

**Remarks of Edward Schumacher-Matos on May 26, 2009 in Washington, DC at the conference
*Beyond the Fence: Research Lessons on How Immigration and Remittances Shape Global
Development***

Yes. Thank you. I'm sort of the interloper here amongst all these brilliant economists. I'm actually a journalist by profession, though I come at this also as probably the only one in the room that's actually been an illegal immigrant. So I don't know if that means anything.

I spent many years at the New York Times and many years at the Wall Street Journal doing all sorts of swashbuckling things; traveling with illegal immigrants, coming through Mexico and across the border and up into Los Angeles, and going to Mariel for the boat lift and things like that; but also tried to write some serious things over the years, and was quite fortunate enough during my last experience as a journalist running my own Spanish-language newspapers in Texas. Never let a journalist run a business. It didn't do well. But nobody's doing well in the newspaper business, so I don't feel too badly.

But that said, I was invited by Howard to come up as a visiting professor a year-and-a-half ago and have been teaching ever since – a course on the policy, politics and impact of unauthorized immigration. This is a graduate seminar at the Kennedy School. And I've been working on a book on it. And this is just something near and dear to my heart. And so what I want to do is kind of follow up on our lunch speaker and go more specifically into some of the politics and some of the options that are out there for a temporary worker-guest worker program here in the United States. It's the flip side of everything we've been talking about today. And – well, I think complement to what we've been talking about on this panel.

We in fact have guest worker programs in the United States. We have two. One, a whole package of legal ones. And the second one is called illegal immigration. And from an economic point of view, it's a perfect program. The workers go to where the work is – just-in-time delivery for the labor supply; very flexible on the wages; and they are terrifically productive. The only problem is, is that system is no longer tenable, once the number gets up to 12 million in the country.

Illegal immigration crossings are down. They're down about 25 percent from their high point in late 2007. Yet for all of the increased enforcement and for the recession that we have here today in the country, very few appear to be going back. You have the pressure throughout the country at the local level – not everywhere, because you also have a number of cities, more than people realize, sort of following sanctuary policies – but you have the pressure from so many parts around the country to try and force unauthorized immigrants to go back home. And they're not going home. They're just moving to the next town. Or they're moving back to some of the gateway cities like Los Angeles, Miami, New York.

And there are a number of reasons for that, and it's – a lot of it's social; some of it's psychological – they don't want to give up. Some of it is they have debts to pay. Some of it, they still want to support their families back home. There's a recession at home. There's lots

of reasons. But the stock problem is here to stay – it seems. Maybe at some point, if the recession keeps getting worse, that may change. But I think we can safely say that the stock problem, even if it comes down some, is here to stay and there's going to be a large stock. And the future flow is going to be considerable, even if it's come down for the time being, is likely to go back up, if and when the economy improves.

Let me see if I can't talk somewhat about the roots of this illegal immigration and have it make some sense, and let that help us sort of guide what we should do and where we are in terms of a guest worker program. The truth is, is that today's illegal immigration grows out of the Bracero program. Punto. End of story. I mean, when we stopped the legal guest worker program, it was just replaced with an illegal guest worker program; almost one for one. And it was growing under – it was already developing – during the Bracero program. That there already were a number of illegal immigrants being hired by farmers in particular throughout the Southwest.

You know, that program in fact had everything that many of us here in this room have been saying we think a guest worker program should have. You know, it had contracts – written contracts. It was negotiated with the government of Mexico. In other words, it was bilateral, multinational, like we're saying it should have. You know, Mexico's thinking about what's best for Mexico. It included paying the travel of the workers, paying their housing. The wages were supposedly monitored so that the wages were equal to the market wages of native workers. They were supposed to meet all the U.S. labor safety conditions, et cetera.

And yet it was a total failure. It was killed in the mid-'60s. It ran from 1942 to 1964, during which time there were some 4.5 million Mexicans who came to work in the United States. You always had to stay for less than a year, but some could come back year after year after year. And so you had 4.5 (million) individuals who came over the period of that time. You had two smaller little guest worker programs; one in the '20s with Mexico and then a smaller one with the British West Indies for a couple of years. But let's focus on this big one that we're all really concerned about.

But it failed for reasons of implementation; for reasons of execution. And the same problems that that program had present challenges for developing any kind of a guest worker program for the future. You had a lot of the workers were exploited. All these conditions that were supposed to be met weren't really met; they weren't really enforced. The federal government made exceptions so that the employers were not liable for hiring illegal immigrants; and really weren't even held liable for all the abuses because the government didn't really enforce it, didn't really regulate it. The Mexicans received 10 percent of the pay. The idea was that the Americans sent them 10 percent of the pay and this was supposed to encourage people to go back. Only today, for a program in '64 – only today are those workers beginning to receive that 10 percent of their pay that was withheld from the Mexican government. Not the U.S. government – the Mexican government. There have been long suits about that. It's only in the last couple of months that the first Braceros are beginning to see that 10 percent paid back to them.

But instead of cleaning up the program in the mid-'60s, in the height of the civil rights movement, what we did was kill it; mostly for humanitarian reasons, for the sense that these were – “indentured servants” was the catchphrase at the time. Edward R. Murrow did a big, huge documentary that was as big as the one that he did. It was called “Harvest of Shame.” It had terrific impact on the country. And that was the end of the Bracero program and the beginning of what we know today as unauthorized immigration.

I think that history is partly behind the great cynicism on the left and among humanitarian groups who feel that illegal immigration really exists because employers want it to exist. And that cynicism is especially strong inside Mexico. You know, we talk about the political issues here about establishing a guest worker program, without taking into consideration that the Mexican government is not – Mexicans in general, let me put it that way – do not look very kindly on a guest worker program because of the memories of what happened with Bracero. They didn't like that fact that Mexicans were being exploited by the Americans, and we all know the sensitivity of Mexico.

We talk about how Bush was being very bold – first went to see Fox and then he pushed the legislation and things like that. Well, Fox was equally or more bold because he agreed to go into a deal with Bush and try to convince his country to do a guest worker program. He never had the opportunity – or maybe he was fortunate not to have the opportunity – to have to argue it before his people because of 9/11 and everything we know. Now, the current president seems to be a little bit in the same Fox mold. If we get a more leftist president inside Mexico, we won't find that. So we've got a political issue, we've got a management issue on the other side of the border for any kind of guest worker program that we try to create, at least with Mexico. And that's the primary sending country that we're concerned about in this country, given that 60 percent of the illegal immigrants in the country come from Mexico.

So as the undocumented immigration grows between the '60s and the '80s that we all know about, then we have the 1986 amnesty. So why did that fail? Well, for three reasons. One, we didn't implement any controls; or they were very weak. Two, large numbers – I mean, 3 million received amnesty here – and I'll go ahead and use the “amnesty” word because that's what it was – received amnesty here, but another 3 million were already living in the country illegally and they weren't eligible for the amnesty. So we already had 3 million in the country at the time after the '86 reform who were still here without papers. And that nucleus is what's grown to 12 million today.

I think we know Bush tried; he failed. Obama looks like – we heard today after lunch that Obama's now going to mount the mountain again. And he may. Who can predict what's going to happen. I mean, he's doing a very good job of avoiding the blame game on why we are where we are; is it the unions, is it the business leaders, is it the rightists or the leftists, the populous; is it all of those kinds of things? Because what really happened to the 2006 and 2007 attempts to push something through Congress is this was legislation that was like the bastard that nobody wanted to claim. Everybody had to give up something, and so instead of people

fighting for what they got, they began fighting for what they gave up and it was dead. And it wasn't just the populous who killed it. Everybody killed it.

So I think Obama's going to come back with a strategy that's going to put heavy emphasis on families; heavy emphasis on this – let's negotiate, let's talk, let's work this out; everybody's got a good point of view on this thing. And when I say on the families, it's because among the undocumented families – we haven't seen this today and I was asked not to bring any slides; I could have showed you these wonderful slides showing that in fact, your image is that most of the undocumented immigrants here are single men, single young men. That's not the case. Most of them are married; most of them have kids. And the kids are born here, so they're American citizens, and the spouse may be a citizen, too; or one of the two spouses and that sort of a thing. So it's such a complicated thing, now.

And so in the last year, we have deported 350,000 immigrants – 350,000 we deported last year. Not arrested at the border and sent back. Deported, arrested for more than 100 miles inside the country – 350,000; many of whom were parts of families that have been broken up. And that's what Obama and Napolitano, as much as they say they're going to be tough on lots of things about enforcement, that's where they're pulling back on some of the raids and some of the deportations, because of that family argument. Because that concept of family is sort of like our basic building unit and our basic value in this country.

And then it's clear that whatever Obama comes up with, it's clear that nothing will work without a temporary worker program. Five percent of the workforce today in the United States is undocumented or undocumented immigrants. Five percent of our workforce. You just can't make that go away, and that has a tremendous impact on the economy.

So on the legal side – on the legal side, the legal guest worker program that we have, it's large. We gave out 485,000 work visas last year. The total number with families of people in the country here under temporary work visas legally is 1.5 million immigrants. That's not small potatoes. And that's compared – these are people with temporary. We have out about 150,000 permanent new immigrant visas. But to give you a sense of the demand that's repressed for these visas, the waiting list – there's a quota of 140,000 green cards, and the waiting list is now running 6 to 10 years.

So of these legal temporary workers in the United States today, about 130,000 are highly-skilled. That includes the H-1B we all know, and many of us have been. And of that, about half of them in the last six to 8 years have come from India. And they're heavily in the information/computer industries. And the ceiling on H-1Bs – I won't go through this whole alphabet soup of visa and numbers because it's so complex I'll just stick with the global numbers.

You know, so if we have a temporary worker program, then why do we need to create a new guest worker program? Well, I think there are three reasons. One – oh, I forgot to say that we also have guest agricultural workers. We have 64,000. We gave out 64,000 visas for

guest agricultural workers last year. That's a number that's been varied. It's just jumping all over the place. There are no caps on it. There's no cap number on it. It's just a total pain to get the visa. A pain for the worker and a pain for the employer. But it still pushed its way up to 64,000. And mostly in the East who do that; the apple pickers in New England and that sort of a thing, and the tobacco growers and pickers in North Carolina.

And then we also have temporary workers who actually do construction work and gardening. Everything that we say is all done by undocumented workers can actually be done legally. It's just a pain in the ass to get the visa. So it's not working. And that's why we have to come up with a new temporary worker program that's legal.

So what are the lessons that we learned, then, from the history of the Bracero program, from the temporary workers we now have and from the illegal immigration we now have? Well, one is that the economy is reliant – it's structurally reliant on imported workers, both the skilled and the unskilled worker. It's structural now. It's not something that's by choice. This isn't a war of choice. It's expanding, as the economy expands. And the whole concept – back in '86, the whole argument that, if we were sitting in this room back in '86, everybody would have been coming up, speaker after speaker, talking about how were going to wean employers off of temporary workers. That's like what Lant said about this conventional wisdom that everybody thought you could do. You can't wean employers off of temporary – it's impossible.

So secondly, that whatever system we have has to be flexible enough that there can't be one size fits all. There has to be options; for some to be temporary and who'll go back, and some who'll have the option to become permanent residents. Thirdly, any kind of worker rights, which is a problem around the world, have to be enforced. Fourth, that we need effective enforcement; some at the border level but even more at the employer level, and that's what we want to see so much of – discussion over the next year and two years is going to be over E-Verify and its successor systems. Fifth, that whatever program cannot be unduly burdensome on the employer. And lastly, that we have to think multilaterally and that we have to work something out with the sending countries; a little bit of what we've been talking about here today.

So where do we stand on the different political players? The business and the Republicans who are conservative are scared. They don't want to raise their head on this issue because of the vehement opposition of the anti-immigrant forces, most of whom are populous; not all Republicans, some Democrats. But they are so intense about this that business is afraid to raise its head. But the agreement last month between the AFL-CIO and – in this house, SEIU – as the major member of Change To Win, along with the Teamsters is crucial and gives you reasoned optimism that we will have a temporary worker program re-instituted in this country for unskilled labor.

That the AFL, for the first time, agreed to it in principle – but the thing is they also agreed to something between the two of them to establish an independent commission to control immigration. And that's where the fight is right now. It's not over, should you have it

or not? It is, should there be this independent commission or not, and what should its power be and what should its methodology be to determine labor needs?

Everyone agrees that we have bad data. We don't really know what our labor needs are. And we certainly don't know in time for it to be useful. So that's why the business side on the chamber of commerce is against this whole idea. They're afraid of it. They don't want to lose what they have; they don't want to create some unknown. And they're afraid especially because the unions pushed the whole idea of certified labor shortages. And they're saying that, as we learned in the Soviet Union, a command economy doesn't work. How can we really predict what the economy's going to need for workers, is the argument from the chamber of commerce side. And you to admit that that is a very valid argument.

But the flip side is what we're doing now is as command-driven, anyway. It's just politically agreed to in the Congress. Their numbers are pulled out of the air. It's called market-driven, but it's not market-driven. It's politically driven. So the ideas that this commission might take some of the politics out of the negotiations by trying to introduce some rational numbers. If you think rationality is possible – and the whole idea is everybody says we're really going to go to work, trying to develop the data – then it's a good idea. And if you don't think it's possible, then it's a bad idea. So that's where we stand. Thank you.