on. That is pretty impressive.

I am going to turn now to Mr. Hawkins, and we would love to hear from you.

TESTIMONY OF WILLIAM R. HAWKINS, SENIOR FELLOW, U.S. BUSINESS AND INDUSTRY COUNCIL

Mr. HAWKINS. I claim their excess time—no. I am William Hawkins. I am here representing the U.S. Business and Industry Council. We are a group of businesses who are primarily small-and medium-sized manufacturers.

And our view is a little different on this. I notice that according to the Census Bureau, 14 percent of illegal immigrants, which is the focus of the main reform here that is pending in the Senate, are in manufacturing.

And this is very odd to us, because manufacturing has lost 3 million jobs over the last decade. There is no labor shortage in manufacturing.

There are millions of displaced workers who would love to get a job back in their factory, because they have not been able to find jobs that are comparable to what they have lost. Yet there is still this influx of illegal workers in manufacturing.

In fact, this is a problem, I think, generally. There may be specific segments—maybe agriculture is one—but as a former economics professor who taught labor for years, the characteristics that we see in the low end of the labor pool do not indicate that there is a shortage; just the opposite. It indicates there is a surplus.

Unemployment rates are higher in this segment than they are for the average economy. Wages are not going up. If there is a shortage in any market, the effect is to push the prices up or wages up in that market. Wages are falling at the low end of the labor pool.

In fact, you had a fellow from the Congressional Budget Office testify before you last month, and he tried to make light of the fact that well, you know, it is only falling somewhat, maybe 10 percent.

But in a growing economy, it should not be falling at all. It should be rising. Demand should be pushing up wages if there is anything like a shortage.

What we see instead really is an attempt to maintain a surplus to push wages down. And this is troubling to us for a couple of reasons, or several reasons, actually.

One is it puts our business owners in a quandary. It is a very competitive market in manufacturing, a lot of it mainly from foreign competition.

But if you are a manufacturer and your rival is using illegal immigrants and paying them less, less in benefits, less in pay, how do you respond?

Do you meet the competition and go illegal yourself? If you are an honest businessman, do you want to be forced into doing that? We don't want to.

It hasn't grown quite as high in manufacturing as in other areas, but the logic is still there. And you should not have a system that puts pressure on honest businessmen to become dishonest, which is what we have been doing.

Next, there is a cost element here. There is no such thing as cheap labor for society, for us as a general population, because we are an advanced society.

If people do not make a living wage—and most of the people we are talking about in the illegal, low-wage, low-educated, low-skilled area do not—we supplement that.

We have welfare programs. We have income supplement programs. We have a variety of public goods, education, emergency medical care, et cetera, which these people do not pay the taxes to support. Their income isn't high enough to qualify as taxpayers.

So we are subsidizing this labor. It is not cheap labor. It is subsidized labor.

And our business owners, our employees, our customers, people in general who do pay taxes—and in the case of our business owners, substantial taxes—are having to make up this difference and subsidize—in some cases, subsidize their competitors who are using illegals. So that has to be changed.

And one of the problems with this reform is it is not really a reform. It simply codifies, regularizes the failures of the past.

And it is not just an amnesty for the illegal workers. It is an amnesty for those companies who have been employing the illegal workers and have been violating the law themselves. And that rubs our members who are honest and who have been following the law the wrong way.

If we step back a little further and look at the economy in general, there is a basic principle in economics, labor-capital substitution. They are factors of production. They are substitutes.

If you have a large pool of cheap labor at the firm level, that can retard technological progress, retard the adoption of new labor-saving devices, because that is what technology is. It is labor-saving devices.

And it is chosen because labor is expensive. Labor has always been expensive in the United States. And it has been a propellant for innovation and technological progress.

In my written testimony, I mention some studies that have been done on this, most notably one from the Federal Reserve Bank of Philadelphia, which concluded that in manufacturing, an influx of large, low-skill, low-wage immigrant labor not only retarded the adoption of new technology——

Ms. LOFGREN. If you could summarize——

Mr. HAWKINS [continuing]. It even led to the de-adoption of technology, which is absolutely contrary to progress.

Ms. LOFGREN. The gentleman's time has expired. If you could summarize, and your full statement is part of the written record.

Mr. HAWKINS. Okay. Well, it is just that we are moving——

Ms. LOFGREN. I don't want to cut you off mid-sentence.

Mr. HAWKINS. Right. Okay. The summation is that we need to move our labor policies in the opposite direction than we have been doing in immigration.

We need high-end, high-skilled, high-wage work, not this low-end labor.

[The prepared statement of Mr. Hawkins follows:]

PREPARED STATEMENT OF WILLIAM R. HAWKINS

Chairwoman Lofgren, Ranking Member King, members of the subcommittee, thank you for inviting me to present a business perspective on the immigration issue.

I am William Hawkins, Senior Fellow at the United States Business and Industry Council. The USBIC is an association of approximately 1,500 small and medium sized U.S. companies engaged in a wide variety of manufacturing and services. Our member business owners and CEOs consider themselves first and foremost to be citizens of the United States. As such, they are concerned with the long-term security and prosperity of the United States, both of which are factors in the current debate over immigration policy and border security.

America has benefitted from immigration, indeed, it is a country of immigrants who founded colonies on the Atlantic coast and then advanced across the continent. But immigration policy must keep in focus the needs of the country. Current policy has failed to do this. The acceptance of an open southern border has allowed foreigners to set de facto policy in contradiction to the de jure policy of the U.S. government. The result has been a flood of low-skilled illegal immigrants who can contribute little to the real economic progress of the United States. For example, in 1960, recent immigrants were no more likely than were non-immigrants to lack a high school degree. By 1998, recent immigrants were almost four times more likely to lack a high school degree than were non-immigrants, and the situation has only worsened as the wave of illegal immigration has risen higher since 2000.[1]

The Senate proposal (S. 1348) would ratify and codify this broken system, not correct it. The new Z visa category, which will be issued only to illegal immigrants, will allow them to legally live and work in the United States while their cases are being reviewed. It is clearly an "amnesty" both for the illegal immigrants and for the firms that illegally hired them. Another provision would confer permanent resident status adjustment for a qualifying illegal alien (and the spouse and children of such alien) who has been in the United States for five years and employed for specified periods of time. It thus locks in place a largely impoverished class of people as the legacy of past failed policy.

Even with the economy now adding jobs, the number of Americans who fell into poverty stabilized at 12. 6 percent in 2005 after 4 years of consecutive increases—higher than the most recent low of 11.3 percent in 2000 (according to Census Bureau figures). The Census Bureau also shows that in 2005, the most recent year data is available, Hispanic men had median earnings of only $27,380 compared to $48,693 for Asian; $46,807 for White; and $34,433 for Black men. The median income for Hispanic men was not much above the median for men with less than a high school education ($22,138). Median income for all men with a high school degree was $31,683.[2]

These statistics indicate that even after 22 straight quarters of economic growth (albeit the revised first quarter of 2007 was only 0.6 percent of GDP), the kind of jobs that are created, and the education and skills of workers available, make a difference as to whether living standards are being raised and whether the country is really moving forward. The May household survey of employment, which includes the self employed, indicates another 52,000 adults left the labor force, as the ranks of discouraged workers continue to swell. According to Peter Morici, Economics Professor at the Robert H. Smith School of Business, University of Maryland, "Low wages are discouraging many adults, who prefer to draw down assets or rely on incomes of spouses rather than accept substandard employment at poor wages and with few benefits. The unemployment statistics do not reflect this reality, though it is importantly responsible for lackluster GDP growth, terrible U.S. savings performance, Americans borrowing from foreigners at a pace of $50 billion per month, and a U.S. debt to foreigners now topping $6 trillion."[3]

One of the factors which is encouraging some business firms to hire is the availability of so-called "cheap" labor, much of it from illegal immigrants. According to an article in the November/December 2003 issue of *Southwest Economy* published by the Federal Reserve Bank of Dallas, "Immigrants overwhelmingly filled blue-collar jobs (operators, fabricators and laborers) but also accounted for as much as half the growth in categories such as administrative support and services. . . . It also

[1] George J. Borjas, *Heavens Door: Immigration Policy and the American Economy* (Princeton, N.J.:Princeton University Press, 1999), p. 27.

[2] Bruce H. Webster Jr and Alemayehu Bishaw, Income, Earnings, and Poverty Data From the 2005 American Community Survey, Bureau of the Census, August 2006. Pp. 10, 13. http://www.census.gov/hhes/www/income/income.html

[3] Available at http://www.smith.umd.edu/lbpp/faculty/morici.htm.

means that as immigrants entered these occupations, native workers exited."[4] This was particularly true in the blue collar category where immigrants accounted for nearly 700% of the new jobs! That means they pushed tens of thousands of Americans out of those jobs, by underbidding their wages.

Has this process enriched the country? Has it improved living standards? No, it has clearly not. In the words of economics columnist Robert J. Samuelson, "Since 1980 the number of Hispanics with incomes below the government's poverty line (about $19,300 in 2004 for a family of four) has risen 162 percent. Over the same period, the number of non-Hispanic whites in poverty rose 3 percent and the number of blacks, 9.5 percent. What we have now—and would with guest workers—is a conscious policy of creating poverty in the United States while relieving it in Mexico. By and large, this is a bad bargain for the United States."[5]

The great success story of the United States is that it raised the working class into the middle class, the real path to higher standards of living for the population as a whole. But there are those in the business community who seem to think the American achievement has been overdone. In their view, we need more poverty, not less.

To many businessmen, cutting labor costs by reducing wage levels seems expedient. And in an economy where the laws against illegal immigration have collapsed, there is even competitive pressure on firms to match what rivals may be doing, even if otherwise law-abiding owners and managers may personally find the practice troubling. Firms that hire illegal workers for lower wages, fewer (if any) benefits, and sometimes off the books entirely, do so to gain a competitive advantage against firms that obey the laws and only hire within the legal labor market. Honest business owners are placed in the difficult position of having to choose between emulating the unlawful behavior of rivals or risking the survival of their own companies. No one should condone a system that creates this kind of ethical dilemma.

The proper way to cut labor costs per unit of output is to increase productivity, a process that boosts workers incomes and company profits at the same time, and which is the only way to elevate the living standards of an entire society. The unregulated availability of cheap labor leads away from innovation. Technological progress is promoted by the pursuit of "labor saving" methods in markets where labor supplies are tight and expensive.

A research report from the Federal Reserve Bank of Philadelphia looked at whether the availability of cheap, unskilled workers with limited educations slowed the adoption of new technology. The paper entitled "Immigration, Skill Mix, and the Choice of Technique" by FRB economist Ethan Lewis, concluded, "Using detailed plant-level data from the 1988 and 1993 Surveys of Manufacturing Technology, we found in both 1988 and 1993, in markets with a higher relative availability of less skilled labor, comparable plants—even plants in the same narrow (4-digit SIC) industries—used systematically less automation. Moreover, between 1988 and 1993 plants in areas experiencing faster less-skilled relative labor supply growth adopted automation technology more slowly, both overall and relative to expectations, and even de-adoption was not uncommon."[6] De-adoption! There is no positive spin for a retreat from technological progress.

Dr. Lewis continued, "Manufacturing automation is particularly suited to evaluating the impact of immigration because less-skilled workers in SMT-covered industries, especially immigrants, are concentrated in labor-intensive assembly, welding, and other tasks that these technologies replace. . . . The combined data show that, in two separate cross sections, the higher the relative number of workers who were high school dropouts in a metropolitan area, the less automated the plants in the area were. In addition, between 1988 and 1993, plants' use of technology grew more slowly, both overall and relative to forecasts, where the relative number of dropouts in the local work force grew more quickly."

This is not just a problem for manufacturing, but for agriculture as well. Philip Martin, a professor of agricultural and resource economics at the University of California-Davis, has argued, "Once a guest worker program is in place, farmers invest in lobbying to maintain the program, not in labor-saving and productivity-increasing

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[4] "U.S. Immigration and Economic Growth: Putting Policy on Hold" Southwest Economy, Federal Reserve Bank of Dallas, November/December 2003. pp. 1–7. http://www.dallasfed.org/research/swe/2003/index.html

[5] Robert J. Samuelson, "We Don't Need Guest Workers" *The Washington Post,* March 22, 2006, p. A21.

[6] Ethan Lewis, "Immigration, Skill Mix, and the Choice of Technique" Working Paper 05–8, Federal Reserve Bank of Philadelphia, May 2005, p. 3

alternatives."[7] Cheap labor may look like the easy solution, but it is not the best solution for a society that wants to progress. And for most businesses, a high-income economy is a much better market for their goods and services.

Though some business firms lust after cheap labor, in an advanced society such as ours, there is no such thing. There is only subsidized labor. When workers cannot earn a living wage, society steps in to make up the difference through a variety of transfer payments administrated by governments at all levels and paid for by taxpayers. Society also provides a wide variety of "public goods" to all residents. That means our business owners, their employees and their customers—all of whom are substantial tax payers, are subsidizing those firms that are using "cheap" labor either to fatten their bottom lines or gain an edge over more responsible firms.

The higher costs for health, education, and welfare, not to mention crime control, that result from such a large increase in the number of people living in poverty is substantial. This financial pressure is already undermining state and local governments, school systems, and hospitals. Robert Rector of the Heritage Foundation has concluded that the Senate bill "would be the largest expansion of the welfare state in 35 years." His research shows "the U.S. has imported poverty through immigration policies that permitted and encouraged the entry and residence of millions of low-skill immigrants."[8] His latest calculation concludes, "There are currently 4.5 million low-skill immigrant households in the U.S., containing 15.9 million persons, roughly 5 percent of the U.S. population. At each age level, low-skill immigrant households receive substantially more in government benefits than they pay in taxes. *Overall, low-skill immigrant households impose a net cost of $89 billion per year on U.S. taxpayers.*"[9]

Society advances by alleviating poverty, not by importing more of it.

If one looks around the world at those countries with the worst living standards, their problem is clearly not a lack of cheap labor. Indeed, their problem is that cheap labor is all they have. What they need is capital investment in advanced methods. Economic theory, however, argues that managers will use the least-cost method of production, and when labor is the abundant factor, labor-intensive methods will be chosen over capital-intensive methods that use relatively expensive technology. This can restructure an entire economy in the wrong direction. America's shift from a manufacturing economy where scientific progress is most fruitful, to a service economy dominated by cheap labor fits the model of a country in long-term decline.

The United States needs to choose which path it wants to follow. America has historically been an economy short on labor. Until the frontier closed a century ago, there were never enough people to utilize all the land, resources, and business opportunities available. The emphasis was thus on boosting productivity, substituting capital for labor in both field and factory, to make the best use of the working population.

The one exception was the pre-Civil War South, which used slave labor. The slave-owners prospered on their plantations, but the South as a whole stagnated. To defend their reactionary system, their political leaders even tried to undermine the policies that promoted the much more productive development of Northern industry and Midwest agriculture. The Civil War was as much a contest of economic systems as soldiers, and the Confederacy lost that "audit" in decisive fashion.

A guest worker program where applicants would have to qualify under a point system that places a priority on advanced skills, education, English proficiency, and experience in high-demand occupations would be a great improvement over past policies that simply rewarded people for their ability to cross an open border. However, the guest worker proposal is also being billed as a substitute for current illegal immigration, which means it would still be oriented mainly towards the low end of the labor pool. It would thus further extend into the future the failed policies of the past, only with government approval.

Certainly, the argument that a robust guest worker program would end illegal immigration is untenable. *The Wall Street Journal*'s claim in a May 30 editorial that the "vote last week to halve the size of a guest-worker program for low-skilled workers is a big step in the wrong direction; skimping on visas will only lead to more

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[7] Philip Martin, "Guestworker Programs for the 21st Century" Center for Immigration Studies, April 2000. http://www.cis.org/articles/2000/back400.html

[8] Robert Rector, "Amnesty and Continued Low Skill Immigration Will Substantially Raise Welfare Costs and Poverty" Heritage Foundation Backgrounder #1936, May 12, 2006. http://www.heritage.org/Research/Immigration/bg1936.cfm

[9] Robert E. Rector and Christine Kim, "The Fiscal Cost of Low-Skill Immigrants to the U.S. Taxpayer" Heritage Foundation, Special Report #14, May 22, 2007. http://www.heritage.org/research/immigration/SR14.cfm#__ftn22

illicit border crossings" implies that there should be a program large enough to soak up all the low-skilled foreigners who want to come to the United States. But even the original proposal for 400,000 guest workers per year would not accomplish that. And if the program was really "reformed" to favor higher-skilled workers' as it should be, then the millions of unskilled foreigners who still want to come here would not qualify. They would still seek to cross into the country illegally.

No system, regardless of its specific provisions, will work if it is still possible to come to America and operate outside the system. Thus a prerequisite for any program must be border security and interior enforcement. The border must be made as impenetrable as fencing, technology and patrolling can make it, and this must be the first priority of any immigration policy proposal. These steps are also vital to combat terrorism and drug trafficking, the latter being closely intertwined with people smuggling. But no static defense is perfect, so there must be rigorous enforcement inside the country as well, especially against business firms that hire or assist illegal aliens in maintaining themselves in the United States outside the law. Honest businessmen should welcome a crackdown on those rival firms that flaunt the law to gain an unfair competitive advantage. And the American public will not consider any immigration policy to be credible until they see actual results on the border.

The kind of economic progress that leads to higher living standards needs to be the objective of U.S. policy. To keep on that upward path, the flood of unskilled and impoverished aliens needs to be halted before they further drag down American living standards. National legislation, and its enforcement, must overrule the short-sighted inclinations of some in the business community who would push off on others the true cost of their operations. Maximizing output per worker, rather than merely the number of workers, is the right way to advance American civilization.

Ms. LOFGREN. The gentleman's time has expired.

And we appreciate the testimony of all of the witnesses.

We now will go to questions from the Members of the Subcommittee, each of us staying within a 5-minute time frame, and I will begin.

I am going to ask you, Mr. Bock, about Google. And I know, although not everyone maybe knows as I do, because I live in Santa Clara County—and actually, my son is currently an undergraduate at Stanford, and my daughter was a recent grad. I think Google must hire half the graduating class at Stanford. So I know the kind of job growth that Google has fueled.

You focused on the H-1B program, and in reading your testimony, I note that Orkut, who did your terrific new development on the 20 percent time, and Krishna, who is your principal scientist—I mean, these are really pretty impressive people. Both got their degrees from American universities, but they went on the H-1B program. They wanted to stay, obviously, because they are still here.

Would it be true that if the permanent visa system had enough visas and was simplified that you might use that instead of the H-1B program? I mean, it looks like you are using it because the H-1B program, when there are visas available, actually is pretty quick, and then people transition into their permanent visas.

And if we could just cut to the chase and get people their permanent visas without a tremendous delay, would that work well for Google?

Mr. BOCK. I think there are a couple of components. I think we would welcome more opportunities to recruit more of the top talent from around the world from U.S. universities.

The majority of candidates for math, computer science, and other science-related degrees come from outside the U.S.

And we would be tremendously excited about the opportunity to bring more of those on board, not just for ourselves but for the technology industry in general.

I am not familiar enough with the nuance of the differences between the H-1B visa and——

Ms. LOFGREN. Okay.

Mr. BOCK [continuing]. The permanent visa program, but we can get back to you with a more thoughtful response.

Ms. LOFGREN. That would be fair. And if you know the answer to this question—if you don't, if you could get back to me on this.

I have been asking Silicon Valley companies what percentage of their H-1B visa holders are graduates of American universities as compared to graduates of universities from another country. Do you happen to know the answer for Google?

It is about 80 percent for most of the Valley companies.

Mr. BOCK. I don't know the precise answer. I expect our number would be roughly comparable to that.

The bulk of our recruiting for our campus graduates and even experienced engineers is focused on people who have gone to U.S. universities, which is often how we find them. So it is very roughly about 75 percent.

Ms. LOFGREN. Okay, so it is in keeping with the rest of Silicon Valley.

Now, I don't know if you have had a chance to take a look at this point system that the Senate is looking at. We all had the Memorial Day recess. I spent it in Silicon Valley getting an earful from CEOs in technology companies.

Would sole reliance on a point system as currently exists in the Senate bill—would that work for Google, in your judgment? Or if you can't answer that today, tell me so and you can come back to us on that.

Mr. BOCK. I think our perspective on that question of whether the currently proposed point system would work is that it has some intriguing elements to it, but the dynamism of the technology business is such that it would be very difficult to say, "Yes, the system works today, and it will work for the following 8 years."

Ms. LOFGREN. Right.

Mr. BOCK. If you think back 9 years ago, Google did not exist. Internet search was a nascent industry. And Larry and Sergey, when they had 50 people in the year 1998, would have been hard-pressed to specify exactly what combination of skills they would be looking for.

So I think it would be a bit of a challenge.

Ms. LOFGREN. I appreciate that feedback.

Now, I am intrigued, Mr. Gay, by your testimony. The phrase is, "Demographics is destiny." And you have just taken a look at the birthrate and the projected—putting immigration to one side, and the projected job rates, and come up with a shortfall.

Could you elaborate on our understanding of that? And I know you are just speaking for the restaurant industry, but have you, as part of your Essential Worker Coalition, taken a look at other industries in that demographic issue?

Mr. GAY. Well, Madam Chair, as I mentioned, there are other industries, not just restaurants, that are in this category of ones that

traditionally hire or have historically hired those lesser-skilled or unskilled.

In our case, we give one-third of those people in the U.S. their first job. But we are looking ahead as we grow, and we see that the U.S. population is not keeping up with that growth.

If we look at Europe and at Japan, they are facing the same thing, but they are doing it much more poorly than we are, because they have a lot more trouble with immigration than we do.

We don't want to get to that situation where we restrict immigration so much that we either stagnate or end up shrinking as an industry or as an economy.

Ms. LOFGREN. So you are really saying that our—if I could put words in your mouth, our benefit is we have got a demographic problem, Europe has too, Japan does, but we can—part of why we are successful is people come here to become Americans, and do become Americans, and that has not been the pattern in some other parts of the world.

Mr. GAY. Right. But we have been solving it for the last few decades in large part illegally.

Ms. LOFGREN. Right.

Mr. GAY. And that flow has been helpful to our economy to grow and should be made legal, regular and orderly.

Ms. LOFGREN. But it prevents them from fully becoming Americans.

Mr. GAY. Right.

Ms. LOFGREN. That is very interesting testimony.

I call now on the Ranking Member for his 5 minutes.

Mr. KING. Thank you, Madam Chair.

First, I would direct my attention to Mr. Bock, and I do appreciate you being here today and appreciate you being an American.

And I can understand why your mother had to wipe her eyes when you testified before this Congress. And I am glad to see that. I will remember that image for a long time.

You must be a very young man, judging from your mother, and you have been here for some 30 some years, and so a lot of you is a product of this country, too.

And the difficulty that Google has is we have such a massive amount of illegal immigration that we can't get to the legitimate debate about what we ought to have for the global recruitment that you testified to that you need to keep the technological advancement going.

But I think it is interesting that you have named so many companies that have done well in this country, and there are reasons for that, and some of the foundations of American exceptionalism we have talked about before in this Committee, and the rule of law being one of those.

But I want to let you know that I am for a point system. I am for scoring this in a fashion that we can recruit the cream off the top, which we have historically done in this country, and devising that system so that it is not subsidized labor by the taxpayers, as Mr. Hawkins testified.

And so I would ask you, could Google produce some software that would identify for us the very top 1 million people on the globe who would apply and want to come to the United States who would give

the best economic enhancement to our country here? Could Google devise that software?

Mr. BOCK. It is an interesting question. I am sure we have lots of people who would love to tackle that problem in their 20 percent time.

I think that kind of demographic question is a bit outside our expertise. Ours is more in searching and serving our users by coming up with products rather than ranking and prioritizing people.

Mr. KING. You are a smart guy, Mr. Bock, but you do affiliate with some people and companies that would have that capability.

And would you agree that that would be the first question you would ask if you were going to put a point system together, what would be the utopian version, the perfect model that we could produce?

Wouldn't that be the first thing we would do before we would ratchet it down and consider things like familial associations?

Mr. BOCK. Well, it is interesting. The closest analogy I can have is how we look at recruiting talent internally. And we actually have a very human, labor-intensive process of evaluating candidates.

We look at resumes. We conduct a lot of interviews. And then we have groups of people that sit down and discuss those candidates. And then each of those candidates are then reviewed by our executive management group and even by our founders before we extend——

Mr. KING. In the interest of time—and I would love to sit down and talk to you more, but we don't disagree on this, but my point is the illegal immigration is the barrier that keeps us from getting to your discussion.

And I would like, if I could, to turn to Mr. Gay, and as I listened to the Chair's comment—demographics is destiny is, I believe, how she put that. And I agree with that.

But you know, let me just say that we are a country here that has a replacement birthrate of about 2.13 per woman, and replacement is about 2.1, so we are right in there real close.

How much would we have to increase that birthrate in order to replace the labor supply that you seek, Mr. Gay?

Mr. GAY. I have never had that question before. I don't know the answer. I will say, though, I had to Google "demographics is destiny" and "demographics are destiny", and it came up with about the same number of hits, so I went with "are."

Mr. KING. I thought it was "are," but I was quoting the Chair, so—anyway, it is interesting that you did that.

Mr. GAY. That would be an alternative way to address our labor shortage needs. It would be a longer-term——

Mr. KING. But wouldn't that be the first question, Mr. Gay, really?

Mr. GAY. It would take 18 years, but it would be an alternative.

Mr. KING. Envision this, then. If we were a continent unto ourselves, isolated like maybe Australia, and we didn't have an easy—let the borders be open and let people flow across, wouldn't we look at this from another perspective?

Wouldn't we ask the question, what is the "grow your own" plan?

Mr. GAY. Yes.

Mr. KING. And then wouldn't that be the kind that would be automatically assimilated into the American culture? We wouldn't have to ask that question of how many can we assimilate.

Mr. GAY. If we were on an island, yes.

Mr. KING. And so why hasn't anybody even asked the question of how many more babies do we have to have to solve this problem?

Doesn't that seem a little odd that there—with a short-term interest of "let's have these workers now", and then who is going to pay for their retirement when they get ready to retire? We can't ask that question either, because this whole comprehensive strategy collapses around that question.

Mr. GAY. That should be addressed. I think for us, our short-term interest is keeping the doors open on restaurants, and so——

Mr. KING. Yes.

Mr. GAY [continuing]. I mean, that is really a long-term solution that should be looked at.

Mr. KING. And I want to tell you that I understand your short-term problem, but my responsibility is the long-term destiny of America. And so if we have a disagreement, it will be there, and I thank you.

And then, Mr. Mixon, you have been able to harvest these crops, for the most part, and so you are finding a way to solve the problem.

But you know, sometimes we are in this situation where we confuse our national security with the need to harvest a crop, President Reagan's quote notwithstanding.

And so I would ask you, is there such a thing as an essential crop that America has to have in order to survive and be healthy?

Mr. MIXON. That is a good question. I think the discussions on produce for better health indicate that Americans do need to eat healthier. Now, do we want to farm it all out overseas?

Mr. KING. But any specific crop, any individual one we can't get along without?

Mr. MIXON. Oh, I am very preferable to blueberries. [Laughter.]

Ms. LOFGREN. The gentleman's time has expired.

Mr. KING. I will let it settle with that one and yield back.

Ms. LOFGREN. We turn now to the author of the AgJOBS bill, Congressman Howard Berman, for his 5 minutes.

Mr. BERMAN. Thank you, Madam Chair.

And you have demography is destiny. That is the way to get around the right verb.

And then you have the Karl Marx-Hawkins perspective about the reserve army of unemployed pressing down wages. Mr. Hawkins, I am sure, is right many more times than Karl Marx was, but in this case, I think they both touch on something, and Mr. King did in his comments. I will get back to that in a second.

My first question is really to Mr. Bock and to Mr. Gay. We have got a Senate bill in its current form, as of 9 o'clock this morning—Mr. Bock, to what extent is that bill better than the current situation for a company like Google?

And in that, put a little finer point on your concerns about the point system. I didn't understand the point system to be distributed based on whether you wanted to work in search engines or someplace else.

I thought of it as dealing with degrees and training in certain areas from which people could work in a number of areas based on the economy and where innovation was taking us.

And, Mr. Gay, also, the Senate bill versus the current situation and its deficiencies as we come to grips with how we in the House are going to deal with this.

Those would be the questions I would like both of you to answer.

And should I just ask my last question also? I would like to hear how any of you deal with the point Mr. Hawkins made in the context of there is something that at least concerns me about the notion of the supply of new foreign workers primarily as a depressant on the wages of U.S. workers.

Yes, you go to the U.S. worker who is willing to work at the minimum wage first, but before you think about paying $2 more than the minimum wage, or $5 more than the minimum wage, you seek the foreign worker. Those are my questions.

Mr. BOCK. Thank you. On the first question—and I will caveat it by saying my expertise in the currently proposed bill extends primarily to what I have read in the newspapers. I am not our policy expert.

But from what I have picked up, we feel strongly that the dynamism of the business is important, and it is difficult to predict what we need.

So for example, if I recall correctly, one of the terms in the point system is that years' experience is a factor, and the more years of work experience you have, the more points you get.

Many of the people we hire come right out of school. And a Ph.D. program in computer science can consume somebody's life until they are in their late 20's or later—no professional experience, and yet a fabulously, tremendously qualified person who can move not just to our company but the entire country, entire business—oh, absolutely, but as I understand it, the preference comes from sort of the more points you get, the better, and that would mean they are——

Mr. BERMAN. In a weird way, you may want that Ph.D. who isn't polluted by a lot of work experience.

Mr. BOCK. Well, we actually look for people who will kind of come to things with a fresh perspective, in fact.

Mr. BERMAN. Okay.

Mr. BOCK. On the second question, I think it echoes Congressman King's point about short-and long-term perspectives.

You could just as easily—and again, I am not an economist, but you could just as easily make the argument that wage pressure outside the United States would force us to innovate more in technology, and there is a short-term and long-term solution for how we manage immigration that is supported by that.

Mr. GAY. Mr. Berman, the Senate bill is better than the status quo, first and foremost, because there is a bipartisan group of people in Congress that are actually trying to fix this problem.

I am tremendously encouraged by that, because absent Federal action, States and localities are stepping in, and that is a patchwork of laws and regulation business doesn't want to face.

It could stabilize, if it is as written, the current undocumented workforce in large part. Seven million of the 12 million are estimated to be workers.

One problem with it in its current form is it doesn't quite address the future needs. There are certain amendments that brought the number down. It doesn't meet the needs of future workers coming to the country.

If that can be fixed, then this bill would be—to Mr. King's original question, the biggest difference between the 1986 amnesty and this bill is that 1986 didn't do anything about the future needs for workers in the economy.

This one is trying to. I don't think it is quite there, but that would be the biggest difference between that and the status quo.

Ms. LOFGREN. The gentleman's time has expired.

Mr. Gallegly of California?

Mr. GALLEGLY. Thank you very much, Madam Chairman.

Welcome to our witnesses.

Mr. Mixon, I have a district in California that is largely agricultural. We like to pride ourselves on being the strawberry capital of the world—larger, prettier, and sweeter strawberries.

So I am somewhat familiar with the issue of perishable rope crops and how labor-intensive they are, and you mentioned in your testimony that during the peak season you may have as many as 1,500 people in the field.

Can you give us any idea of what percentage of crops, if any, that you have lost in the last 5 years that is directly a result of lack of labor that has caused the perishables to rot on the vine?

Mr. MIXON. Fortunately, Congressman, we have been very blessed to not have lost anything. The closest we came to losing crops was last May when this very discussion became resonant in our State where we were having different places raided because of purported illegal immigrants.

The rumor of that spread through my county, and even though they weren't within 10 miles, 15 miles of my place, I went from 150 people in the field to about 15.

Now, that surprises me, because they all show what looked to be regular documents, legal documents, by the I-9 standards, so that was kind of surprising to me.

But that is the closest I have come. But the organizations I represent have had people where they have lost 25 percent of naval crops in the past. I have had berry growers in Georgia—because of lack of people, they lose crops, as much as 25 percent.

Mr. GALLEGLY. So based on your assessment of what happened at that particular point in time, it is probably safe to say that 90 percent of the people working in your fields are illegally in the United States.

Mr. MIXON. I would say the numbers are between 75 percent and 90 percent, yes. And I would say poorly documented, not necessarily illegal.

Mr. GALLEGLY. Well, they may be illegally documented. You know, it is a felony to use a counterfeit document. But again, you are not supposed to be the police officer.

Mr. MIXON. Right.

Mr. GALLEGLY. And I appreciate that.

Mr. Gay, what percentage of people working in the restaurant business today would you say are illegally in the United States?

Mr. GAY. We don't know, and we have never tried to poll that. It is not something where you can get a good response.

Mr. GALLEGLY. Do you really want to know?

Mr. GAY. We are the number one employer of foreign-born workers in the U.S., so we figure we must have our share.

Mr. GALLEGLY. Okay.

Mr. Hawkins, you were talking about the importation of cheap labor and the effect it has on our economy. Has the influx of illegal immigrants affected low-income workers in the United States?

Mr. HAWKINS. Well, the evidence indicates from the Census Bureau, Department of Labor, that there has been a depressing effect on wages from this and a lot of people exiting from the workforce.

Just this last month, the Census Bureau reported 51,000 people exited from the labor force.

And of course, there are a variety of reasons that could happen, but we have always thought in the economics profession that the discouraged worker phenomenon was a major part of that, that people leave the workforce because they have simply given up trying to find an acceptable job.

So this, again, is a sign this is not a shortage labor economy, at least not in the low-skill, low-wage area, and as I said, in manufacturing we have had this tremendous displacement of manufacturing workers in the United States who are looking for work. So I don't see an economy-wide problem that we have a shortage here.

The demographic thing I thought was interesting, because you mentioned Japan. There is a reason why Japan leads the world in robotics and automated factories: labor-saving devices.

Yes, they do have a slow population growth, and that spurs them to adopt technology faster, develop technology faster to make up for that.

Mr. GALLEGLY. Okay. And in your studies, very quickly, can you tell me if you have done a study that shows what percentage of the undocumenteds that are coming in have less than a high school diploma?

Mr. HAWKINS. Well, somewhere around 50 percent.

Mr. GALLEGLY. So you think 50 percent of the illegals coming in have got a high school diploma or equivalency?

Mr. HAWKINS. Well, over that, yes, maybe 40 percent, 45 percent.

Mr. GALLEGLY. That is interesting.

Mr. HAWKINS. The Congressional Budget Office estimate was, on the other hand, that 36 percent of immigrants from Mexico——

Mr. GALLEGLY. I see my yellow light is on, so forgive me. But I just want to go back to Mr. Mixon and also see if Mr. Gay can give us an educated guess, if you will, an informed guess.

Mr. Mixon has testified that he believes as many as 90 percent of the people working for him during peak season are illegally in the country.

Would you say that that is probably a fairly consistent number with the people that are working in the restaurant business?

Mr. GAY. As I say, I don't know, because we have never tested this, and I haven't seen anybody else that has tested that——

Mr. GALLEGLY. It is not something you would rule out.

Mr. GAY. That sounds awfully high to me. We have always known that agriculture has had the highest percentage.

Ms. LOFGREN. The gentleman's time——

Mr. GALLEGLY. Thank you, Madam Chairman.

Ms. LOFGREN. The gentleman's time has expired.

The gentlelady from Texas, Ms. Sheila Jackson Lee, is now recognized for 5 minutes.

Ms. JACKSON LEE. Thank you for this important marathon of hearings. I want to pay tribute to Chairwoman Lofgren, because if you are working with her or have worked with her, you recognize the value of H-1B visas.

But also, from my own research and study, one understands that H-1B visas can, in fact, generate work for others.

But let me take a line of questioning that I think and hope that the witnesses that I am going to query will be empathetic, because you have heard the refrain—you have heard the song and the refrain—as we proceed in an approach to comprehensive immigration reform, you have heard the response that, "Yes, I would take that job," and the controversy has many aspects.

Certainly, it is close the border first before you begin to talk about immigration. What you gentlemen are talking about partly is, of course, what has been going on as it relates to legal immigration, particularly the H-1B visas.

The reform bill has a number of subset visas which create other opportunities for individuals to come in.

But whenever I am engaged in a discussion with constituents, and whether or not it is in my state of Texas or around the Nation—and I think rightly so—there is a sense that they are taking our jobs.

And to be honest with you, the business community has not been helpful in that debate. You have not been helpful in, if you will, providing the response—a credible response that suggests that is not the case, or that we are here and ready to hire you, or to accept you.

One of the aspects that I believe—a theme that will run through this bill, and has run through a number of legislative initiatives, is the attestation and the responsibility to indicate that you have, in fact, reached out to others and to provide them with the opportunities.

For us to get to the end of the road, the light at the end of the tunnel, I think that for all of us who have a sense that comprehensive immigration reform is, in fact, the best and right direction to take in spite of the heightened tensions that are now being created and the divide that is being created and the pitching of one group against the other, we are going to have to have you work with us.

So I would like to ask Mr. Bock, if I can, do you see the value in promoting and encouraging American workers for your profession and your industry?

Mr. BOCK. Thank you. I absolutely do, and Google absolutely does.

Two broad points. One is that the $1,500 fee that is required on the filing of H-1Bs today is used to train and educate American workers. In the 8 years that has been in effect, $1 billion has been collected and spent, providing 40,000 scholarships to Americans

and training 82,000 U.S. workers. The more H-1B people we allow, the higher that number will grow.

Ms. JACKSON LEE. Well, let me just say that—I am glad you answered that. Probably you were instructed to do so if I asked the question.

But I believe that there needs to be more. And frankly, I believe there needs to be a specific vehicle in the comprehensive immigration reform, and many of my colleagues and many of my constituents are not necessarily here in this—here in my own State but believe that we should have a fixed training component that is really more orderly than H-1B funding, because we really can't find that funding.

Those numbers sound good, but they really don't reach some of the underserved areas. And so let me just say this. Do you have a history—and I would like you to give it to me in writing—of recruiting at African-American—historically Black colleges?

I would like you to give me all of the colleges, and I would like if there is an association, that association reports to me what you all have done.

What do you do with respect to, in this instance, whether it be Hispanic who happen to be here in this country already, or African-American engineers who have indicated in this very room that they are not received well in terms of hiring in your industry? Do you specifically recruit?

And let me get in my last question to Mr. Gay so that as the light goes out he can answer it as well. You are in the restaurant business, and we have restaurants in Houston, and I know your organization, and you have worked real hard, and I thank you.

But what are you doing—these jobs include management and otherwise as well—to ensure that Americans who need the work are getting the work?

Mr. Bock, if you would?

Mr. BOCK. Yes. So keeping the comments brief, we actually view it as our obligation to reach out to underrepresented communities in our industry, particularly women in engineering, particularly African-Americans, and particularly the Hispanic communities.

We have a number of scholarship programs with the United Negro College Fund. We have started a Hispanic college fund. We, this past year, went to Morehouse. We went to Spellman. We went to Clark. We went to a number of historically Black colleges, and we have a very strong internal Black Googler network, as we call it. We have those around a variety of groups.

We also believe it is important to get to people early, so we get very involved in K through 12 education with another organization called the LEAD Program.

We also have a partnership with Teach for America, because we think it is important to send great teachers into impoverished or disadvantaged communities.

Ms. JACKSON LEE. And I know I won't get all the answer. Would you complete your answer for me in writing with the list of colleges, please?

Mr. BOCK. Yes, ma'am.

Ms. JACKSON LEE. Thank you.

Mr. Gay?

And I thank the Chairwoman.

Mr. GAY. Yes, Ms. Jackson Lee. As I think you know from working with restaurateurs from Houston, they recruit intensively in their areas to try to fill these jobs.

And we would like to point out that getting into the restaurant industry is a path to management and is a path to ownership.

And I will get you the exact number, but if I recall correctly, African-American ownership in the restaurant industry is growing faster than any other segment, faster than the average, over 70 percent.

So I think it is a sign that that is working, that more African-Americans are coming in and moving up within the restaurant industry.

Ms. JACKSON LEE. Well, you see my need for advocacy.

And I thank you, Madam Chair.

Well, you see what we are trying to—we are trying to both get at the end of the tunnel. And I would like to work with you, and I would like to be able to hear back in writing specifically about your outreach and hiring American workers.

I yield back.

Ms. LOFGREN. The gentlelady's time has expired.

The gentleman from Texas is recognized for 5 minutes.

Mr. GOHMERT. Thank you, Madam Chairwoman.

I appreciate you all being here, and I appreciate the questions from my friend from Texas. Those are good questions. And the concern some of us have is that we get to the end of the tunnel she referred to, and we meet an oncoming train.

And, Mr. Bock, I think it is delightful your mom is here. Speaking with her briefly, she seems like a delightful person. But it reminds me of some of the best advice I have ever seen in print.

It was a quote from the Mayflower Madam several years ago, who had her phones wiretapped and lots of tapes at her trial.

But she made the recommendation to people that never say anything that you wouldn't mind having played back at your trial in front of your mother. And I think that is good advice for all of us. You have your mother here personally.

But I am curious, anecdotally, for each of you, for those who have hired persons with H-1B visas, anecdotally, in your situation, what happened long-term with those people who had H-1Bs? What did they do?

Mr. BOCK. At Google, as of today, about 10 percent to 15 percent of those people have become permanent green card holders or citizens.

A large portion of them have become either green card holders or permanent citizens. A lot of the hiring has been in the last couple years. We don't have a deep history yet, but that has been our experience.

The other thing we found is that——

Mr. GOHMERT. What happens to the rest of them——

Mr. BOCK. Oh, I am sorry.

Mr. GOHMERT [continuing]. The 85 percent?

Mr. BOCK. They are still within the 6-year H-1B window——

Mr. GOHMERT. Oh, Okay.

Mr. BOCK. And to be honest, the biggest question becomes around what happens with their wives, can their wives work, things like that.

The other thing we found——

Mr. GOHMERT. And what is the answer?

Mr. BOCK. Well, hopefully they can get visas, too, and pursue the path to citizenship. The other thing we have found——

Mr. GOHMERT. Has that happened in the cases in which you deal, your employees?

Mr. BOCK. It has in some cases. There is a couple challenges. The green card backlog is a real challenge for us.

We have had people have to wait as long as 2 years, and what happens in some of those cases is people say, "I can't live with this ambiguity anymore, I am going to return to my home country," and sometimes go work for another employer.

The other thing we have found is that each person we do hire on an H-1B—generally, our engineers create our products. They are the source of creativity in our company.

Anecdotally, if I go back to the example of Orkut, the multiplier in terms of jobs that have been created is 10 times to 50 times that one person. So we have created essentially a small company around his idea.

Mr. GOHMERT. Mr. Mixon, do you have any H-1Bs? I know you have——

Mr. MIXON. No.

Mr. GOHMERT. You don't?

Mr. MIXON. No, sir.

Mr. GOHMERT. No? All right.

Mr. Hawkins, do you have any information yourself?

Mr. HAWKINS. Well, I can't say for sure whether all of our or any of our companies use H-1Bs per se.

But I am concerned about the related issue that is in the pending legislation coming out of the Senate which has been brought up about the guest workers program and this point system for skills and education.

I think that would constitute a reform, which is, I suppose, what we are running about, reforming the immigration system here.

If it does push us in the direction of bringing in more high-end workers and in place of the failed policy we have had of—that has been focused on regularizing now the uneducated, unskilled—but I am not sure that is what is happening.

This, I think, has to be looked at very carefully, not only in the Senate but when and if the bill comes over here, because the *Wall Street Journal* May 30 editorial was complaining about how the Senate had cut the guest workers program from 400,000 a year to 200,000, which is very large numbers, called the guest worker program a guest worker program for low-skilled workers.

That is how they interpret what the Senate is doing, and that is not—we can't go down that road. That would not be reform. That would be the continuation of the failed policy that we have gotten by—de facto failed policy——

Mr. GOHMERT. Well, I am curious, quickly—because I was curious about the H-1Bs.

But for those who hire labor who are immigrants that are documented, supposedly, whether it is illegal documents or not, do you hire them as contract labor, as employees, or both?

Mr. MIXON. If I can speak to that, we hire strictly as employees.

Mr. GOHMERT. Strictly employees, no contract labor.

Mr. MIXON. No.

Mr. GOHMERT. Okay. All right.

Mr. GAY. I think for the most part in the restaurant industry, it would be employees.

Mr. GOHMERT. For the most part, but there are some hired——

Mr. GAY. We have 12.8 million workers in our industry, so I hesitate to make absolute statements, but I think for the most part the model is they would come in as employees like any other employee.

Mr. GOHMERT. Okay. Well, I see I have the red light. Let me just comment. One of the things that I heard about the Senate bill, that once the triggers occur and people who are here illegally are authorized to be here legally, and it turns out they haven't paid taxes, they can just pay their $5,000 fee.

And, Madam Chairwoman, I have had some people inquire, American citizens, how they could apply to be illegal so they could pay $5,000 instead of their taxes.

Thank you.

Ms. LOFGREN. Thank you.

The gentleman, Mr. Davis, from Alabama?

Mr. DAVIS. Thank you, Madam Chairwoman.

Mr. King, I think, raised the national security issue about 10 minutes or 15 minutes ago, and I wanted to perhaps raise the national security issue from a totally different perspective.

There was a column in *Newsweek* this week from someone—and I apologize if I am butchering his name, but Fareed Zakaria, who a lot of people have seen on the Stephanopoulos program every Sunday. He is a very eloquent writer who writes a piece in *Newsweek* every week, and he has written a number of pieces about the direction of American foreign policy.

And it was a very interesting story. He mentions that he came to the United States on a student visa in 1982, and he mentions that when he came here, he had, frankly, soaked up a lot of what the left in India had to say about American culture.

He came here with a particular perspective on this country and its policies and its values, and he was prepared to not like our country very much. And a lot of his friends back in India didn't like our country very much based on what the left in his country was saying.

And he makes a very interesting point. He says that in the course of being here as a student and absorbing American values in real-time, totally changed his impression of this country.

And he makes the observation that in a world where obviously a lot of people don't like American values and culture now, and that poses a threat to us, that there is itself a value in bringing people here, letting them see what it means to be an American in practice, even letting them see how we treat people who aren't Americans.

And, Mr. Bock, perhaps you could comment on that perspective, the foreign policy angle and what I think is a national security

angle that an immigration policy, if it works, can actually be a vehicle for shoring up American credibility in the world.

Can you briefly comment on that?

Mr. BOCK. I think that is very true. Speaking from my own personal experience, the idea of America, of what America stood for—freedom, and capitalism, and the right to not be afraid of the secret police, and the right to be able to trust your neighbors and your friends—the idea that you could actually come and build a business and make it on your own, not look for a handout but actually just have a fair chance, was pretty unique.

It was absolutely unique in Romania at the time, and it is still fairly unique in the world. And it is something precious and treasured. And I think giving more people exposure to that is a tremendous value.

And even just having the option, the opportunity, that lets people know that that is out there has a huge, huge potential impact on the rest of the world.

Mr. DAVIS. I would agree with that, Mr. Bock, and I suspect that growing up in Romania you did not necessarily receive the most favorable impression of the United States either.

And I think that is a point worth this Committee considering, that if we are concerned about shoring up American credibility, there are multiple ways to do it, and H-1B visas can be one of them.

Let me turn to you, Mr. Hawkins. I stayed up late last night watching the Republican presidential debate, and I found it interesting on several notes.

A number of the individuals—I guess everyone except John McCain, frankly—over and over I would hear this refrain. They would say, "We love immigration. It has made our country better. It has made our country stronger. We just don't like the illegal aspect of it."

And that was the particular rhetorical device that was used last night to explain their positions. It is what Governor Romney said, what Mayor Giuliani said.

Mr. Hawkins, it seems that you are in a little bit of a different place from where those guys are.

If I understand your economic analysis, you would have just as much of a problem with low-skilled legal workers, frankly, coming in this country as you would low-skilled illegal workers, wouldn't you?

Mr. HAWKINS. Well, it would continue to move the economy in the wrong direction.

Mr. DAVIS. But I am just asking if you would agree with me that you don't really draw a distinction between legal and illegal, do you?

Mr. HAWKINS. Well, in a sense——

Mr. DAVIS. You are just as troubled by the legal ones.

Mr. HAWKINS. Well, if by legalization we mean we simply take the pattern of illegal——

Mr. DAVIS. No, no. Well, because my time is limited, let me press the point, because my yellow light is on.

It seems to me that all of your economic theories about low wage depression would be absolutely applicable to individuals who were

low-wage who came here through a perfectly legal process, because your concern is the wages they make and their penetration into the economy, and whether they are legal or illegal doesn't seem to make an economic difference, unless I am misunderstanding.

Mr. HAWKINS. From an economic point of view, that is true.

Mr. DAVIS. Okay. Now, so let me take that as your answer. My time is limited. I wish we had 15 minutes. I didn't make the rules here, Mr. Hawkins.

Let me close with this observation. I do think Mr. Hawkins is right about one very important observation. The Senate bill 2 years ago, I think, was a little bit shrewder, frankly, than the bill before the Senate right now in one major aspect.

If I can just finish my point very briefly, Madam Chairwoman.

The Z visa for all of the 12 million undocumenteds in effect treats all the undocumenteds the same. It kind of wraps them in one policy.

And I fear, as someone who, frankly, was very much an opponent of the House bill 2 years ago and someone who is a supporter of comprehensive reform—I am a little bit concerned that the Z visa approach, by wrapping all 12 million together, may play into the hands of people who raise arguments about amnesty, and that it may play into the hands of people who raise those issues.

The bill 2 years ago, as you recall, drew distinctions. People who had been here for a longer period of time, who were rooted in the community, got treated one way. Those who had been here for less time and weren't as rooted got treated another way.

And I wonder if that might not be the shrewder approach.

Ms. LOFGREN. The gentleman's time has expired.

Mr. Ellison is recognized for 5 minutes.

Mr. ELLISON. Madam Chair and members of the panel, thank you all. I was doing double duty in Committees, so I hope I don't ask you any questions you have already answered. But thank you if I do happen to do some duplication.

Would you identify, if you would, Mr. Bock—would you regard as the area in which reform is most pressing, where we need to legislate? If we can't do everything, what must we do in this to suit the needs of business in this next round of immigration reform?

Mr. BOCK. From the Google perspective, and more broadly for the technology industry, the two biggest areas to focus are, one, increasing the number of H-1B visas permitted per year, and, two, decreasing the lag it takes in working through the backlog on processing of green cards.

Mr. ELLISON. Okay. Backlog and H-1B. I thought you might say that. And one of the things—and I want to just put the cards on the table. I agree with you.

But as some folks from a different perspective jump into the debate—you know, I have been wondering about what you thought about the business sector, particularly the technology sector, as people like me support the position you were taking—increase H-1B visas and increase workers so we can deal with the backlog.

Would you all support a strong, robust, targeted program to really help educate some American-born workers as we go about that?

I mean, could you see yourself supporting a program targeted—say, like historically Black colleges—to try to get some of these students into the field?

Because quite frankly, from a political standpoint, if I support your position, which I am prepared to do, I am going to get some blowback from other sectors that I also represent.

And it would be nice to be able to say, "Well, you know, Mr. Bock supports, you know, making sure that American workers and young people are trained and have a real chance in the technology field, too."

Mr. BOCK. Well, according to the National Science Foundation, 3 percent to 6 percent of computer science students are African-American today. That is far lower than the percentage of African-Americans in the U.S. population.

And it is something that we as a company invest in growing through our K through 12 interventions, through our Teach for America programs, through scholarships, through a number of activities we are involved in that I could provide significant detail on.

But we absolutely think that is an area that is worth investing in.

Mr. ELLISON. Yes, and just to say—you know, I think that a lot of—I think personally, you know, a lot of the dialogue around immigration, I find it just personally divisive, and it is done for political reasons that have nothing to do with helping anybody, just one party trying to get advantage over another one.

But I do think that we could blunt a whole lot of that noise, criticism, if the technology community said, "Hey, we are going to deal with the challenges of the inner city, too."

Do you have any thoughts on this, Mr. Mixon?

Mr. MIXON. I am from the ag department, so technology is something we deal with on a much lower level than the Google group, but it is still technology, so I really——

Mr. ELLISON. Oh, I don't mean just technology. I know you come from the agricultural sector, but agriculture employs a lot of people.

Mr. MIXON. It does.

Mr. ELLISON. And I guess the question I am asking about not as—what about technology. I am saying that, you know, as we go—first of all, what do you view as the most important reform measures for comprehensive immigration?

As we tackle this problem, what do you think is the most critical issue?

Mr. MIXON. In my opinion, the most important thing is some kind of transition. I think we all agree that border security is important. I think there is common ground there.

I think there is also common ground that there is a recognition that there is a large percentage of folks that are poorly documented and documented incorrectly.

I think our biggest concern from the ag department, from the ag division, of all this is a transition to where we, as employers, can truly have a legal, verifiable, documented workforce.

Mr. ELLISON. Thank you for that, which gets me back to the point I was trying to get at. Since I think we do have a pool of peo-

ple who we could employ in the United States, but we also often find ourselves needing foreign workers as well.

What do you think about the idea of trying to develop some native-born American workers to work in the ag sector?

Mr. MIXON. I think the Ag group is doing some of that currently.

Mr. ELLISON. Could you talk about it?

Mr. MIXON. Yes, I could. I have been told from my group behind me, my brain trust—because I am focused in Florida, for the most part.

Mr. ELLISON. Right.

Mr. MIXON. But in North Carolina, the farm bureau up there set up a hotline, a statewide media blitz. They said North Carolina needs 100,000 workers. They got two answers.

And in Washington State, last August the apple industry partnered with their State workforce agencies to hold a series of recruitment and orientation sessions in order to find domestic workers.

They needed 1,700 workers. And according to what I have been told, they received 40. So there is a misperception, or some kind of lacking here that American workers aren't in the ag business for some reason, ag communities.

I don't know what the disconnect is. The wages are good.

Mr. ELLISON. I will tell you, because here is an interesting thing. You know, my mother is from Louisiana. My father is from Georgia. Both of them worked in agriculture growing up. That is what they did before they came to the big city of Detroit where I was born.

It is hard for me to believe that there is not a lot of folks in the United States who go back generations on the farm who might just be in the inner city now, but families go way back.

Ms. LOFGREN. The gentleman's time has expired.

Mr. ELLISON. It is a matter of recruitment, a matter of trying to draw people in. I mean, if we are going to spend money on a guest worker program or whatever else, I mean, I think we could probably go to the urban centers in North Carolina to try to get some folks to do ag work.

Mr. MIXON. I would agree.

Ms. LOFGREN. The gentleman's time has expired.

I turn now to the gentlelady from California.

Ms. WATERS. Thank you very much, Madam Chairlady. Let me just again thank you for the great work that you are doing on this immigration issue. You are working us to death, but you are really getting us to engage in ways that perhaps few of us have done before on this issue.

As we watch the debate unfold, it is much more complicated than many people ever thought it would be.

But let me just gear in on where Mr. Ellison started to engage our panelists, by surfacing this argument that is coming from many communities in the country about displacement, worker displacement.

We hear constantly that we have constituents who don't want us to support the visas, the H-1B visas. They say, "Why don't we look in this country first and see what we could do about improving job training and placement?"

And there is this constant argument about what are we doing to employ people right here in this country, to recruit, train, develop, et cetera.

So what can you tell me about your outreach and your efforts to make sure that you are employing people in Silicon Valley that come from Oakland, California, who come from areas nearby where the unemployment rates are high?

Mr. BOCK. We do a number of things. One of the misconceptions about Google is that we only hire software engineers and computer scientists, where, unfortunately, there is a shortage of people of certain ethnicities and from certain communities.

We also hire sales people. We look for outstanding finance people, outstanding attorneys. Our general counsel and chief legal officer, David Drummond, is himself a son of a Tuskegee airman——

Ms. WATERS. How many employees do you have?

Mr. BOCK. We have, at the close of the last quarter, 12,200 employees.

Ms. WATERS. How many are African-American?

Mr. BOCK. I don't actually have that data at my fingertips. I apologize.

Ms. WATERS. All right.

Mr. BOCK. But regardless of what it is, it is a number that we would like to get higher, and we invest a tremendous amount in trying to get that number higher.

Ms. WATERS. How do you do it? How do you invest?

Mr. BOCK. We partner with a number of organizations to do outreach early in people's lives, K through 12. We provide scholarships to people so that they can go to college.

We actually also go to a lot of campuses and do what we call tech talks, where people just have a chance to interact——

Ms. WATERS. Have you been to the Black colleges and universities?

Mr. BOCK. We have.

Ms. WATERS. That is what Mr. Ellison was talking about. Have you been to Morehouse and Spellman, for example?

Mr. BOCK. We have. We have been to Morehouse, Spellman, Clark. I don't have the entire list in front of me.

Ms. WATERS. How well have you done going to Morehouse? That is where my grandson goes.

Mr. BOCK. We are actually still not done with extending all the offers for campus hires, so I don't know what the final answer will be.

But actually, we are investing more and more in those schools in particular, in historically Black universities, because there, we believe, is, for technology and for us, an untapped talent pool that we want to get to.

But we also want to get more students ready for companies like Google and help increase the capability of people in those programs as well.

Ms. WATERS. Well, I think that as we wrestle with some of these very complicated issues, it would bode well for your industry to talk with some of us who have to have a vote on this stuff about how we can answer the question of why can't we get jobs rather than having you support a vote to bring people from India.

So I would like to engage with you on that and look at what your programs are for outreach, and perhaps we could have some suggestions for you that would help us in answering these questions.

Mr. BOCK. I would welcome that. What I would add is that for Google, fortunately, our situation is it is never either/or. We would love to do both.

And as we are growing and because of the value created by some of these exceptional people, our ideal answer, when we find two exceptional candidates, is let's get both of them. So that is our focus. But we would welcome the conversation.

Ms. WATERS. Well, thank you.

Let me just say that based on what I know about many of the businesses that are relying on undocumented workers or immigrant workers, it appears that—not perhaps with your industry, but with some of the other industries—they are relying on cheap labor.

Some of that labor is exploited. And people have nowhere to turn, actually, or they are afraid. They are a little bit intimidated. And we are not going to sweep these issues under the rug as we try and deal with how to come up with a good immigration policy.

I am not interested in the support of industry for low paid workers, no health benefits, no pension plans, and that it is all right to do it with immigrant workers, rather than have to deal with organized labor and educated workers who would demand more from the workplace.

So I just put that out there for you to understand, because many of us are quite progressive in wanting to have a good policy that would have somewhat of a path to legalization.

But we are going to gear right in on guest workers, and we are going to look at these industries and see what they are doing, and see how we can make good sense out of it.

With that, I yield back the balance of my time.

Ms. LOFGREN. The gentlelady's time has expired.

And I want to thank all of the witnesses for their testimony today.

And, without objection, Members will have 5 legislative days to submit any additional written questions to you, which we will forward and ask that you answer as promptly as you can so it can be made part of the record.

And, without objection, the record will remain open for 5 legislative days for the submission of any other additional materials.

I think this hearing today has helped to illuminate many of the issues relative to our immigration system and the business community.

I would like to extend an invitation to everyone here today to attend the next hearing on comprehensive immigration reform that will be held at 2 o'clock today in this very room. We will hear from Federal Government agencies on numbers and data that hopefully will inform our decision-making process.

But this panel today has been enormously interesting. And, you know, a lot of people in the public don't realize you are here as volunteers to help us with your expertise, and we certainly do appreciate it. And thanks to each and every one of you.

The hearing is adjourned.

[Whereupon, at 11:40 a.m., the Subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

LETTER FROM LASZLO BOCK, VICE PRESIDENT, PEOPLE OPERATIONS, GOOGLE, INC. TO THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRWOMAN, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

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June 26, 2007

The Honorable Zoe Lofgren
102 Cannon House Office Building
Washington, D.C. 20515

Dear Madam Chair:

Thank you very much for the opportunity to appear before the House Judiciary Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law at the June 6, 2007 hearing on comprehensive immigration reform.

During the hearing, you asked me for Google's position on simplifying and accelerating the pursuit of permanent residency for individuals who receive Master's level and higher degrees in math or science from American universities. I would like to take this opportunity to respond to your question.

Simplifying and accelerating permanent residency for those individuals who are most likely to have a significant positive impact on our economy could result in a net benefit for our nation. Indeed, individuals who have graduated from the math or science programs of American universities have proven to be a source of innovation, creativity, and growth in our economy.

Under the current system, Google generally utilizes the H-1B program for this group of individuals and then quickly moves to sponsor permanent residency for those who desire to remain in the United States. In practice, this system creates a dual structure of temporary employment; while some H-1B holders are truly temporary, many seek such a visa in order to obtain permanent residency.

We encourage exploring the possibility of creating a more direct path to permanent residency for individuals who wish to remain in the U.S. and stand to help grow our economy. Google believes that such a "fast track" system could result in benefits to our competitiveness. We also believe, however, that our nation should retain employment-based sponsorship of H-1B visas, which afford employers the flexibility to facilitate temporary US employment when it makes business sense. To that end, policy makers ought to consider combining a fast track permanent residency program for a number of U.S. university graduates most likely to have a positive impact on American corporate growth with an enhanced and improved employment-based sponsorship program that significantly reduces existing immigrant visa backlogs.

Google

Thank you for your question. I trust our response will be helpful as you continue to consider immigration reform legislation.

Sincerely,

Laszlo Bock
Vice President, People Operations
Google Inc.

LETTER FROM WILLIAM B. SPENCER, VICE PRESIDENT, GOVERNMENT AFFAIRS, ASSOCIATED BUILDERS AND CONTRACTORS (ABC), INC. TO THE HONORABLE ZOE LOFGREN, CHAIRWOMAN, AND THE HONORABLE STEVE KING, RANKING MEMBER, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

June 6, 2007

The Honorable Zoe Lofgren
Chairwoman, Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steve King
Ranking Member, Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairwoman Lofgren and Ranking Member King:

On behalf of Associated Builders and Contractors (ABC) and its more than 24,000 general contractors, subcontractors, material suppliers and construction related firms across the United States, I would like to take this opportunity to thank you for holding today's hearing on the "Comprehensive Immigration Reform: Business Community Perspectives". I am also writing to re-affirm ABC's position on the increasing need for comprehensive immigration reform. Through your leadership, it is our hope that immigration reform is addressed in a comprehensive manner during the 110th Congress.

In order to effectively repair the broken immigration system, ABC believes reform must:

1) Secure our nation's borders;

2) Create a workable system that can be used by big and small employers alike to determine an employee's legal status;

3) Create a usable temporary worker program that will help the construction industry meet the increasing labor demands our industry face;

4) Allow well meaning undocumented immigrants a means to earn lawful work status without a mandatory return to their country of origin.

Comprehensive immigration reform is vital to the success of our industry as well as to the economic and security needs of our nation. The construction industry has made, and will

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