

Human Capital

America's most fundamental and significant resource

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President Abraham Lincoln's Gettysburg Address ended with the phrase, "...that we here highly resolve that these dead shall not have died in vain — that this nation, under God, shall have a new birth of freedom — and that government of the people, by the people, for the people, shall not perish from the earth."

In that brilliant and ever so eloquent speech, America's 16th President made it clear that the government of the United States was inextricably linked to the citizens of the United States. It would reasonably follow that for America to do well, *Americans* must do well.

How far we have come — and in the wrong direction! Today politicians from both the Democratic and Republican Parties are quick to claim that for America to do well American corporations must do well, even though ever so many of those corporations pay little or no taxes, build their factories and other facilities in foreign countries, and import increasing numbers of foreign employees. They blithely ignore the harm being done to American workers and their families.

A country comprises far more than the land it occupies and the various natural resources found there. The citizens of a country are the heart of a nation. This is a fundamental truth being ignored by all too many of our "leaders" today.

Investopedia defines "Human Capital" as being...

A measure of the economic value of an employee's skill set. This measure builds on the basic production input of labor mea-

sure where all labor is thought to be equal. The concept of human capital recognizes that not all labor is equal and that the quality of employees can be improved by investing in them. The education, experience, and abilities of an employee have an economic value for employers and for the economy as a whole.

Furthermore, Investopedia provides the origins of the term and concept of "Human Capital" as follows:

Economist Theodore Schultz invented the term in the 1960s to reflect the value of our human capacities. He believed human capital was like any other type of capital; it could be invested in through education, training, and enhanced benefits that will lead to an improvement in the quality and level of production.

The value of the citizens of the U.S. to our nation's success involves more than education and skills, as is suggested in the Investopedia definition of human capital. America became the preeminent country on the world stage because of the "can do" spirit of Americans.

Several years ago I had a discussion that quickly devolved into a heated argument with a former high-ranking Department of Homeland Security (DHS) official. The argument began when I told him that not only should our government seek to bring jobs back to the U.S., but that our immigration laws should be enforced and administered to make certain that Americans were given every opportunity to take those jobs. I reminded him that there are currently provisions of the Immigration and Nationality Act (INA) that were enacted to achieve this reasonable and commonsense goal. He responded that my philosophy was "old school"! He went on to lecture me about how America and Americans are separate and distinct from one another and that my interpretation of Lincoln's speech was out of step with the times and what now passes for reality. He assured me that America's position of leadership in the world was linked to American corporations, not American workers, and that my concern about the plight of American workers was misplaced.

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America's position of leadership and preeminence on the world stage is, in my opinion, directly related to the indomitable, "Can do" American spirit that has become an integral component of the American culture of perseverance and innovation. The power of the "Can do" spirit of Americans is how our nation achieved so many goals and "firsts" that have made it the envy of the world. A key part of that spirit was created along with the "American Dream" by creating and then nurturing the largest and most upwardly mobile middle class in history.

This was done, in large measure, by providing the students of the U.S. with an education that was second to none and by shielding American workers from unfair foreign competition. Indeed, prior to the Second World War, the enforcement and administration of America's immigration laws was primarily the responsibility of the U.S. Department of Labor.

The enforcement of our immigration laws shifted to the Department of Justice only when it became clear that securing America's borders and enforcing our immigration laws had a direct bearing on national security.

However, the impact of immigration on the jobs, wages, and working conditions for so many millions of American workers and their families has not diminished. I need look no further than my own childhood to feel kinship to those workers and their families who are struggling to get by.

My father was a construction worker. He was a tradesman — a plumber who worked on construction jobs. He was, and will always be, my hero along with my mom, who lawfully immigrated to the U.S. as a teenage girl before the winds of war swept through her native Poland. Her mother, for whom I was named, remained in Poland and perished in the Holocaust. My parents are still my role models and always will be.

My dad died when he was 57 years old and I was 19. In fact, I helped carry him off his job in the middle of his last day at work — he called me at home and told me he could not continue working. He was dying of lung cancer on that awful day.

He had worked in the Navy shipyards during the Second World War and was exposed to asbestos. His exposure to asbestos undoubtedly continued in the construction industries, and his three-pack-a-day Chester-

field cigarette habit certainly did not help him either.

For my dad and his buddies of the construction industries, the word "impossible" did not exist. When I think back to my dad and his friends, I think of hard-working Americans who would overcome every challenge and obstacle that they might encounter at work or in their lives and push on and ultimately succeed. There was no such thing as "Mission Impossible" for them. The most challenging situations were, at worst, "Mission Difficult!"

Whether it was in the dead of winter or on a hot, sweltering summer day, my dad headed out to work happy to have a job. He would return home from work

covered in dirt and sweat and often bearing bruises and suffering from an aching back, but would never complain. He taught me that it was his responsibility to support my mom and me and that this was an important part of being a man.

I will never forget the look on my dad's face when he would trudge home on a dreadful evening when he had been laid off from work. It happened when a job he had been working on was completed or the construction company that employed him ran out of money.

My dad would spend hours on the phone, day after day, calling one company after another, sometimes not finding another job for months and taking odd jobs in the neighborhood to make some much needed money.

Those were desperate times when we subsisted on tuna fish and pasta dishes, night after night. I cannot help but continually think about

how many millions of American families are now facing that same anguish today.

I will also never forget the memorial service held in the wake of a tragedy at the Sago Coal Mine when, on January 2, 2006, an explosion at the facility in West Virginia triggered a cave-in that trapped 13 miners. All but one of those miners died.

An incredibly moving eulogy was delivered by Homer Hickam, author of the book, *Rocket Boys*, that became the basis for the excellent film, "October Sky." Hickam is the son of a coal miner in Coalwood, West Virginia. The book and film were autobiographical and told the story of Hickam's childhood in the 1950s, when the launch of Sputnik motivated him to become involved with rocketry.

One of the sentences spoken by Hickam moved me



Economist Theodore Schultz

to tears. I thought of my own dad and so many other hard-working Americans for whom no job was too tough or dangerous. That poignant sentence was:

There is no water holier than the sweat on a man's brow!

Contrast that sentence and the reverence that Hickam's sentence demonstrated for American workers who are the backbone of America, with the abject contempt shown for those same workers by politicians who would dare declare that "Aliens do the work Americans won't do." Of course what they are leaving out is what should be the follow-on sentence: "Foreign workers are willing to work for substandard wages and under conditions so substandard that they endanger the safety of the workers and violate laws intended to protect the health and safety of those workers."

Meanwhile these very same politicians who are quick to impugn the work ethic and perseverance and productivity of American workers were purportedly elected to represent those beleaguered American workers and their families.

That phrase and the attitude behind it enrages me and should enrage every hard-working American. The rage it engenders should translate into a decision by all Americans, to never ever vote for any politician who would dare slander hard-working Americans and work to bring in increasing numbers of foreign workers, even as tens of millions of American workers are unemployed or underemployed.

Today, each month, the U.S. is witnessing the influx of more foreign workers than the number of new jobs that are created in that same time period.

Title 8 U.S. Code § 1182 — Inadmissible aliens is a section in the Immigration and Nationality Act (INA) that enumerates the classes of aliens who are to be prevented from entering the U.S. Among these classes of aliens are those who have dangerous communicable diseases, are mentally ill and prone to violence, aliens who have been previously deported, aliens who are convicted felons, aliens who are spies, war criminals, human rights violators, and terrorists. It also addresses the issue of aliens who would seek employment in the U.S.:

(5) Labor certification and qualifications for certain immigrants

(A) Labor certification

(i) In general Any alien who seeks to enter the U.S. for the purpose of performing skilled or unskilled labor is inadmissible, unless the Secretary of Labor has determined and certified to the Secretary of State and the Attorney General that—

(I) there are not sufficient workers who are able, willing, qualified (or equally qualified

in the case of an alien described in clause (ii)) and available at the time of application for a visa and admission to the U.S. and at the place where the alien is to perform such skilled or unskilled labor, and

(II) the employment of such alien will not adversely affect the wages and working conditions of workers in the U.S. similarly employed.

This section of the INA was included to guard the growth of America's middle class and with it, the American Dream that made the U.S. and its citizens the envy of the world.

Today politicians from both sides of the aisle promise to create jobs, especially when they are campaigning. Yet few ever talk about the need to *liberate* jobs by providing resources and leadership to enforce our immigration laws. Mayors of "Sanctuary Cities" blithely ignore that in addition to undermining national security and public safety, by shielding illegal aliens from detection by ICE (Immigration and Customs Enforcement) they are also enabling large numbers of foreign workers to compete unfairly and, indeed, illegally with American and lawful immigrant workers.

It is clear that the current administration has no desire to enforce those immigration laws even when aliens, who should be deported from the U.S., are convicted of various crimes. The administration is opposed to the enforcement of our immigration laws — look no further than the statements Obama has made about his plans to prevent the deportation (removal) of millions of illegal aliens, including those with arrest records. Obama is using "prosecutorial discretion" to provide millions of illegal aliens with temporary lawful status and official identity documents. There is no justification for such outrageous actions in our nation's immigration laws. Obama's immigration power grab will have a catastrophic impact on America.

It has been widely reported that roughly five million illegal aliens will be eligible for this program. However, it must be remembered that when the Reagan administration enacted the Immigration Reform and Control Act (IRCA) of 1986, the original estimate was that approximately one million aliens would emerge from the "shadows." The reality was far different from that optimistic estimate. By the time the adjudications process was completed, well over 3.5 million illegal aliens had been granted lawful status. It is entirely possible that Obama's program could ultimately benefit many, many more illegal aliens. The process will, of necessity, have no integrity. There will be no face-to-face interviews and no field investigations to verify the truthfulness and accuracy of the information contained in the applications. Since these aliens evaded

the inspections process, there is no record of their entry.

While it may sound reasonable to claim that the aliens who will be processed under Obama's program will have been residing for many years in the U.S., it is entirely possible that aliens who have yet to enter the U.S. will be able to falsely claim to have entered the U.S. by whatever date would be required and simply purchase counterfeit documentation peddled by fraudulent document vendors. Not only will the adjudications officers not be able to verify the true identities of these millions of illegal aliens — including even their countries of citizenship, they will not be able to verify when, where, or how they actually entered the U.S.

Without the capacity to conduct in-person interviews, let alone actual field investigations, those false statements will go undetected and unpunished. As more and more illegal aliens succeed in gaming the system, still more aliens will head for the U.S. encouraged that they, too, will be able to succeed in defrauding the system that is a "system" in name only.



Meanwhile, all of these aliens will be granted Social Security cards and have as much right to work in the U.S. as an American or lawful immigrant worker. Indeed, under the civil rights components of our immigration laws, an employer who favors hiring the newly legalized aliens over U.S. citizens will face no consequences, while an employer who demonstrates a pattern of hiring mostly American citizens might him/herself be accused of violating the civil rights of these aliens and could face fines, lawsuits, and even criminal prosecutions.

Furthermore, as I noted on the FOX News program, "Your World With Neil Cavuto," on November 28, 2014, inasmuch as newly legalized aliens are not included in ObamaCare, employers who hire such aliens will not have to provide them with healthcare and hence will not face a \$3,000.00 fine per eligible employee.

When the issue of the impact of immigration on labor is raised, most people think about workers doing bottom rung jobs. However, today, an increasing num-

ber of foreign workers are being legally admitted into the U.S. to compete unfairly with middle class high-tech workers. If Zuckerberg, Gates, and other Silicon Valley CEO's have their way, this situation is about to get much worse for Americans who have the skills and education and, indeed, often the experience to do those jobs.

"Dumping" is a term that is used to describe a situation where a company in one country exports a large quantity of a product or resource to another country, thus driving down the value of that commodity. It is illegal for companies to "dump" their products or commodities on the U.S., but where foreign workers are concerned, the administration clearly has no intention of preventing the dumping of huge numbers of foreign workers into America's labor pool, and not only at the bottom rungs of the economic ladder. Obama has also stated that he will greatly increase the number of H-1B visas for high-tech workers.

Of course he has not received complaints from most Republicans about this, because Republicans like Senator Ted Cruz (R-Texas) have already called for drastically increasing the number of H-1B visas.

While Americans are losing their jobs and falling from the middle class to poverty as a consequence, it is clear that this is precisely what former Federal Reserve Chairman Alan Greenspan and others, in and out of government, want. Recall Greenspan's testimony at a Senate Subcommittee hearing chaired by Senator Chuck Schumer:

...The second bonus [in accelerating the influx of skilled immigrant workers] would address the increasing concentration of income in this country. Greatly expanding our quotas for the highly skilled would lower wage premiums of skilled over lesser skilled. Skill shortages in America exist because we are shielding our skilled labor force from world competition. Quotas have been substituted for the wage pricing mechanism. In the process, we have created a privileged elite whose incomes are being supported at non-competitively high levels by immigration quotas on skilled professionals. Eliminating such restrictions would reduce at least some of our income inequality.

The leadership of both political parties is satisfied with the status quo. While we hear complaints about how the administration is planning to violate the Constitution, which it would certainly appear to be guilty of, none of the leaders of the Republican Party are talking about how providing at least five million illegal aliens with lawful status and identity documents would undermine national security and the ability of American and lawful immigrant workers to find jobs.

Politicians claim that America needs to import many more highly skilled foreign workers because American schools allegedly are not turning out enough qualified American Science, Technology, Engineering and Mathematics (STEM) graduates. However, these very same politicians will go on to claim that foreign students who graduate from our schools should have Green Cards stapled onto their diplomas.

It is time for a reality check. As noted on Breitbart.com, “Scholars Debunk Claims of High-Tech Workers Shortage, Question Industry’ Free Pass,” May 16, 2014:

Ron Hira, a public policy professor at the Rochester Institute of Technology, noted that the majority of H-1B visas are being used for “cheaper workers” from abroad...to replace American workers.” He also mentioned that IT guest workers are on pace to make up 30-40 percent of the entire IT workforce even when there are 50 percent more graduates than job openings in the STEM fields. Professor Norman Matloff is quoted affirming. As a result, fewer Americans are able to move up the economic ladder through the high-tech fields. And the problem has gotten worse since the H-1B pigpots were opened in the 1990s.

It is crazy to imagine that the solution to not having enough jobs for Americans, to bring in many more foreign workers. This defies commonsense!

Published reports indicate that since 2007 the executives of Silicon Valley have pumped more than \$1.5 billion into a massive lobbying effort to flood the U.S. labor market with huge numbers of foreign high tech workers and flood our schools with hundreds of thousands of new foreign students.

On May 7, 2014, ICE issued a news release about the enrollment of foreign students in the U.S.: “SEVP report provides snapshot of international students studying in US International student enrollment up 2 percent at US schools, 75 percent of students from Asia.”

Here is the key paragraph from that press release:

As of April 1, almost 1.02 million international students were enrolled in nearly 9,000 U.S. schools using an F (academic) or M (vocational) visa. This marks a two percent

increase from January. Seventy-five percent of all international students were from Asia, with 29 percent from China. Saudi Arabia and India had the greatest percentage increase of students studying in the United States at 10 and eight percent, respectively, when compared to January statistics. The top 10 countries of citizenship for international students included: China, India, South Korea, Saudi Arabia, Canada, Japan, Taiwan, Vietnam, Mexico, and Brazil.

Note that Saudi Arabia and China are among the top ten countries of citizenship for foreign students.

We need to be extremely concerned about the vetting process for these students and those 9,000 schools. DHS has roughly 7,000 agents assigned to ICE (Immigration and Customs Enforcement) and HSI (Homeland Security Investigations). Fewer than half of those agents are engaged in conducting investigations into immigration law violations. Only a relative handful of agents are available to attempt to make certain that these various components of the immigration system have even a shred of integrity. Essentially schools are supposed to police their foreign students. There is no way to readily know if these 9,000 schools even exist.

The 9/11 Commission made it clear that the entire visa process, including the way that student visas and applications, filed by aliens, had to be tightened up to address national security concerns.

How on earth could anyone not understand what is going on? Former Middle Class workers and their families are falling below the poverty line. They are going from being tax-paying consumers with disposable incomes to families barely scraping by, depending on costly government economic safety-net programs, while more foreign workers enter the United States and send ever greater amount of remittances out of the United States to their families back home. This is money that is not earned by American workers, money that is not being spent in America or being invested in America.

Politicians who are truly concerned about America and Americans should be more concerned about the future of our nation and its citizens than the next election cycle. ■