THE BROOKINGS INSTITUTION

CROSSING BORDERS: FROM MYTH TO SOUND IMMIGRATION POLICY

Washington, D.C.

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PARTICIPANTS:

Welcome:

ROBERT E. RUBIN
Co-Chair, Council on Foreign Relations
Former U.S. Treasury Secretary

PANEL ONE – THE ECONOMIC EVIDENCE ON IMMIGRATION

Moderator:

MICHAEL GREENSTONE
Director, The Hamilton Project

Panelists:

GIOVANNI PERI
Professor of Economics, The University of California at Davis

JAMES SMITH
Senior Economist, The Rand Corporation
Principal Investigator, New Immigrant Survey

DARRELL M. WEST
Vice President and Director, Governance Studies

PANEL TWO – IMMIGRATION POLICY: IMPACTS ON WORKERS, EMPLOYERS, AND AMERICA'S FUTURE

Moderator:

MARK MCKINNON
Vice Chair, Public Strategies

Panelists:

STEVE HYMAN
Provost, Harvard University

PARTICIPANTS (CONT'D):

LYDIA TAMEZ
Head of Global Immigration, Microsoft Corporation

JOHN WILHELM
President, Hotel Employees & Restaurant Employees Union

Guest Speaker:

MELODY BARNES
Assistant to the President for Domestic Policy, The White House

Featured Remarks:

THE HONORABLE BILL RICHARDSON
Governor of New Mexico

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P R O C E E D I N G S

MR. RUBIN: I'm Bob Rubin and on behalf of all of my colleagues at the Hamilton Project, let me welcome you to today's discussion of immigration, an issue that I'm sure all of us recognize is critical to our economy.

The Hamilton Project was begun about six years ago and it brought together an unusual combination of policy experts, academics, and business people. Our objective was to put forth policy proposals and provide discussion in important economic areas. The point was not to endorse specific proposals, but rather to help contribute to serious discussion about the critical issues of our economy.

I could make the argument -- I think it is the case -- that the Hamilton Project's commitment to seriousness of purpose with respect to economic policy issues -- is more important today than ever, both with the seriousness of the challenge we face and with the nature of much of public discourse about those issues.

Clearly, the difficult conditions in the economy, the many hardships that far too many Americans face, are the pressing imperative for policymakers. And the Hamilton Project has had and convened serious discussions with respect to various of these matters: the stimulus, mortgage relief, and other areas. But having said that, our primary focus is on a long-term strategy for our country to succeed in a historic -- at a

time of historic transformation of the global economy. We believe that the United States, with its dynamic culture and its other advantages, can succeed in this transforming global economy, but that to do so our political system will have to meet many hugely consequential challenges.

We define economic success as competitiveness, growth, raw-based and inclusive participation, the benefits of that growth, and increased economic security. We believe in a market-based economy, but we also believe equally in a strong role for government to meet the many purposes that markets, by their very nature, will not provide.

Today, our two distinguished speakers and our two panels -- panels with truly outstanding discussions -- will address the critical challenges facing our economy with respect to immigration and to developing a sound immigration policy.

Most of the Hamilton Project's events have been based on scholarly papers that have then been subject to rigorous academic peer review. But in order to move expeditiously on an issue that is of such current importance, we will not have underlying papers for this particular set of discussions, but instead the discussion by one panel of academic and policy experts, and a second panel of practitioners in segments of our economy that are strongly affected by immigration.

You also have, at your seat, a set of facts -- and some of them I think you will find quite surprising -- that relate to the economic

aspects and effects of immigration. And then, at some point, subsequent to today's meeting we'll issue a strategy paper that will reflect the discussion we are all having today.

I'm not going to get into the substantive aspects of immigrations, but let me just make a few framing comments. Immigration, as we all know, has, over the life and history of our country, played an enormously important role in our economy and in our society. It is a contentious issue and many areas of the country where there are strong arguments and strong feelings about immigration and its impact on our society, our economy, our labor market, and fiscal matters.

In addition, there are complex and divisive issues about how to balance the rights of individuals and the need to enforce our laws. All of these debates are likely to continue for a long time to come. The conclusion that we reached at the Hamilton Project was that we could provide value added to these debates by a serious endeavor -- which is today's discussions and papers and related materials -- a serious endeavor to contribute to helping establish the facts and to contribute to helping make judgments about immigration and the various economic, and, most particularly, the various economic impacts of immigration.

Our discussion today can be broken into two broad categories. First is the substantial role that lower field immigrants play in many industries and the enormous contribution that that make to our

economy. The second is the competitive advantage and the benefit that our businesses, universities, health care institutions, and many other areas of high-skilled and high-knowledge activity have long enjoyed due to the ability to attract to our shores the best and the brightest from around the world. Some have come as students and then remained; others have come long-advanced and well-developed in their careers.

And just to show you how widely the reduction in the H1B visas that allow these high-skilled individuals to come to this country -- just to show you how widely the large reduction in these visas has affected our country, I was with a senior military officer the other day and he said that the reduction in the H1B visas -- this very large reduction -- has had a real negative impact on the military with respect to its research and its science. And a corporate CEO told me the other day that they are now having to move certain activities offshore, out of the United States, in order to employ skilled people from abroad who could not be brought into this country.

Let me outline our program at this time and briefly introduce our speakers and our panel members. I will not go into their resumes because those are in your materials.

Our first panel will consist of academic experts with respect to immigration and immigration policy. The moderator will be Michael Greenstone, director of the Hamilton Project and professor of economics

at MIT. He'll be joined by three panelists -- three outstanding panelists: Giovanni Peri, professor of economics at the University of California at Davis; James Smith, senior economist at the Rand Corporation and principle investigator at New Immigrant Survey; and Darrell West, vice president and director of Governance Studies at The Brookings Institution.

The second panel will be moderated by Mark McKinnon, vice chairman of Public Strategies in Austin, Texas, and member of the advisory council of the Hamilton Project. He will be joined, as panelists, by three well-informed and extremely knowledgeable practitioners who are effective in their institutional activities by immigration: Lydia Tamez, head of Global Immigration, Microsoft Corporation; John Wilhelm, president of the Hotel Employees & Restaurant Employees Union; and Steve Hyman, the former director of the National Institute of Mental Health and now provost at Harvard University.

After the two panel discussions, Roger Altman, former deputy secretary of the Treasury and now chairman of the Investment Bank, Evercore Partners, will introduce our two distinguished speakers: Melody Barnes, assistant to the President for Domestic Policy; and Bill Richardson, the governor of the state of New Mexico.

Bill's appearance will be on videotape because the governor will be accompanying President Obama on a just scheduled visit by the President to New Mexico today. And, as always, we are deeply grateful to

our colleagues at The Brookings Institution for all that they do with us every day to help make our work possible.

We have a terrific program and I think we all owe a great thanks to the two people who put it together: Michael Greenstone, as I said a moment ago, the director of the Hamilton Project; and Karen Anderson, the managing director of the Hamilton Project.

With that, it is my pleasure to turn the podium over to Michael Greenstone. Michael? (Applause)

DR. GREENSTONE: Thank you, Bob, and thank everyone for coming today. I think our starting point at The Hamilton Project for thinking about immigration as an important issue of public policy was that the most plain insight one can have is we're a country of immigrants. And immigration is an important policy issue, and reform seems to be in the air. I'm not an expert on what causes policy to become popular all of a sudden, but it does seem that there's a few factors that must be at play.

The first is the share of our population that are foreign-born is now up to 12 percent. That is the highest level since 1910, and it's been rising for about three and a half decades. And 30 percent of immigrants are undocumented. A third reason is that immigrants are spread unevenly around the country, and so that means that their impacts are felt differentially in particular regions.

And then, finally, we're in the midst of very trying economic

times, and I think it's natural in a period of trying economic times to raise important questions about immigration and public policy. When we set out to work on this topic, we were struck. I think the number one thing that struck us is we're struck by an absence of facts or an absence of a consensus around a series of facts. So there was, you know, two primary -- you know, two examples help illustrate this. The first is, do immigrants raise the living standards of natives or lower the living standards of natives? I think you can find either viewpoint out there.

And another question that seems to draw a lot of attention that I think there has not always been a clear set of facts about is, do immigrants bust the budgets of federal and local governments? So what we've set out to do to sell copies of this wonderful document that has 10 facts about immigration, and our aim is not to reach a political consensus, but rather to develop a set of facts that people on all sides of the immigration debate can agree on. And the thinking behind that is that without a set of facts to ground the discussion, it's very difficult to develop a rational policy.

So, with that framing, I wanted to introduce our panel. Bob mentioned it briefly, I thought I would add a little extra.

Giovanni Peri is here. He's a professor at the University of California of Davis. He has done some fundamental work on the impacts of immigration on the wages of native-born, our native-born U.S.

residents. He is -- I think his life has become consumed by writing these papers. Also to my right we have Jim Smith from the Rand Corporation. He's probably too modest to admit it, but I think he's widely considered to be the godfather of immigration research. He was author of a national important National Academy of Sciences study.

And to my left we have Darrell West from Brookings. He's the vice president and director of Governance and has written a very important book called *Brain Game* about high-skill immigration.

So with that in mind, I thought I would start off the panel by asking questions of each of the panelists, and then hopefully we'll lead into discussion. So I thought I would begin with Giovanni.

And, Giovanni, can you tell us what the impact of immigration is on the employment and wages of natives?

DR. PERI: Yes. So we plan to summarize the economy's finding on the impact of immigrants upon wages and employment in the U.S. economy. I would think that in aggregate, there is a certain income census that they have a positive effect on the labor demand for U.S.-born workers. So this means that immigrants increase the size of the labor market, and these put some pressure on top before you freeze the wage, average wage of U.S.-born workers. They don't crowd out, so they don't have a negative employment impact on them, and in some sectors they also have these negative impact on prices so they lower the price level in

the economy.

DR. GREENSTONE: Can I just follow up on that? So how is it that they have kind of a slightly positive impact? I thought the conventional view was you have more people competing for the same jobs, that that's going to reduce wages and will reduce living standards.

DR. PERI: Yeah. So this is the first part in which some people think that immigrant having a little positive impact on wage flies in the face of labor demand, labor supply. How can more workers increase wages?

So the explanation is very sound and simple, and essentially the two key words are "complementarity" and "specialization." Let me illustrate with an example: So think for a second of a construction worker. Think of a situation in which the number of construction workers increases. More construction works implies that more construction companies can enlarge the size of their operation. You can enlarge companies or create new companies. Now, when a construction company increases its size, of course, it's going to hire some of these workers, but is also going to need construction engineer, construction supervisor, clerks, accountant, and people who do jobs in the company to produce the final product.

Now, the key thing is the immigrant tends to take the construction worker type of jobs. Immigrant, if we're talking especially

about low-educated immigrant, tend to take jobs which are more manual and physical-intensive. And companies who come in need also jobs which are more communication intensive, interaction intensive, in order to produce the final product, which is a house, a building, and the communication-intensive job are those construction supervisor, engineer, clerk and accountant that I was saying.

So in a sense, the word is that immigrants take jobs which are complimentary to the jobs that native worker take, and if you think about the last decades in the labor market of the U.S., maybe the U.S.-born worker had typically been moving out or taking more and more job in these communication and interaction-intensive type of occupation and fewer and fewer in the manual-intensive type because their average schooling has gone up, because their average income has gone up. And, therefore, you can very well have an economy in which you -- some type of jobs, some type of worker, increase the demand for other type of workers, and this is the channel through which there is this pressure up on wages and employment.

Let me add one more thing which is important here, which I also think this is useful to clarify. This also dispels or clarifies another issue. The number of jobs in an economy is not fixed so that you have that immigrant take some job and X minus the job taken are available for a native. The number of job in an economy is determined by the supply of

workers plus the action of firms that invest and generate jobs. And the presence of some type of workers generate demands for other types of job in company that invests and grow, create these other type of jobs.

So the interaction between company and worker is what ultimately creates jobs, and again the recent research that looks at this mechanism is a little bit more in detail and, specifically, finds that the reason these tendency of immigrant to specialize in the range of manual type of job creating demand for these other job, and as natives have been moving into these communication, cognitive-interactive job more and more, these -- has created these demands for them.

Finally, this process also major in a way that -- remember, I said a price-effect, the price, a pressure down on price as well. The possibility of hiring some manual workers to do some of these tasks and having a large supply keeps the cost of this type of job and this type of services relatively low, and this allows a company or -- to sell goods or services at the lower price. So in services like construction, gardening, household services, child care where the supply of these manual immigrant who do manual type of task has been large have also had to keep relatively down the price of these type of services. So a little positive effect on the wage of native, a little negative effect on prices. You see that if you then calculate the effect on living standard, which depend on wages divided by price, could be important.

DR. GREENSTONE: Thank you. Now, Jim, I wondered if you, I could draw you into this conversation here a little bit. So what Giovanni's done is, I think --

DR. SMITH: You don't draw the godfather into a conversation. He joins when he wants to.

DR. GREENSTONE: I wonder if I could kiss your pinky ring.

DR. SMITH: Yeah.

DR. GREENSTONE: And (inaudible) happily.

So what Giovanni's laid out, I think, is really a compelling case or summary of the evidence that's available kind of for the average American. One thing that The Hamilton Project has been very focused on are the wages of people who over the last three decades, people who have lower levels of skills. So people only with a high school degree or have not even completed high school, and there's been a lot of pressure on their wages over the last three decades, and is that in any way related to this immigration? Is Giovanni talking about the average but we're missing important details about the lower end?

DR. SMITH: Well, I think he's talking about the whole distribution, and the -- if you take the -- I mean, immigrants, there are immigrants at the bottom with less skill who come; then there are immigrants who come from Italy and become professors at American University.

DR. PERI: Eventually, godfathers (inaudible).

DR. SMITH: Yes, keep working that. So the -- my summary of this related to Giovanni's paper is the dispute is mainly on the wage impact at the bottom. And Giovanni, his work, which is excellent work, tends to finds a relatively small effect. If I go to the other extreme, and that would be Katz and Borhaus, they find about 8, 9 percent effect. That's the range that we're talking about. Most people in between that, but the really important point is no matter which I believe to be true, I would still come to the conclusion, as all these authors do, that on average immigration is a benefit to the U.S. economy for many of the reasons that Giovanni spoke of, a little less emphasis on the complementary effect. But no matter what you think about the range of the estimate on the less-skilled workers, they all conclude, on average, it's a -- the economic benefit just the economy alone, begetting taxpayer effect, is positive.

DR. GREENSTONE: Thank you. So why is there so much disagreement about that on cable TV?

DR. SMITH: I don't watch cable TV. The other -- getting into the taxpayer, I don't know if you want to jump to that yet.

DR. GREENSTONE: I think we'll wait a second for that.

DR. SMITH: Okay.

DR. GREENSTONE: But --

DR. SMITH: I mean, with some of its --

DR. GREENSTONE: -- with all due respect.

DR. SMITH: Oh, yes. Some of it is there is more to economics on immigration, and there are social immigration issues and things like that and people's ability to deal with people who seem a little different. And I think that's where most of the emotion comes from myself, not the economic effects, although these economic effects that Giovanni and I have talked about are positive. They're also small. They're not worth the attention. We're talking about if we distributed it all over the American population, I think the benefit would be like $30 to $50 per person from immigration. And you would say, well, that seems a little small to generate this kind of peak. So I think it's in the noneconomic.

DR. GREENSTONE: So I wanted to turn to Darrell now, who's done some very important work on high-skilled immigration. And he has an excellent phrase that there are "a series of future Einsteins" out there in the great wide world and that we're in an international competition to get them to locate in the United States and share their ideas and innovate and develop new businesses. I wonder if you could talk a little bit about that.

DR. WEST: I mean, even if there are only one future Einstein, that would be worth it right there. But, in general, in my book I suggest the United States needs to think more strategically about immigration and, particularly, the relationship between immigration and

long-term economic development. I mean, in a period of recession or a slow economic recovery, I think in particular we need to focus on how immigration contributes to innovation, international competitiveness, and long-term job creation.

When you look at other countries, a number of countries are much more strategic in how they think about this. I mean, for example, Canada devotes more than half of its visas to employment-based people. They basically target workers who are in short supply and they go after those people. They try and find out, you know, who are the people who can contribute in the particular areas in which they are interested.

When you compare that to the United States, our ratios are almost reversed. The numbers that we devote to visas for employment-based purposes are much lower. In recent years, either 15 percent or in some years less than 15 percent of our green cards have gone for employment-based visas. This includes both low-skill as well as high-skilled workers. When you look at the high-skill worker by itself in terms of green cards, we devote about 65,000 visa each year. That's only about 6 percent of the overall visas that we provide. The number that we provide actually has gone down over the course of the last decade. If you go back to the period from 1999 through 2004, we provided 195,000 visas, almost 3 times the current level for high-skilled workers.

Now, why is this important? The reason why I think we

should pay attention to this is 25 percent of the technology and engineering businesses that have been launched in America in recent year had an immigrant founder or cofounder. In Silicon Valley, that figure is 50 percent. When you look at the number of patents that are being filed in recent years, one-quarter of all the U.S. patents have been based on the work of immigrants. When you go to leading companies, for example, Qualcomm, 72 percent of the patents that they filed were based on the work of foreign inventors. At Merck 65 percent, General Electric it's 64 percent. Sysco, it's 60 percent. So I did put a picture of Albert Einstein on the cover of my book just to remind people about the contributions that immigrants have made to American life over the years.

I mean, we all know, for example, that Intel was founded by a Hungarian immigrant, Google was co-founded by a Russian émigré, eBay was started by a Frenchman, and Yahoo was established by someone born in Taiwan. What would the American economy look like today if Intel were a Hungarian company, Google were based in Russia, eBay was in Paris, and Yahoo was a Taiwanese company? I think these are not isolated stories. Immigrants have made vital contributions to our economy, and we need an immigration policy that recognizes that fact and encourages immigration.

DR. GREENSTONE: Thank you. Giovanni, you've also done some important work on product, the impact of immigrants on

productivity in the United States.

DR. PERI: Yes. So I will talk about -- I -- actually, I'm going to go back to the low skill, but I wanted to add one thing to the high-skill consideration that were just done.

I think even more we should think that probably Google, Yahoo, and these other company would potentially not even existed if these people had not come to the United States. So there are a lot of economies who are studying, that are here that is the combination of the brain plus a sort of the research at the frontier that the U.S. finds. So not only there are positive, this company of positives, (inaudible) on the U.S. They have positives be lower on the world economy, really. And a lot of research which happened, and because as smart scientists and engineer came to the U.S., probably would have not come if they had stayed in their country.

Focusing, though, on gain going back to the productivity, in fact, so that type of mechanism in which immigrants specialize in more manual-type of jobs and the natives specialize in more communication-type of jobs, I want to bring it one step further because the recent work seems to show that there is also an impact of disorganization, according to special -- there's a specialization according to task, it seems to be some productivity effect, some efficiency effect. So think for a moment of the taxi industry.

The taxi industry in a city in the 1970s was run by a bunch of individual who were taking calls, writing down the booking for their taxis, driving the taxis, having the money, balancing the budget of their small company and also maybe advertising for their little cab company.

Then think of the large inflow of people, of immigrant who could be taxi driver. They could be as good driver as native but probably they don't speak English as well as native. So this creates an opportunity to reorganize this industry along a cab-drive company in which there is a call center where there is some call operator that pick up the call, and they need to speak English relatively well, they take the booking. And then there are some drivers who go around and drive people, and plus this company also created the need for some accountants, some people who take care of advertisement.

Now, it's very likely -- and this has happened in many other sector -- that this restructuring comes with an increasing efficiency. The big taxi company can provide the service either at low cost or a higher product, higher total services for giving a number of workers. So when this restructuring happens and in the immigrant-native combination happens along this nature line of manual type of task and communication type of task, this can happen at the advantage with an increase of productivity, of efficiency. An increasing productivity means increasing wage for everybody, right, because the productivity is -- can be distributed

within the company in wages or in profit as well. And the other effect that I was also mentioning, this come in lowering the price of some of the services that now benefit for this productivity event.

And so this other area of research which I think has been not developed yet very much, but, for instance, this in parallel the same type of research exist when people look at impact on trade, on international competition, more competition, more specialization, this is the standard theory of trade increases the efficiency and the productivity of the domestic industry. And what we are looking at recently is that there may be this effect and this impact on productivity in industries where immigrants are due to this specialization and restructuring, seems to have earned some wage gain and productivity gain for several company.

So even at the low end of the skill spectrum, this incentive can create incentive for productivity increase. And, of course, at the high end, the scientist and engineer, I think nobody disputes that the productivity growth of American firm depends in large part on technological innovation and absolutely, as Darrell was saying, immigrants are, seems to be crucial to fuel this innovation and technological progress.

DR. GREENSTONE: Thank you. I thought it would also be useful if we touched upon another topic that is quite controversial about immigration, and that's the fiscal impacts of immigration in the United States. And Jim has done a lot of very important work on that, and I

thought particularly as part of his National Academy of Science report, and thought he might be able to tell us something about that.

DR. SMITH: Okay. So I'll want to start with what I consider the average effect and just summarize it briefly. We estimated the taxpayer effect for immigration for at the state and local level, and the federal level, and did it not only at a point in time but looking out way into the future and said, okay, what's the impact of an immigrant coming to the United States? The bottom line would be, on average, the fiscal impact is positive. That is, they actually pay more taxes than they receive in benefits.

The impact is more positive at the federal level and is slightly negative at the state and local level because immigrants are young, their kids are going to school, and they're helping to pay for the age-related programs at the federal level.

And they're more negative -- this, of course, has political implications -- they tend to be more negative in the short-term and positive in the long-term. That's an average, though. And within that average there are some issues. And, for example, let's take my favorite state, randomly, California.

California, we did an estimate for the state of California, and I, what I did is update that estimate to give ballpark-ish today, in today's prices and today's immigrant in reality. The average native-born

household in California pays $2,200 each year more in taxes than they receive in benefits from the state and local level because immigrants are the foreign-born populations on the other side of that equation receiving more in benefits than they pay in taxes. That is mostly have nothing to do -- has to do with really two things: Immigrant incomes in California are relatively low and immigrants' children go to school. That's where all this effect comes from. But $2,200 is much bigger than any of these other numbers that we're talking about.

To be a little provocative, deliberately provocative, though, I would say right now immigration is a negative for California because this taxpayer effect is so large relative to the any benefits they get on the economic side. California is an extreme on this, though. They are outlawing them on this. When you do it for all the states, you get a slight positive effect. But those states that you read about in the newspapers right now -- and, you know, Arizona, perhaps New Mexico are not as knowledgeable as that state, the states where you hear some yelling going on, those, in fact, are the states where the state level, and state and local level effects are negative. And if you go into communities -- again it's all being driven by schooling -- those communities, the people on the other side of this have a point. These are negative effects even though, on average, of course, the entire country, it's a positive number.

DR. GREENSTONE: Can I just pin you down a little bit on

those? You say it's a positive number for state finances across the whole country.

DR. SMITH: Slightly, if you do states, all the states, you get a slightly negative number which is overwhelmed by a much more positive number at the federal level. But you don't get a number anything like California.

DR. GREENSTONE: Right.

DR. SMITH: You get, you know, $100, something like that.

DR. GREENSTONE: So but and if you added the state and the federal?

DR. SMITH: For the country as a whole, you get a positive number.

DR. GREENSTONE: You get a positive number.

DR. SMITH: And it's that -- if you add the federal to California's contribution, you don't change the number I gave you very much. So poor California, that's why we had Prop 187 in California, and that's why the next set of states that started putting in these restrictions on benefits were the states they were. That's where the problems are, and we haven't gotten ourselves around that problem, that there are pockets in the country where this taxpayer effect is actually a big deal. And we can't ignore it even though it comes out on average for everybody okay.

DR. GREENSTONE: In term principle -- and you and I have

talked about this a little bit before -- but in principle since immigration is something that benefits the entire economy, the federal government, who is I guess net-present-value positive from immigrants, could spread, share the cost of immigration.

DR. SMITH: That's one possible -- we did talk about it before -- that's one possible solution. The caveat I would put on that, as I told Michael before, is why -- you know, the federal government does lots of things and that have distributional consequences around the country, different states benefitting more or less than one.

The argument that we would pick out immigration alone as the program, and compensate California and compensate Arizona for their net deficits on that when they maybe receiving positive deficits, some benefits somewhere else. That's a complicated issue, but it is a potential --

DR. GREENSTONE: Yeah

DR. SMITH: -- way around this political.

DR. GREENSTONE: And then just I want to -- I think this is a very central issue, and so I want to also flesh this out: That's that your $2,200 figure for California, that particularly affects the current age distribution of immigrants in California so --

DR. SMITH: Yes.

DR. GREENSTONE: -- as they age they will no longer go to

school, and a principle to start paying into the tax system, so.

DR. SMITH: You're not talking about my kids. They age and they're always going to stay with me. The -- yes. So this --

DR. GREENSTONE: Well, we're hoping our kids will leave our house, eventually, but that's --

DR. SMITH: You don't want that, trust me. The benefit, this number I gave you, if we took the present --

DR. GREENSTONE: Yes.

DR. SMITH: -- population and pushed them into the future --

DR. GREENSTONE: Yes, so if we did a net (inaudible).

DR. SMITH: Right.

DR. GREENSTONE: Yeah.

DR. SMITH: Right. That number would become smaller.

DR. GREENSTONE: Yeah.

DR. SMITH: And it would gradually fade away to a small negative number, but it's always going to be negative. And if I sum up all the -- because it's always going to be negative, the budgets will balance between the native-born and the foreign-born households, and it will -- so, but on average, if I do that calculation, it's still going to be a negative number in California and a nontrivial negative number.

DR. WEST: Could I add just one thing to what Jim is saying? I mean, this is a classic problem in American federalism. It's not

unique to the immigration issue. We have lots of policy areas where their disproportion impacts may fall on a handful of states.

Now, you know, for example, defense base closings. You know, bases are often concentrated in the South and West, so when they close, oftentimes the federal government has compensated areas that are hard hit.

In the climate change area in -- you know, you have the disproportionate impact on coal-producing states. The problem in the immigration area which has kind of been alluded to here is the political problem, the paralysis at the national level. You know, when you kind of look at the numbers and the political dynamics of immigration, this is not an unsolvable problem. You know, we can deal with the issues of Arizona and California if the federal government were willing to take action. The problem in this area is really a problem of a federal government that is paralyzed by the immigration issue because it's so emotional and so controversial for people. It has become almost as much a political as an economic issue.

DR. PERI: Can I also just add, so I --

DR. GREENSTONE: Yes. Giovanni also lives in California.

DR. PERI: I live in California, yeah, and so I'm going to say something --

DR. WEST: Oh, so you want your money back.

DR. PERI: No, which is more on the --

DR. GREENSTONE: Like all Californians, they think that there's really only one state in the whole country.

DR. PERI: Yeah, yeah, yeah. We only think about California always, all right.

So I wanted to add, so Jims was emphasizing this issue of accounting for the fiscal impact at this time of over the lifetime of immigrants. And he, actually, really did the last very well-done study on this which, to me, dates 1997, because this is a very complicated thing to do. So what I wanted to emphasize is that very often I go on the Web and I read some little study in which you can find the numbers which go all the way to become massive, million-dollar deficit caused by immigrants.

So let me just give you an example. As he said, the problem is that people pay taxes a long their life, okay? And many decision and many government and many expenditure you can consider them as pure expenditure, or you can consider them as investments. So one reason why the immigrants are very costly is that their kids go to school, and you have a big school cost in terms of them.

But there are two problem with this: One, the spending and education of a government is counted here as a pure spending. Economist think that that is an investment in which you increase the human capital of a person and you increase the taxpaying capacity of the

person in the long run. So if you account for that you have a different type of accounting.

Second, many of these study are done with the head of the household being an immigrant, the kids are American-born. So here do you treat this kid differently? So how, where you cut the separation and the accounting makes a difference for the results that you get. So honest economists there who do a good job tell you what their assumption are, but you need to do a lot of assumption here to go there and get some number. And then you find a lot of studies that give you a number, and you don't know how it's found. So I just want to warn that this is a serious problem, and as far as I'm concerned the last serious study was this one which was Jim Smith author. And there is a lot of stuff there around which I've read, and I'm not too convinced about.

DR. SMITH: Can I make one more point on this, Michael?

DR. GREENSTONE: You agree with his assessment of your work?

DR. SMITH: That is -- the godfather is pleased.

The -- it's the one thing we haven't touched on yet. The other dimension, and I'll use education as a indictor of skill, is that these taxpayer effects are very, very different depending on your education mostly because your income is going to be higher. You'll pay more taxes, a little bit of futility in this as well. So if you do the calculation for high-

educated people like Giovanni, you are -- thank you for coming -- you are an enormous bonus. I've spent the money already, but you are an enormous bonus.

So when you look at the economic effect that Giovanni was talking about then, you say are the benefits greater at the high-skill level or low-skill level? And I think they're at both levels, and I'm not sure how I would answer that question. But on the taxpayer effect, it's clear what the answer is: The benefits are much -- there's a pro-skill bias to this or pro-education bias to this part of the economic argument, high-educated, high-income immigrants are much better than low-educated immigrants who have low income.

And the other thing you asked me before which I didn't bring in is, what causes all this emotion? We haven't talked yet about the undocumented immigrant issue. That causes a lot of the emotion, and they tend to be on the less-skilled providing an economic benefit that potentially coming along also with the taxpayer cost. And so -- and then you wrapped up into the that they are, in fact, undocumented and not legal immigrants, I think a lot of the emotion comes right around that issue.

DR. GREENSTONE: You know, Jim is mentioning the clear value at the high-skilled end. But there's an irrationality to how we treat, for example, international students who come to the United States to study in the classic STEM field: science, technology, engineering, and math.

Before I came to Brookings two years ago, I taught at Brown University. You can go into the physics department, chemistry, biology, engineering, it's like in most major American universities, two-thirds of the graduate students now come from abroad. You know, American students are not studying these topics to the extent that we should. But yet we then invest, you know, hundreds of thousands of dollars training these international students. Many of them would actually like to stay here and become like Giovanni. They do not have the opportunity.

So, for example, one policy idea that has been suggested just to deal with that aspect is automatic green cards for foreign students who get PhDs in any of the science and technology and engineering fields. That's a way, you know, when you think about the investment that we make in international students studying at American universities, but then we don't take advantage of that investment. You know, these are the people who are going to -- if they stay here -- who are going to be the innovators. They're going to launch businesses. They're going to create jobs. They're going to raise the level of economic activity for a lot of other people.

DR. GREENSTONE: Another question I think is part of the controversy and that is I think there's sometimes a sense that immigrants come to the United States and don't integrate into larger society. And you can see that internationally. You see these French laws banning burkas.

And I know Jim has done some important research on that as well. And I wondered if you could talk to what you think the facts are in that question?

DR. SMITH: Well, my parents were immigrants to the United States. So I grew up in an immigrant household in which I thought everyone in the world spoke with an Irish accent no matter where they were from because everyone I heard spoke with an Irish accent. I think the experience of the United States is an extremely positive one on integration of immigrants, and their own self integration into the United States. It's not just the European immigrants that came 70 or 80 years ago where they're all just us. We don't even know where they came from now. The amount of progress -- and I'll take Mexican immigrants where I did a study -- I looked at how much, generation by generation, how much they improved their education, how much they improved their income, took it out three generations and then compared them to the Europeans.

And there was a lot of discussion, partly because of language, partly because there was a large group, the border was close so you could go back, that they weren't integrating into -- in the same way the Europeans did and it's just not true. Their progress across generations was much more rapid and Europeans were outstanding enough. They were much more rapid than the Europeans and so third generation -- everyone thinks of a Mexican immigrant as some unskilled new immigrant here. Their grandchildren are here and their grandchildren

are graduating from Harvard and doing the things that other immigrants have done. So economically they've integrated.

Socially they -- and it may be to the lament of the immigrants -- the old film -- one of my best, most favorite, immigrant movies, I think it's called *The New Land*, is where these people who struggled, you know, for hours and hours and it was awful, people died. And they finally, their grandchildren were around this old man who spoke pretty much only Swedish and they were making fun of him. And he couldn't relate to them, but it was the success of the immigrant experience.

The reason the assimilation goes on so smoothly here is marriage. People are marrying across ethnic lines. And by the time you get to the third generation, we are all partly one thing and partly another thing and partly something else. It's very, very rare to have three generations where you only have Irish heritage or Mexican heritage, and biology and social groupings are taking care of this problem. And that's not true, you know, we know the French experience and other experiences elsewhere where people live for generation after generation in enclaves with very little positive communication across groups, including very little intermarriage. And so I actually am -- I think we should be proud of ours here.

DR. PERI: Yes, so I want to follow up and --

DR. GREENSTONE: You probably married an Irish girl, is

that right?

DR. PERI: I married an American girl. So I want to add up something because I think there is something to be learned. I'm spending time in Europe now, back there, and there the debate about immigration impact on job and their assimilation is also raging and very animated. And I wanted to compare here. I think here, the U.S. has two things which have served in spite of all the imperfection and problems very well in these terms.

One is this fact that whoever is born in the U.S. is American and the European countries don't have this (Latin phrase) it's called in Latin, which implies that in Europe you can invest in your kids and know that they are American citizens. If they are going to be sticking around and studying, they're going to have all the same rights as the U.S. I think this is a strong mechanism, an engine, to create integration and to create investment in the important human capital characteristics of people in future cities and future workers.

The other is that the immigration in the U.S., as much as this is in spite of the immigration system in fact, is immigration for work, for jobs. You're absolutely right, most of these immigrants on the paper are family reunification. I am a family reunification. I would not have an American green card if not for my wife. However, the real reason it attracts a lot of people is employment. And you see this on the statistics.

The unemployment rate among immigrants in the United States, even among the least educated, is much lower than the unemployment rate of native. The opposite is true in Europe. In Europe, to the contrary, very often there is a little difficulty of immigrant to get into the market because the market is more insider/outsider organized. So the competition and the sort of more flexibility of the American market makes immigrants come to work. And I think work is step number one to integrate, to really have people integrate into society.

And in France, the problem of separation comes in large part because unemployment rate is people having hard time in entering these unions. The insider power of native worker is strong.

So I think in this American dream that is part of the imaginary of a lot of families in the U.S., you come here, you don't have much but you come to work, you work hard, you make success and your kids do -- I think it has some real value, some real -- it is real in the U.S. and it is happening in many cases, more than in Europe right now.

DR. GREENSTONE: There's another question I wanted to turn to and I mentioned it at the outset. The best estimates are there are about 30 percent of immigrants are undocumented. And there's been a great public concern about that and our spending on border patrol I think has doubled more or less since 9-11, obviously partially related to those issues, but I think also to kind of plain vanilla immigration. And in the face

of that doubling, I think we now spend about $17 billion a year. Actually the best estimates of the number of undocumented immigrants have continued to increase. So I wonder whether any of you have any thoughts about undocumented immigration, what its economic impacts are, what might be more effective ways to address this problem?

DR. SMITH: You want me to solve it for you then.

DR. GREENSTONE: Based on facts.

DR. SMITH: My only weapon, facts. I think, you know, everything that Darrell said about the -- which basically the legal immigration system, getting visas and stuff like that, I would agree 100 percent with. We have to -- the benefits are clearly positive and we have to increase it, not leave it where it is. We have to increase it. The real issue --

DR. GREENSTONE: Is that a statement about all immigration or high-skilled immigration?

DR. SMITH: The high-skilled, but mostly through the legal immigration process that's mostly high-skilled immigration. The issue is, in fact, that we have to deal with as a country is what about the undocumented immigrant problem? And we have 12 million undocumented, you know, we're not starting from scratch here, we have 12 million undocumented migrants in the United States. They have come over a long period of time. They have come with our implicit, non-

opposition, let us say, right? I think the border, you know, and I'm not an expert in it, probably does, probably reduces the number. It clearly doesn't stop the flow very much because we've gone from much smaller numbers to where we are now.

So the question that I think -- and I would say on that, you could make an economic case as well -- that the -- because of these taxpayer effects, that on the economic side, undocumented immigrants are negative for the United States, not positive, okay? But now we're faced with 12 million people here, already here, and to me it's unimaginable, you know, you can show how -- I'll show you how much a non-politician I am -- I'd give them amnesty, okay, in a second. But I would group it with a real pledge that -- the problem is not enforcement on the border. The problem is enforcement in the interior. There is essentially no enforcement on the interior. Unless you actually commit a crime, you're pretty much going to be allowed to stay. That has to -- I think that has to stop and in the future. There has to be a commitment that people who are here without documents, illegally in the future, are in fact sent back. We don't wait for a crime. They are, in fact, sent back. I think a combination -- but I'm like the worst politician in the world -- of resolving the current issue on the 12 million that are already here, but stopping the flow in the future with enforcement on the interior would be the way I would suggest going.

DR. WEST: I mean, I think this is an interesting area just because this is an area where there is so much misunderstanding about what the problem is. Like we have 12 million undocumented people here. Like I think many Americans believe that all of those 12 million kind of crawled across the Mexican border. The interesting thing is 40 percent of those people who are here illegally basically came here legally through tourist visas or other legitimate visas and then overstayed their visa. They just simply came here and then stayed. They did not go home.

And so, for example, you know we put all of this money into border security. We built the fence along the Mexican border. We've added border patrol agents. You know, and that actually is reducing the flow. The Border Patrol Administration keeps annual statistics on this. We actually have a success story. The numbers are down to a 30 year low, so we are making progress on border security. But yet you can have the flow of Mexicans across our border being at zero, there still are a lot of people who are going to be here through undocumented means because they're coming here and then overstaying their visas. The only way to really deal with that is to replace enforcement.

And one of the changes we've seen from the Bush to the Obama Administration is Bush did a lot of workplace raids, targeted the employees, put the onus on them. Obama has shifted that onus and is now kind of going after employers and basically putting more of the

responsibility on them. But those are the types of tricky issues that you start to get into when you get into the issue of undocumented.

DR. PERI: Can I -- also in the spirit of --

DR. GREENSTONE: You are legal, aren't you?

DR. PERI: Last time I checked, yeah. So I agree. This is a complicated issue. I just want to introduce two facts that I think we cannot avoid when we discuss this. So one is that I always plot at the beginning of this immigration course I have this graph of immigrants by skills. And there is a graph which does it similarly. So essentially, the U.S. received a lot of immigrants who are very highly skilled relative to native, not too many in the middle, and then a lot of immigrants which are very low level of education. The part that comes through the official door is the high spike here and many of the people who have low level of education come in undocumented.

Now the problem, the issue, is that what I argue is that there is an economic reason and there is -- and this U-shape form of skills has served the U.S. very well -- and the economic reason for the high demand of low skill is the one that I was telling you. Americans are moving out of some of these manual jobs, but the demand for some of these services -- care of the elderly, childcare, care of the house -- is increasing because the population is aging, because the population is becoming richer, because women are joining the labor force. So to me the crucial thing is

that there is a potential demand for these low-skilled workers, but there is essentially no documented way unless we have it developed in the United States, to enter that market so far. So what I see as the problems of the undocumented need to be solved at the same time as the problem of generating, asserting number of documented visas. So here there is a guest worker program or program for low-educated people in a particular occupation. It seems to me that as long as we don't solve the problem of admitting them, the enforcement only will not work.

The other thing I wanted to say about the undocumented, to add to the point of 40 percent enter, and so how the border is not going to solve everything. There is a recent estimate that on top of this 40 percent, there are another 20 or 30 percent of the undocumented are people who in perspective are going to be documented. So many of them have a brother or sister so they could family reunify legally in the U.S. except that the Homeland Security has a backlog of 20 years. And so these people will essentially eventually become documented. If the system was working like this, they would already in a sense be documented. So the problem is complicated because then people say, oh, these people have violated the law and so they need to pay and that's correct in many cases. In many cases the situation is there is some gray area of some people who stay here and work and then they become actually documented out of people who go back and forth.

So I see this issue so very much connected with the labor demand issue and how to solve this supply or labor supply of low skilled, that solving only that one I think will not close this topic.

DR. GREENSTONE: Thank you. Okay, so we thought we would open the floor to questions. You can have at three truly world-class experts, and you should give them hell. So I think Bob would like to start by asking a question.

SPEAKER: You said that in California there was a net loss of (inaudible). Does that include the revenue from the businesses of the low-skilled workers (inaudible)?

DR. WEST: Yeah, it includes everything. Incidents of property theft, any tax or any source of revenue, any source -- includes everything.

DR. GREENSTONE: Okay, there's a question here in front.

MS. ORCHOWSKI: Thank you. I'm Peggy Orchowski from California. I'm the Congressional correspondent for the *Hispanic Outlook on Higher Education Magazine*.

We talked before, but as you know, the foreign students, they hit the 600,000 mark last year, the first time they are over 600,000. So we have more foreign students now than ever before. The majority of them are graduate students, and they're not all going to -- you named four companies -- they're not all going to form Googles and all that. There is a

lot of sympathy in Congress for giving green cards to them and, as you know, not only two-thirds are in that STEM field and many of them want to stay. Many departments, including mine at the University of California, 100 percent of the research assistants and teaching assistants are foreign students because they can only work on campus. So American students are being deprived of the chance to get a research assistant or to get a teaching assistantship because the foreign students basically own them and most professors admit this.

You know, the big question for a lot of Americans is why aren't American kids studying? Are we really favoring foreign students? So many of them pay three times more tuition, too, than Americans. Is there a bias? Of course, the questions here are, you are not talking about the American worker, but there are as a huge impact on the American worker on many of the things you're talking about. So why aren't Americans studying?

The other question is on the other end, there's been a lot of bills by Diane Feinstein to open, to have really good agricultural bills, agricultural jobs filled. They're called ag jobs. Almost always they've been stopped by the Hispanic Caucus because they want a pathway to citizenship added to these. And my question is, if farm workers and low-skilled workers are legalized, now they have a chance to do jobs other than farm workers. If they become Americans, aren't they going to

become like every American? They aren't going to do those kinds of jobs. So who are going to do those kinds of jobs?

DR. WEST: On the STEM subject and why American students are not studying there, I think you're perfectly correct to point out that the high skilled worker problem that the United States has is not just a function of immigration, that it's a problem we ourselves are creating in the sense that our students are not going into those fields. So then the question is, well, why aren't American students studying science, technology, engineering, and math? And when I talk with my friends at Brown who were in the physics department or chemistry or biology or engineering, you know, they're hard subjects. They're topics that require years of training.

I think when you look at our secondary schools, this is a problem of the weak secondary schools that we have that are not kind of teaching those subjects in a way that encourages people to come into the fields. There's a particular issue in terms of attracting women into these fields. It's been -- these have been male-dominated fields and women have faced some barriers in terms of getting entry into them. So I think we do need to kind of think about a STEM strategy that would lower the barriers, improve secondary education teaching of these subjects so that then when someone hits college as an undergraduate that they start thinking about these topics in a more serious way than they do right now.

DR. PERI: Can I answer the question about the agricultural worker? I think -- I mean, so there is some work on what impact would have legalization on the opportunity, the employment opportunity, of undocumented. And some people find some effect. But I think what some people find is that most of the labor market positioning of these people is linked to their skills. These people are at a very low level of schooling, and they don't speak English very well, and they're very hard workers essentially. On the other hand, it's very hard to find a native worker with this combination, a U.S. born. And so when there was this decrease in agricultural work come in, I had this friend in California who owns vineyards, my economist says, telling that year they couldn't find anybody who harvests and they could increase the wage a little bit. They had to increase all the way to the level in which it was not for them profitable any more to do that.

So in a sense I think that legalization on the perspective would not completely change the perspective of these people. But, on the other hand, I see why it sort of if you want to help these people, the Hispanic group who wants them to have a pathway to be a resident as the others. So I think that regularization will not change too much. In the short term, for sure, the labor market perspective of these people, but will change their life perspective very much, yes, because they're finally --

DR. GREENSTONE: Okay, I think we have time for just two

more very quick questions. We have very important coffee time outside.

SPEAKER: Judd Harriet, documentary filmmaker. The immigrants that I've come in contact with -- you were talking about undocumented, unskilled -- is purely a cash economy. They're paid in cash. They don't pay taxes. They send their money home to their families. To what extent have you been able to capture this sector in your research? And to what extent does it influence your results?

DR. GREENSTONE: I think that's a fantastic question. Either Jim or Giovanni, you want to answer that? Jim?

DR. SMITH: No, it is a good question. One of the things that people tend not to tell you when they have surveys is that they're here in the country illegally. They're not offering that piece of information. But we know enough about the, you know, where these people are working, what jobs they're in, what their skill levels are, that we know that in those types of, you know -- let's say we're talking about farm workers in California, people with sixth, seventh grade education -- we're going to get lots of undocumented workers in that population. So we always have to do it in a sort of backhanded way. And these are the traits and those traits in some of these occupations, 90 percent of people in the occupation are foreign born, especially in California, highly concentrated. So that is the way we learn.

I mean, it's -- if I could wish for a little more information, it

would be, in fact, really documenting how many kids in an undocumented worker, you know, getting -- not having to guess so much when we do the studies.

DR. PERI: So I guess another way of saying exactly what Jim said is that I think what -- so these American Census and the American community survey which is the yearly version of the Census are pretty good at reaching every single person who is resident of the U.S. soil. They estimate that say that maybe the undocumented, given that they move around a lot, it can be a little underestimated or undercounted, however, I think in the last 10 years, from 2000 to this Census we have done big progress. So we are pretty good at counting all immigrants in the U.S. So all the stuff that I -- all my research, all my results, are essentially the impact of all immigrants. And when I talk about low-educated immigrants are all people who are foreign born of low education.

What we're not very good at is in distinguishing who's documented and who's not. In the Census, of course, you cannot because this question is unasked. The estimate we have of that -- look at the Census number and subtract the official number of Homeland Security. So by subtraction and this introduces some mistake, but I would say that all -- we are relatively good at saying all the effect that we were talking about, at least that I was talking about in the labor market, should include all of them because it's on a survey per-person interviews which

don't ask the legal stuff.

DR. GREENSTONE: Okay, I think we have time for one final question.

MS. KORB: Hi. My name is Caitlyn Korb. I'm with the Cato Institute.

We've talked a lot about California, but we haven't talked about Texas at all or it hasn't been mentioned. And theoretically, it would be in kind of a similar situation -- if immigration is really the source of so many problems -- it would be in a similar fiscal situation, and it's light years ahead of where California is. I'm from California, so -- I was wondering if there was anything meaningful to be gained by looking at how Texas handles its undocumented immigrants versus how California has?

DR. SMITH: Yeah, for sure. I use California because that's where we did the study. And Texas would have been the alternative. But another really good thing about the United States is we have 50 states trying to solve these problems. And if Texas is doing a better job than California, then let's learn from it. This is, I mean, the emotions around immigration right now -- it's always been there. That isn't new, but they're really getting a little too hot and, you know, it's starting to get a little ugly I think, but maybe after the election, things will cool down again. But to learn from another state seems the most obvious thing in the world to me.

DR. PERI: I have a quick thing to say specifically on the Texas/California because this was actually the subject of a very interesting study by Gordon Hanson and Matthew Slaughter who are two economists. And they were actually noticing that California and Texas received the same number of immigrant and undocumented, however, the opinion in Texas -- this was in the ’90s -- even the Republicans of Texas were much less anti-immigration. George W. Bush was one of them. And the key -- the thing that they said is essentially, well, Texas is much less generous in many welfare programs than California. Texas is a large government -- is a very small government relative to California and in cross-country study, I tend -- while comparing Europe and the U.S., I also tend to see that countries with smaller governments have less of this public opinion against immigrants because at least the feeling is that there is not so much transfer so they can -- they don’t -- they’re not so much on the fiscal budget of the state. So that can be an interesting difference.

DR. GREENSTONE: Okay, I want to thank our panelists. But before we thank them officially, we have now seeded everyone in this room with 10 facts and probably a couple of more, and our hope is that this will help make the discussion around immigration and policy debate a little bit more fact based. And we’re counting on all of you to take that as your own charge.

So can you join me in thanking our three excellent panelists.

(Applause)

DR. GREENSTONE: I'm very excited to have our second panel which is being moderated by Mark McKinnon, who I think will introduce everyone.

MR. McKINNON: Thanks very much. Well, I'm delighted to be here with such a distinguished group. This issue is so fundamental and so important. We face so many important issues right now when you look across the spectrum, and there are so many challenges that people in public policy and public office are facing right now.

But this issue is remarkable to me in terms of the intensity, the emotion, the fiction, the methodology, some of which Michael addressed in the earlier panel, and in the document.

But I work in politics, and it's just stunning to me that I was first attracted to then Governor Bush in the mid-'90s, predominantly because he was talking about compassionate conservatism and a limited role for government, but very proactive, particularly on issues like immigration. I mean, he had a very immigration-friendly message, policies. And as he began to put together his campaign for the presidency, he was very adamant with those of us around him advising him that he wanted to make this issue -- put it on the forefront of the campaign, despite a lot of people who said that he probably shouldn't. So watching that arc politically and then watching him in office as he tried to

implement the policies and seeing what happened from the late ’90s until today is just a dramatic arc.

I mean, first there was 9-11, which complicated things with the negotiations with Mexico, because it became fundamentally a national security issue. But then increasingly, as the economy began to go south, it became much more of an economic issue.

And then I worked with John McCain and watched John McCain’s campaign. and he was initially quite -- very immigrant-friendly as well in his message and watched his campaign literally melt down over that issue early on. And that’s when, as you recall, it sort of crashed and burned, and his funding dried up, but that was all related to immigration.

And then I spent a lot of time on airplanes going from Washington back to Texas. And I’m always going back on Thursday nights -- or I was -- and would always be with the Texas Congressional Delegation going back, and they would get in my face about this issue all the way back and screaming at me about it, and I was really shocked. But McCain said then, and I’m sure he would say now, that he has never in his whole political career seen an issue as hot and emotional as this one. And so now we’ve seen the present administration grappling with it as well.

So over the course of a decade, we’ve seen this issue evolve and yet go without any resolution at all. And just to put a sort of

final point from the political viewpoint on this in terms of the arc, it's really interesting as we look back to look at what Ronald Reagan did on this issue and to realize that if he were running today, he probably wouldn't get nominated because of this issue.

So that's where we are on the political front. And the political arena is driven by -- you know, fear drives a lot of politics and that's what we're seeing on this issue. And fear usually gets stoked by a lot of methodology, and so I'm delighted to have these panelists here today who really work on the front lines of the practical application where these issues really come to bear: in academia and in the labor force.

So let me start with Dr. Steve Hyman. Steve is the provost of Harvard University since December of 2001 and serves as professor of neurobiology at Harvard Medical School, leading author at the intersection of molecular neuroscience, molecular biology, and psychiatry. Dr. Hyman returned to Harvard after serving as the director of the National Institute for Mental Health from 1996 to 2001.

Doctor, can you just give us a broad overview about what the real impact is on this issue on academia?

DR. HYMAN: Sure. So first, just some background. UNESCO estimates that there are 2.8 million mobile students around the world, that is, students originating in one country, getting experience in others. The main host countries are, in order, the United States, the UK,

France, Germany, and then Australia. And somebody has already mentioned that we have 600,000 foreign students in the United States.

The largest donor countries right now are Asia, India, China, and South Korea, and that pattern has held for a long time, although there's some -- maybe we'll have a chance to talk about the growth of regional hubs in the UAE and Singapore a bit later.

The 600,000 students who come to the United States are extremely variable. Post 9-11, George Vorhoss, a colleague at Harvard, pointed out that the way student immigration works in the United States is that individual institutions accredited somehow, sometimes seemingly magically, were able to organize student visas. And in 2002, there were 73,000 such organizations ranging from, you know, Harvard, Yale, Stanford, and Berkley to schools of beauty, and as we well know, schools of piloting, where Arabic was the most common language.

Students in the United States are now tracked much more closely than prior to that time. There's a system called Student Exchange Visa Information System, or SEVIS as we know it, where there have been some technical glitches. But by and large, you know, this year we only had a few students who we're sure were good and qualified people who didn't make it into the country.

But I don't want to look at sort of the bottom rung, but really at the top. And I'll just start, and we can have more of a discussion later,

just to give you some idea of the importance of immigration for us.

So one very salient example is that the greater Boston area, which includes Harvard, its affiliated hospitals and MIT receives $2 billion a year approximately in competitive funds from the National Institute of Health and additional competitive funds from the National Science Foundation. If you look at the postdoctoral fellows who are in the labs with Harvard Medical School appointments, there are 1,300 such people. These are the people who aspire to become principal investigators, have their own grants, have labs or go into industry. This is a sort of last stage apprenticeship. These are very highly skilled. And of these 1,300, in 2010, nearly 70 percent of them were born outside the United States.

And in the last panel it was alluded to that the United States said we're just simply not producing these students. And, frankly, this is not a crowding out effect. And, indeed, one doesn't really know what to do with this. But the last thing I'll say before we -- I mean, I think that illustrates the centrality of immigration, you know.

For example, in biomedical research, the United States is a leader. But if you look at the graduates of elite private higher education in the United States over the last decade, depending on the definition, something like 40 percent of the graduates went into financial services.

So it's not just that these fields are hard and there's long training, but there's a clear choice being made by the American-born

students. And, frankly, without immigration, our labs would be unstaffed and empty. And so we simply -- we couldn't be innovators. We couldn't be the world leading force, for example, in biomedical science without immigration. And one of the sad things that has already been alluded to is even among the most successful of these individuals, most of them are forced to leave.

DR. GREENSTONE: So we have a situation now where we're exporting expertise that we could be advantageously keeping here in the country?

DR. HYMAN: We are doing that. And the other thing we're doing is many American universities are collaborating, you know, with COTA, with the UAE, you know, this is just -- this is not an evaluative statement, or with Singapore, setting up hubs to develop excellence that ultimately, if you're being optimistic, will increase scientific progress in the world, which is good for everybody in the world. But if you're being a bit focused on American advantage, frankly, when Judge Lambert issued his injunction -- now briefly overturned -- on stem cells, you know, Singapore basically said come to us, we have no such, you know, prohibitions. And so there -- I mean, that --

DR. GREENSTONE: So the market adapts?

DR. HYMAN: The market adapts, absolutely.

DR. GREENSTONE: Interesting. Lydia Tamez joins us, has

come all the way from Seattle, so thank you for coming across country to join us. Lydia directs all of Microsoft's global immigration programs, certified in 1993 as a specialist in immigration and nationality of law by the Texas Board of Legal Specialization.

Tamez guides senior management in formulating U.S. and global immigration policies and practices for the company. She also operationalized volunteer advocates for immigrant justice, a volunteer effort now in its fifth year, which represents asylum seekers and other immigrants, including unaccompanied children, held in immigration detention facilities in the Seattle area. As part of her responsibilities, Tamez oversees Microsoft's pro bono participation in the program.

Lydia, thank you for being here. I'm interested in the general question about how this impacts you, the technology sector, companies like Microsoft. But specifically let me ask you, there's a widely held perception that visas for highly skilled workers are too easy to obtain and just allow employers to substitute low wage foreign workers for higher wage American workers. Is this myth or reality? And why do you need foreign professionals in the first place?

MS. TAMEZ: First of all, thank you for the opportunity to get to speak here today. How we address the issue of high-skilled immigration and these workforce issues will have a dramatic impact on who we are as a country in the future, you know, what kind of economic

and intellectual strength we bring to bear, and how we compete globally, generally.

Let me start with your last question of why do we need to hire foreign professionals in the first place. The answer is a simple one, but it's counterintuitive. We need to hire foreign professionals in order to -- because it's good for our American workforce. And you may answer, well, why is that? You know, when I look at Microsoft, what makes Microsoft great is our extraordinary workforce.

And we need to hire the best talent in the world in order to make the country great and to really add to that extraordinary workforce. We need to be able to grow our American jobs.

Microsoft is a major creator of jobs. Up until the -- in the 3 years before the current economic downturn, we had increased U.S. jobs by 40 percent just in that 3-year period alone. And every year since the company was created 35 years ago, you know, the company has added jobs.

The vast majority of the jobs in the U.S. are filled by U.S. workers. Microsoft would prefer to be able to hire even more U.S. workers, but as we've been speaking about today, there just are not enough American workers to fill the kinds of jobs that we need.

As a company, Microsoft has invested very, very heavily in education, and particularly heavily in the education with regards to

science, technology, engineering and math. But our efforts so far haven't yielded fruit, it's going to -- it's a ship that's going to take many years for it to turn. We just are not getting the -- enough American students graduating from the institution.

So Microsoft, along with other U.S. companies, universities, research, hospitals, will need to continue to look beyond our own shores in order to find the best talent available.

I want to be clear, though, about our talent philosophy, and that is that even if we are able to turn the ship and start yielding, you know, even more students graduating from our universities in engineering and science and technology and math, we're always going to need a small complement of foreign workers. You know, Microsoft is great because it's a company that has great ideas from people from all over the world. I think that we should always strive to bring the best and the brightest, you know, to any task at hand.

And it's really not a one-to-one equation. It's not a U.S. worker versus foreign worker equation. The more smart people that we have, the better a company that we are and the better the country is.

Is it easy to get a visa for a high skilled professional? No, that's a myth. It's very difficult. If you look just at the green card process, if I want to sponsor somebody to become a permanent resident because we want to hire them permanently, it's a process that takes a decade very

often to be able to sponsor somebody.

The first step of the process is to sponsor somebody. Generally we have to sponsor them for a labor certification wherein we have to prove that there aren't enough American workers willing, qualified, and able to do the job that we're hiring that foreign worker for. That step alone is a two-year -- generally a two-year process. And that's when the delay really begins, because once you're able to get through that step, then you're having to deal with a normal, you know, the USCIS portion of the process. And the way the system is set up, the way Congress set up the system more than 2 decades ago, it's a system where there's an allotment of only 140,000 employment based green cards available each year.

That may seem like a lot, 140,000, you know, employment-based green cards, but it's actually a very small number, because that 140,000 is for every category. It's everything from diplomats to outstanding researchers, to investors, to people that get sponsored through the labor certification process.

And to top it off, that 140,000, it doesn't include family members. Within that is encompassed the family members. So if I am married and have 2 children, I use up 4 numbers of that 140,000. And then the process is even more complicated because no country can get more than 7 percent of the green card numbers.

So if I'm from Austria, I get the same percentage of numbers as somebody from China. So right now, if I am somebody with a -- getting sponsored, and I have a master's and I'm from India, that process is four and a half years. If I'm getting sponsored for a position that requires only a bachelor's degree, that's seven and a half years. So it really is a decade-long process to sponsor people and it's not very difficult to connect the dots. When you have a process that's taking 10 years to go through, it becomes much more difficult to make coming to the U.S. competitive.

Even for those numbers of students that are graduating each year, you know, whether they choose to remain here and use the education that they gain here, you know, they're really two separate issues. Just because they're coming in and getting educated, that doesn't mean that they're going to remain here and continue to work for U.S. companies because our process is not friendly.

In fact, what we're hearing is we're losing, you know, students at the front end, people not wanting to become students, because they already know that it's going to be much, much more difficult for them to become green card holders, so that it really -- you know, there really isn't a long-term future for them in the U.S.

So either they have to make a decision to just come and study and then leave or, you know, they're signing up for a decade-long

process. But we're losing these individuals. We're losing them at the front end and at the back end.

DR. GREENSTONE: Can you quantify that at all in terms of what that means for Microsoft, for example, in terms of people that you might be losing or the impact on the company?

MS. TAMEZ: You know, in terms of the impact on the company, well, I mean, it's very highly competitive to get the best and bright talent up front. But, you know, in terms of what makes it difficult is there are other parts of the system that are broken as well.

For example, you know, we're finding that we're losing a lot of even our current visa holders today, and they're choosing to leave and return to their home countries or to other countries because their spouses can't work while they're in the U.S. So if you're here on an H1B visa, your spouse can't work. And when you're looking at a process that's taking 10 years to go through, the fact that your spouse can't work for those 10 years is extremely difficult for that spouse.

What we hear from our employees, and we stay very, very connected to our employees, is that this is the single most difficult issue for them, the fact that their spouses can't work. You know, for those spouses, they're suffering from the normal human suffering that comes from losing their value. Most of those spouses are, in their own right, highly educated. They're doctors, they're engineers in their own right.

And not being able to work, for them, brings along that depression and anxiety that comes from not being able to add value.

But in terms of the household, it's creating a lot of issues for the visa workers. Even if they're earning a healthy salary working at Microsoft, you know, it's still difficult to buy a home in the Seattle area. Houses aren't cheap in the Seattle area. And, you know, making those decisions to buy a home or, you know, buy a second car, you know, they become difficult life decisions.

So, you know, I just heard from one employee whose spouse just did get a -- they just got their green cards and the spouse is now able to work, and she started up her own business and created 10 jobs for other Americans.

We're losing the value of those other potential workers and the value of people buying homes when the spouse work issue becomes so difficult, and when the green card process is a 10-year process.

DR. GREENSTONE: That's a really interesting angle. To my left, both geographically and politically, is one of the most -- the foremost union leaders in the country, and this is John Wilhelm, who has a long history in the labor movement. He's president of the Unite Here. He has an established reputation as an innovative union leader. His career has been characterized by creative organizing and corporate strategies, a strong commitment to rank-and-file member participation, reaching out to

workers across ethnic and language barriers, and building positive, mutually beneficial relationships with employers.

He's negotiated many excellent collective bargaining agreements on behalf of union members and has a history of tenacity when conflicts have arisen with employers.

So you are really on the front lines. This is where most of the debate really focuses. And can you give us an idea about the impact on your workers and mid- and low-level workers across the country?

MR. WILHELM: I was really pleased to hear Bob Rubin and his introductory remarks talking about the importance of both high-skilled and low-skilled immigration. I think we make a big mistake when we split it up. In my own industry, the hospitality industry, we couldn't open the doors in the morning in the hotels and restaurants of America without continued immigration. That's always been true in the hospitality industry. Our union was founded in 1891 by -- at a convention which had two African Americans, uncommon in unions of that day. We were proud of that, and 29 other delegates from the countries -- the sources of immigration of that day, from different parts of Europe, for the most part. It's always been the nature of our industry.

But as one of the people on the earlier panel said, there are lots of things you couldn't do in America without continued immigration. Look at health care. Anybody been to a hospital lately? Who are the

doctors? Who are the nurses? Who cleans the floors? Anybody been, as the doctor said, into a biomed lab, which is the driving force, the economics of most major American universities and hospital teaching centers today? You literally couldn't open them up without immigrants.

So I think we ought not -- and you can go on down the line in most industries. I think we ought not chop this up into, well, let's try to get a little something extra for the high-skilled people, let's try to get a little something extra for the agricultural people. We ought to tackle this as a nation.

As a Democrat, I revel in the phenomenon that Mark was talking about earlier, the political phenomenon. As an American, I find it appalling and frightening. As a Democrat, I think it's great because, you know, somebody mentioned Prop 187 in California on the earlier panel. Well, if you look at California politics, California was a swing state, if not a Republican state, before that.

The Republicans and Governor Wilson were the drivers of Prop 187. It passed, of course; nullified most of it. And what happened? California turned blue, and it turned blue substantially because of the awakening in the immigrant community in that state that Prop 187 caused. Now, you can think that's good or that's bad. As a Democrat, I think it's great and I think that the --

DR. GREENSTONE: So much for President Pete Wilson,

right.

MR. WILHELM: Well, absolutely. I think the know-nothing elements in our political system today, the majority, not all of which are in Mark's party -- and Mark was one of them, you know -- they're on the verge of accomplishing the same thing nationally. So as a Democrat, I'm thrilled. But 10 years from now, if the know-nothings continue, the Democrats will be in great shape. But as an American, I think it's appalling. And I don't really want to spend too much time in my own limited time on the economic case, I think that's been made very well.

And by the way, I want to say to The Hamilton Project, not only am I appreciative of being here, I think that publication is superb. I plan to send it throughout the American labor movement because I think, you know -- Bob Rubin said to me earlier that it's a debate, like many debates in our society, that goes on, at least the public gets fact-free. Well, I think that's a very good job there.

DR. GREENSTONE: But we live in a post-fact era, right.

MR. WILHELM: I guess so.

DR. GREENSTONE: Adding some substance to the diet.

MR. WILHELM: But I want to say something in addition to the economic case. And I think, from what I've heard today and from my own views, the economic case is clear. I think there are two other things that need to be said. We are so historical in this country. We are once

again seeing, if we'll just open our eyes and turn off the television, we're once again seeing the revitalization of American life ranging from big cities to small towns. I spent some time in Eastern Iowa recently. Little towns and places like that are being revitalized, once again, as has happened throughout our history, by new immigrants.

You know, there's this great cartoon that shows a Native American standing on the shore and watching Columbus approach and saying, these people are illegals. What do you think we should do? I mean, it is the story of America that we don't seem to remember that we are perpetually revitalized, certainly economically, in terms of our cities and towns. Culturally, I mean, think about arts and letters in America and where it would be without immigrants. It's as bad as the economic situation would be without immigrants.

So I think the case is certainly economic. I think it's far broader than that. Only three major American cities lost population between the 1990 Census and the 2000 Census, and all three cases was because they had proportionately not very many immigrants as compared to other cities.

And if you look at the boom in cities, it's not being driven by condo towers, particularly since you can't sell them now. It's being driven by immigrants revitalizing those cities, which waves of immigrants did before them. I was at a funeral in a Catholic church in New Haven,

Connecticut, a couple of weeks ago, and all the stained glass -- a beautiful Catholic church in a working class neighborhood -- all the stained glass windows had been donated by Irish people, who were replaced by Italian people, who have now been replaced by Hispanic people. That's America. We all came from somewhere. So I think culturally, in addition to economically, is an enormous case to be made here.

And finally, I think there's an enormous national security case to be made here. After all, what is it that knit together the United States and Europe, particularly in World War II, in that whole era? It was the ties, I would argue, not between the elites and the bankers, although that helped, but it was the ties between ordinary people who had not only memories, but relatives in the European countries. That's what tied this together, I believe.

So here we are in a much different world. Why is it we wouldn't let those Chinese graduate students in those labs stay there if they want to? Wouldn't that help us integrate with Asia a heck of a lot better than by trying to build taller and taller fences?

And I think the same is true in Latin America. We have terrible national security problems festering in Central and South America. Well, the ties between the people who call themselves residents of the United States and the people of those countries are critically important.

Remittances, the money that immigrants send back to their

families in their home countries, are economically very important in those countries and those ties are incredibly important.

We did a survey of our Haitian members in Florida in the wake of the terrible disaster there, the earthquake, and one of the things we tried to get at was, what kind of aid did they think would be the most helpful. They were not enamored, and others have made this point, with many of the relief agencies and the government agencies. They thought the most important thing would be if they could earn a little more money so they could send more money back in remittances so their families back in Haiti could rebuild. Those kinds of ties, I think, are ultimately more important to our national security than taller fences and newfangled gadgets at airports.

And then finally -- so I think that's the broader case. I think it's certainly economic. I think it's cultural. I think it's in terms of the revitalization of our cities and towns. And I think ultimately it's important for our security in this tiny world we suddenly live in. At my age you can say suddenly.

And I would just like to say one final thing. I think that the difficulties of straightening out our immigration policy have been overly complicated by people who don't want to face what I think is the simple reality, it's the failure of leadership here.

Now, in the political world, you know, I remember John

McCain when he used to be John McCain, and he was great on this issue. And Mark is 100 percent right, people like -- and he left himself out, people like Mark, people like George W. Bush, people like Jeb Bush, people like Carl Rove, there are people in your party who get this, partly as a human proposition, but as a political proposition.

You all have been drowned out for now, and I hope that's not permanent. The American half of me hopes it's not permanent; the Democrat half of me hopes it is permanent. The Democrats have become more timid, although on balance, Democrats are much better about this, including the President, than others. I said "on balance."

Now, if the political sector isn't going to do the leadership on this, why is not the business community? A number of us in the labor community work very hard. The labor movement in this country has a history of being nativist. Beginning about 10 years ago, a number of us worked hard to change that. And if you listen to the speeches today by Rich Trumka, the president of the AFL-CIO, on this issue, they are wonderful. He talks about inclusiveness. He talks about reforming our policies. He talks about the economic importance. He is great on this issue, as are most labor leaders. Where's the business community? The business community, understandably -- and it is understandable whether I agree with it or not -- is exercised in the political sphere about taxes, about labor policy, about a whole bunch of other things.

In 2007, that bill was not remotely perfect, but it would have been a step forward, a significant step forward. The immigration bill had failed in the Senate in 2007. The business community was drawing lines in the sand, with republicans especially, but also with modern Democrats, about taxes, about labor policy.

Immigration, the business community just said, well, you know, it would be pretty good if we fix that. The academic community, the business community, and the labor community have got to provide the leadership on this issue. And if we all did it together, we'd blow through all this political nonsense, in my opinion, because it is nonsense. It's fed by this garbage on the 24/7 cable news, as is so much else, but that kind of misinformation and myth relies on division in the leadership of our society. And if the politicians are not going to lead on this, and they're not, at least in the near term -- or at least the bulk of them -- why are not unions?

And we're ready, by the way in the labor movement. We're ready to do this. So the business community and the academic community and other thought makers in this society, why aren't we all standing up together and saying, look, this has to change? For the sake of America, this has to change.

I think when you cut through all the complications and all that, and the facts are great, which is why I like that book, this is a failure of leadership, in my view.

DR. GREENSTONE: It's a great observation and a great idea. Let me just ask you a quick follow-up, which is the fundamental question and debate you hear out there all the time in the political arena, which is that these immigrants are taking away American jobs.

MR. WILHELM: If we were to both magically and stupidly wave a wand and stop immigration to this society, jobs would disappear. You cannot -- statistically, demographically, you cannot grow the American economy without continued immigration, and I would argue both that the higher skilled levels and at the lower skilled levels, you literally cannot -- just look at the demographic facts.

The native born American population will shrink, is shrinking already, and will continue to over the next two decades. So how do you grow an economy in that circumstance? So I think the idea that immigrants and immigration is somehow taking jobs away from native born Americans is a know-nothing argument. And I recognize a lot of people think that, but I think it's because, once again, the leadership of this country, broadly defined, as I just did, hasn't stood up and talked about the facts.

Where is the United States Chamber of Commerce? You know, they say nice things about immigration reform, but where are they in terms of spending $100 million, as they're doing right now for other reasons? Why not, when the election is over, why not spend $100 million

explaining the realities of our economy and immigration and the need for continued immigration and the fact that we're going to have more jobs if we have a reasonable flow of immigrants, and we're going to have no jobs if we don't? We have members of our union who work at Harvard University; they serve the food. And there's members of other unions who clean the floors and do things like that, and there's members of other unions that represent the clerical employees at Harvard University. If it wasn't for what's going in those biomed labs with all of those immigrants, half the people I just mentioned, including half the people that are in my union that work at Harvard, wouldn't have jobs.

The same thing at Yale. We represent 6,000 workers at Yale University, half of them would be gone if those labs weren't doing what they're doing. So I get, especially in times of economic stress -- and believe me, our industry is absolutely hammered. We have at least 25 percent of our members still laid off. This notion -- somebody announced the end of the recovery. Well, we missed it, believe me.

So I don't mean to belittle at all the terrible fears of people who may never get a job again depending on their age. But that's why we need to tell the facts, and we need to do it as a unified American leadership rather than allowing it to be made into a partisan issue. It's not a partisan issue.

DR. GREENSTONE: Well, it shouldn't be, that's for sure.

And I will join you in calling on the chamber to spend $100 million on immigration after this election.

MR. WILHELM: And I bet they'll listen to the two of us. (Laughter)

MR. McKINNON: Dr. Hyman, can you pick a little bit on what he's saying?

DR. HYMAN: Yeah, yeah. So, I guess the one thing I would add is that the two billion or so that the Boston area gets from the National Institutes of Health based on competitive peer review goes to buy, you know, equipment. It pays not only these workers, but it generates -- we -- all universities do these analyses. Maybe we do them a little in our favor, but it -- clearly this kind of innovation generates secondary employment by -- through patenting and licensing and biotech startups. And maybe the greatest example of that -- of not biotech, but of startups -- in recent history is Silicon Valley -- sorry about that, in Palo Alto. And if you look at universities as hosts of foreign students, Harvard ranks first nationally with about 4,000, which is about 20 percent of our student body; Stanford ranks second and, you know, the home of Silicon Valley, and we know there are a lot of international people there.

So, it's -- there's a complex tradeoff. As you said yourself, there are some people who are -- feel that they're going to be unemployable for the remainder of their lives, but it's -- no case has been

made that the kind of innovators that we're talking about or the secondary effects are what are crowding those people out of the labor market.

And, again, I know you -- we've been talking about immigration across the board, and I just, again, given my -- the what my -- what I'm in the business of doing --

MR. McKINNON: Sure.

DR. HYMAN: -- we're looking at the high end. Here's another interesting -- I mean, here's an interesting fact about immigration and our absolutely unapologetic desire to have the very best people. And this is true, you know, Harvard, Yale, Berkeley, Stanford, all these universities that help make America great just unapologetically we want the very best people, because these are the people who are going to do the best job and be innovators. And for those of you who -- you know, I hope everybody is well, but if you ever need a surgeon, you probably don't want the guy who got a C+ in medical school or went to an unaccredited offshore medical school. Harvard Medical School has a 4 percent admittance rate, okay? Ten years ago, as a result of that, there were essentially zero foreign-born individuals enrolled in Harvard Medical School. And again, given the stream of talent that we are seeing from across the world, in 2010, 25 percent of the enrolled students at Harvard Medical School were foreign born, and a very high percentage of the rest were first generation, that is, the children of immigrants.

And so, again, I just see in the kind of positions that are -- that create value, we just -- and if we really are a true meritocracy looking for the greatest innovators, the best people, we just couldn't do without it.

MR. WILHELM: And, Mark, if I may just real quick add to that. Darrell West that -- who talked earlier about the shortage of American-born students who want to study science technology, engineering, and mathematics. But you can solve that in one generation or two at the most. Very simple.

First, the children of immigrants who are coming into this country, particularly but not only from Asia, are going to study those things.

MR. McKINNON: They are.

MR. WILHELM: So, the more that come, the more will study it.

Secondly, if we want those graduate students who come here to go to school, you know, they won't all stay. I go to a lot of discussions with the Chinese graduate students and postdocs at Yale, and if they were allowed to stay, maybe a third to a half would stay, depending on how the government over there looks at it. But some proportion would stay and their kids will study those same disciplines.

MR. McKINNON: And to that point, you foresee that we continue reliance on immigration to keep our labs up to speed?

DR. HYMAN: Yeah, absolutely. The trajectory -- despite the very dramatic bump in the road for the financial services industry, we do not see a reapportionment of American-born talent back into, you know, biology or physics. They're so a very, very strong urge to go into financial services, and we remain highly dependent on immigration.

Statistics are always better than anecdotes, but despite my day job as chief academic officer, I teach one upper level neurobiology course every year. And I have to tell you that the makeup of the kids who are, you know, concentrating in the brain sciences at Harvard is very much skewed toward immigrants or first-generation kids, the kids of immigrants. So, I have a seminar this year. A little lazy, I teach a seminar instead of a lecture with 15 kids, and 9 of those 15 kids either were born elsewhere or their parents were born elsewhere. And that's very, very different than the Harvard of 20 years ago, and these kids are fantastic and we want them.

MR. McKINNON: Is it really cheaper to hire foreign workers?

MS. TAMEZ: That's a myth to add to our list of this -- the -- both work visa processes, the H1B and the green card process, are heavily regulated by Congress. And it's critical that for -- to be sponsored for a work visa, and in the green card process, that you have to prove you're not -- that the visa worker is earning the higher of the actual wage

or the prevailing wage for that job.

In addition, you would think that because it's heavily regulated, I mean, their risk -- if you don't comply -- just this year a company in Georgia was fined over a million dollars for some -- for wage compliance issues related to their H1B problems.

You know, you would think that if it was cheaper to hire a foreign worker than it is to hire American workers, then the supply of the H1B visas would get more quickly used up when the economy is bad as are, you know, when it's in -- having trouble as it has been. In fact, you know, the supply of the 65,000 H1Bs is, in fact, still available right now. There are H1B visas still available, which is counter to what you would think that if it was cheaper to hire foreign workers that, you know, people would be rushing to hire more H1Bs. But, in fact, there are H1Bs that are still available.

You see the same trend with regards to the intra-company transferee process. In 2008, 65,000 L1 petitions were requested; in 2009, it got cut. There were 10,000 less that were requested, and it's projected to go even further down another 10,000 from that, so in total 20,000 down from 2008 in terms of the demand. So, you see the same trend in both the work visa, the H1B, and the intra-company transferee that in fact if it -- that there is less demand for those visas which is kind of counter to the idea that it would be cheaper to hire a foreign worker.

MR. McKINNON: Let me ask a question for all the panelists, and then we'll probably go to Q&A.

John, there's so many different pieces of proposals and legislation that are floating around, but in terms of your world, if you were running the show, what would be the most important priorities to get done?

MR. WILHELM: I think the 12 million that are here -- I mean, I argued that there were several dimensions to why this issue is important. I left out and don't want to leave out the moral one. Maybe that's not fashionable these days, but, you know, we see in our membership and in the communities in which they live every day families being ripped apart. There's some kind of mythology that there's the documented people over here and the undocumented people over there. Immigrant communities don't work that way; they're intertwined, often in the same families. There are -- it's very common for some people in a particular nuclear family, let alone an extended family, let alone a community to be documented, others not to be documented. We see families ripped apart every day.

When the Obama Administration, which has a position with respect to comprehensive immigration reform that I agree with and that the labor movement agrees with, nevertheless has deported more people by a long shot than the Bush Administration or any previous administration has, and it's -- the human and moral toll is frightening. We see it every

day in our membership.

There is no political proof that I've seen, Mark, for the proposition even though I think it's -- it must be the proposition that the administration is pursuing that if you act really tough and deport piles of people, then have all kinds of technology at the border and all that, that, therefore, anti-immigration people are going to be amenable to comprehensive reform. There's no demonstrable evidence to support that.

So, I think we've -- if I had my magic wand, which I seem to have lost -- or never had -- I think we've got to legalize the people that are here. Call it amnesty. I don't -- I'm not shy about saying "amnesty." I mean, we have a completely broken system. And then I think we've got to regularize, to the extent we can -- we've got to try to calibrate, to the extent we can, the inflow at various skill levels with what the market demands.

The AFL-CIO has a proposal, which I happen to think is a very good one, to have a commission, perhaps analogous conceptually to the Base Closing Commission, that would work with the stakeholders in the economy to try to figure out what that looks like in terms of future flow. I guess today we've got to be humble about that though.

Being Americans, we tend to think that everything is centered in the United States. But actually we're in the midst of the

biggest movement of human beings in global history. They don't all come to America; they're moving all over the globe. There are a lot of reasons for that, which we don't have time to rehash. But as long as we're the richest country in the world, or even if we've become the second richest country in the world after a while, people are going to want to come here, and I think we have to be humble about our ability politically and technologically to effectively regulate future flow. I think we should try, and I think it should be market based, and I think it should be insulated in the way that the Base Closing Commission is from the immediacy of the political process. But we've got to do something about the people that are here. It is criminal.

I believe that if we required every member of the House and the Senate to be chained for a week, 24 hours a day, to people who are going through these issues in the immigrant communities, I think they'd all vote for amnesty next week. Even the fringes.

MR. McKINNON: Another good idea. Your magic wand.

DR. HYMAN: Oh, my magic wand. Before we get to immigration. I mean, again, if -- an important focus is American competitiveness, generation of jobs. We've got a -- we can't separate a whole bunch of issues. We do have to improve our K through 12, re-glamorize those areas like math and science, but also just fluent writing that are required to be important contributors in the modern global

economy. But then just something that to me seems very straightforward is to be welcoming and to give proper long-term visa status, perhaps a green card, to anyone who graduates with a PhD degree in the United States, again, you know, with all the right background checks, but I think the point that was just made that we assume that we're a magnate and people will jump through hoops of fire to stay here is no longer true.

Just another anecdote. I was visiting a new biotech park outside of Shanghai in the Pudong part of Shanghai a year and a half ago, and four global pharmaceutical -- you know, multinational pharmaceuticals had set up. They're not contract chemistry or clinical trials but actually fundamental research. And I ran into a guy I knew was a fantastic scientist who had been born in Shanghai. He was never going to go back because his kids live in the Boston area. They don't speak Chinese. I mean, they were never going back. But there he was, because the opportunity was so extraordinary. We can't take it for granted that the world doesn't have the same strategies we have, and we need to -- we really need to hold on to the very best talent.

MR. McKINNON: That's a really interesting insight.

Lydia?

MS. TAMEZ: My magic wand, I think that -- I echo the concerns about the future flow. I think that, you know, we need to be sensitive to the fact that we need to -- we'll always need, A, to

complement our U.S. workers with foreign workers in order to be competitive, and competitive globally, and always seek out the best and the brightest. So we need to be able to make sure that we don't break the process even more, making it even more difficult to be able to complement your U.S. workers with foreign workers in the process of fixing the immigration system. We don't want to make it even more difficult to be able to attract people to work at our companies.

I think that I want us to be sensitive to the ability to continue to create a path for permanent residency. I would probably be a little bit more generous than just PhDs and say, you know, we should be stapling to people that have -- that graduate with a master's or a PhD.

DR. HYMAN: I wouldn't argue. I wouldn't argue.

MS. TAMEZ: So, perhaps a little more generous.

MR. WILHELM: Do I hear a B.A.?

MS. TAMEZ: No, no, no. I'll be fine with those, with an advance degree. But I think that both of those issues are critically important.

MR. McKINNON: Terrific.

So, I know we have a lot of questions out there. I'd love to go the floor, and we've got somebody with a microphone? Do we? Okay. And if you could just state your name and perhaps just let us know if you represent any organization, that'd be great. Okay.

MR. HARRIET: Judd Harriet, documentary filmmaker.

Dealing with the current stock of undocumented immigrants is one thing, amnesty or whatever. But in future time periods there will be an additional flow. What do we do to prevent that? What measures do we take to stop that? Any comments?

MR. McKINNON: Start with John?

MR. WILHELM: Well, look, as I said, I certainly agree that it would be unrealistic to pretend or act as though there isn't going to be future flow. There should be future flow. I think it's economically and in other ways that I mentioned beneficial. I personally think the notion of an independent -- I think the word "bipartisan" doesn't work anymore, because there's different partisans -- transpartisan, more than two partisans. But anyway, a panel that's somewhat insulated to try to figure out future flow based on facts is -- to me has a lot of appeal. I think there could be some rational study of issues like are being raised by Microsoft and by Harvard here, which are important issues.

But I also -- what I was trying to say by saying that we have to be humble about the future realities is the story of our country from its very founding that people have wanted to come here, and people are going to continue to want to come here, and I think we should do the best we can to control the flow of people and to rationalize it and to make it economically sensible. But I'm a skeptic, and I'm a skeptic that we can

somehow shut down all immigration except that which we say we want regardless of whose solutions you have. If you have comprehensive immigration reform or if you don't. If you have a fence on the rest of the border or there isn't one yet or you don't. I'm just a skeptic. I think human nature is that people who are driven from where they are by famine or poverty or religious or political oppression or by disease are going to want to come here. I think we ought to try. But I also think we ought to be humble about the realities.

MR. McKINNON: Yeah, I'm actually to the left of John on this. I'm a -- I think we ought to just let everybody in under almost any circumstances. Hopefully there's some sort of biometric ID'ing sometime we can do in the future, sort of -- I think we need to bring people in out of the shadows. People are going to get here if they want to be here. I think fences and other border security ideas are destined to fail.

Anything you guys want to weigh in on this?

Okay, next question. Here?

MR. CHEN: Chow Chen, free-lance correspondent, (inaudible). I have heard that most returning Chinese student are working for American company. So to talk to Hyman, does Harvard going to set up research and lab in China? And to Ms. --

MS. TAMEZ: Tamez.

MR. CHEN: -- Tamez, I'm sorry, and does Microsoft have a

research lab in China already?

MS. TAMEZ: Yes, they do.

MR. CHEN: And to Mr. Wilhelm, really American hotels are front runner. American hotels said -- American hotel all over the world. Thank you.

DR. HYMAN: So, the issue of setting up labs and satellites is rather complicated. Our university has more collaborations in China, not only laboratory-based collaborations but in the humanities and social sciences, than any other university.

In terms of any sort of fixed institutional collaborations, we do have, led by Harvard Business School -- because of the importance of what's happening in Shanghai -- we do have a teaching and learning -- an exhibition space in Shanghai. Unlike a lot of other universities we have the policy of not setting up fixed collaborations because we worry about long-term quality control, but many American universities are setting up international satellites for reasons -- mostly for legal and bureaucratic reasons. Very little in China right now. Singapore is working very hard to attract elite American and British collaborators to help them start their efforts in the sciences and are doing so very, very successfully.

I think the situation in China is quite different where there is an enormous homegrown talent pool, and right now there's much more fluid collaboration than fixed laboratory satellites. But this goes to the

issue of, you know, the -- there are these huge talent pools in China, talent pools in India that already -- where people speak English, and elsewhere. And again, from the point of view of global human goods, spreading the productivity of that talent around the world is a wonderful thing. From the point of view of American competitiveness, we'd be fooling ourselves if we thought that -- if we are unwelcoming or different or keeping people out that we will continue to be a magnate for global talent.

MS. TAMEZ: To answer the question, yes, Microsoft has both a research and development facility in China. You know, in terms of things that we need to do as a country, we need to be sure that we are able to continue to be sensitive to the need to make the visitor visa be one that allows us sometimes to be able to bring these visitors in to the U.S. to attend conferences and meetings. Sometimes we do have difficulty even for our own employees that are in our China research and development facilities to attend a conference that we might hold in Redmond Worldwide when we're showcasing all the great, wonderful research that's being done across all of our research and development facilities around the world, and so great work being done in China at our China research and development. And, you know, sometimes we don't always get the chance to showcase it because of difficulties in -- sometimes the use of the visitor visa to attend your conferences and meetings.

MR. WILHELM: Well, it is true that so-called American hotel

companies -- although I don't really think they're American; I think they're global entities -- they're spaced throughout the world; their particular growth areas right now are India and China. My union represents the people who work in the North American hotels. There are unions in China and in other countries, and unfortunately the American-based hotel companies are seeking to export their labor relations policies, which probably won't get them too far, particularly in China. But they're growing like a weed all over the world. No question about it.

MR. McKINNON: We had a question right here.

MR. VEDANTAM: I'm Shankar Vedantam with the *Washington Post*. I've been -- question directed to Mark and perhaps to John as well.

I've been interviewing people in the Tea Party movement the last few days, and many of them tell me that Republicans such as yourself, Mark, have sort of drawn the wrong lesson from Pete Wilson and Prop 187. So, Governor Wilson was heading for defeat in the mid-1990s before Prop 187, and in 1994, he won in a landslide after Prop 187. If John McCain had stayed the old John McCain, he very likely would not be the Republican nominee for Senate in Arizona right now. And if Jan Brewer had been the old John McCain, she wouldn't be the Republican nominee for governor in Arizona right now.

So, the broad argument is that the GOP is never really going

to be competitive among minorities, and pushing a liberal line on immigration sort of undermines the white base of the Republican Party and undermines -- keeps white voters from coming to the polls, and the way to sort of bring those white voters to the polls and to be competitive in elections is in fact to have a hard-line immigration. How do you respond to that?

DR. HYMAN: Well, I disagree with a lot of it, maybe all of it. I think that it is a very short-term political strategy designed to play on people's fears to a very narrow base of voters. I think that more broadly -- I just think that for a lot of reasons that particular constituency of the Republican Party is getting a lot of attention these days due to recent primaries we had, but I don't think it reflects the real opinion and attitudes of the broad middle of America, and -- let me just talk about the pure politics of it for a moment.

When George Bush ran for President in 2000, I believe that he needed to get and got 40 percent of the Hispanic vote. In order to win in 2004, he had to increase that share to 44, which he did, which was pretty remarkable really, but a lot of it had to do with the policies that we're talking about here.

John McCain -- somebody may correct me on the number, but it was well below that number. I think it was as low as 27 percent.

MR. McKINNON: Yes.

DR. HYMAN: Is that right? So, if that's the direction of the Republican Party, with the growing Hispanic demographic in this country, then we're doomed to eternal minority status.

MR. WILHELM: Can I have this?

MR. McKINNON: Please do.

MR. WILHELM: Look, I -- you -- I know you're paraphrasing, but at the close of your question, you said that this person was suggesting that the Republican Party would be better off to stick to its white face. I'd make three observations about that. One, that -- not may -- that would probably win them elections right away. That's why I said in my view, in the near term, the leadership to fix this immigration issue in the United States probably realistically isn't going to come from the political sector; it has to come from business and labor and academia in my view.

We've had a shifting definition of what constitutes "white" in the history of our country. In the worst anti-Italian periods in our country, Italians were not considered white by other people who did consider themselves white. But even by the definition you're saying this person espouses, sometime between 2030 and 2050, America will be a country in which a minority of the people are white. And if you look at the -- there's an enormous demographic bulge moving toward voting age of people who are citizens, and I know that people want to peel the Constitutional Amendment that says they're citizens, but it's too late for the bulge that's

moving along right now. And so I think the course that you're describing that this person wants to take -- I go back to what I said before. As an American, I'm horrified; as a Democrat, I'm thrilled. That is political suicide. There are much smarter people in the Republican Party than that. Whether they'll prevail in that party, I don't know. I don't -- I'm not smart enough to figure that one out. But that's political suicide, and if they want to go down that road, God love them. I think it's terrible for America.

You know, after all, what is it that gave America the ability to have the American century in the last century? Our economy, our military, and our moral authority. And my own view is if you took away the moral authority, the first two wouldn't have sufficed. I mean, that statue in the harbor in New York, it talks about our tired -- your tired, your poor, and your huddled masses. We used to believe in that. And the people around the world, whatever they thought of us, knew that and they wanted a piece of it. Even if ideologically they thought America was bad, they wanted a piece of it.

What signal are we sending out now? We're sending out a signal that we don't want any of you people, particularly if you're Muslim. But we don't want any of you people. That's what's coming across the cable TV right now. I don't believe that's America. I think that's political suicide for those people.

MR. McKINNON: Yeah. We've got to wrap it up because

our next speaker's here, but just to put a point on that, I think that that strategy that you described for the Republican Party is a surefire way to claw its way to the bottom both morally and politically.

So, thank you all for joining us. (Applause)

MR. ALTMAN: Hi, everyone. I'm Roger Altman and I have the privilege of introducing our next speaker. Just before I do, I want to echo what's been said before. I really think the work that Michael Greenstone and Adam Looney did in connection with this short book, and as illuminated by our two panels, it's really quite remarkable and very valuable. And it reminds me of that wonderful phrase that Senator -- the late Senator Moynihan always used to use, and you can apply it to the debate about immigration reform and immigration policy, namely that you're entitled to your own opinions, but you're not entitled to your own facts. And I thought this morning's panel and this particular book illuminates some of the important facts.

Having said that, I have the pleasure of introducing Melody Barnes. Melody is the President's domestic policy advisor and, as such, she's director of the Domestic Policy Council in the White House. She has a deep background in civil rights and voting rights, in women's health, and in religious liberties, among other important social issues.

During her early years in Washington, Melody served on the staff of the House Judiciary Committee. And following that, for seven

years, she served as chief counsel to the late Senator Kennedy -- Ted Kennedy -- on the Senate Judiciary Committee. She then moved to the Center for American Progress and served as executive vice president for policy -- the chief policy position -- until Barack Obama announced his presidential campaign, which she joined as the chief domestic policy advisor. And from there, of course, following the success of that campaign, she moved to the transition and then into the White House to her present position.

I might also note that Melody proves that serving at a senior level in government does not necessarily ruin your life because last year she got married while serving in the administration in this capacity, so there is a life you can have in government.

Now, immigration policy and immigration reform are among Melody's responsibilities and her work with the President. And I'm hopeful -- I'm sure all of us are -- following this very invigorating morning, that she'll give us a sense of when immigration reform legislation might get kick-started again. So, I'd like to ask all of you to join me in welcoming Melody here, and to thank her for joining us this morning. (Applause)

MS. BARNES: Thank you so much, Roger, for that introduction. Coming in the hall, Roger said I found this fact that no one knows about you that will deeply embarrass you and that's what I'm going to share with everyone. (Laughter) So thank you for not doing that. We'll

just keep that between us.

I can't tell you how pleased we are in the White House that you all are having this very constructive dialogue about immigration today. This is an issue that is integral to who we are and how we are perceived as Americans. And it's also critical to how we're going to chart our future and reassert ourselves as a nation of laws and a nation of immigrants, how we're going to chart our economic future within the boundaries of the law and the Constitution.

We all know that the debate about immigration reform in recent years has been contentious. That may be one of the great understatements that you've heard this morning. But heated debates are not an excuse for inaction. We know that Republicans and Democrats can all agree that the immigration system is broken. It simply does not work.

The status quo is unsustainable, whether we look at it from an economic prospective or as a matter of national security. That's why President Obama is fiercely, fiercely determined to stop kicking the can down the road and to get this moving. We have to fix our broken immigration system once and for all. This starts by finding common ground. No one would argue that it's unacceptable to have 11 million people in America illegally, living and working in the shadows, often exploited by unscrupulous employers, unavailable -- unable to contribute

fully to the communities they live in, and even unwilling to interact with the law enforcement officers we rely on to keep our community safe.

As the President has said, we have to be honest about the problem and we have to move past the false debates that divide the country rather than bring it together. For too long the debate over immigration has been dominated by those who, on the one hand, argue passionately for mass amnesty or even say that we should ignore the laws on the books, and those on the other side, who argue we should round up 11 million people, hold mass deportations. Neither one of those options is where the American people stand.

The American people are compassionate and practical. And we know this because we've heard it. We've spoken to them and they've spoken to us. They recognize that most immigrants are hardworking and have good intentions, but they understand that an indiscriminate approach that doesn't hold people accountable would be unwise and unfair. It would suggest to others who are considering coming here illegally that to do so, they would find no repercussions, while sending the wrong message to those waiting in line to come here legally.

At the same time, the American people understand that it is not possible -- it is not possible, it is not practical to deport 11 million people. Not only would it be wildly expensive, it would go against who we are as a nation and would take a tremendous toll on our country's

economy at a time when we have to focus on the economic recovery.

What the American people agree on is that every side has to be held accountable. Commonsense comprehensive immigration reform has to be grounded in the principles of accountability and responsibility, responsibility from the federal government to secure the borders and provide a system that works, so that employers can rely on a legal work force; responsibility from employers, so that unscrupulous companies don't exploit undocumented workers and gain an unfair advantage over those who follow the rules; and responsibility from those that are here illegally, so that they register, admit to having broken the law, pay a fine, pay back taxes, get right with the law, and learn English before they can get into the line to become citizens.

Since President Obama walked into the White House, we've taken the federal government's responsibility very seriously. We've taken steps to make our enforcement system smarter and more effective, while also making our detention system more humane, providing more resources to the immigration courts and encouraging naturalization of immigrants, including many in the military, as well as integration of legal immigrants into their communities.

And I can tell you, having spoken at a naturalization ceremony at Ellis Island on the Friday before the 4th of July -- 55 countries represented -- all of those individuals wildly enthusiastic about becoming

Americans. And the talents and the diversity of talent that they bring to this country, that that's critical to our national and global success.

We have dedicated an unprecedented amount of resources to the border as well. Today there are more boots on the ground near the Southwest border than at any time in our nation's history. And as a result, we're seizing more illegal guns, cash, and drugs than in years past. Contrary to the rhetoric that many of us hear, statistics show that crime along the border is down. I'll repeat that, crime along the border is down. The myths, the fantasies, the wild stories are not true.

And statistics collected by the Customs and Border Protection reflect a significant reduction in the number of people trying to cross the border illegally. This administration has also stepped up enforcement against the worst workplace offenders. Since January 2009, DHS has audited more than 2,785 employers suspected of hiring illegal labor -- compared to 500 audits in all of 2008 -- and has debarred more than 100 companies and 80 individuals and issued more than $6.4 million in fines. And we're improving e-Verify, a system that gives employers the tools they need, a reliable way to know whether or not they are hiring employees who are here legally.

We have to do more, but in the end the only way to truly fix our broken immigration system is through comprehensive reform. Only a 360-degree retooling of our immigration system will address our security

needs and, as the conversation here today considered, strengthen our economy for the long term.

So let me just take a minute to just expand on that, the economic issues at hand. A steady stream of hardworking and talented immigrants has resulted in America having a younger workforce and a faster growing economy than many of our competitors. In an increasingly interconnected world, immigrants have given us a powerful, powerful advantage in global competition. Simultaneously, you have the innovation and creativity of immigrants who are drawn to our shores to get a world-class education, only to find themselves pushed out of the door after they graduate.

What a waste. What a ridiculous waste of talent. What a loss for our country. These are immigrants who start businesses, who break new ground, and who create new industries. Our economy needs all of these immigrants. So immigration reform just makes good common sense.

It will encourage those high-skilled workers to move to and stay in the United States. These immigrants can help create demand for new goods and services, which employ thousands of American workers and help make our economy more dynamic. And we can all think of the companies, the CEOs, the entrepreneurs, the innovators, who have been doing that in America over time, and in recent months and years. It's

critical that innovation, that growth, that energy, that fire, that's what has always made our economy great. That's what's made our country great, and that's what we have to build on.

Second, reform will assure that workers who are here illegally fully pay their share of taxes. According to the Congressional Budget Office, the bill that the Senate considered in 2006 would have increased both tax revenues and social spending, but tax revenues would have outpaced the spending. Taxes paid by immigrants could be an important part of government revenue in coming years and could help address some of the current fiscal challenges that we face.

Let's not forget, in large part due to our foreign born population today, the U.S. is having relatively more workers per retiree than most of our major trading partners. Bringing this significant part of our workforce out of the shadows of our economy will also help avoid a race to the bottom, where unscrupulous employers undercut legal protections for their workers and allow undocumented immigrants to get in a long line to become citizens. No longer will illegal immigrants be targeted by employers who choose to abuse the law for profit on the back of cheap labor.

Third, from a security perspective, as immigrants who are here illegally register and undergo background checks, our law enforcement officials will be able to focus much more closely on those

who don't and potentially pose the greatest threat.

And, finally, by increasing border security, increasing technology of verification of legal status, and imposing stiffer penalties on employers who hire immigrants illegally, reform will help prevent a repeat situation where we have millions of immigrants living in the shadows once more. That's just commonsense reform.

Just 4 short years ago, a majority of Democrats and 11 Republicans -- who are still in the Senate today -- voted together to move forward on that type of reform. It's the type of legislation we need now and we can make happen if we move past the false debates, the stale debates, the desire for wedge issues and start focusing on the long-term economic and social interests of our country.

Ignoring these challenges may be good for the next election, but it is not good for our country. It does not help us build long-term prosperity. And that's why the President has instructed his team in the White House and his Cabinet to work to pass comprehensive immigration reform. The President's Cabinet and the White House officials -- all of us -- have worked very closely for more than a year and a half, in constant communication with key stakeholders around the country and key members of Congress from both parties. We provided technical assistance to both Senator Schumer and Senator Graham as they've worked together -- a Democrat and a Republican -- to get a bill written.

The President supports the bipartisan framework that they put out and they presented, and was pleased when Senate Democrats developed an outline of a bill along those same lines. Today, at this point, despite Senate Republicans' refusal to step up as they have done in the past to pass comprehensive immigration reform, to pass accountable immigration reform, he's as committed as he's ever been. The President wants to get this done.

We were please when it appeared as though the Senate might debate and pass the DREAM Act just a week ago. We made our support known through letters from members of the Cabinet and through communication by the President of the United States. It is a limited form of reform, but it is also important commonsense reform. And it also serves our country and our economy well.

As you know, the DREAM Act ensures that we are providing relief for kids who have lived in this country for years. Those who came here when they were 15 or younger, they've made valuable contributions to this country. They've lived here for about five years. We know that they want to go and serve in our military or want to go on to college, they have good moral character, they want to be part of the fabric of American life. It just makes good common sense to allow these young people who have spent most of their lives here, who call America their home, who want to continue to contribute, to be a part of our nation and to earn legal

status.

In fact, it makes so much common sense that a dozen members of the Senate's Republican Caucus were once co-sponsors of this legislation, with seven of those Republicans allowing the Senate to move to its full consideration in 2007. My, how have times changed?

That's why we're so disappointed when a majority of the Senate was prepared to debate and vote on the DREAM Act, but a minority prevented us from crossing the 60 vote threshold to get that done. But this setback isn't the end. We know that Senator Durbin has reintroduced the DREAM Act and will also be working very closely with Senator Menendez, who has told us that he plans to introduce a comprehensive immigration reform bill in the very near future. And we want to work with him and other leaders in the Senate as we work vigilantly, diligently to get these bills passed and signed into law.

The time has come -- and long past -- for comprehensive immigration reform. It's time to restore the accountability and responsibility that I was just talking about. Simply saying, no, is no longer an option for our country.

So, I want to thank you for being here today. I want to thank many of you in this room for working with us, working with the administration, pushing the Congress to try and get comprehensive immigration reform passed and signed into law, to get the DREAM Act

signed and passed into law.

I can tell you -- I can promise you -- that President Obama will not rest until those bills are on his desk and he is able to use his pen to sign them into law to bring people out of the shadows, to ensure the prosperity, to ensure the moral character of our nation that is demanded of us.

Thank you so much for being here. And please, please continue with your good work. Thank you. (Applause)

GOVERNOR RICHARDSON: Thank you for allowing me to participate in this forum. And I apologize for not being able to be with you in person. President Obama is in New Mexico today, so I had to change my schedule. I hope that is a good excuse.

I want to start by congratulating the Hamilton Project for putting on this forum and for your leadership on budget and economic growth issues. I want to also acknowledge my good friend, Bob Rubin. I'm sorry, Bob, I'm not there to see you, but, again, I apologize.

So, one of the current advantages of the controversy over immigration in the United States is that it leads to productive and informative debates like this one that we're having today. Unfortunately, I remember saying exactly the same thing two years ago during my presidential campaign and four years before that during the 2004 presidential cycle. While debates on hot button issues are healthy, it's

frustrating to me as a border state governor that we can't put politics aside and agree to a comprehensive immigration reform plan.

Despite my frustration, I'm pleased that the Hamilton Project is tackling the misperception about immigrants. We need to cut through the political rhetoric to truly understand the impact that immigrants have on our economy. I've been dealing with immigration and border issues since my days as a congressman long ago. And during the last eight years I've had to deal with a variety of issues as governor that directly affect the people of my state every day. Without federal action on immigration, we've had to take aggressive action at the state level, although nothing as drastic or irresponsible as the law passed in Arizona.

One of the first laws that I signed as governor of New Mexico was a measure that allows foreign nationals without a Social Security number to qualify for a New Mexico driver's license. I know this is controversial because, obviously, that means that undocumented immigrants can be issued a license, although they have no proof of identity and proofs of residency. We've also worked closely with the Mexican consulate to tighten up identity documents it issues to Mexican citizens. But for us as policymakers, this law was and is a public safety issue.

Foreign nationals are living in our state legally and illegally. They're generally productive members of society. They have jobs, they

pay taxes, they drive on our roads. And the safety of our roads is a New Mexico issue. As a result of licensing all drivers, we know that they all have adequate training and they obey other laws, such as staying at a scene of an accident, and they purchase insurance for their vehicles.

Before the law, police reported that illegal immigrants often fled the scene of the accident and weren't held responsible for accidents. That all changed in 2003 with the passage of this law. So, we've helped traffic safety with this law. They get insured and we know where these immigrants are because of this law.

I also signed a law that allows immigrants -- legal or illegal -- to qualify for in-state tuition at our state colleges and universities if they attended at least one year of high school in New Mexico. We want them to further their education and contribute as much as possible to our state. I've worked hard to create a high-wage economy and I want to fill those jobs with people who are being educated in New Mexico.

I recently heard from one such immigrant from Mexico who advanced her education in New Mexico and is now a teacher in Deming, one of our border communities. She said that she and most other immigrants look at free education in the United States not as a handout, but as an opportunity to improve their lives. She sees the same attitude in the immigrants she's now teaching. She was also very honest about some of her native New Mexico students who often take their education

for granted and don't apply themselves as they should. We're not embracing illegal immigration in New Mexico, as my political opponents would suggest, but we are realistic about it. And my job as governor is to take care of my constituents, which includes everything from education to public safety.

In New Mexico, we do not track what services are being provided to undocumented immigrants. We know that there are costs and benefits, and I'm looking forward to hearing more about those costs and benefits in a general way from the economic experts that are part of your forum.

Here are a few examples of what we do know about the cost in New Mexico. We know that immigrants are disproportionately poor compared to the rest of the population. And they receive services at hospitals and community health centers that are paid, indigent care from county governments. As an example, a hospital in Las Cruces -- just 90 miles north of the border with Mexico -- writes off millions of dollars in uncompensated services each year. However, that same hospital was rated one of the 25 most profitable hospitals in the nation.

We also know that there's a public cost to educating immigrant students in our public schools. While we do not ask immigration status, we know there were more than 11,000 immigrant students last school year, or 3 percent of the overall student population.

Of those, more than 6,000 students did not speak English as their first language and needed additional help. Those numbers have decreased in recent years, although we're seeing an uptick this school year that appears to be related to the Arizona law. So far we've seen an influx of about 1,200 students from Arizona.

But, like I said, our responsibility at the state level is to educate our kids, whether they're citizens or not. In the end, we benefit as a state and I believe our economy benefits as well.

One of the myths that bothers me about immigrants is the perception that they don't pay taxes. When I stood up and publicly opposed Arizona's law, my office received hundreds of calls and e-mails from people across the nation who claim illegal immigrants are a drain on our tax base. I haven't seen any evidence of that. Most employers routinely withhold federal and state income taxes, including payments into Medicaid and Medicare. And, obviously, all immigrants and migrants make purchases and pay value-added taxes in the state. In fact, immigrant rights advocates in New Mexico claim that immigrants pay more in taxes than they cost in government services. I'm inclined to believe their claims, although we obviously need more research.

Similar studies in Texas have come to the same conclusion. My hope is that the Obama Administration and Congress will finally move forward with a comprehensive immigration reform plan. After the election

and after the lame duck Congress, it should be a national priority. I believe with strong leadership we can get bipartisan support for a plan that includes the following:

First, secure the border by hiring and training enough Border Patrol agencies to cover the entire border. We've taken a strong first step with a National Guard presence, but we need more trained Border Patrol agents and intelligence.

Second, establish a realistic path to legalization for those who are already here. This is not amnesty, but an effort that draws out those already here by offering legal status in exchange for good behavior and accountability, learning English, payment of back taxes, and fines for coming here illegally. The DREAM Act is a good first step, allowing young people to become legal U.S. residents after spending two years in college or the military.

Third, crack down on immigration fraud and illegal workers.

Fourth, work in partnership with countries, like Mexico and other nations, to develop border infrastructure and revitalize communities on both sides of the border to create much-needed jobs. But my fear is that the Arizona law and the anti-immigrant backlash that has resulted will kill any shot of passing a national law that realistically deals with undocumented workers who are already here. We're doing that in New Mexico and it's working.

The reality is that we simply cannot deport everyone. Think about the cost. Think about what it would entail: billions and billions of dollars spent, constant raids, round-ups, driving people further into the shadows. By driving these people further into the shadows, they can no longer report crimes without fear. Immigrants will flee traffic accidents, no longer report domestic violence, and never report illegal operations by drug cartels.

My approach has been to work with my counterparts in Mexico, not just immigration and border violence, but also education, health care, and economic development in the region. Just last week I hosted the annual Border Governors Conference in Santa Fe, after Arizona Governor Jan Brewer tried to cancel it. Mexican border governors understandably oppose Arizona's immigration law and threatened to boycott the conference, and Governor Brewer's response was to call it off.

Instead, I took on the last-minute responsibility because I saw the conference -- even without the participation of Arizona and Texas -- as an opportunity for dialogue and discussion. We should discuss our differences, not pass laws that divide people.

Immigration is an issue that should remind us about what's great about America, but too often it has brought out the worst in us and the result has been failure to reform the system. I know we can do better.

Thank you for hearing me and best of luck in the conference.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

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