

**Testimony of Jeff Moseley, President and CEO, Greater Houston Partnership,
before the House Judiciary Committee**
Subcommittee on Immigration, Citizenship, Refugees,
Border Security and International Law

Thursday, September 30, 2010 * 9:30 AM
2141 Rayburn House Office Building

Hearing on “Role of Immigration in Strengthening America's Economy”

Chairwoman Lofgren, Representative King, Chairman Conyers and our good friend from Texas, Ranking Member Smith, members of the Committee, thank you for your leadership and for your commitment to reforming America’s immigration laws. My name is Jeff Moseley and I serve as President and CEO of the Greater Houston Partnership.

Thank you for allowing me to be a part of this distinguished panel and for inviting me to testify before you today. Even though each of us may not agree on specific legislative proposals – today or tomorrow – I am most grateful to the members of this Committee for helping us continue this important conversation with the American people; a conversation that focuses on the role of immigration in strengthening America’s economy.

By way of introduction, the Greater Houston Partnership is a business association whose membership represents more than \$1.6 trillion in annual revenues. Our organization seeks to represent a grassroots voice for business and industry in this dialogue – a voice we know has been missing from this debate. During the last decade we have witnessed failed attempts to pass immigration reform. Arguably, the business community bears some responsibility for these failures by standing on the sidelines.

We are all *of* immigrants and we each recognize that America’s immigration system is broken. The best solution toward reforming our laws will require bipartisan action by the Congress.

America will be strengthened with a rational and sensible advancement toward resolution of this issue. Finding answers in a strict “enforcement only” approach will not settle the issue wisely and adherence to a fractured, existing “rule of law” will not allow us to confront reality. Those approaches, which do not recognize market realities and labor demands, are doomed to failure. We must move beyond the rhetoric on immigration and most importantly, we have an obligation to know the facts.

Not too far from here, in what would at one point be America’s Capitol City one of our earliest public debates over our immigration policy began. This particular debate took place back in the 1750s while we were still part of the British Empire. Pennsylvania was a British colony, but German immigrants were arriving in droves, to the indignation and alarm of the English-speaking locals. The Germans were forming their own

communities, where they spoke their own language exclusively. They had their own schools and houses of worship – and even their own printing presses which produced German-language newspapers and other publications.

This was too much for Americans of British stock to tolerate. Even someone as moderate and reasonable as Benjamin Franklin was positively undone over the German newcomers. He called them “Palatine Boors,” and warned that if English-speaking Pennsylvanians did not take drastic steps to preserve their language and culture, they would soon find themselves submerged by a Teutonic tide. Franklin said this: “Why should Pennsylvania, founded by the English, become a Colony of Aliens, who will shortly be so numerous as to Germanize *us* instead of us Anglifying *them*, and will never adopt our Language or our Customs, any more than they can acquire our Complexion.”

Franklin actually endorsed a series of proposals designed to check the German advance. In particular, he agreed that no one should be appointed to public office who could not speak English properly, and that all deeds, contracts and legal documents be drawn up in English only. He further agreed that German immigrants should be encouraged to settle in other colonies, rather than Pennsylvania.

Does any of this have a familiar ring for 21st Century Americans?

I share this little-known episode from our history to help us put the issue of immigration in perspective. You and I know that immigration is not a new issue. It was around even before we became a nation. Even the very language used to frame the public debate on immigration has scarcely changed since Franklin’s day. We have been warned again and again throughout our history that uncontrolled immigration will make us strangers in our own land.

Americans have always been ambivalent about immigration. On the one hand, we look with pride on the Statue of Liberty, lifting her lamp beside the golden door ... extending an open invitation to the world’s “huddled masses yearning to breathe free.” On the other hand, we have had recurring nightmares that a too liberal immigration policy might cause us to be overwhelmed by people unlike ourselves: people who would steal our jobs; refuse to assimilate; who would not respect our laws, our language and our democratic way of life.

Periodically, these nightmares have produced outbursts of ugly, radioactive rhetoric. Franklin fretted about the Germans. Later generations of Americans fretted about the Irish and, after them, waves of immigrants from southern and eastern Europe.

In 1882, Congress passed a law to exclude the Chinese. In the mid-1890s – when the percentage of foreign-born residents of this country was actually higher than it is now – one of the arguments advanced in favor of women’s suffrage was that giving women the vote would keep native-born Americans from being outvoted by immigrants.

In 1924, the National Origins Quota Act dramatically reduced immigration by restricting immigrants almost entirely to the “Nordics” of Western Europe. This was the law until 1965, when the Hart-Celler Act was passed. Under Hart-Celler, preference was based primarily on family reunification, professional skills or refugee status. This led to the arrival, for the first time in our history, of large numbers of non-Europeans to these shores.

Now it is time to update our immigration laws once again. Our current system simply cannot accommodate the millions of undocumented immigrants who have come to find work. Our system is broken. We have to look the facts squarely in the face and find a better way.

The 1986 Immigration Control and Reform Act, which is widely labeled a failure, was intended to impose upon employers the responsibility for verifying that all new hires are authorized workers under immigration laws. The concept that employers would no longer hire any individual that was not authorized to work in the United States was compelling and logically should have removed the powerful incentive that continues to attract foreign workers to the United States outside of any legal system.

However, as was recognized then, and again today, the current system by which employers determine worker authorization is no better than the documentation that the employer must rely upon, in this case the Social Security card, which is still printed on a low cost basis and has not been upgraded in any fashion since the inception of Social Security in the 1930’s.

Just about every form of identification from a Passport to driver’s licenses to credit cards have been technologically improved and yet the one document that employers must rely upon to determine who is authorized to work, is still so easy to forge that fraudulent Social Security cards are easily available and better in quality than the national Social Security card.

The other problem with the 1986 Act is that there was no provision for any legal basis upon which workers, particularly in low-skilled positions, could effectively enter the United States as evidenced by the fact that initially there was going to be zero-quota for low-skilled workers – a figure capped at 10,000 and subsequently reduced to 5,000 per year. The fact that the economy has absorbed as many as 12 million workers in the interim, primarily during times of unprecedented economic growth, shows how totally unrealistic an annual figure of 5,000 per year is.

Worse yet are the consequential effects to the very best legitimate entrepreneurs – those who follow the law, eliminate unauthorized workers from their businesses following independent worker verification audits, and are then forced to see dismissed employees work in tax-classified independent subcontractor opportunities where payrolls are in cash, taxes remain unpaid, worker hours are abusive, and employee benefits do not exist.

We believe that our work in Houston, Texas brings a unique perspective to the issue of immigration.

Houston is one of the most diverse metropolitan areas in the country. We are home to more than 3,000 international businesses, government offices and nonprofit organizations. 25 Fortune 500 companies are headquartered in Houston and more than half of the 100 largest non-U.S. corporations in the world have operations in our region. Some 85 foreign countries maintain consular offices in Houston. These are supported by a multitude of foreign trade and commercial offices, and by chambers of commerce and trade associations. Houston is the home of the Nation's strongest region and we proudly serve as an integral part of America's global economy with our rich oil and gas industry and refining.

There is no true ethnic majority in the Houston region, as no one group constitutes more than 50 percent of the population. Houston has the largest Nigerian population in the United States and the third largest Vietnamese community. More than one million Houstonians are foreign-born, with one in ten identifying Mexico as their country of origin. If you want to see what America will look like in the year 2060, according to the Census Bureau, look at Houston today. Every fifteen minutes, another immigrant arrives in the Houston area, ready to contribute to our economy.

New York City Mayor Michael Bloomberg and countless other leaders know well what the *Small Business Research Summary* of the SBA Office of Advocacy documented almost two years ago – immigrants are 30 percent more likely to start a business than are non-immigrants, and they represent 16.7 percent of all new business owners in the United States, making significant contributions to business income. Similarly, the respected *Kauffman Index* showed that among the fifteen largest metropolitan areas in the United States, Houston had the highest entrepreneurial activity rate in 2009. These statistics confirm, in fact, what the *Center for an Urban Future* and the research our very own Dr. Stephen Klineberg of Rice University have studied and shown – new business across the Houston region, sparked by growth of vibrant new business districts, have helped to diversify and strengthen the city's economy. And, as my good friend and colleague, Dr. Laura Murillo, President and CEO of the Houston Hispanic Chamber of Commerce, will proudly note, our region is home to 17 of the largest 500 Hispanic-owned firms in the country.

When you consider our economy, undocumented workers contribute an estimated \$27.3 billion to our Gross Regional Product. That's more than 8 percent of total GRP. Undocumented workers contribute significantly to 16 different sectors of the Houston area's economy – including high-growth areas like construction, professional services, accommodation and food services and health care. Statewide, the Comptroller's office estimates that without these workers, the Texas labor force would shrink by 6.1 percent.

We tend to think of the immigration issue in terms of undocumented workers from Mexico coming North to take unskilled jobs at low wages. But the issue is actually

bigger than that. It includes the problem of visa shortages for highly-educated workers in white-collar professions like engineering.

The visa shortage hampers Houston companies that depend on engineers, because significantly more foreign-born students than Americans are completing higher degrees in engineering. According to the American Society of Engineering Education, foreigners account for half of all masters-level engineering students in the United States, and nearly two-thirds of all PhDs. However, as we have witnessed over a period of years during high economic growth, the shortage of H-1B visas prevents a greater number of them from finding long-term employment in the United States.

As a result, these trained engineers take their education from our country and return to their homelands. There, they find jobs with companies competing with the U.S. in the global market. In effect, we are training our competitors' work force.

Moreover, as members of the baby-boom generation retire in increasing numbers, taking their expertise with them, we are likely to need foreign-born workers with advanced degrees even more than we do now.

Speaking of the baby boomers retiring, the Bureau of Labor Statistics estimates that the number of people in work force aged 25 to 34 will increase by only three million between 2002 and 2012. During this same period, those workers aged 55 and older will increase by 18 million before leaving the work force for retirement. Even in today's economic climate, our workers are retiring faster than we can replace them, unless we hire immigrants.

Whether we are talking about unskilled or highly skilled workers, the fact is that Houston depends on immigrants, and so does this country as a whole. If we get this issue wrong, we are going to pay a steep price for our mistake. We must strike a balance between securing our borders and safeguarding our prosperity.

Because Houston's economy relies so heavily on immigrants, the Greater Houston Partnership saw the need for sensible immigration reform – particularly following the collapse of legislative proposals in past years. The Partnership's task force on this issue, chaired by Charles Foster, led to the creation of a non-profit organization called Americans for Immigration Reform.

The purpose of Americans for Immigration Reform, or AIR, is to build a broad national coalition in favor of immigration reform. This coalition cuts across ideological, social, economic and party lines; it includes employers, unions, academics, minority rights organizations, professional associations, free market advocates and concerned individuals; Chambers of Commerce, nationwide, joined Americans for Immigration Reform and our support continues to increase.

AIR has sponsored research on immigration issues. The organization provides reliable information to lawmakers, the media and the public. For example, AIR commissioned a

major study on the economic impact of undocumented workers on business activity in the U.S. The study was prepared by the Perryman Group, an independent economic and financial analysis firm based in Waco, Texas. The 70-page study was released in April 2008, and it documents the enormous contribution made by immigrants to our economy. This study can be found on the Web at www.americansforimmigrationreform.org.

The latest census data indicates that one out of every seven people living in the United States is an immigrant; approximately one-third of these are undocumented. The Perryman study estimated that there were currently about 8.1 million undocumented workers in the U.S. economy. More recently, in September 2010, the Pew Hispanic Center placed that figure at 7.8 million. If these workers were removed from the work force, the effects would ripple through many industries, and ultimate job losses would be even higher. The economy would also lose the enormous spending power of these millions of undocumented workers.

These conclusions fly in the face of the most popular arguments in favor of sending undocumented workers home. Popular rhetoric says that illegal aliens take jobs from Americans; depress wages; and burden taxpayers because they take advantage of free public education and social welfare programs – or else they commit crimes.

In fact, says the Perryman study, undocumented workers are major contributors to our nation's economy. Perryman found that as the domestic work force becomes older, more stable in number and better educated, the U.S. economy increasingly requires low-skilled workers. Immigrants and undocumented workers fill a number of important jobs in the U.S. – particularly in the services sector, construction and farming.

If all undocumented workers were removed from the work force, a number of industries would face an immediate and substantial shortage of workers. These shortages could be met only by paying wages sufficient to entice American citizens to take jobs far below their current educational and skill level. This would not be productive.

Even in today's economic climate, you and I recognize that if every single unemployed U.S. worker were to seek jobs in agriculture, hospitality, construction and other industries that utilize low-skilled workers, it would still be impossible to fill all of those positions even today with growing unemployment. Furthermore, that assumes that all jobs are fungible and that an unemployed worker in New York's financial sector would be willing to relocate to do agricultural work in California or construction work in Houston in spite of our mild weather.

A 2006 study by the University of California, Davis, reports that because immigrant workers tend to “complement” rather than compete with native workers for jobs, they contribute to productivity. That, in turn, means higher wages for native workers. This study is confirmed by a finding by the White House Council of Economic Advisors. A year after the University of California study, the Council of Economic Advisors concluded that roughly 90-percent of native-born workers experience wage gains from immigration – and these wage gains total between \$30 billion and \$80 billion a year.

The fact is that immigrants have always boosted the living standards of those who came before. Here, I'm reminded of a story about the wife of a college professor who complained to her husband, "If we lived a hundred years ago, we would have no problem getting servants." To which her husband wisely replied, "If we lived a hundred years ago, *we* would have been the servants."

The increase in enforcement that the Department of Homeland Security initiated in the last Administration, with continued appropriations from Congress, has worked. It has ended circular migration that worked informally in Texas and along our nation's southwest border for decades. Not too long ago Mexican workers would enter our country, work, remain close enough to our border and return home for the holidays. Today, those days are long gone. The rise of border enforcement has ironically caused the growth of a professional smuggling industry with high rates for human trafficking because we have fenced undocumented workers inside the United States.

As for the argument that immigrants are a burden on taxpayers, it is more likely that immigrants are net contributors to our tax base. The Perryman study cites evidence to the effect that between 50 and 75 percent of undocumented immigrants pay federal, state and local taxes. Their Social Security and Medicare payments directly support older Americans, while eligibility restrictions prevent the undocumented workers from enrolling in these and most other social programs. Undocumented workers also pay sales taxes and real estate taxes – either as homeowners or, indirectly, as renters.

It is true that the undocumented may turn up for medical care at hospital emergency rooms or free clinics. And it is true that if they have children, their children may attend public schools. The Perryman study acknowledges that many state and local public entities may experience a net deficit, depending on the specific services they offer. However, the report goes on to say that the present policies encourage the undocumented to work off the books – as part of the underground economy – resulting in them not paying their full share of taxes.

The answer is not to send these workers home, but to give them recognized legal status so that their contributions to the economy can be recorded, and they can be taxed for public services like every other member of the community.

Finally, recent studies of incarceration rates reveal that undocumented immigrants are actually less likely to commit crimes than the native-born. So the argument that they increase the crime rate has little foundation.

What is the bottom line, then?

You think subprime mortgages, the freezing of credit markets, and high priced energy have had a chilling effect on the economy? The Perryman study concluded that if all undocumented workers were removed from the U.S. economy, the immediate effect would be the loss of some 8.1 million jobs. Even if the economy adjusted, job losses

would still exceed 2.8 million. Moreover, our economy would lose \$1.76 trillion in annual spending, and \$651.5 billion in annual output. So even if we had the resources to round up and deport every undocumented worker in the country – which we don't – the consequences to our economy would be staggering. I am certain that this is not a policy anyone supports with today's economic climate.

Our current immigration system clearly does not work; we have to find a better way. And the theory that these workers should somehow take their place at the back of the line and enter this country legally defies logic. Because our current system only allows for 5,000 new unskilled applicants each year, at this rate, it would take 2,400 years just to facilitate the re-entry of the estimated 12 million undocumented residents of this country.

Let's be clear: While border states – Texas, California, New Mexico and Arizona – immediately feel the ramifications of our nation's slow response on immigration reform, this is not a regional issue. Americans for Immigration Reform advocates much the same package of solutions advocated by the Greater Houston Partnership: securing our borders; creating an efficient and effective program for those who want to be American and work in our economy; establishing a fast, reliable employment verification system; holding employers accountable for hiring employees with legal status; and developing a realistic policy for illegal immigrants already here. We seek an end to illegal immigration and a balance to our system of legal immigration which on one hand says "keep out" along our borders, yet a few miles inward our businesses have "help wanted" signs posted in their doorways.

And so today we encourage you to reform America's immigration laws. Beto Cardenas, executive counsel to Americans for Immigration Reform is here with me today and like many of you here, he worked tirelessly as general counsel to one of your colleagues, Senator Kay Bailey Hutchison, as Congress sought to address this issue in the 109th and 110th Congress. He and I, together with so many other leaders in America, are ready to work with each of you, regardless of partisan direction, because America must address the legal and economic aspects of the immigration issue and balance a resolution with a moral dimension as well.

We are political realists. We know that a careful balanced bill cannot pass Congress unless it has strong support from both political parties and the American public. No political party will want to pass this legislation to get all of the credit, or for that matter all of the blame, by itself. Getting this right is in the national interest. It is in our economic interest and it is the right thing to do.

As Americans, we profess to be a nation of equal justice under law. Our present immigration system is unjust. Because we don't have the means to deport all undocumented workers, it means that immigration officials cannot help but enforce the law arbitrarily, through sporadic raids and sweeps that catch some undocumented workers in the net and miss others. This is more than unfair. Often it causes, as my friends and colleagues Deacon Joe Rubio and Angela Blanchard will attest, real hardship,

such as when the American born children of undocumented workers come home from school to discover that their parents have been deported.

Similarly, as Maria Jimenez and Cesar Espinoza in Houston remind us each day, we cannot help but look upon Congress with confusion for their lack of action and acknowledgement toward the undocumented young children, brought to this nation as minors, who turn to education rather than crime, desire to work legally in our economy following graduation from our colleges or universities, or seek to defend our freedoms and Constitution by working to perfect their legal status in America with volunteer service in our Armed Forces.

In 2008, the Greater Houston Partnership held a dialogue on immigration. One of the speakers was His Eminence Daniel Cardinal DiNardo, himself the son of an immigrant father. Cardinal DiNardo brought home the moral dimension of the immigration issue with a quotation from the Bible. In Exodus 20, verse 22, God tells the Israelites: “You shall not molest or oppress an alien, for you were once aliens yourselves in the land of Egypt.”

America is a nation of immigrants. Except for the Native Americans, every one of us here today is either an immigrant, or a descendent of immigrants. Some of us may have heard tales from our parents or grandparents about their struggles to make new lives for themselves here in America.

And yet, we are a nation today. Assimilation works. Why?

The English writer G.K. Chesterton once said that America is the only country ever founded on a creed.

What is that creed? Look at our Declaration of Independence:

“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty and the pursuit of Happiness ...”

Immigrants have always been drawn to this country by the promise of freedom and the opportunity to work hard and build a better life for themselves and their children. America is a nation today because of the enthusiasm with which our newcomers have embraced our creed. In effect, they have added their own signatures to the Declaration of Independence as they arrived.

It has been so from the beginning. And if good sense and good will prevail in our handling of the immigration issue today, it will remain so for the future as well.

What the business community requires, what the religious community wants, what Americans for Immigration Reform needs is less rhetoric and a common sense solution that both parties can support. We all want leaders that are willing to share that truth

rather than having the primary source of information be the entertainment industry that inflames, rather than explains, the reality and complexity of the immigration issue.

Again, thank you Madam Chair for holding this hearing today. We have failed to reform our immigration laws. If we continue to fail, we will find ourselves overwhelmed with the economic consequences I have outlined.

I am happy to answer any questions you may have.