

Hammond: Crackdown on employers hiring illegals will devastate economy

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McALLEN, August 16 - The president of the Texas Association of Business has warned that the state's economy will be devastated if the Bush Administration carries out its plan to crack down on employers caught hiring undocumented workers.

Speaking also on behalf of Texas Employers for Immigration Reform, Bill Hammond visited the McAllen Chamber of Commerce to give his analysis of a new initiative announced last Thursday by Homeland Security Secretary Michael Chertoff and Commerce Secretary Carlos Gutierrez.

Employers whose employees do not match their social security numbers will receive 'no match letters' from the Social Security Administration. Employers will then have 90 days to solve the mismatch or fire the worker. The penalty for not doing so could reach \$11,000. Enforcement will begin within a month.

"We think this could affect 750,000 jobs in Texas. That's a substantial part of the workforce," Hammond said. "Prices will go up, supply times will be decreased, construction will slow and overall the impact on the economy will be negative."

Hammond said it seemed as though the White House, in an effort to get back at Congress for failing to pass immigration reform, wanted to take it out on the economy.

The industries that will suffer the most, Hammond predicted, would be agriculture, hospitality, and construction. He said the impact of the federal government crackdown will really be felt in January or February, when employers file their W2s with the federal government.

"At the front end, because of this rule, I think the probability of higher discrimination levels is greater. Employers are going to be very worried about violating these rules because of the big fines facing them. You're going to have a loss of an incumbent workforce which is going to have a devastating impact on the economy," Hammond said.

TEIR estimates that there are around 700,000 to 800,000 undocumented immigrants working in Texas. "They are gainfully employed and contributing," Hammond said.

Hammond said he had read how unemployment in the Rio Grande Valley was at a historically low level. He said that was true across most parts of the state. "Employers are desperate for workers so this action we believe could have the effect of taking 700,000 to 800,000 out of the workforce," Hammond



Bill Hammond talks to the media at the McAllen Chamber of Commerce offices. (Photo: RGG/Joey Gomez)

said. When that happens, supply companies are hit hard, which leads to more layoffs, he said.

“Everybody thinks of the big three industries - agriculture, hospitality, and construction,” Hammond said, referring to the industries that traditionally hire large numbers of undocumented immigrants.

“But you have the people who supply those industries. It's like the farm communities. When there's a drought it's not just the farmers who suffer it's everyone who supplies the farmers who suffer. This is going to be the same kind of thing.”

Hammond said he had been told of planned restaurants in San Antonio not being built because of a shortage of workers.

“I met a member of our association in Uvalde who is an onion grower who reduced his crops and acreage substantially but at the same time had \$300,000 worth of onions rotting in the fields because he couldn't get the workers,” Hammond said. “This issue is not about undocumented workers and the border issue. It's about people who are willing to do the work.”

Hammond refuted the argument that employers want immigrant labor because they can set lower wages. He pointed to the farmer in Uvalde who is paying \$10 to \$15 dollars an hour for people to pick onions.

“It's not like he's artificially trying to keep wages low by hiring immigrants. He's trying to get workers,” Hammond said. “The same is true in construction. You have a few unscrupulous employers who try to take advantage of immigrants, that's true. But, for the most part, they don't. They want good people who will come to work everyday and they are willing to pay a fair wage for it.”

Hammond said many employers, never mind the general public, will not be aware of the new crackdown. That was why he was traveling the state informing chambers of commerce of the issue. He bemoaned the fact that employers and the business community were “out shouted” during the recent immigration debate by those fixated with border security.

“That's what happened to us,” Hammond said. “This is a real important issue, because anyone who is part of the economy needs to let their elected officials know that this is a disaster, and we need to stop its implementation.”

Hammond said TEIR would continue to push for comprehensive immigration reform and oppose the new stricter penalties for employers who hire undocumented workers. He said employers needed an easier way of verifying the status of those applying for work.

“We think it's misguided on the part of the Administration and we hope that Congress will act to stop it in its tracks,” Hammond said. “We believe the government should pass comprehensive immigration reform which would include allowing enough legal immigration for the needs of employers, allowing those who are undocumented to obtain legal status.”

Hammond concluded by saying it was time the nation faced up to the fact that there is a labor shortage.

“Immigrant labor is a way to solve the labor shortage. Rather than try to punish those who come to seek work, and punish those who want to hire good people who come to work everyday, we should fix the system. Part of the comprehensive reform is to hire those who are legal to come fill the jobs,” he said.

Steve Ahlenius, president of the McAllen Chamber of Commerce, said Hammond was delivering an important message to the people of South Texas. Ahlenius said the effect of the Bush Administration's new policy would be to create an increased burden for the business community.

"I think today's meeting is really reflecting the frustration on Bush regarding immigration as Republicans are usually pro-business," Ahlenius said. "It's just another hoop businesses have to go through."