

Statement
On
U.S.-Mexico Migration Discussions: An Historic Opportunity
Before the
U.S. Senate Committee on the Judiciary
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Mr. Chairman, I thank you for inviting me to speak before the Committee today on the issue of immigration reform, specifically in the context of the historic new relationship between the U.S. and Mexico. I am Thomas J. Donohue, President and Chief Executive Officer of the U.S. Chamber of Commerce, a business federation representing more than 3 million individual companies and employers.

The subject of this hearing is the U.S.-Mexico Migration Discussions and as the title of the hearing states, we believe there is an historic opportunity to build closer relations with our neighbor to the South. Mexico is our second largest trading partner, after Canada, and last year accounted for 10% of all our international trade. And we are Mexico's largest trading partner, accounting for 82% of Mexican exports and 70% of Mexican imports. Our relationship, however, goes far beyond trade in goods and services. It entails extensive commercial, cultural, and educational ties, as demonstrated by the annual figure of nearly 340 million legal crossings from Mexico to the United States in the fiscal year 1999. In addition, more than a half-million American citizens live in Mexico. More than 2,600 U.S. companies have operations there, and the U.S. accounts for 60% of all foreign direct investment in Mexico. Along the 2,000-mile shared border, state and local governments interact closely. We are therefore pleased that Presidents Bush and Fox are building upon this close relationship by cooperating on law enforcement, border management, economic development, and, of course, migration. With a shortage of workers in America, and a ready and willing workforce in Mexico, we have a unique opportunity to build a mutually beneficial immigration system. We need only to act.

The Chamber strongly supports immigration and believes that immigrants are a driving force in our economy, both filling and creating jobs. They are also our best hope to curb chronic American labor shortages that are impeding the economy. The Chamber has been involved in efforts to increase the immigration of skilled workers under the “H-1B” program, to facilitate international transfers of personnel by allowing spouses to continue their careers, and to repeal potentially harmful provisions such as Section 110 of the 1996 immigration act that would have created a new border bureaucracy that would have hurt trade and travel along our borders.

The Chamber has members in all industries, employers of workers at all levels, and we have been increasingly hearing from Chamber members across the country that workforce availability issues are among their top priorities. In fact, in testimony earlier this year before the Senate Immigration Subcommittee, Elizabeth Dickson, Human Resource Specialist for Chamber member Ingersoll-Rand Corporation, and Chair of our Subcommittee on Immigration, related her company’s difficulties recruiting skilled welders, service and repair technicians, and tool and die workers. We also have members in the restaurant, hotel, health care, manufacturing, construction and other industries who have asked the Chamber for help in finding and keeping the “essential workers” that keep our economy running. Yes, knowledge workers are the driving force for development and expansion of ideas and products. However, once these ideas are developed and the ideas become products, essential workers are needed to manufacture, deliver and service those products. We still must answer the question: Who will fill the millions of essential worker positions that we will create? Immigration must be one answer, but current law does not provide the solution.

That is why the Chamber helped to found the Essential Worker Immigration Coalition (EWIC), comprised of organizations from across the economy, and continues to be a leader in that organization. For the Chamber, reform of essential worker immigration policy is a high priority.

I know the President and the Congress are concerned about the state of the economy, as are we. But you should know that the recent slowdown has not significantly impacted the need for these workers. Over the last few years, we have seen unemployment rates as low as any time since 1950, and some local and regional unemployment rates are under 2%. Employers continue to tell us they cannot find anyone to fill their jobs. According to a recent Employment Policy Foundation (EPF) study, the economy has more than 135 million jobs, and more than 9 million jobs have been created in the past five years. Further, workers who have lost jobs recently are finding new jobs at a faster rate than in the past – more than half find new jobs in seven weeks.

Furthermore, this issue is not just one of the boom and bust cycle of our economy. We are facing a long-term worker shortage that is based on demographics. Secretary of Labor Elaine Chao in her recent Labor Day address noted the phenomenon of the “Incredible Shrinking Workforce.” Bureau of Labor Statistics (BLS) estimates show that the number of people in the labor force ages 25-34 is projected to decline by 2.7 million

in the next seven years. By 2008, the labor force age 45 and older will have the fastest growth rate and be a full 40% of the labor force. BLS also projects that by 2008 we will have 161 million jobs, but only 154 million workers. More than 60 million current employees will likely retire over the next 30 years. The EPF report also discusses the coming labor shortage, projecting a shortfall of 4.8 million workers in 10 years, 19.7 million in 20 years, 35.8 million in 30 years. The economic impact of this shortage is already being felt. But according to the EPF, failure to close the labor supply gap will lower Gross Domestic Product growth by at least 3 percent in 10 years and 17 percent in 30 years.

Dr. Richard Judy of the Hudson Institute testified last February before a House Education and Workforce Subcommittee that:

“After 2011, the year in which the first of the Baby Boomers turns 65, their flight to retirement will reach proportions so huge as, barring unforeseen increases in immigration and/or participation rates among the elderly, to reduce the total size of the nation’s workforce.”

In her Labor Day speech, Secretary Chao stated that not only must we find ways to integrate older workers, workers with disabilities, single moms and other nontraditional workers into the workplace, but also we must look to immigration. In this, she has echoed a sentiment expounded by Federal Reserve Chairman Alan Greenspan over the last few years – immigrants are good for our economy and support our workforce. As Chairman Greenspan recently stated before the House Financial Services Committee in July of this year:

[T]his country has benefited immensely from the fact that we draw people from all over the world. And the average immigrant comes from a less benign environment, and indeed that's the reason they've come here. And I think they appreciate the benefits of this country more than those of us who were born here. And it shows in their entrepreneurship, their enterprise and their willingness to do the types of work that makes this economy function.

A February 2001 analysis by the Arizona Mexico Commission reached similar conclusions:

The bottom line is that if the U.S. economy is producing jobs faster than it is producing people to fill those jobs, foreign labor must be accepted as a viable solution to the labor shortage. In addition, we must acknowledge that the Baby Boomer population is aging, and the total U.S.-born population, without immigrants, is shrinking. All across the world, increased immigration is seen as one solution to boost the workforce that is needed to sustain economies. The foreign worker, both legal and

illegal, has been an integral part of our inflation-free economic growth, and must be valued as a contributor to our strong economy.¹

We all now understand that immigrants are complementing our U.S. workforce, not displacing it. As we have made it a priority as a nation for our workers to move into higher-paying, higher-skilled jobs, immigrant workers are filling the gap by taking many manual labor jobs that U.S. workers are avoiding.

Many have stated that this economy no longer needs lower-skilled workers. Nothing could be farther from the truth. Almost three-quarters of the jobs in our economy do not require a college degree. Close to 40% of the jobs require only short-term on the job training. Over the next ten years, the *most* job growth (i.e., in absolute terms) will be in occupations requiring less formal education or training. According to the Bureau of Labor Statistics, of the top ten occupations with the largest numerical job growth between now and 2008, all but two require less than a bachelor's degree; the majority (six) require only short-term on-the-job training. These include: retail salespersons, truck drivers, personal care and home health aides, and office clerks. The next ten occupations with the largest job growth include nursing aides, janitors and cleaners, waiters and waitresses, and food counter and related workers. The top thirty include childcare workers, landscapers and groundskeepers, hand packers and packagers. Finally, the top ten occupations with the greatest retiree replacement needs (this group includes the occupations in which the average age of the current workforce is rapidly rising) include the following: secretaries, truck drivers, janitors and cleaners, registered nurses, bookkeeping and accounting clerks.

These needs cut across industry sectors. The health care industry is facing severe shortages, not just of registered nurses, which is well documented, but also of certified nurse assistants, who provide 75% of the care in nursing homes and long-term care facilities, as well as hospitals. The industry will create jobs for 600,000 Certified Nurse Assistants and 300,000 others over the next five years. According to the Department of Health and Human Services, the nursing home industry has a *current* shortage of 400,000 health care workers. The hospitality industry is also facing many unfilled jobs: the hotel industry estimates it will need an additional 700,000 workers in the next decade. The restaurant industry is looking at creating 2 million new jobs in the next ten years. In the construction industries, roofers are looking at an additional 50,000 workers needed in the next decade. In transportation construction, for every \$1 billion invested in highway construction programs an additional 42,000 jobs are created.² Overall the construction industry is expected to create 550,000 new jobs between now and 2008, according to the Bureau of Labor Statistics. The meat processing industry will create over 75,000 jobs. Transportation services – 153,000.

¹ "Labor Shortages and Illegal Immigration: Arizona's Three-Pronged Strategy," Arizona-Mexico Commission, February 2001, pp. 4-5.

² The Chamber is working with labor in support of a newly formed national coalition, Americans for Transportation Mobility, comprised of more than 300 organizations and strongly supports improving the safety and efficiency of our nation's transportation infrastructure system. Such improvements will undoubtedly create additional jobs in this industry and benefit all Americans.

Some will ask whether we have done everything we can to find workers for these jobs in the United States. The answer is yes, and we are continuing to do so. Through the Center for Workforce Preparation, the Chamber's non-profit affiliate, we have taken a strong role in addressing the critical shortages in the availability of skilled and unskilled workers that business is experiencing today. Current efforts of the Center include the following:

- Identifying and supporting programs that bring new sources of labor to “work readiness” – former welfare recipients, people with disabilities, recent retirees, and others.
- Partnering with Job Corps, the U.S. Departments of Labor and Education and others in efforts to develop worker training programs that address and meet current business needs.
- Helping the Chamber's federation of 3,000 state, local and metro chambers of commerce to effectively engage in workforce development by providing tools, models and best practices for implementation at every level. Especially critical in this effort has been the development of a school-to-career guidebook to ensure that tomorrow's workers have the skills to succeed.
- Informing businesses of the resources and opportunities available to them and their employees to obtain education and training.

Of course, I would be happy to provide the Committee members with additional information about these efforts, at your request.

The industries that we are talking about are some of the leaders in the nation's welfare-to-work, school-to-work, and prison-to-work efforts. Because many of these jobs are entry-level, requiring little or no experience, and often few skills, they are the stepping-stone for many on their road to the American dream. Employers are doing everything reasonable they can to fill these jobs, but still the jobs are going begging.

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

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

While many employers do have seasonal needs and changes to the H-2B category are warranted to make it easier for employers to use, many more employers have year-round and long-term needs that are not fulfilled. Such employers seeking to hire foreign nationals for their job openings are out of luck, since no long-term temporary visa exists in our current system. There is no “H-1B” counterpart for essential workers, as exists for high-skilled jobs. If an employer has a long-term position, there is no legal mechanism to sponsor foreign nationals to fill that need.

If the employer would like to sponsor a lower-skilled worker permanently, he or she is, as a practical matter, out of luck. Current annual quotas limiting green cards to only 5000 green cards each year for persons coming to work in jobs that require less than two years of education or training mean a five to ten year wait.

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

And what about those workers? These individuals are here and working, many of them paying taxes.³ You may ask how are they working? The answer is simple. Under the current law, an employer must verify that each employee is eligible to work in the U.S. But the employees can choose which documents from the INS-approved list (set out on the so-called I-9 form) to present to support their claim that they can work legally. As long as the documents look valid on their face, the employer must accept them. To ask for additional documentation because someone may look or sound foreign is potentially a violation of that person’s civil rights under both immigration and employment laws. Because of the prevalence of false, yet credible, documents, many employers simply do not know their employees are undocumented. Employers only learn of this situation after an INS raid, or when the Social Security Administration sends a so-called “no-match” letter telling them that their employee’s records don’t match the government’s. The result is that the employer must dismiss these employees, if they have not already left of their own volition.⁴ As you can see, to an employer who is already facing labor shortages, this instability in the workplace is adding salt to the wound.

³ For example, an April 15, 2001 article in the *Washington Post*, “Illegals Paying Millions in Taxes,” noted that according to internal Social Security Administration documents, “Over the eight-year period, the mystery workers [presumed to be undocumented workers] were responsible for more than \$20 billion paid in Social Security taxes—but they received no credit for them. Their payments have helped contribute to the system’s surplus....”

⁴ The case of one roofing contractor in the Northwest illustrates the point. The INS came in to “audit” this company’s employment verification records. Although the INS found no violations by the employer, it was told that a large portion of its workforce was undocumented (most of whom had already fled). The employer told the INS agents that these were some of his best employees, and that they would only go to work for his competitors, which, indeed they did. The INS’ only response was that this was “standard procedure.”

So we have two major problems to deal with – filling the unfilled jobs, both now and in the future, and keeping our current workforce. In looking toward the U.S./Mexico discussions, we believe that any outcome must address **both** problems. That is why the Chamber supports a **comprehensive** approach to this issue. We must develop new, legal immigration methods, which, as President Bush has stated “match a willing employee with a willing employer.”

We would support new temporary worker programs that would accomplish this ideal in a manner that is fast, efficient and fair to all parties concerned. While the specifics of how such a program would work are fair game for experts in the field, businesses want a system that is simple, easy to understand, and responsive to their needs in a timely manner. We also realize that protections to prevent possible abuses and to help ensure that the interests of American workers are protected must also be included. But the system must not become so encumbered with bureaucratic hurdles as to be, as a practical matter, unworkable.

We would also like some flexibility in the system. While a temporary worker program would allow individuals to begin work in the U.S. relatively quickly, and, further, to meet the needs of those individuals who wish to travel back and forth to their home country, there may exist situations where a “willing employer and a willing employee” would like the relationship to continue on a more permanent basis. There should be an ability for that individual, under certain circumstances, to have a path to permanent residence, a “green card.”

Finally, we believe that those who have already demonstrated their commitment to the United States by living here, working and paying taxes, should have a means by which they can earn permanent residence. There are many possible ways to accomplish this that are being discussed by the policy-makers; but we simply want to ensure that some of our best workers can stay and continue their contributions to their employers and communities.

One final word. We understand that the current discussions are between the United States and Mexico, which befits one of the largest trading partnerships in the world. Our relationship with Mexico is, in many ways, unique. However, employers do not select their employees by nationality, and while a new temporary worker program may be useful to “test” with Mexico, especially if it envisions a specific role for the sending country’s government, we would like to see other nations be able to participate as well in the near future. Moreover, when we are discussing the so-called “regularization” of individuals already in the United States, equity would seem to suggest that we allow nationals of other nations the same opportunity for lawful status. A proposal that would apply to a single nationality could very well prove unworkable and might lead to discrimination against other nationalities, for fear of their immigration status.

While the details of these proposals are yet to be worked out, we are very supportive of the discussions between President Bush and President Fox, and we are

hopeful that an agreement may be reached that all parties represented here today will be able to support.

I welcome any questions you may have.