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THE BORDER BETWEEN REFORM AND THE ECONOMY

A HAMILTON PROJECT POLICY DISCUSSION

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Roundtable: A Market-Based Approach to Immigration Reform

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Discussants:

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Roundtable: The Challenges and Opportunities for Immigration Reform in the United States

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P R O C E E D I N G S

MR. RUBIN: I'm Bob Rubin, and let me welcome all of you on behalf of my colleagues at the Hamilton Project. And today, as you know, we'll be discussion immigration. And our program is entitled, "U.S. Immigration Policy: The Border Between Reform and the Economy."

The Hamilton Project began about six years ago, and we were at the beginning, and we have been ever since, a perhaps unique combination of academics, policy experts, and business people. All together, they have constituted an advisory council, and I think that that advisory council, that broad-based advisory council, with its wide range of expertise and skills and mindsets, has given us a distinctive perspective, with respect to economic policy issues.

We don't endorse specific ideas. Instead, we conduct serious policy discussions that are critical to our economy, and we bring together, again, policy experts, academics, and practitioners.

When we have papers -- and, as you know, we have a paper at today's program -- those papers are subject to rigorous peer review. We believe that the objectives of economic policy should be growth, broad-based expansion of standards of living and opportunities, and economic security. We also believe that these objectives can be mutually reinforcing. We support market-based economies, but we believe strongly in the vital role for government for serving the purposes that markets, by their very nature, will not serve.

The hardship that many Americans are experiencing today clearly calls for serious commitment on behalf of our nation's policy-makers. In support of that purpose, the Hamilton Project has had a number of policy discussions with respect to issues that we think are critical to today's terrible problems with respect to jobs, wages, and so much else.

However, our primary focus remains long-term economic policy. We believe that our country is well

positioned for the long term, with the dynamism of our culture, and the many other great strengths that we have. But to realize that potential, we must meet critically important challenges: sound fiscal conditions, robust public investment in areas that are critical to economic success and that are critical to improving standards of living for all, and reform in many key policy areas -- health care, K through 12 education, and immigration, including many others.

And that takes us to today's program.

Immigration has contributed greatly, as all of you well know, to our economy throughout our history. And today, immigration is critically important in the highest skilled professions, and also with respect to lower-skill and seasonal workers that contribute so enormously to our economy. Moreover, immigration expands our working-age population at a time when our overall population is aging, and when the ratio of workers-to-retired is continuing to change and to decrease.

Thus, our openness to immigration, and the capacity of our country to absorb immigrants, which is perhaps unique to us in the global economy, has been an enormous comparative advantage. However, as has also been true throughout our history, immigration and the many issues around immigration are highly controversial, and are readily subject to politicization. Immigration can be looked at from many centrally important humanitarian and social perspectives, and they will be part of our discussion today, including the opaque and complicated regulations that apply to American families' bringing their relatives to the United States.

But the focus today will be on the economic effects of immigration, and on trying to help clarify the economic facts and economic analysis to help guide decision-making in this area. And, unfortunately, as you well know, immigration decisions are too often affected by many other factors.

Let me just add that, in my own experience, I've known of highly regarded academics who have not

been able to come to this country to join faculties that themselves have historically been so powerfully nourished by immigrants from abroad. And I've seen businesses that cannot bring in highly skilled workers and, as a consequence, have moved their overall activities abroad, where they can hire those workers.

And while these examples are both in the area of high-skill workers, it is equally true that lower-skill workers and seasonal workers have contributed enormously to the success of our economy. In a highly competitive global economy, our current immigration regime is a serious impediment to competitiveness, to productivity, to rising standards of living, and to our success.

With that, I will briefly outline our program, and I will introduce our panel members. I'm not going to recite from their resumes because those are in your materials, but it is a truly distinguished group.

We will begin with a roundtable entitled "A Market-Based Approach to Immigration Reform." The

roundtable begins with the presentation of a paper that is a new proposal for rationalizing U.S. immigration policy to provide simplicity, fairness, and economic growth. The author of the paper and its presenter at this roundtable is Giovanni Peri, professor of economics at the University of California, Davis. The paper has been very well received by experts who have seen it in advance of this program as an innovative approach to betting serving the many purposes of immigration policy.

The discussants are Edward Shumacher-Matos an ombudsman of National Public Radio, and James Madison Professor of Journalism at Columbia University; Marshall Smith, Senior Vice President Legal Affairs and General Counsel of the 3M Company; Jorge Suarez, Director of Human Resources, Ocean Mist Farms, Castroville, California. And the moderator is Michael Greenstone, 3M Professor of Environmental Economics at MIT, Senior Fellow at the Brookings Institution, and director of the Hamilton Project.

Our second roundtable is entitled "The Key Challenges and Opportunities for Immigration Reform in the United States." This will be a broad-based discussion, including the social and humanitarian and economic dimensions of immigration. The discussants are the Honorable Chuck Hagel, former Senator from Nebraska and now Distinguished Professor at Georgetown University; Glenn Hutchins, co-founder and managing director of Silver Lake, a highly respected private equity technology firm, and also a member of the advisory council of the Hamilton Project; Janet Marguia, the president and chief executive officer of the National Council of La Raza, the nation's largest Hispanic civil rights and advocacy group; and John Wilhelm, president of UNITE HERE, an affiliate of the AFL-CIO which represents workers in the hospitality industry, airport, food service, and other private sector activities. The moderator is Edward Alden, the Bernard L. Schwartz Senior Fellow at the Council on Foreign Relations.

Today's extraordinary program will give all of us the opportunity to listen to an engage with preeminent figures in the area of immigration. For developing the intellectual construct of today's program I would like to thank three people in particular -- Michael Greenstone, the director of the Hamilton Project, Karen Anderson, deputy director of the Hamilton Project, and Adam Looney, policy director of the Hamilton Project, and a source of enormous intellectual energy and insight for all of our activities.

And key, as always, to Hamilton Project activities, I would like to thank our enormously talented and committed hard-working staff at the Hamilton Project, without whom nothing that we do would happen.

Michael, the podium is yours.

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Roundtable: A Market-Based Approach to Immigration Reform

MR. GREENSTONE: Thank you, everyone, for joining us today. I thought I'd just take a minute to introduce our panelists.

To my left we have Giovanni Peri, who is a professor of economics at UC-Davis. He's also a research associate at the National Bureau of Economic Research, and it's worth highlighting -- I think in the last decade, Giovanni has undertaken a research program that has fundamentally altered the way, at least in economics, people think about immigration, and people understand its impacts on the U.S. economy, and has fundamentally moved, shifted the evidence away from the view that immigrants reduce the wages of American workers, and actually that they can have a positive impact on the wages of American workers.

To my right I have Jorge Suarez. Jorge is the Director of Human Resources at Ocean Mist Farms, located in Monterrey, California. Ocean Mist Farms, I learned, has been in business since 1924, and produces more than 30 commodities and ship them around the world.

We also have Marsch Smith, who is a Senior VP of Legal Affairs and general counsel at 3M. 3M is one of America's leading companies, engages in lots of high-technology research and innovation.

And, finally, we have Edward Shumacher-Matos. He's currently the ombudsman for National Public Radio, and a professor of journalism at Columbia University. I should add before starting at, taking those two positions, he's had a seemingly impossible number of jobs in journalism. He was a columnist for *The Washington Post*, a bureau chief for *The New York Times*, part of a team that won the Pulitzer at *The Philadelphia Inquirer*, and founded four Spanish-language daily newspapers.

Before we get going, and Giovanni tells us a little bit about his proposal, I thought it would be useful just to talk about, for a moment, why we're having this event today. And so, as the saying goes, the United States is really a nation of immigrants. And I can't help but feel that at least part of what makes the United States special is the embrace of new

ideas. And a lot of those new ideas come from immigrants.

However, for something that's so central to our country, we have a policy, or a system of policies that does not seem to be working very well. Businesses can't hire the workers that they want. American families can't bring their relatives here without engaging in extraordinarily long delays and bureaucratic, facing large bureaucratic hurdles. There's 11 million undocumented workers in the United States, and lots and lots of claims about the role of immigration that aren't supported by the facts.

And so, for all of these reasons, we thought that having this event, and having Giovanni talk a little bit about a new idea on how to reshape our immigration system could provide some value.

So, with that -- Giovanni, why don't you tell us a little bit about your proposal?

MR. PERI: Thank you. It is my pleasure to be here, and I will be quick. And hopefully there will be debate afterwards.

So the idea is to present some new idea to rationalize U.S. immigration policy. So the starting point for this proposal and idea is very simple. The starting idea is that immigration is a huge opportunity, is a huge economic opportunity. It is also human and cultural, but it is a huge economic opportunity.

It is a huge opportunity for the migrant himself who, by coming to the United States, increases the ability of creating income and producing, by an amount which is equal to $50,000 per year if he's college educated, or $20,000 per year if he's non-college educated. This is an average estimate from my past work.

It's a huge opportunity for the immigrant, but it's also a huge opportunity for the American economic, because immigrants bring skills, human capital, ideas, and productivity.

The first part of my project, of my paper, therefore goes a little bit in detail and looks at how, vis-a-vis these great opportunities, the American

system, as it currently is, has a lot of failures, and its sluggishness and rigidity prevents a lot of these economic benefits to be realized. For instance, highly educated immigrants, to contribute to science, innovation, productivity, another one of the engines of growth, have however a small quota in temporary visas, which is arbitrarily set in the past and rarely changed. They have an inefficient of allocation of these visas -- I'm talking about talking about the temporary H-1B, through first-come first-served basis, or a lottery, rather than through an efficient system. And also, once these immigrants have been here for awhile, and they try to become permanent, there is no connection between the temporary and the permanent system.

On the other hand, workers at lower level of education who, however -- as we have heard from Robert Rubin -- also are great contributors. There is large demand for this. A lot of businesses have a very high demand, and there is a small supply for these manually-intensive type of jobs from American, however

come in only in a visa -- there is only one category of visa that admits them, the temporary H-2, in small numbers, with very cumbersome requirements and, again, limiting their benefits.

So, finally, immigrants as a whole, economists say, contribute positively to the fiscal balance of the United States, however a lot of the contribution, through Social Security taxes and Federal taxes go to the central government, but some of the costs are local of these immigrants. There are schools, there are hospitals. And so there is a perception of highly visible costs, and less visible return.

So all of this can be corrected or improved with some modification of the immigration system -- at least this is what I suggest.

This proposal will go in three phases. And phase one is simple, it just introduces some market principles in the allocation of some temporary visas. Part two extends this principle to the allocation of all temporary and labor-based visas. And part three

reassesses a little bit the balance between family-based and labor-based visas.

Phase one is really the one which is the simplest, because I take the system exactly as is, but for two categories of visa -- which is the H-1B for highly educated, and the H-2 for less-educated or seasonal visa -- I propose to allocate these visas through an auction mechanism, through a market mechanism. So, employer will purchase permits to hire immigrants, and then they will sponsor visas for immigrants who will have the same type of visa.

One important thing is that the employer could trade these, or could sell and resell these permits among each other, and workers, once they come in for the visa, are perfectly mobile across workers [XXX sic] who own these permits.

The system will accomplish four important things. First, given that employer will bid and pay for this, it encourages the efficient allocation of immigrants. Companies for whom immigrants have a

higher value will offer more, and they will be more likely to obtain them.

Second, the price of these -- this fee, or price, for these permits will signal how large is the demand for immigrants, and this will be an important signal if you have to decide to change the number if government will decide to modify the number.

Third, the mobility and tradeability of permits, and the mobility of immigrants will generate competition, and therefore will guarantee the fair treatment of immigrants, who are not linked to one specific employer. And this will decrease all those procedures of verification, wait, and uncertainty that come before the visa, currently.

And, finally -- and also very importantly -- these permit fees will generate some revenues for the government. And one way in which this revenue, which is part of the surplus from immigrants, can be directed to the local community is to send them to local schools and hospitals and municipalities, in

proportion of the immigrants they get -- or other uses in favor of U.S. citizens.

In the second phase of the reform, we will extend this visa-based system to all temporary visas, and will simplify the temporary-visa structuring, only three types, for college, non-college, and seasonal type of work. And also, we propose to extend this auction to permanent visas, which will become provisional, meaning they will last for a period, with possibility of renewal. At this stage, also, many workers will be encouraged to have a provisional visa and become residents, but some who want to return will also have incentive to return to their country of origin.

In the third phase we will reassess what is the numbers, without the number of visas. We will re-emphasize the crucial role of immediate family. Immigrants need to be able to bring their wife and children. And then, in terms of extended family, some of them, we feel, can be channeled into this new labor-sponsored program, so adult sibling, adult

children can be moved into this. So we are advocating expanding this labor-based system also to encompass some of the extended family.

At this stage, the price-signal that comes from the auction can also be very useful to recalculate the number, or adjust the number of permits. And if there is a large demand for highly skilled immigrants, we also feel that at this stage you can introduce an exception for foreigners who are educated in U.S. colleges, who can get a job without -- outside of the quota.

At the same time this goes on, probably starting with phase two, we envision also the possibility -- or, actually, we suggest -- that there should be a demanding but clear path for currently undocumented immigrants to earn legal residence. And those who have some working history in the United States will have to undergo some strict requirements, but reasonable, and they could become. And at the same time, once a clear path is established and there are ways for hiring less-educated through the labor

system, enforcement should be increased through mainly workplace enforcement that uses technology such as e-Verify.

So, in conclusion, this proposal has some incremental steps that start from the initial economic value of the immigrant, which is very large to himself, by moving, and to the U.S. economy and society -- and introduces, at first, in a small portion of the system this market-based system which will reveal the value of the immigrant to the economy, which allows some of this surplus to be also re-channeled to the American society.

And so simplicity and fairness and flexibility, which are the points of this system -- and they come from a type of economic analysis, though -- should be extended, and should be a better basis for immigration, not only employment based, but all type of immigration, and should benefit employers, immigrants, and U.S. citizens.

This was a very short synopsis, and I'm glad to entertain questions. And many more details are in the paper. (Applause)

MR. GREENSTONE: Okay. I should just say, I think this is one of the most exciting policy proposals the Hamilton Project has ever had, but there's a lot to unpack in those three easy steps. (Laughter)

And so I thought we might start by asking Marsch to talk a little bit about what 3M's perspective is, as a company that certainly is always on the lookout for highly skilled workers. And I just want to emphasize one feature of the system is that 3M, if it would be implemented -- I think it will be passed by Congress later today (laughter) -- 3M would be expected to actually buy permits and, in principle, that would cost resources.

So could you talk a little bit about that?

MR. SMITH: Yes. Before I came out here I talked to my wife who said, "Be careful not to get too emotional." And she captures the feeling that we have

at 3M on the emotional importance of this issue. We -- the lifeblood of our company is highly skilled scientists and engineers. We need doctoral-level people from around the world. We need master's and bachelor's. We need skilled technicians. And we simply can't get them. We'll go to MIT, or to the University of California. We have some wonderfully qualified people who would like to come to work for us, would, could contribute to the American economy. Occasionally we can get them here. There's an uncertainty. It's an expensive, painful process.

The result is, we're being forced to export R&D -- to China and India, notably, but elsewhere around the world, because we can get the scientists there. And, of course, if the scientists and the lab is there, the low-skill jobs spring up around it when we open the factory. So we're an American company being forced overseas when we could do a better and more efficient job here in the United States. We simply can't get the people we need to do the work.

MR. GREENSTONE: And for the people who -- presumably, you are able to hire some immigrants --

MR. SMITH: Well, yes.

MR. GREENSTONE: And so could you talk a little bit about what that process is like?

MR. SMITH: No. I repress it too much. You know, we have literally dozens of lawyers, mostly outside, being paid a decent amount of money, but it's not productive labor. Some of our law firms have staffs of people that they pay to stand in line at the Immigration Service in order to get forward, to get the applications. It is an administrative nightmare.

And it produces unfair and uncertain results. I got a call this morning from an employee whose mother is dying in India. He wants to go back and visit her, but his immigration status is uncertain, and he's frankly afraid to leave the United States for fear he couldn't get back in. So there are, at a small level, personal tragedies.

And at our level, we simply cannot get the scientists and engineers we need. We know where they

are. They want to come to work for us. We'd be delighted to pay a little more. This auction system, frankly, is something we'd be very, very supportive of, because it would let us then value the top people, and we're happy to pay for that sort of talent.

MR. GREENSTONE: Good.

Jorge, I know your business relies on immigrant labor, as well. In fact, my wife pointed me to something on the web last night -- I guess the United Farm Workers had a "take our job" campaign to emphasize that there were not a lot of Americans who were necessarily willing to participate in farm labor. And she told me that this campaign led to seven Americans agreeing to take those jobs? (Laughter)

MR. SUAREZ: Seven-minus -- but, yes.

MR. GREENSTONE: And somehow -- I didn't quite understand, but somehow Stephen Colbert was involved in the whole thing, as well, I guess.

But, at any rate, could you talk a little bit about what it's like trying to run your business? And do we have a fair and transparent system that

allows you to focus on adding value all the time? Or are there other features of finding workers that might be less desirable?

MR. SUAREZ: Well, good morning. My wife told me not to get emotional, too. (Laughter) So we're on the same page.

We employ about 1,200 to 1,300 employees, field employees, year-round. Our type of work, on the other side of the spectrum, they are highly skilled, as well. Different skills, but skills nonetheless. These are folks that have a knife, bend over, cut the product, throw it in a machine, and then there's folks on the machine that pack this product, put it in boxes, and put it on the trailer. That's a lot of work. That's highly intense work.

And so, for us, when we talk about we need "skilled workers," we need folks that understand the product, as well, that understand quality standards, that understand food-safety standards, production standards. And these are the folks that do this day in, day out, and they are mainly from Mexico.

We rely mostly on referrals from our own employees' families, so they bring their own, their brother or their sister, et cetera, et cetera. But in 2005 I got a call from our CEO, and he told me in our Yuma -- we operate in California, Arizona, and New Mexico -- that in our Yuma area we had a lot of absenteeism. We couldn't fill the machines to work the fields. Now, this is product that has been already put in the ground. And so he asked me to look into an alternative to this. So I did some research and I ended up with this guest-worker program, the so-called H-2A program, where you bring people for seasonal purposes into the county.

So I said, oh, easy. I'm from Mexico, I can go there and talk to them, and bring them on board. And I had no idea what I was getting myself into. My wife doesn't appreciate that, either.

But, literally, my time, I spent about 50 percent of the time, or 60 percent of my time -- I have a full-time job doing this type of work, dealing with State work agencies, dealing with Federal

agencies, Department of Labor, USCIS, you name it. And I chose -- I didn't have to -- but I chose to be the agent of my company. That meant that I didn't have to depend on an external agency to recruit these workers. I chose to do that. Again, my wife doesn't appreciate that. But I wanted to see what the process looked like, so that if I ever was invited to an event like this I could tell you first-hand what it is.

And it is -- needless to say, it is cumbersome, it is frustrating, it is time-consuming. I have eight people on my staff just working on this during, say, August through November, by the time we get the permits. So we need a system that allows us to bring these workers into the country. These workers just want to work. Let me tell you, we have not had one employee that has come through the program and has disappeared because he wanted to do something else. They all go back.

Now we have this program on the border with Arizona and Mexico, so they go back and forth every day. It works. But if we could have a system, a

market system, where we could say, "I need this many workers," I just need to apply for them and pay for that, and get these workers to work, it would be very good.

Now, our retention rate -- because we pay, we believe we pay competitive wages, and we give them benefits, health insurance benefits. We give them production incentive bonuses, quality bonuses, you name it. We throw a party at the end of the season to thank them for their job.

So don't think that, because you see a company doing something bad, I guess, that we're all like that. We've been in business since 1924. Our owners are from Italy, from France, third, fourth generation at one company.

So we need a simplified system. The need is there. We can't just uproot our fields and send them to another country. They're there. We have to work them.

And for those of you that like vegetables -- they're good, they're great for you. They're healthy. (Laughter) So we'd love to give you more of that.

So that's kind of our story.

MR. GREENSTONE: Thank you.

Edward -- so it's clear one of the issues with the immigration system is that American businesses would like to hire workers and can't always find them, or at least find them easily.

It's also true, as I've learned more about immigration policy, immigration policy covers a lot of other goals, as well. People -- you know, there's a long tradition of humanitarian purposes. In addition, a lot of American families have relatives abroad who they want to be reunited with.

Could you try and give us the lay of the land -- and I'm going to give you a tough job here -- both of the politics of how you can accomplish all these things at once, and how that relates to Giovanni's proposal. And maybe flesh out a little bit

the differences between Giovanni's proposal and some of the other ones that are out there.

MR. SHUMACHER-MATOS: I always get the tough jobs.

MR. GREENSTONE: Yes.

MR. SHUMACHER-MATOS: And when you talked about my previous tough jobs, I thought you were going to talk about my four years, before coming up here, I was running a program at Harvard on immigration studies as interdisciplinary. And trying to herd Harvard professors across disciplinary lines is more difficult than trying to put Republicans and Democrats together. And I had Giovanni's close friend George Borjas there, which is an in-joke.

But, in any event, this proposal is kind of like the latest in a series of proposals that try to introduce some economic rationality to what's a very irrational immigration system. You know, first we had the failed proposals for a point system, under President Bush. Then the Migration Policy Institute came up with a proposal to create an independent

commission. It would be modeled somewhat after the Fed, but would have kind of like fast-track authority as you have in trade policy. The Chamber of Commerce didn't like that, but more recently has warmed to the idea, if it could introduce some sort of automatic mechanism that would be market driven based on applications for visas.

Then you had, you know, Gary Becker, Nobel Prize-winning economist, proposing either the sale or auction of visas, but to individuals. And that was criticized because it was seen -- you know, you'd have people buying their way in who may not be the people you want.

Two years ago, Pia Orrenius, at the Dallas Fed, and Madeline Zavodny proposed an immigration system a little bit like what Giovanni has proposed.

But Giovanni's proposal is, by far, the most, I think, developed. And he's introduced a lot of new elements to it which he ran through today, with his different phases, phased in three steps to try and introduce this proposal.

It's an intriguing idea, you know. And I think one reason we're all here today is because we hope it might break the political logjam over immigration policy.

The only problem is we're all really engaged in a lot of wishful thinking. The problem with immigration policy is not economics, it's politics.

The first obstacle lies in the Republic Party. And this is not to be partisan but, you know, the business community is not driving the Republican Party when it comes to immigration. The Tea Party and the populists are controlling that. And they don't want to talk about anything to do with immigration policy or reform until you force out the unauthorized immigrants in the country today.

Furthermore, there's a deep fear among the Republicans in Congress that immigrants vote Democrat -- not just the illegal immigrants, but even the legal immigrants. So why do they want to try and make it easier for people to get here or legalize the ones who are already here illegally?

You might see some movement in the Republican Party. Mario Rubio recently has been proposing some sort of a revived Dream Act. It would be more restrictive than the current Dream Act, but it's an attempt by some Republicans to say that they're committing demographic suicide, and we've got to reach out to Hispanics and Latinos.

But I seriously don't see any engagement by the Republicans on anything to do with comprehensive immigration reform for 5 to 10 years. This will be after the recession. It will be, you know, after the electoral power of the millennials and the Latinos is felt more. It will be after, you know, the undocumented what are here become more accepted in communities that aren't used to them. And it will be after the heat grows from the business community inside the Republican Party.

Then the big question will be: Will Congress go for an auction system? That's a really good question. Because now you're going to run into the Democrats -- right? -- he humanitarian left and the

unions that have been strongly committed to family reunification. Giovanni has tried to make some, you know, has tried to loosen this up a little bit to give more -- you know, try to bring in the family reunification crowd, so I'm going to have it a little bit more open to reunification for the extended families. But there is so much -- I mean, that's an article of faith by many of the people, you know, in that side of the immigration debate -- though we're seeing a little bit of give because of the fiscal costs. So let's see, we'll have to wait and see how that turns out.

But I think you're going to have, still, one other problem that cuts across both parties, and it's got to do with American mythology. It's got to do with the idea that we've seen immigrants and immigration as a boot-strapping system. It's Emma Lazarus, it's "you're working your way up." It's, you know, you're coming here, you're suffering to get here, and you're doing this for your kids more than you're doing it immediately for yourself. And the

idea that you can buy your way in, or companies can buy it in is almost too rational and too efficient for this whole American mythology.

That is not to say -- this is a challenge. That is not to say it's not a great idea and that it can't prevail. And the only way to get any kind of rationality introduced in the system is to do the kind of things we're doing today.

MR. GREENSTONE: Thank you. I wonder if I could just follow up on one -- there's one part of Giovanni's proposal that seems very easy to me, but maybe that's my economist glasses.

The phase one doesn't change the number of permits, doesn't change the types of permits. It just says currently the way we allocate those permits is by having people, hiring college kids to wait in line, or maybe hiring high-priced lawyers to wait in line. You know, whoever knows somebody, or knows how to work the system best gets in.

But in phase one, there would just be a complete permit auction system and, in principle, the

business that demanded the workers most would be able to get them.

MR. SHUMACHER-MATOS: Yes, I think that was a brilliant idea politically, because it sort of allows you to introduce these market mechanisms and have people feel comfortable with it.

It's, I think, this is really the new thing that Giovanni's bringing to the table. And, you know, it could help. But first you've got to get to the point where even somebody's going to approve that.

MR. GREENSTONE: Giovanni, do you want to --

MR. PERI: Yes, absolutely. So, one of the constraints -- so my role is to bring some new ideas. And I understand that the implementation is hard. But one of the constraints I had from the Hamilton Project in writing this is that I needed to come up with something which has some -- some -- chance of being implementable.

So the idea of the first step -- well, let me say two things about the first step which I think are interesting.

The first is that the first step concerns what the American immigration system calls "non-immigrant visas." So sometimes these people get very, very keyed up on the distinction between "immigrant" and "non-immigrant" visas, which, in reality, in economic terms, is very blurred. But the immigrant visa is the one who gets you permanently in the U.S. And this is -- non-immigrant visa, explicitly, already, as it is right now, is a system which should bring in workers for a temporary period that fulfill the needs of U.S. employers. So, in a sense, this mechanism of entering the part of the immigration system which has -- where people have less of the immediate ideological reaction, because these are called "non-immigrant" visas.

And it produces two things, which is, one, a drastic simplification of the system, and so employer will become more aware of how much economic gain there could be. And, second, it signals, through this price and redistributes the fee to the local community what is the value of immigration. So a discussion with the

price of an immigrant permit at -- I did some calculation, but I think that it could very easily, a permit for a three-year H-1B visa, go for around $10,000 -- this is income for the government. This is, so, a clear benefit. This is an evaluation of the economic value of this immigrant, which would be hard to ignore, in a sense, I think, in a debate.

So, just this very simple change will make much more real the value, and it will give some tools to the business community, and to people who have dealt with this for awhile, in saying, look, this is the cost, this is the value, and so let's have a conversation on how we can extend this somewhere else.

MR. SMITH: So, I wanted to pick up on that, on -- I know these things are hard to predict in advance, but -- so you had this really amazing figure. Immigrants, college-educated immigrants, will earn about $55,000 more per year in the United States than in their home country.

Now, if I take that, and I just think about the H-1B program, which are these temporary employment

visas, I just, in the back of my mind it sounded like those permits could go for much more than $10,000.

So if the surplus is $55,000 per year per worker --

MR. PERI: Yeah. So, the idea is that $50,000 per worker, so these are permits that last for three years. So $150,000, a little discounted, but roughly that's the value of moving a worker from a country to the United States.

This surplus, currently -- that's the point, this surplus currently goes, in part, to the employer and, in part, to the immigrant. That fee is a way of transferring part of it to the American citizen.

And, again, I agree with you, because the market could be, and the bidding part, the market part could increase this. So, $10,000 will be roughly 5 percent of their total value. So, obviously, it will depend on what is the demand. But I also can see this value going up very much.

And if this value increases a lot, I do think that this is a strong signal, and it will have

some constituents, because the government gets money, and the local community benefits from it -- to say, well, why we don't increase this a little bit more?

And, finally, this simplifies, I think, the way in which, also, American workers will look at that. I know many worry about this. They say, well, what about the American workers? Well, in a sense, this extra cost will be the type of -- so this will create an advantage to hire an American worker because it will cost less, you won't have to pay the fee -- if he is available, or she is available, however. Because in some of these jobs there is some excess of demand at the current wages. Americans do not want to go in the fields and do those jobs. And there are not enough Ph.Ds that can fill some of this in the medium run.

So, obviously, I think that this price system to regulate this competition also will be another advantage of this proposal.

MR. GREENSTONE: Yes, I thought the proposal for the portability is very interesting, but I'd love

to hear from all three of you. Because portability is also something that the humanitarian left and the unions have been very concerned about, because this sort of prevents exploitation of the workers. You know, they don't like the salary they're getting paid, they can leave, instead of being -- like indentured servitude that you have, as often -- the temporary-worker programs are often pictured that way, fairly or not.

But -- but -- from the business point of view, if you have portability you bring somebody, you pay the price, $10,000, or Gary Becker says take it up to $50,000, a year later they leave. Now, you have in your proposal a secondary market. But if you're a business, does portability suddenly say, well, now, wait a minute. The guy, I'm going to bring him here, he's going to leave, do I really want to invest in that? And is that secondary -- or, conversely, is that secondary market going to just create, you know, like scalping tickets to see the Washington Nationals?

SPEAKER: There's excess demand for the Washington Nationals?

SPEAKER: I couldn't say the New York Yankees.

MR. PERI: Can I just say one thing, and then I just -- so, I do think that this is very important. So, the idea that there is a market, so that the permit to hire an immigrant is like an asset that the company has, which has a value and a market where it could be sold, because it has a price.

And so if a company hires an immigrant who stays one year with them, then they have a two-year valid permit that can be sold at a market price. If the secondary market is thick enough, and there is enough trade, I think this could definitely work.

The other thing is that this does also encourage companies to select their worker carefully, just like you don't want to hire any worker and have the person leave. We're talking about this cost, but there are costs of specific human capital investment early on, training that the company does. So all

companies have incentive to select workers that will stay. I think this will just give a little extra.

MR. SHUMACHER-MATOS: Yes, just one -- "As a Tea Party guy we're concerned about illegal immigration, and we're very much in favor of legal immigration." Those folks do vote Republican.

MR. GREENSTONE: No, that is true. I mean, legal immigration is not an issue in this country.

MR. SMITH: No, it's really not. And we need to separate the two.

MR. GREENSTONE: Not a political issue -- unlike in Europe.

MR. SMITH: We need to separate the two.

But let me come back to that. We deal with the problem of highly skilled scientists and engineers leaving us every day. This adds a few dollars to it. Maybe the secondary market will solve some of that. But we'll take that risk.

Our job is to get those talented people, to give them challenging jobs, and to keep them happy. And if Dow Chemical takes them, we'll take a few from

Dow. I think there's not a great concern over that. And I actually did talk to our senior scientist about that, and their sense was we'll put the programs in place, keep them happy and productive. And, if not, we'll find others to replace them. So I don't think that's a problem.

MR. SUAREZ: Here's where I stand on portability. It puts a burden on the employer to do the right type of recruitment, aligning people to the company's values or strategy, treat them well. If you do all that, you don't have to worry about that.

SPEAKER: Absolutely.

MR. SUAREZ: So, we -- that's why we select the people directly, because we want to hire the right people that will stay with us. And we have this high retention rate.

So, I didn't quite understand how it works yet, but I'll ask you after this. But I think it's good. It creates that competitiveness amongst employers to do the right thing.

MR. GREENSTONE: Okay, so now I want to ask both you and Marsch totally unfair questions.

SPEAKER: Oh, great.

MR. GREENSTONE: So, as Edward outlined, the political challenge is great. What can the business community do to address some of the, as Edward describe, are issues that seem to be coming from the left. It seems like from the right, at least from the business community, it's clear you guys want more workers, want to have a more transparent and clear system.

But the immigration policy is trying to achieve more goals than that. So what can business do to contribute?

MR. SMITH: Well, I was going to answer what we could do on the right. And I've clearly got to call the U.S. Chamber when we get out of here. We do need to get the business community mobilized behind this, and we're not doing the job we need to do.

I guess my sense on the concern from the left is, can we solve this first? This is a real

problem we can solve now. As Giovanni points out, if we get that solved, some of the family reunification gets solved in collateral ways. Or let's cope with the family unification as the next step.

Here's a first step. I can't imagine there's opposition to it. It provides U.S. jobs, it increases U.S. technology. It keeps us from exporting jobs we don't want to export. And I don't think we ought to hold this kind of reform up over legitimate humanitarian concerns on the other side.

MR. SUAREZ: I agree. We have to get engaged with the political process, no doubt. And we are, through our trade organizations, we have representatives here in Washington, and we're constantly going to see our representatives.

But I think we need -- it's all about this economic proposal. You know, what does it mean to us? And I'm speaking for California, and a little bit of Arizona. For those who have never been to a field -- by the way, I'm not a farmer by trade, I just happen to work in the industry -- I invite you to go to see

what these people do. I think there's a disconnect between, with all due respect, with Washington and the real world out there. And I think they need to go out there, as well. We need to open the door for them to come see what we do. And then when, you know, we have lunches in our offices, they all love it.

So that's what it means. It means to -- this is a great approach, and then let's meet in the middle and have some sort of shared vision of the public interest, interest for the business community, and also the nation.

The 2012 -- excuse me, I have a cold -- the 2012 Monterrey County Agriculture Commission Report says that in our county $3.1 billion of economic input is done by the agriculture sector. We create 45,000 jobs, direct jobs in agriculture. We get -- you know, the county got $102 million in taxes, which is 20 percent of the Monterrey County General Fund. So -- I'm not making this up, this is all over the place. So this is what it means.

And this is a public interest, and we all need to just sit down and talk about this. We just can't be having these, you know, ad hoc meetings.

MR. GREENSTONE: Okay, Giovanni, so we've spent a lot of time on your phase one, which we all agree is easily implementable, and likely to be done soon. (Laughter)

Can we talk more about your grander vision? And let's go all the way to phase three, and just remind the audience what's involved in that, and how's it going to change my life?

MR. PERI: So, the grand vision is to extend some of this simplicity, fairness, and efficiency to the whole system. And I think the best way to understand phase three, and the family reunification type of it, when we move to family reunification, is to look at how the family reunification works right now.

So there is a program to bring in siblings, adult children, but it has some of these arcane quotas, particularly the 7 percent. Each country

cannot count for more than 7 percent of the total, no matter if you are Djibouti or Mexico -- which implies that a sibling from Mexico, or a parent from Mexico, waits 20 years. So that's clearly not favoring the family reunification.

So in that part, I suggest to remove some of these very arbitrary restrictions – so, one is the 7 percent by country -- and then to reassess a little bit the balance, also, between family and work, in the sense that immediate family has to be kept together. So an immigrant has to have a way of bringing spouse and minor children. And extended family, in large part, I argue, could be brought in through labor visas. Because very often the brother, the adult children, find a job through the information that goes in the local community.

So, in that respect, it is an efficient way of allocating visas, which has to be with the labor part, could absorb part of the family reunification type of visa.

And the benefit -- so -- but I think the important thing, though, of phase one, and the reason why we talked about phase one a lot, is that phase two and phase three do build on what we learn. So we are stuck, because we keep talking about there is a value of immigration, there would be a way, but we don't know how this will work until we start.

So, in many other parts of policy we run some small pilot programs -- in education, in welfare -- in order to understand how something will work, and then we expand that program when we see it work. That's the way in which I envision immigration. If we are willing to do this simpler change first, and learn from that how easier it would be for employers, easier for the worker, how beneficial it will be in terms of revenues, for us, too, and for the local community, to have immigrants, then we can build the following step and say let's have a little bit more of these permits. Let's have the permanent part of labor visa also encompassed. Let's switch some of the numbers from

the family, more extended, which, in any case, is very sluggish now to the labor.

So, I think this will benefit communities, because it will bring more money. It will benefit the employer because that will bring in more workers.

It will generate a big flow of highly skilled workers, which are the engine of our economy. So we will be benefitted, just the way in which we have been so far by immigrants, but a much more efficient way, simpler way, easy-to-navigate way, and we will cut out all those lawyer fees and those complications that nobody wants to pay. So the lawyers should be worried about this type of reform.

Because right now, all that premium, or part of that surplus, go in large part there. And I don't think that's the efficient way.

MR. GREENSTONE: Okay. And then just a very brief question -- you said that the high-skilled worker is the engine of the economy.

MR. PERI: Yes.

MR. GREENSTONE: What's going to happen to my wages with your Dream Act? We're going to have --

MR. PERI: It's going to go up?

MR. GREENSTONE: By how much? (Laugher)

MR. PERI: It depends on how many immigrants you get. But, as you see, we are complementary. I couldn't have done this without you. And so you're going to get some bonus for this.

Well, there is --

MR. GREENSTONE: No, no -- but draw a little bit from your research, yes.

MR. PERI: So there is evidence, there is evidence, and it's very serious, that immigrants at the high end and the low end of the educational spectrum, more than taking American jobs, complement American jobs. So at the high end, companies, labs, innovation happens because people cooperate. So more human capital, more skills, have these spillover economical effect. I am more innovative, and I communicate my ideas.

And also at the local level there are these other jobs which are created by having the highly skilled. So there are some papers that I worked on, another paper that Enrico Moretti at Berkeley worked on, on this, called "local job multiplier." When you bring highly skilled in a location, the productivity of business comes in, but this business also needs local services. They need haircuts, they need dining, they need all these.

And so not only there will be an increase in productivity in the high end of the economies -- so, high tech and knowledge-intensive economy -- but at the local level, the city that creates these jobs also increase the jobs and the pay of the local services, which are normally done by less educated.

So, not only there will be a benefit for us, because we will be working in companies which are more productive, and therefore can afford to pay us more, but at the local level there will be more jobs for the local non-tradeable services -- construction services,

local services -- which will be enhanced by the presence of the people.

MR. GREENSTONE: So, wait a minute. Immigrants don't take jobs from natives? Is that what your research says?

MR. PERI: Yes -- in net, not. In net --

MR. GREENSTONE: So, can you -- yes, so can you flesh it out a little bit?

MR. PERI: Yes. So, essentially, what they will do are two things. Again, you have to differentiate between the low-educated and the high-educated.

So at the low-educated level, which is probably the more contentious, what I find is that they take some of these manual jobs, and what happens? A lot of these manual jobs at these wages will not be done by Americans. So a company will simply not do this job, outsource some of these jobs, or do less of that, mechanize some of that.

To the contrary, if immigrants come in and do this type of job, they like bump up a native to do

some work, supervision, coordination type of job. So the evidence then in the work that I do shows that at the local level where there are more immigrants doing these low-skill jobs, natives tend to take more of these supervision and coordination types of jobs, with an improvement for their wages, because they're paid a little bit more.

And the productivity effect at the local level is that, in net, in net, there are going to be more jobs.

Now, some occupations, some specific occupations, can be hurt. So if you are a person who is a construction worker, and you stay a construction worker your whole life, you don't become a little bit more in a supervisory role, your wage can be hurt. But on average, the mobility of American workers has ensured that more immigrants in some type of occupations have moved the rest of the American workers up, and has created that efficient specialization and locally, an increase in productivity that has, in net, benefits to everybody.

So there are gains for everybody. There are some bigger winners and smaller winners. But I think a well designed system will increase and maximize these benefits to American workers, too.

MR. GREENSTONE: Edward, I think we're going to turn it open to the floor in a minute, but I wondered if you could wrap some of this.

And then also, you know, you gave us a very depressing path on the politics, so I'm going to give you a re-do here. (Laughter) And it doesn't have to be completely reality-based (laughter), but if you could design a path for how this could all work?

MR. SHUMACHER-MATOS: Well, let me give a depressing side to the economics, and present another point of view to Giovanni's. It's not necessarily that I agree with it, but it has to be presented. And this is from his friend George Borjas.

MR. GREENSTONE: Your former colleague.

MR. SHUMACHER-MATOS: And for your wages to go up, and for all these complementary people to go

up, if there are all these winners, there have to be losers.

SPEAKER: That's not true.

MR. SHUMACHER-MATOS: Wait a minute. Wait a minute.

MR. GREENSTONE: Remember, we're supposed to be polite to our guests.

MR. SHUMACHER-MATOS: And so, for the argument -- the argument is said. So, and as Giovanni said, the people who are hurt, there are some people hurt at the bottom.

So who are those people hurt at the bottom? And so generally it's said it's the bottom 10 percent. And if you look at that bottom 10 percent -- I mean, there's some people at the top, too, because they're competing, you know, for jobs at 3M, and so maybe that drops the wages a little bit for Ph.Ds. But that -- you know, they're making so much money anyway it doesn't make any difference. The real problem is the people at bottom, right. That bottom 10 percent.

Who are the bottom 10 percent? Five percent of that, half of that, in fact, are unauthorized immigrants, or recently-arrived immigrants to begin with. So, you say, well, maybe we don't worry about it so much for them because, you know, they're not longstanding Americans, and, you know, less deserving, and so forth, if you want to argue that.

The other 5 percent are, you know, what we would consider longstanding Americans, here for several generations -- mostly African Americans but not totally. Some white rural people, some white rural Americans, as well. Their wages are the ones that go down.

How much? This is the big fight. How much of their wages go down?

And here it's, you know, really there's no, it's really modeled now. Nobody really empirically knows how much they go down. And there are different models, and real fights over the models, you know, and how you measure that.

But, generally speaking, it's anywhere from -- for people who make, say, $24,000 a year, it's anywhere from, say, zero to $1,200 a year. That's the big fight. Zero under some of the things that Giovanni said -- and Giovanni's even said at points it could be positive. But, generally speaking, it's close to zero, and closer to -- it depends on business cycles and things like that Giovanni's introduced into the argument.

George, and Katz, and other people who have looked at this sort of thing, other economists, would say, no, it gets as high as 5 percent of their wages, which is $1,200 a year. $1,200 a year for somebody making $24,000 a year is a lot of money. And this is the people that -- you know, it depends upon what your concern is for the bottom 5 percent.

Are there other policies that could be used to benefit them? You know, that, still, that immigration has all these other positive benefits so we have to do something, you know, to take care of these people who may be impacted by it?

These are big issues. But I think, you know, they complicate the matter, but I think you do have to address them openly and honestly.

Politically -- now what was the thing about politically?

MR. GREENSTONE: Yes. So we'll have questions from the audience.

MR. SHUMACHER-MATOS: Yes.

MR. GREENSTONE: So you've got 30 seconds to identify a positive political path that will lead to comprehensive immigration reform. (Laughter)

MR. SHUMACHER-MATOS: You know, I honestly, I really -- you know, I keep thinking that you can try and sell it by being rational, by doing proposals like this, by talking about the benefits, by really looking at all the -- particularly looking at the economics of it all. I just don't see it.

I think the best thing that's happened is that, right now, there is no longer net growth in illegal immigration and, if anything, it may be slightly declining. Enforcement is working. Both the

right and the left have said enforcement wasn't working, and now finally everybody is saying, oh, maybe it is working. I've been trying to maintain for the last two or three years that it's working, and it's working. It's not just the economics, it's not just the recession in the country that's slowing things down.

I do think that we -- the real hope is you guys inside the Republican Party. I mean, it's a non-starter to think that this is going to happen without doing something for the 11 million unauthorized immigrants. Politically, that's a non-starter. So you've got to come up with something. And that's the only hope I can see.

MR. GREENSTONE: Although your only objection was from the Democratic side, the humanitarian left, that bottom 5 percent. There just isn't -- John McCain was the only Presidential candidate X

MR. SHUMACHER-MATOS: No.

MR. GREENSTONE: -- advocating real electoral reform --

MR. SHUMACHER-MATOS: No, no, no. That is not a political thing. That is not a Republic-Democratic thing, about concern about the bottom 5, 10 percent at all. That's an economic argument, not a political argument.

MR. GREENSTONE: Okay, I want to open the floor to questions. I know there's a lot of very informed people here.

Yes. I think someone's coming with a microphone.

And if you could state your name.

MS. ORCHOWSKI: I'm Peggy Orchowski. I'm a congressional correspondent for the Hispanic Outlook magazine. I wrote a book on immigration a couple of years ago.

I have several questions, but I have been doing several, a lot of stories lately on Hispanic engineers, kids who are going -- there are more Hispanics going into, and graduating in engineering

now than ever before. But they're not going into grad schools, they're not getting jobs, because the foreign students pretty much own all of the RAs and TAs in schools. The post-docs are given to foreign students.

We do not see recruitment by companies such as 3M to recruit minority students, both Blacks and Hispanics.

So I'm wondering, is there any initiative at all to try to help close this gap between Americans, and especially foreign students in engineering, by the companies? At least help them get some aid to go on to graduate school?

I also wanted to talk about the 7 percent you were talking about. The 7 percent, you call it a quota, it's not. The quotas were done with in '67 by the Reform Act, by Kennedy. The idea of the 7 percent, that no country can have more than 7 percent of all the green cards given out was because we have a commitment in this country to diversity. And we did away with the quotas of 1920 for preferred for Northern Europeans because we wanted no preference for

a particular country. That means if we're not going to prefer Northern Europeans, than we shouldn't prefer Mexicans, or Indians, or Chinese.

So how are you going to address the value of diversity in this country if you suddenly just eliminate any of the country limits? I think that is a really core value in immigration.

MR. PERI: Sorry -- but, I mean, the 7 percent -- this is very quick -- the 7 percent doesn't make any sense. At least make it proportional to the population of the country. Vatican City has 7 percent, and there is not going to be anybody who is going to come from there.

So there is a much more rational way of even pursuing, explicitly, diversity, that's a way. Why 7 percent, for instance? If you just take the number of countries in the world, and divide 1 by the number of countries, which is 135, you get 0.7 percent. Why it's not .07?

So it's very -- to me, there are a lot of these. And this is just one example of a lot of very

specific numbers set in the long past, with very little relationship to reality. At least reassess them.

MR. SMITH: Yes, I can't speak for my friends in academia. I can speak for the corporations. We have a very aggressive diversity hiring program. I have a grad student that I mentor on a regular basis. We have special teams that seek to recruit minorities from the universities. We meet, at the most senior level, once a month on the issue. I'm not sure of the count, but we must have 15 or 20 people working full time on improving the diversity at 3M.

It's a major goal for us. We see it partly as a matter of national priority. We simply have to create a more diverse and integrated society, and we're working hard on it. I think I'm talking both. Yeah -- yes, I talking both.

MR. GREENSTONE: Okay, I think there's a question here.

MR. MORALES: Hi, my name is Cecilio Morales. I'm with the Employment and Training Reporter.

I've read your papers on the wage effect and whatnot, and I want to do something about the math here. Because I'm concentrating on the number, like "300,000 in normal times" coming in a year unauthorized. And these are not normal times so, of course, they went down. And they did in the Depression, also.

So I'm looking at the incentives. Does your system eventually -- maybe after those 10 years when the Republicans change their mind -- but does it eventually encompass the entire number of people coming in, that the economy is obviously asking in? Does it eventually, you know, include the current unauthorized.

MR. GREENSTONE: So, I think the question is would your system obviate the need for illegal immigration, or the desire for illegal immigration?

MR. PERI: Yes -- so the goal is exactly that one. The goal is to use this price mechanism to signal what is the demand, how many immigrants the market can actually employ. And in the third phase, to act following this price signal so that, for instance, if the H-2 visas, which are the seasonal or unskilled, price raises a lot, the Congress can increase the quota for that group.

And eventually -- so, on one hand, increase the number that come in legally. On the other hand, decrease substantially the incentives of companies to go after them in an undocumented way because there is a clear way, which you have to pay, of course -- but a clear way in which you can hire them legally.

So, many people that the failure of 1986 IRCA reform was that, that there was no way, it didn't allow for a way to higher low-educated immigrants. And so once you legalize the group which were undocumented then the demand stayed there, but there was no way in.

So the third phase of this will definitely follow and pick up on the price signal, and allow a larger number of immigrants and the low level of education if they are needed.

As you say, though, right now, in the last four or five years, actually, that net immigration has been negative. So in some periods, this quota can also go down, following the need of the market.

MR. GREENSTONE: Okay, I think we have time for one more question.

SPEAKER: My first question is, in your system that you propose, what would prevent an anti-immigrant organization from spending money to big up the cost of the visas?

And then, second, I wanted to ask the two gentlemen from the private sector, talk a little bit about sort of being reluctant of, like, setting up a foreign affiliate to have the work being done? Or importing, or relocating some facilities?

And I just wanted to make certain that you're not saying that it's bad to have foreign

affiliates, or to import? That that, or other ways, that you could have the spillovers take place, they would just take place somewhere else.

MR. PERI: So, the bidding up -- so the auction is a sealed offer auction. So the employer will write down the number of immigrant permits that they want, and the price that they are willing to pay. And then they will submit it. And then the first x, where x is the number of permit offers are satisfied, and they pay the price of the lowest winning option.

So, on one hand, if you want to be an anti-immigrant organization you need to put an offer, and so you need to really indicate that you will hire immigrants and that you will pay a price.

And the second is that the connection between the visa and the permit implies that you cannot buy a permit and leave it laying out there. So you cannot buy-out permit and not have employers. A permit of a worker has to be linked to a visa. So you cannot "buy-out" quotas and not employ people.

So, again, I guess there can be some sophisticated people that think how to rig the system, but this is based on trying to minimize collusion among employers, trying to minimize the disruptive role of people who just want to bid, because it's not an open, it's a sealed offer. And to try to connect the actual visa to the permit.

MR. GREENSTONE: So it would have, then, a use-it-or-lose-it?

MR. PERI: You will have an element of use-it-or-lose-it, with a little bit of sort of time to change -- yes.

MR. GREENSTONE: Jorge, I know your company has operations both in the United States and outside the United States. Do you want to --

MR. SUAREZ: No, we're not against that. And we just actually finished a $4 million cooling facility in the Mexicali Valley, which is close to Arizona. So we're doing that. We're growing our green onions program, brussels sprouts. And we're

actually going to start growing asparagus in the southern part of Baja, by Cabo.

So we're growing the program, not because -- just because it's good for the climates that we are growing. So we're open to that.

But we can't relocate our fields from California to elsewhere. It's a little hard to do that.

MR. SMITH: From our point of view, we would like to keep our R&D concentrated, the high-end R&D concentrated in the United States. The intellectual property protection is better, and the nature of our research works better if we have integrated teams.

But we have factories all over the world, and want to continue that. Our hope is, we'd like to be able to make the decision on the best quality product, at the best price for customers, and not be driven by governmental restrictions, or limitations on being able to find those workers.

You know, we're happy to go wherever we can make the best products at the best price, and we just ask to be free to do that, and not have to be bound by what seem, often, restrictive governmental policies.

MR. GREENSTONE: Okay. I'm afraid we're out of time. I, personally, could sit here and talk about your proposal for another couple hours.

But I wonder if all of you could join me in thanking our fantastic set of panelists. (Applause)

MR. ALDEN: I think we're ready to get started with the second panel here. Welcome. My name is Ted Alden. I'm a senior fellow at the Council on Foreign Relations and I want to thank Michael Greenstone and Karen Anderson and Adam Looney for inviting me to moderate and for sponsoring what is a timely and important event on the subject of immigration reform.

Our first panel today was what I might call the "Big Ideas" panel. When some of us first saw the draft of Giovanni's paper we asked the typical Washington questions which was, you know, can you get 60 votes in the Senate for this? And fortunately he ignored us and managed to write an extremely interesting and innovative paper which I think is a very, very important contribution to the discussion. This panel, however, is going to be more about how do we break through the gridlocked political system we've got on the issue of immigration reform and try to make

some forward progress which has been very hard to find for a number of years now.

So we have a tremendous group to address these issues. I'll just reintroduce them all briefly. To my immediate left, Chuck Hagel, who represented the state of Nebraska for two terms in the Senate, was one of the original cosponsors of the Dream Act and played a key role in the efforts in 2006-2007 to get through immigration reform legislation.

To his left, John Wilhelm, the president of UNITE HERE, a union that represents about a quarter million workers in the U.S. and Canada in hotel, food service, laundry, warehouse, and other industries.

To my far right, Glenn Hutchins, cofounder of Silver Lake, which is one of the world's largest private equity investors in technology companies. Also, many years ago served as an economic advisor to President Bill Clinton, so he's seen things from the Washington side as well.

And then to my immediate right Janet Murguia, president of the National Council of La Raza,

which is the most important Latino rights group in the country, active on a wide range of issues, including immigration reform. I had the honor of working with your predecessor, Raul Yzaguirre on the Council of Foreign Relations Task Force on Immigration Policy a couple of years ago that was chaired by Jeb Bush and Mack McClarty.

So welcome to all our panelists.

Senator Hagel, I want to start with you to kind of set the landscape a little bit here. How did we arrive at the current stalemate? Give us the brief version of what went wrong the last time the Congress administration during the second term of the Bush administration really made a serious effort at immigration reform. What went off the rails there and where do we stand now?

MR. HAGEL: Well, I think not unlike almost everything in life there always comes a time when the stars are aligned. In political verbiage it's political environment, political climate. And if that political environment is not right, regardless of the

issue, it's very unlikely there's any real possibility of advancement of an issue. Recognizing that part of the answer I think is the fact that the leadership in this country has deferred this issue for many, many years. They've essentially looked the other way. Both parties, business institutions. And when that happens that breaks the issue up in many parts because then it becomes central to special interests. And special interests alone without the unifying purpose of the bigger cause will never succeed.

That is coming back into some focus, I believe, partly because this issue is relevant to every state, every institution, business, education, politics. The Hispanic voting bloc in this country now is a rather significant voting bloc. That's not the reason we should fix the problem but that's a part of the reality of what drives the forces that drive an issue to higher ground of possible solution and then eventually resolution. So I don't think there's one answer to your question. It's a combination of some of the things I've touched upon and others.

But the last point I would make, without leadership nothing happens. Institutions are but structures and forums and systems and boundaries. It is the human leadership element that makes things happen, and without that leadership it won't happen. Now, let's move forward 15 seconds. We're in a dark hole now for the next six months, not that we haven't been in a dark hole the last few years, but it's really dark. (Laughter) It's like a bad storm being forecast. There's nothing you can do to change it. Just head for the potato cellar. Do as much as you can to get ready. The storm blows through and we will rebuild after November because we've essentially advocated our responsibility to govern in this country -- both parties by the way -- that cannot last for many reasons. This will be one of those issues I really believe over the next four years that maybe won't get resolved but will get advanced because the forces now are so strong at every level on every issue and every industry and every institution, every community, that it has to be dealt with.

MR. ALDEN: I think one of the big challenges -- and it wasn't like this was easy before the recession in 2006-2007 when you were addressing it -- but one of the big challenges that has been with us for the last several years is we're facing high unemployment. We've got, you know, near double-digit unemployment. Even college grads face tougher job prospects. Glenn, you know, talk to us from the perspective of the industries that you invest in or more broadly, how do you make the case that we need more skilled immigrants when the job situation in this country is as bleak as it is. What kind of arguments can you put out there for why this would be a good thing for us to bring in more skilled workers from overseas?

MR. HUTCHINS: So one of the things I've tried in vain to do in my trips to Washington over the years is to convince people here that business is not government creates jobs. And that business -- and the process starts not with government deciding there needs to be jobs and then jobs created and those jobs

find companies; it starts with companies being formed and companies hiring people to work for those businesses. And so company formation and company expansion is what's absolutely critical to job creation. There is no doubt about that. Immigration is vital and has historically been vital to company formation in the United States.

I'll give you a couple facts I collected here. More than 40 percent of the 2010 Fortune 500 companies were founded by immigrants or their children. They now have 4.2 trillion in revenue and 10 million jobs. These include Kraft, Ford, General Electric, Proctor & Gamble, AT&T, Mattel, Google, McDonald's, Heinz, Home Depot, Hertz, Estee Lauder, UPS, Boeing, and Disney. According to a study at UC Santa Cruz, between 1996 and 2008, 25 percent of the technology and engineering businesses launched in America had an immigrant founder. In Silicon Valley, 52 percent of the new tech start ups had an immigrant founder. According to a San Francisco Federal Reserve Bank study in 2010, areas with higher immigration have

higher wages for native workers because immigration leads to specialization and productivity. Between 1990 and 1997, immigration was association with 5,000 per year annual increase in wages and immigrants contributed $37 billion to the economic activity of the native born in the countries where they immigrated.

And this is not just, by the way, I've been asked to speak about high skilled jobs but I also think that the same dynamic -- very same dynamic is at work in the low skilled jobs and there's a social fairness issue to this, too, which I'm very sensitive. I'm not asked to talk so I won't but I'll just make some points about the lower end of the wage level. Today we've got a big demographic problem in the United States. The average worker's median age is now 42 years old. That workforce which previously was only 10 percent high school grads is now 50 percent. There aren't people to do the low wage, high manual labor jobs. The United States is projected to have a substantial increase in its labor force in the coming

20 to 30 years entirely because of immigration. Of the 35 million workers entering our labor force in the coming 30 years I think it is, 43 million of those, i.e., more than the entire amount is going to come from immigrants or from their children. Without that labor pool a lot of the work is not going to get done and those jobs each support three jobs up the line in things like manufacturing, packaging, and transportation. So those are absolutely critical jobs at the low end of the job scale.

And there's also, the last thing I want to say is there's this myth that immigrants live off of our social welfare system and are attracted here and are negative contributors. And actually that's completely wrong. According to the Social Security Administration, the immigrants have contributed a net 120 to 240 billion to the Social Security Fund and pushed back the insolvency date by six years. And paid nearly $1,800 more in taxes than they receive in benefits on average.

I'll stop there. But it is absolutely vital

for the economic well-being of this country at all ends of the scale, across all parts of the logical spectrum, for us to have the same kind of openness to immigration and the resulting job creation as we've had in our country from its beginning.

MR. ALDEN: Thank you. And I think one of the things very attractive about Giovanni's proposal is where you do see the fiscal pressures at the state level -- education, health care -- if you're raising additional money, that's money that can go to help address some of those costs.

Janet, I want to ask you about the possibilities for progress now. I mean, many of us for a long time, certainly the task force I worked on, advocated a comprehensive approach to the problem because things are interlinked. Enforcement, legal programs, legalization program. These things tie together in many ways that are difficult to unpack but what we've seen not just in immigration but in many others is the difficulties we face in doing comprehensive legislation. What do you think the

possibilities are for forward movement now? Is there still hope for a big bang solution? Are we at the position where we need to look for progress where it can be made? Maybe some version of the Dream Act, AgJobs, high skilled workers? It's a debate that's going on very actively I know among all of us who work on immigration. I'd like to get your take on that.

MS. MURGUIA: Yeah, thanks, Tim. Well, I'm from Kansas, so I know about storm cellars. And I'd say we're in the cellar right now for sure, Senator Hagel. But, you know, I'm generally an optimistic person. It's hard to find the silver lining here but I think that there is some silver lining as we've seen discussions around, you know, the economic imperative for bringing forth a solution on immigration reform. And I really do believe there is an economic benefit. But I do think that we've seen -- just to drill down also on Senator Hagel's comments -- you know, failure of leadership. I'd say that, you know, he talked about the need for leadership. I'd say there's also, in addition to that, a need for bipartisanship. We've

never accomplished really anything of substance in the immigration reform area on immigration without having a bipartisan solution and bipartisan support for that solution. So I would say if you were going to drill down the leadership question, there's no question that there's a need for leadership and bipartisanship. And what we've seen so far, and again, I don't think either party should be extremely proud of what they're doing right now. It feels like this has been a third rail and a lightning rod issue that both parties have been happy to shy away from. I do think that we've seen a sense of aversion to this issue by the republicans in a way that has been shocking because of the demographic that Senator Hagel and others have mentioned. It's clear the workforce issues and the demographic shift that's occurred here indicates that immigrants and Hispanics will be central to the future workforce. The increasing political influence of the Latino community is also growing. So it's really shocking that we wouldn't have seen folks lean into this issue in a way that they could take advantage of

and in a way that they would see as a benefit for the country and our future and for the economic future.

So it's been discouraging that more people haven't leaned into this on both sides of the aisle. I will say that I really appreciate Senator Marco Rubio's (Florida) engagement. He has talked about putting forth a bill in the area of immigration that's a very narrow bill. It would not be my preference in terms of how narrow it is. And what he's talking about, although we haven't seen the details and I would want to see the details and I'd hate to think that we would really be talking about a segment of our population here having a status without citizenship. And it would raise a whole new dynamic for us as a country. But I want to give Senator Rubio a chance to really lay that out there and make the case for it and I embrace and applaud him for talking about this issue, first and foremost, and in a speech that he laid out in January of this year it was really a seminal speech and one that I hope that the republicans would pay great attention to because he

acknowledged in that speech how republicans have failed to engage but worse than that, that they have really talked about this issue in a way that's not been as responsible as they should. And that he is trying to change the tone in this debate. And I think changing the tone would help a lot because quite frankly there hasn't been the safe space for us to have a rational conversation on this issue. And it's not clear to me what all the dynamics -- I can make some assumptions about what the dynamics have been in particularly the republican party but there's no question that that fracture and the division in the republican party on this issue has led people to shy away, to put their heads in the sand, and no one has really stood up to say we really need to lean into this issue and talk about resolving it.

I don't know if the Dream Act can actually have a shot between now and the election. I know that it's helpful to have a conversation about this. And we may not agree on some of the principles that are going to be part of that conversation, but I'd

appreciate someone leaning in on this issue from the republican party and also having a chance to have some bipartisan debate on this and someone who is leading that debate understanding that the tone has to change. And so for me there is a light. There's a glimmer, and I hope that we will see perhaps after the election, more courage on the part of folks in both parties to understand that really they could enter this conversation, perhaps coming from a perspective of the right, if you will, and not feel that they have to be challenged in terms of whether they're racist or not. And for those who are coming at this from the left, can come into this and not be challenged about their patriotism and whether they're trying to just open the flood gates. We need to stop that kind of extreme rhetoric on both sides and create a safe space for a conversation that can have a rational solution. The solutions are possible and I hope that we wouldn't give up on the issue and the notion that we should have comprehensive immigration reform. I mean, the Dream Act and the dreamers, these students who are

very worthy of having an opportunity for citizenship here and for relief are not the only ones with the dream. There are other folk who are in the balance right now and in the shadows and I really believe that because of the economic imperative, because of the moral imperative, that we should stand up and figure out a way to solve this. There is a common sense solution. It doesn't have to be on both sides of the extreme.

MR. ALDEN: I want to come back to Senator Rubio's proposal because I think it is important.

But I want to go to John a little bit and just finish playing out the sort of comparison about where we were in '06-'07 and where we are now. Unions played a very important role in trying to push for comprehensive immigration reform in that period. I think there was a kind of uniting of the union movement that we hadn't seen before in favor of immigration reform. Obviously, the particulars matter. But since then, you know, we've seen a recession that has decimated employment in the

manufacturing economy really quite unprecedented in modern U.S. history. Does that change the issue from the perspective of your members, your workers having gone through the period that we've seen in the last four or five years economically?

MR. WILHELM: The recession hasn't diminished the labor movement's support of comprehensive immigration reform at all. In fact, I think in some ways it's actually strengthened it. In 2006 and 2007, we almost had a moment, and certainly, Senator Hagel, you were right there. And to be frank, I believe the reason we were not able to pass -- that legislation wasn't perfect but it sure would have been a significant step forward. And I think the reason we weren't able to pass it, quite frankly, is that the business community, while it said the right things, didn't draw a line in the sand on that issue. So I think that's one of the things that we have to figure out. The business community has got to do -- it's got to put its political muscle where its economic interests lie. And on this issue I don't think

there's any dispute where the economic interests of the business community lie. And I agree with Glenn. It's not just the highly educated. It's people with less formal education as well.

In the hospitality industry we shy away from the term "low skilled" because I would invite anybody here to spend a day or a week with a hotel housekeeper, for example, a job often thought of as low skilled. But at all levels of the economic spectrum I think the economic case is perfectly clear. So one thing we've got to do is we have to figure out how the business community can put its political muscle where its economic interests lie. The labor movement, I've been really proud of the progress the labor movement has made. The modern American labor movement was built by successive waves of immigrants as well as African-Americans over the generations. My own union was founded in 1891. At the founding convention there were 32 delegates -- two African-Americans and every other delegate was an immigrant of that era, 1891, mostly from different parts of Europe.

And that's true of the urban working class successively. The biggest growth in unions in American history was in the 1930s and 1940s and that was again by the immigrants and the children of immigrants of that era as well as African-Americans.

Post-war the labor movement, arguably like our country, got a little bit complacent, a little bit narrow perhaps. But that's all been changed for the better. We're very, very supportive. Both Rich Trumka, the president of the AFL-CIO; Joe Hansen, the president of the Change to Win labor federation are not just supportive but emotionally vehement about this issue. It's our heritage and we've rediscovered our heritage.

Unlike some of the points of view that have been expressed here, I'm actually a tremendous optimist. And let m say why I'm not an optimist in the six months of the cellar as Senator Hagel puts it, but I'm a tremendous optimist. And let me see if I can say why. As Glenn said, the native-born American workforce is aging. So the economic imperative is

going to get stronger and stronger and stronger. Secondly, the political reality, as Janet referenced, the political reality is that if any political party -- at the moment it's the republican political party -- if the republican political party continues in its present course it's going to commit demographic suicide. Now, I happen to be a democratic. I suppose I can say that's great. But I actually think what's going to happen is this. I think when the results of the 2012 election are in and people can analyze them, I think that the increasing importance of the immigrant community -- by which I mean immigrants, the children of immigrants, the families of immigrants -- the increasing importance of that community from a political point of view is going to be even more obvious than it is now. There are, after all, there are plenty of smart people in the Republican Party who get this. George W. Bush, with whom I agreed on virtually nothing, got this. His brother gets it. Karl Rove gets it. There are plenty of -- Senator Hagel, with whom I agree on a lot of things, certainly

gets it. There are plenty of smart republicans.

Unfortunately, they've been shouted down by the extremists. I think the idea of Mr. Romney running to the right of both Newt Gingrich and Rick Perry on this issue is somewhat breathtaking. And in the first panel when Mr. Schumacher-Matos said he thought it would take 5 to 10 years, my own view is I'm on the short side of that. Unless there's a very, very strong republican showing this year -- and here's what I mean by that. If there's a very, very strong republican showing in the 2012 elections, then the republican party will probably put off for a few more years its internalization and acceptance of the demographic reality. After all, according to Pugh, 23 percent of the people in the United States, 17 years of age and under, are Latino. And if you add other immigrant groups to that, and if you add the children and the families of immigrants, you're pushing towards a majority of Americans. And increasingly, particularly the 17 and under category, people who will be eligible to vote when they get to be 18.

So I think if the republican extreme view does really well this year, I think it'll probably take more toward the 10 years that Mr. Schumacher-Matos's formulation, if the republican extreme view doesn't do well this time, I think in five years or less we'll be in great shape on this issue. One of the things -- I'm not equating the two issues but one of the things is I think stunning to most observers about the change in public attitude on the gay marriage issue is how quickly it occurred. I think that's a function of technology and communication, as well as the age of our country. And so the point is that changing attitudes on these issues appears to be going much faster. I think young America is not burdened by most of the stuff that many, if not all older Americans are burdened on on this. I think younger America recognizes that we live in a global society and it makes absolutely no sense to have unfettered movement of capital and restricted movement of people. So I'm a real optimist but I'm an optimist because the business community in my view is going to

be forced to do what is in its economic interest. And because the political system is going to be forced to accept the demographic reality. If that takes five years or 10, I don't know. But I believe it'll be much faster than we imagine here in the cellar.

MR. ALDEN: That's very encouraging. And sometimes as you say, these changes when they occur can occur very fast. Attitudes can suddenly crystallize and shift.

Senator, I want to push a little more on John's notion if only business were pushing hard. I mean, we all sort of have this sort of theory about how politics operate, that if there's enough pressure from the outside things happen. But again, you look back at '06-'07. We had businesses push. We had the unions onboard. We had the Latino groups pushing hard. A lot of the evangelical churches in favor of reform. I know I worked with Reverend Richard Land on our task force. It still wasn't enough to get it over the finish line. Is this about outside forces pressing the Congress in particular ways or is there

something else going on that makes it difficult to move this issue forward?

MR. HAGEL: In a democracy, outside forces are representative of the people. And of course, that's the only way democracies can work and it's the only way democracies will function because each of us who has the privilege of holding elective office, we respond to what? We react to what? We answer to whom? That's representative government. And so as these forces build and you've just heard three excellent presentations of the realities of these forces and I noted it in my opening comments, that's what's happening. We're coming to a confluence here of force of purpose. And if you get enough of that going, something will happen.

In 2006, when we passed immigration reform in the Senate which you all noted, that bill passed with 62 votes, bipartisan votes. We would have had three more but three senators who supported us were out of town. We didn't need their votes. As you noted, President Bush, a conservative republican

president, led the charge on this. In fact, I had him in Omaha for the first out of Washington forum for that. That was leadership. What happened here, just as a point of reference for history, is the House passed their so-called immigration reform bill, which was essentially border security. There was no reform in it. And the speaker of the House, probably in an almost unprecedented way, refused to conference the two bills. Now, my 12 years in the Senate, I've never known that to happen, and I suppose it's happened somewhere along the line. But it is pretty rare. If we would have taken those bills to Congress, our bill in the Senate, and we would have had at least 65, and I think we would have had more because courage also in politics is about numbers. (Laughter) So let the guy kind of find courage the next vote. Oh, you got 62 votes? Well, now I've found courage. Now you'll get to 75.

The House was a different situation. But we could have had actually something come out of that. That's my point about leadership. And you're right

about the bipartisanship of it. But all those elements were there in 2006, but because of that one issue it didn't happen. So to your point, I think everything you heard here capsulises this pretty well in your question about forces and are we captive to forces. Of course we are.

MS. MURGUIA: I'd like to comment.

MS. ALDEN: Yes, please, Janet.

MS. MURGUIA: Again, I'm drilling down here but you know, I think the business community can play an important role. And historically, when they have weighed in it has made a difference. And you know, there's sometimes when they say things are a priority and then other times when they act like things are a priority. And I would just say that one of the things that I'm sensing where we've seen businesses engage -- in Arizona, you know, I hear John talking about in the short term this could take up to 5 to 10 years. Really, you know, that's -- I think that could be true but I'm really hoping that there'll be a stronger sense of urgency around this issue because what we've

seen played out, because of the failure of the consensus and the leadership, has been that the states have stepped in to this role. They haven't seen the federal government step in so the states are stepping in. We all know about what's happened in Arizona. We see things playing out, similar laws in Alabama.

In Arizona, though, I thought one thing that was interesting to note, and for me, again, I'm going to try to draw from the light and try to see if we can't encourage more of that positive behavior, but after the law in Arizona passed it was so devastating, so extraordinary, that many of us in the civil rights and Latino and immigrant advocacy community felt the need to make an important statement. We consulted with a lot of people but we actually called for a boycott of Arizona. And it wasn't a step that we took lightly. In fact, you know, it's not something we like to do. They're not easy to enforce but we felt it was so extraordinary we wanted to do it. And we worked really hard to try to make a point about whether future conferences, tourism, and other things

would be there.

I think that effort created a black eye of sorts economically for the state where the point was made and taken -- and I think the business community in the following year when there was an effort by the legislature to drive more extreme legislation and actually take it further, the business community finally stepped up and worked in a very constructive and collaborative way with others to say, you know what? This is not the direction we want to continue to go in. In fact, they came back and repealed parts of the law and we even saw many in the business community join forces with others when it came to taking down the chief architect of that law, the Senate majority leader, Russell Pearce.

So I do feel that we have evidence that absolutely the business community can step in, can step up, work in a collaborative way, and actually find those consensus areas to push this issue in the right direction. And I'm hoping that that can occur more at the national level because frankly it's such a

waste of resources to have this be going state by state by state, seeing them not only act in different ways to deal with these laws but then having to have us act to push back on these laws when, what, at the top, at the federal level there's still no action to do this. But I do believe that we have seen the business community be able to step in and make a difference. And again, they can't do this alone. There's faith-based, law enforcement, others, labor and others that are eager and willing to step up in coalitions to push back on these extreme measures and to push forward the more opportunity-oriented measures that can be agreed upon.

MR. ALDEN: It's certainly a political law, nature, abhors of acumen. We've seen it in immigration reform with the federal government unable to act. The states have all gotten into the game and it's a real mish-mash, some of which the Supreme Court may or may not sort out in the near future.

Glenn, if I'm asking you something different than what you want to respond to, ignore me.

MR. HUTCHINS: I will, don't worry.

MR. ALDEN: With the business community, we've seen real efforts. You know. I mean, the Bloomberg-Murdoch coalition, partnership for a new economy. Certainly, every business executive I talk to working in multinational companies brings this issue up. Says, you know, we have a lot of trouble getting, keeping the people we need. It's a problem for us. We heard from Marshall Smith, 3M, you know, we're seeing research operations go abroad because it's easier for companies to bring together the variety of skilled workers from all over the world, the research scientists and others abroad. What should business be doing?

MR. HUTCHINS: So the vast majority of business people have this quaint notion that their role is to run their businesses and the politicians' role is to run government. And coming to Washington and being told the reason why government is not running as well is because government is not involved is an interesting set of insights we all leave

Washington with. We do come -- the typical businessperson comes to Washington with a notion like this. This is something we ought to do. They then are treated sort of like the bright eighth grader on the school trip. Aren't you a cute little kid? Tap him on the head. Don't you realize that nothing gets done in this town? Just go away and let us wallow in dysfunction. And by the way, leave a campaign check on the way out the door. And that's our typical sort of interaction. And this notion -- let me finish. So there is a very broad and growing view in the world of people who get things done that nothing gets done here and it's largely not worth your time.

Okay. That's point one. Point two, the big issues that your trade association deals with or that the business roundtable or whatnot deal with, but this notion that we can come individually and convince the politicians to do their jobs their not otherwise doing is sort of -- is oftentimes kind of frustrating and ineffective. That's the second point. The second point is the notion -- it's kind of interesting here -

- well, we can get this done in 5 to 10 years. You know, that's sort of to the point of irrelevancy to people who are running businesses. We've got to go get things done tomorrow. We have to kind of build our products, meet our payrolls, compete with our competitions. And the closer you get to the innovative part of the economy, like Silicon Valley, and you say it'll take us five or 10 years to get something done, they all say I'll be on my third or fourth startup by then. And the notion that you're going to do something that's relevant to anything I can accomplish through my business in this 5 to 10 year wait for you to get something done is just sort of so absurd that I'm not even going to sort of pay any attention to it.

And so what businesses are doing is working in their local communities, in their individual companies, to get done what they get done which is within their power to get it done. That's I think the main thing. And increasingly our divorce from the Washington world which they regard as dysfunctional.

I think as we -- my last point -- but that doesn't mean that there aren't people like me who are engaged and there aren't business associations that are engaged, but the message to the hinterlands is dysfunction. Beware. So the last point I would make is as we go through this very long period -- people have talked about his being in recession. We were in recession; we're now in what's a very sluggish recovery that still feels like recession to a lot of people. But as we go through this very sluggish recovery, what I think we need to do as a matter of national policy is to fix what's broken microeconomically in our system, things that government itself can do, not things that they wish others would do, so that once we work through the imbalances that are systemic to our economy, we have the conditions grow more rapidly. It is absolutely clear that this is one of the things we've got to fix to create the conditions for growth in the country. And it's also absolutely clear it is something unlike job creation which government can't do. And so this

is going to be one of the real tests of our system. Is it functional or not?

And the world's not waiting, by the way. Countries outside the United States are competing right now for the people that we're shunning away. They're competing for them because they're trying to compete with us along the lines of technology and innovation that we've always led in the world. So the last point I make is this notion to wait 5 to 10 years to see whether or not we can get some of the best technologists to stay here in the country is again absurd from the timeframe of how quickly that world changes.

MR. ALDEN: Thank you. John, you wanted to weigh in on this?

MR. WILHELM: I agree with you that the proposition of waiting 5 to 10 years is absurd. I think there are four things that could affect that in the positive direction that is much more quickly.

One is whether the business community actually puts its muscle behind this. I know I'm

repeating myself but I don't see how this gets fixed without that.

The second one is, as I said earlier, whether or not the extremists' point of view on this issue -- or not on this issue -- the extremists' wing of the Republican Party does well this fall. Because if it does, it'll be emboldened and I think it'll take that much longer politically.

The third thing is what all of us who care about this do in addition to what I hope the business community would do. So, for example, it's very important and a lot of people are working on this, including NCLR, including our union and a lot of other people, it's important to hasten the demographic -- the political reality of the demographic change. So a lot of us are registering voters, for example. And you can do that in a perfectly nonpartisan way because people are smart. They'll vote however they think they ought to vote. So a lot of us are working on that. And I personally think that's one of the most important things we can all do to hasten reality here.

Anything that bolsters the progressive part of the Democratic Party and the intelligent part of the Republican Party on this issue will get us much closer.

And then the fourth thing is I think we have to humanize this issue in a way that probably all of us are guilty of not sufficiently doing. Most people in this room are not as old as me but I remember what an impact it had when Bobby Kennedy picked up a starving baby in West Virginia. It put a face on rural poverty. It made it human. It made it real. We don't do that enough on this issue. As an example, on the family reunification issue, what we're doing in the United States with respect to splitting up families is unconscionable and it goes beyond economics and it goes beyond politics just as a matter of simple humanity and as a matter of what we believe in in America. What we're doing is unconscionable.

I'll tell you when this came home to me. On 9/11, our union lost 43 members who were working in the Windows on the World restaurant on the top floor

of the World Trade Center. Almost all of them were immigrants. As it turned out, a majority of those immigrants were not properly documented or the worker who was lost was properly documented but had a family member, including spouses, in their home country that hadn't been able to get here yet. Do you know that we couldn't get clearance for those family members in other countries, regardless of whether the person who died was documented or not, we couldn't get permission for them to come to the funerals, the memorial services rather. I mean, what kind of a system is this? I believe we need to put a much more human face on what's going on here. I think the American people are basically good people. I think the American people get whipped up about abstractions but respond very well to humanity and human beings. And to me those four things could radically accelerate the timetable. I agree with you, 5 to 10 years is absurd, Glenn, but that's the reality unless we do those things. And there may be other things, too. Those are the four that seem to me relevant.

MR. ALDEN: Thank you. I want to do one last thing up here and then we'll open it up to questions. I want to kind of end on a slightly positive note up here. I want each of you to give me one or two ideas, and they've got to be things that have been discussed in legislation or things that you think are good ideas that has some real chance for bipartisan support. I'm taking off from Janet's comment about the Marco Rubio proposal which we haven't seen the details but potentially kind of interesting. He's talking about moving a lot of the dream kids from undocumented hell to temporary visa hell which is probably a step up. Eventually, it sounds like maybe they would have a way to move from those temporary visas to some kind of more permanent status and eventually citizenship. That does seem to be a bit of an interesting craft. So maybe each of you, something that you think in this debate where there is possibility for the two sides to work together positively.

Glenn, I'll start with you.

MR. HUTCHINS: As a friend of mine here once told me, I'm not licensed to practice politics so I have no idea. So I'll just throw something out which is kind of naïve and uninteresting I'm sure which is that we've heard a lot -- two things. One, we've heard a lot of talk about the notion stapling the green card on the diploma. Get a Ph.D. in some field that we define. Let's keep that person. We also hear a lot about, well, that's just for the business community. We need to do something for people at the lower income end of the scale or some more humane issues. So I'm not sure if there is some way of balancing those two where you do both at the same time, where you, John, for every green card you issue to a high tech graduate you reunite a family. And so you find a way of doing both simultaneously and having each side have an interest in that happening.

MR. ALDEN: I think we have seen some of the dynamic. It wasn't exactly the same but in the Chaffetz bill that passed the House last fall. Gutierrez got onboard. There were ways to try to

actually address both of those sets of concerns. So thank you. Interesting point. Janet.

MS. MURGUIA: Yeah. Well, I think, you know, you have the dream bill out there that is still very viable in terms of whether it could be a first next action depending on how the elections go and if people want to use that as sort of an effort to test the waters. But, you know, you still have AgJobs that are out there. The AgJobs bill, a bill that would provide relief for much needed guest farm workers in this country and try to figure out the best way to do that. And that component's always been talked about either as moving with something else or on its own. And you have the H1B or stem bill that also looks at more of the high tech sort of industry and trying to find some solutions there.

I think there's several pieces that could move. The question is for some, and I know that the congressional Hispanic caucus has had concerns about doing a few items together where you still leave in the balance unaddressed many of those individuals who

have been here for a generation who fall outside of those categories. And, you know, at the end of the day, we as a country still have to figure out how are we going to deal with those individuals? And for us, you know, to continue to ignore them is not the answer. And again, you don't get the full benefits of their economic contributions as long as they're in the shadows.

And I know you talked about the fact that many of these individuals are already contributing to Social Security. But guess what? They're not getting the benefits at the end of the day and that seems to not have the sound of fairness that we hoped that we would see in our system as we look at this. But, you know, I think there's a lot of reasons we ought to be looking still at comprehensive immigration reform. And I would hope that any shift post the election -- and John is right. You know, one of the things that we're working on in a big way is to build the Latino vote. We worked at NCLR for many years, over 40 years, on policy and programs and services, but we

have felt the need to in earnest engage around civic participation and doing more with our community to exercise more of its political influence because at the end of the day we know that that's going to be part of the big part of the equation for getting the policies that we think are not only in the best interest of the Latino community and immigrant community but for the country. So we're going to do that in a much more significant way. And I'm hoping that people will see not only the economic imperative but the political imperative when it comes to the Latino vote.

MR. ALDEN: Senator.

MR. HAGEL: Well, education and information on any issue is critically important because it breaks down barriers and stereotypes and misunderstandings. And some of those misunderstandings are intentionally perpetuated for clear special interests. Now, every institution and group of people involved in this issue are doing that -- had been doing that. But I don't think we can minimize or undervalue the importance of

education and information for the general public. And here's why, especially at this time where this country is. I think America has been off balance since 9/11. And you look at any poll taken today or the last two years. Every institution in this country is at the bottom of trust and confidence except in military. Religion, education, certainly Wall Street, business, politicians, except military.

SPEAKER: Labor.

MR. HAGEL: Labor. That's right. Now, what does that say?

SPEAKER: Journalists.

MR. HAGEL: They're not even on the scope. So what does that say? That tells you that you've got a society of 310 million people who don't trust our institutions and our leaders. They don't think they're relevant to their own concerns. You ask any parent about children, got a nice degree from this college, can't find a job. Wherever you apply a metric, this country is still really off balance in a lot of ways. China is going to overtake us and so on.

So my earlier point about the conduciveness of a political environment is critical here. You can put together everything you want and floods of armies on the Hill and you will sit with a congressman and a senator but you will have many, many times, they'll listen politely and they'll say but, you know, here's the reality. I've got people out of work in my district and you know, the mentality out there is that these immigrants are taking their jobs or they're not paying their way or these ridiculous charges that aren't factual. So that's the reality.

And I'm not so sure that you go back. We all go back to the same formula that was very successful in 2005-2006 when we got this bill comprehensive immigration reform passed in the Senate. Not because of me. I was just part of it. But the major point is how did that come about? Well, you did have a president who got out front, took his own party on. I was talking about leadership. That's gutsy leadership. You had republicans break with their own rank and file. We had republicans on that bill. Mel

Martinez and I, it was our bill. It was the Hagel-Martinez compromise that passed. Mel was invaluable to that. John McCain. There's a picture -- if you ever go into Mel Martinez's office, he's got a big picture that tells the story and the picture is of Ted Kennedy, of John McCain, of Mel Martinez, and Chuck Hagel on the wall. You talk about bipartisanship. That's how that happened.

So what's your point? My point is let's go back to that formula and continue to build on that, what we learned, coalitions of common interest, of purpose, build that. The environment is going to be conducive here for all the reasons you all mentioned. So I don't think there's one or two new ideas. I mean, there's always new ideas and I'm not saying we shouldn't think about that but let's go back to the drawing board here and figure out what worked. Why did we get that done in 2006? What was successful? And then what didn't work? What was the problem on the other side? That would be my answer.

MR. ALDEN: Excellent. John, I'll give you

the last word on this and then we'll open it up to the audience.

MR. WILHELM: Well, I really do agree with all three of the speakers on this question. I agree in particular with what Senator Hagel just said. I think it's a mistake, first of all, for us not to continue to push for comprehensive immigration reform. I was supportive of the effort, which never got to the floor to pass AgJobs. It seems to me it's among the most obvious fixes necessary in the country. I was supportive of the Dream Act and the idea that we can't pass something as -- to me the Dream Act is a no-brainer, and the idea that we couldn't pass that has made me reevaluate whether there's actually any value in trying a little of this or a little of that. On the Rubio proposal, I completely agree with one point Janet made earlier, which is we don't want to go down the road that France and other places have gone down of having people who live here, work here, and pay taxes, who are citizens and then having another group of people who live here, work here, and pay taxes who

are not citizens. That's a terrible mistake and it's inconsistent with our history.

But more broadly, it seems to me that the politics of passing comprehensive immigration reform are not radically different from the politics of passing pieces of this. I no longer think there's any political reality. You pass this little piece and that little piece and the other little piece. And the reason I say that is because if you actually look at who voted for and against, for example, the Dream Act, it's not radically different from who voted for and against earlier efforts. So I think we need to be focused on comprehensive immigration reform. If somebody puts the Dream Act back on the floor, our union will support it because it ought to be a no-brainer. But I think we've got to be focused on comprehensive reform. And I believe, again, if the extremist wing of the Republican Party doesn't do well this fall, I think we'll have a real shot at this. We've got to all push hard but I think we have a real shot at it.

MR. ALDEN: Thank you, John. I'd like to open it up for questions from the audience. There are microphones going around so wait for those. Please identify yourself and a short question. We'll start in the middle here, sir.

MR. GUGGENHEIM: My name is Joe Guggenheim. I'm retired. I once was a labor economist. But I wanted to second and reinforce what Glenn Hutchins said about the positive impact of immigration on jobs in the economy and growth, the whole history of the country in terms of the waves of immigration while our country has prospered and grown should be evidence of that. But I'm concerned about the particular proposals that I hear. I think they're part of comprehensive immigration reform where they're talking about having all undocumented immigrants leave the country and then reapply and what this kind of thing would force on millions of people and what the impacts would be on the neighborhoods where they would be forced to leave and the local economies. I'd like to get some comment on that particular issue and how that

faces up to other parts of immigration reform.

MR. ALDEN: Thank you. Janet, do you want to take that one?

MS. MURGUIA: Sure. Well, I mean, I think you make an important point. I mean, there are some who have advocated, you know, for doing what you have just said. That would require some level of mass deportation which is, of course, cost prohibitive, not to mention very difficult to implement. But I even think this motion of self-deportation, which seems to be the guiding philosophy for many of the state laws that were seen out there. It wasn't too long ago, maybe less than a month ago there was a front page article in the Washington Post on the two individuals who had been sort of the architects behind those state laws, Chris Kobach and another individual.

And I thought it was interesting beyond the point that you're making that we're missing an opportunity to get the benefits from the economic contributions that these folks can offer. It went further to reveal in my mind something that should be

troubling to all of us, and that is that they're very cognizant of the notion that these laws are written specifically to make these people miserable enough to move. We want to make life so uncomfortable for them with all these laws that are happening at the state level, like Arizona, like Alabama, that we want them to move and to disperse. That's the motivation. That's the principle by the architects of the bills themselves. In this 21st century America, in this global economy that we are facing, is that the kind of America we want in terms of the ways that our laws are written? We've given up trying to figure it out, to find a common sense solution, that we're going to go to the extreme of saying we're going to make these people so miserable we're going to make them leave. Because that's what those state laws are about. And that's not hidden. That was in the Washington Post article. That's not like a hidden strategy. They're embracing that, these folks who are passing these laws.

And, you know, I just think it's so

regrettable that we are finding ourselves in this situation where we are not seeing the obvious economic opportunity here but we've regressed to seeing this sort of nativist-type of philosophy embraced by so many at the state level. And, you know, for me I think we've got to break that cycle. And those of us who do not agree that that should be the way that we are moving forward -- maybe you don't agree with what I'm going to propose for immigration reform, but certainly we all have to agree that we shouldn't go to the least common denominator and support making people, a large segment of this country who are doing important work, whether they're here legally or not, that we're going to try to drive them out because we're just going to make them miserable. That's going to be our thoughtful solution to a tough problem. We're better than that in this country.

MR. ALDEN: Glenn, did you want to add something quickly?

MR. HUTCHINS: Yeah. American progress study estimated that the cost of a proposal along

those lines would be 2.6 trillion over 10 years, that's all you need to know. Roughly 2.6 times the cost to our economy of the Iraq war. And it's really something that I think only someone who lives inside the beltway could propose with a straight face in terms of actually getting something done. And the next thing we might hear is, well, why don't we just take them and put them on Newt Gingrich's colony on the moon. I mean, it's just --

MR. ALDEN: Other questions? Yes, over here. The microphone is coming.

MS. HENDRICKSON: Hi, my name is Amy Hendrickson. The question -- I wanted to talk, just address Mr. Wilhelm's comment about -- let me turn back here -- about what the difference is from the Bush administration to this administration. And one of the things that hasn't come up and I think it's kind of ironic given that we're in the national press building, and that is press coverage. In 2006-2007, when the initial enforcement efforts became much stronger in the Bush administration, there was stuff

on the television all the time about the impact of those raids. In this administration they have done more raids, I-9 raids and things like that since the entire Bush administration did in the whole eight years they were there. And there's nothing except maybe local coverage. So I wondered if anyone could comment on that.

MR. ALDEN: John, do you want to comment on that just briefly? And then we need to move to our closing speaker.

MR. WILHELM: Well, I can't speak -- I certainly wouldn't pretend to speak for the American media. I agree with Senator Hagel that President Bush showed tremendous leadership on this issue. I think President Obama has showed tremendous leadership on the issue as well with a difficult Congress. Having said that, if anybody had told me on election night 2008 that an Obama administration would deport twice as many people as the Bush administration I would have told them they're out of their mind. I don't understand it. I don't think it makes any sense. I

get the argument that, well, we want to show we're tough on enforcement so that we can get more sensible laws passed. I think there's no empirical evidence for that proposition.

MR. ALDEN: Very good. I want to thank our panelists for a tremendous and informative discussion. Let's all give everyone a big round or applause.

(Applause)

MR. RUBIN: Okay. Well, I think those were two wonderful panels and they explain, I think, why this is such an important issue and it is so frustrating to think that our political system can't move ahead with something that (a) is so incredibly important for the country, and (b) that the majority of Americans seem in some measure not to agree with.

In any case, that's where we are and we are very, very fortunate as a country to have in the White House somebody who is deeply committed on this issue and highly knowledgeable. And in that context I am honored to introduce Senora Munoz, the director of the Domestic Policy Council which oversees President

Obama's domestic policymaking process at the White House. And I just said to Cecilia, she has a wonderful, big office on the second floor of the West Wing. When I was director of the National Economic Council I used to look at that office and say, my gosh, I have such a little office. But in any event, life is what it is, however unfair and unjust.

Previously, Cecilia served as director of intergovernmental affairs of the Obama administration where she oversaw the administration's relationship with state and local governments. Throughout much of her career her work has centered on immigration policy. Prior to serving in this administration she served as senior vice president for the Office of Research, Advocacy, and Legislation at the National Council of the La Raza. You just heard Janet, who is head of the National Council, speak so eloquently about immigration.

Cecilia is the daughter of Bolivian immigrants and she's been widely recognized for her work and I guess in some ways most especially received

this enormously prestigious and important award, the MacArthur Foundation Fellowship in the year 2000 in recognition of her work on immigration and civil rights. She is here today to discuss the Obama administration's efforts to reform our badly broken immigration system and why it is an economic imperative. And it is really a great honor to have you with us, Cecilia, and I bring you to the podium.

(Applause)

MS. MUNOZ: Thank you very much, Bob. You'll be not surprised to know that the current occupant of that office, the director of the National Economic Council, shares your complaint. (Laughter) But I very much appreciate the warm introduction and I appreciate that the Hamilton Institute has invited me to be part of this impressive group discussing this very important issue, and for holding a forum for attempting to get beyond the rhetoric to examine the character and the implications of a really very serious question.

Immigration reform is very often viewed

through all kinds of different lenses but it is very rarely viewed through the most important one, which is a clear-eyed analysis of what's in the country's best interest. And I firmly believe that if policymakers in this town were using this particular lens, the divisive debate about immigration reform would be in the rearview mirror by now. And that's why I'm so grateful to you for hosting this forum today and that you've invited so many thoughtful people -- in fact, the previous panel had some of my favorite people -- to examine the question of how we can get back to building an immigration system that demands both responsibility and accountability, a system that works, through a comprehensive legislative reform. So I'm honored to be among the people that you've invited today to discuss this important issue.

I work on a range of domestic policy issues for the president. In this particular moment in which we are recovering from a recession of historic proportions, a moment in which we can see significant progress with so much more progress still to be made,

my job is to help advance the president's priorities, particularly those which create jobs and strengthen our economic future. You've heard the president talk about his vision for an economy built to last, one that creates secure American jobs. I have the privilege of serving on a team that is focused on priorities that are fundamental to that vision -- priorities like promoting clean energy manufacturing, making sure that our students and our workers have the preparation and skills they need for the jobs being created in this 21st century economy.

Immigration reform is very much a part of this mix for President Obama. Since his days in the U.S. Senate, and even as far back as his tenure in the Illinois State Senate, the president has understood that immigration reform is an economic imperative that impacts communities and families in very tangible ways. That's why as a state senator he co-sponsored Illinois's version of what has come to be known as the Dream Act. That's why as a freshman in the U.S. Senate he championed comprehensive immigration reform,

and that's why as president he has spoken out often about immigration reform and sought to elevate the debate on immigration policy by bringing stakeholders from diverse communities across American society together to promote mutual understanding, seek common ground, and get the job done.

My words today won't begin to be as eloquent as his but the president crystallizes the essential point by calling for an immigration system that is consistent with our history as a nation of immigrants and a nation of laws. And he addresses the reality that reform is integral to our goal of promoting innovation and entrepreneurship. It's vital to maintaining our competitive edge in an increasingly global economy. In a speech that he gave a year ago in El Paso, the president pointed out that a full 215 percent of recent high tech startups in the U.S. were founded by immigrants. That led to 200,000 jobs here in the United States. Forty percent of Fortune 500 companies were founded by immigrants or their children, and immigrants are also fueling job creation

by starting small businesses on Main Streets across the country and working in industries all across the country. The president understands that among the strongest arguments for immigration reform is that as we grow an economy designed to be competitive across the globe, we shortchange ourselves if we continue to perpetuate an outdated and badly broken immigration system.

So from the moment the president took office there has been no question about where we stand as an administration on the urgency of reforming our immigration system. The challenge has been finding partners on the other side of the aisle to join the president in seeking common ground on this priority. More than three years later this remains the central challenge. Six years ago the U.S. Senate passed a bipartisan comprehensive immigration reform bill with 23 republican votes. Today, despite the fact that some of the very same senators still serve in that chamber, not a single Senate republican has been willing to engage with the president to craft a

bipartisan immigration reform proposal. And while some of our friends on the other side of the aisle -- and quite frankly some in the advocacy community -- are quick to blame the president for failing to move immigration reform forward, the simple fact is that the other party has denied him even a single partner in an enterprise which requires some bipartisanship in order to make progress. And that's not for lack of trying.

The president has hosted multiple meetings at the White House with members of both parties from both chambers and with a variety of views on how to move forward. The president has gone to the Senate Republican Caucus where he had an extraordinary and very frank conversation about his interest in working in a bipartisan matter to enact an immigration reform. We have prepared legislative language at the request of congressional leaders and developed a comprehensive policy blueprint that you'll find on the White House website. The president has given major speeches on this topic inside and outside of Washington. He's met

with stakeholders from the business community, the faith community, the labor movement, state and local government, law enforcement, and immigrant advocates, to exhort them to help him lift up this issue. And we have enlisted a large cross section of the Cabinet in these efforts to press for reform and develop policy proposals that work for business, for workers, and for families. In fact, if you have an idea of something that we haven't done to break the log jam, we're listening.

But we face a simple fact. No immigration bill has passed the U.S. Congress in at least a generation and possibly ever without bipartisan support. We came close with the Dream Act in the lame duck session of 2010. It passed the House for the first time ever in a bipartisan manner and it achieved a high watermark for democratic support in the Senate. And if five of the Senate republicans who had previously voted for the proposal had done it again this time, the Dream Act would be the law of the land right now. The simple fact is that republicans,

including those who believe in this issue, have abandoned immigration reform and the Dream Act. And until they find a way back to the conversation, this issue will remain stalled.

It's hard to overstate what the republicans' unwillingness to engage on this issue has cost the country. First and foremost, it has undoubtedly cost us jobs. Last April the president hosted a meeting with a range of leaders from around the country who care about this issue. He heard about the many obstacles that companies face under current law, such as one company's efforts to try to keep a single valued employee who happened to be from Spain. They were ready to give up and relocate the employee out of the country, and if they had, hundreds of jobs would have gone with him.

The president hears stories like this over and over from leaders as he travels around the country. We lose jobs and we lose talent when Dream Act students can't put the education they have earned to good use and when foreign students at our best

universities are unable to stay and put their talent to use here in the United States.

The effective inaction is that we have a system that tolerates a large number of people here illegally while punishing those who try to follow the rules. For example, under our existing legal immigration system, families wait intolerable periods of time in order to reunite with their loved ones in the U.S., and immigrants who have proven invaluable to American companies that have hired them often wait for years for a green card to become available for them to stay and fully integrate into our country as legal and permanent residents and ultimately citizens.

Further, while Congress obfuscates, individual states have filled the vacuum with unfortunate results. Attempts at immigration control in states like Arizona and Alabama have divided communities and created controversy. They come at a very high cost. And yet they've accomplished nothing towards the goal of fixing what's broken about our immigration system. A patchwork of harsh laws in

various states cannot result in anything resembling a coherent or effective immigration policy. For that, we need the Congress of the United States to step up and do its job.

As we seek to create the space for a meaningful debate on immigration reform, the administration is using the administrative tools we have available under existing law to improve the processing of immigration benefits and make sound, strategic choices about how we conduct enforcement. They're not perfect tools. In fact, they're not even close. Remember that it's the law itself which is fundamentally broken but we're making use of what we can.

USCIS has worked to reform and streamline our immigration system making it easier for employers, immigrants, and families to navigate through bureaucracy. They've reduced barriers to citizenship by keeping citizenship application fees constant and providing tools to help applicants through the naturalization process. USCIS has also begun reducing

barriers to access existing immigration visa programs for certain high skilled immigrants and launch the innovative entrepreneurs in residence initiative to streamline existing pathways for foreign born entrepreneurs to come and create businesses here in the U.S.

Only a few months into the administration, DHS announced the capacity to actually let people know the status of their immigration petitions on the Internet and via text message. It sounds very simple but for anyone who knows the history here, this was nothing short of a revolution. And USCIS has begun an important rulemaking process that will facilitate family immigration by addressing a serious barrier in the law which requires Americans to risk years of separation from their loved ones, particularly spouses and children in order to process a family visa petition. By proposing to process a waiver before these families separate, the administration is advancing legal immigration and the reunification of families, both fundamental principles under the law.

The administration has also taken important steps to develop a strategic approach to immigration enforcement. The results at the U.S.-Mexico border have been striking. Border crossings are at a 40 year low. The border is by many measures more secure than it has ever been. It's clear that a strategic approach to enforcement at the border is having an impact. For those who have been saying we must address the border before we can talk about immigration reform, our response is no more excuses. Let's start talking. It's time.

DHS has taken a similar strategic approach to enforcement in the interior. This approach is based on the notion that enforcement must be vigorously conducted but it should also be strategically sound. Enforcement is our responsibility under the law, even a law which badly needs to be reformed. But at a time when there are 11 million people living and working in the United States without proper documentation, the traditional scattershot approach where the agency simply attempts

to round up as many people as it can find is outmoded and ineffective.

Instead, DHS has taken a series of carefully crafted steps to devise a strategy for enforcement and develop a set of priorities to guide their work. Consistent with the best law enforcement practices and principles, DHS has prioritized for removal those convicted of serious crimes, previous deportees who have reentered the U.S. and those who have arrived most recently. Among those with criminal convictions, DHS has further refined its priorities to distinguish the more serious offenders from others. As a result, while the number of annual deportations has remained steady, the composition of those who are removed has shifted substantially. As a result of those removed from the country in fiscal year 2011, 55 percent had been convicted of crimes which represents about an 89 percent increase compared to FY2008 when convicted criminals were about 30 percent. And of all removals, 90 percent fit within DHS priorities.

In addition, DHS, with the assistance of the

Department of Justice, has embarked on an unprecedented effort to review the approximately 300,000 cases in the pipeline for deportation to make sure that they are consistent with these priorities. If they are not, DHS is considering on a case-by-case basis whether to close those cases. For the first time there is a sense that since it is unreasonable to expect any law enforcement agency to remove 11 million people who are unlawfully in the country, it is entirely reasonable to establish that some of these individuals are higher priorities for removal than others. As the president has pointed out, it doesn't make sense to be focusing enforcement resources on students who have grown up here and who seek to further their education or serve in the military or to separate parents from their children.

These developments have injected more coherence and rationality to the enormous task of immigration enforcement but it is also unreasonable to expect that these tools, no matter how faithfully applied, can fix what's broken about our immigration

system. And it is unreasonable to expect these positive reforms to prevent injustices from occurring within the system. For those who expect immigration enforcement to succeed in removing 11 million people who are largely integrated into our workforce and the fabric of our communities, I can tell you that immigration enforcement alone will be insufficient to fix the problem. And for those who believe it is a travesty of justice to ever separate a parent from a child, I can say that even the imposition of rational priorities to immigration enforcement will be insufficient to prevent these tragedies from occurring. These are both symptoms are a broken system and it's a mistake to think that administrative tools alone are a sufficient remedy.

The administration hopes to set standards for immigration enforcement that will endure and provide rationality to a necessary and important law enforcement function, and we will always be looking for ways to strengthen these efforts. But if we want to address the problem of illegal immigration at its

core, Congress needs to accept its responsibility. Immigration reform is a priority for President Obama. It will remain one until we get this job done. So let me be as clear as I can be. If there is an opening, if there are partners willing to step forward across the aisle to craft a proposal that can win bipartisan support, we are ready to engage. But let's be fully honest here. Even the very modest proposals that have inched forward in the last year, like a bipartisan bill that rearranges how we use the per country caps, even these have stalled. And the prevailing philosophy on the other side of the aisle is grounded in the notion that we should aggressively remove as many people as possible and pass laws aimed at making life so miserable for the remaining immigrants and their families that they will deport themselves. This isn't even a remotely credible strategy and it comes at an incredibly high price.

Some have offered hope that a focus on the Dream Act might offer a way out of the morass. The Dream Act is an administration priority and we note

with interest the conversation about a possible alternative being developed by a single republican senator. While we haven't seen an actual proposal, I will say to you the same thing we have said to Dream Act students themselves -- we are listening and our door remains open to any serious partner willing to walk through it and make progress. At the same time what we have heard so far, including from the speaker of the House and other republicans in Congress, including I gather some who presented here today, is that no such proposal has a chance, especially in the House. Despite the speaker's dose of realism, what has been true for the last three years will remain true. If there is a path forward, we will find it and we will walk down it, and we will welcome as many partners as we can find.

And what I can say about this president and his administration is that immigration will remain front and center as an economic imperative and a priority. We will work with any serious partner ready to make progress and fix the problem. Our existing

blueprint outlines our policy preferences but we are open to creative approaches. We are open to any conversation that gets this going. So we will apply some basic principles in reviewing any proposal from anyone who comes forward to fix our broken immigration system. In our view, any serious proposal should (1) strengthen our nation economically; (2) maximize the extent to which the people who come and live here do it legally by holding employers and immigrants accountable under the law; (3) maximize pathways to earn full integration, including paying taxes, learning English, and participating fully in our civic life because we are and must remain one country indivisible; and (4) any proposal that's serious must be consistent with the best values of our nation and our immigration history. Those values are family, fairness, and equity under the law. We must secure our border using enforcement mechanisms that are both effective and humane.

We are doing this work at a time of great challenge for our country. I can point to the many

ways in which the debate on immigration reform is fundamental to who we are as a nation of immigrants and a nation of laws and who we are as a people. How we conduct this debate says a great deal about who we are as Americans. That's why this forum today is so important. This is how we move the conversation forward. This is how we elevate the debate. This is how we create the space for Congress to move forward and act on immigration reform.

The president's voice is strong but it's stronger when it's heard alongside others, so I ask all of you not to let this conversation end here today. The more conversations we can have like the ones you've had here today all across the country the better. It could be the game changer that moves action forward and gets us to a real debate on legislative reform.

Last year in El Paso the president called on the American people to stand up and help us build a movement for reform. It's a movement that as he noted has been gathering strength from coast to coast with

people of faith, local and state law enforcement, business leaders and regular Americans who see the same promise of the American dream in new immigrants that someone once saw in their grandparents or great grandparents when they first set foot in this great country.

So we launched a page on whitehouse.gov/immigration to ask everyone who could make the time to set up a roundtable in their community to engage in this important conversation and to let us know how we can help move the debate forward. One of the first people we heard back from was Paul Bridges, the mayor of Uvalda, Georgia. The republican mayor of Uvalda, Georgia. In a town of 600 people, Mayor Bridges gathered a dozen community leaders. His note to us was simple. "All I can say is it was awesome. People are talking and people want immigration reform." This conservative mayor in a conservative southern state also has stood up against Georgia's anti-immigration law. He explained that it not only runs counter to America's greatest values --

those are his words -- he added that it threatens to ruin my town's economy or to run my town's economy into the ground.

Immigration reform is an economic imperative. The challenge laid out by the president to create an economy built to last, an economy which protects the middle class and the pathways for those seeking to answer the middle class is not distinct from the challenge of rebuilding an immigration system that works. And if we are going to be as successful as we must be in building the 21st century economy that ensures America's place as first in the world in innovation -- as the president likes to say "the place where we develop the best stuff and build it" -- we must break through the obstruction in the immigration debate. Your voices are already making a difference. Let's make sure they continue to be heard. This is how we will forge our future.

Thank you again for hosting the forum and thank you for inviting me to be part of it.

(Applause)

MR. RUBIN: Can all of you join me in thanking Cecilia Munoz, the White House Director of the Domestic Policy Council. (Applause) And also for thanking all of today's participants. Unfortunately, our conversation is over but we will continue in other settings. Thank you.

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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.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

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