

NATIONAL PRESS CLUB NEWSMAKER LUNCHEON WITH
ARIZONA GOVERNOR JANET NAPOLITANO (D),
NATIONAL GOVERNORS ASSOCIATION CHAIR

TOPIC: IMMIGRATION

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MR. ZREMSKI: Good afternoon, and welcome to the National Press
Club. My name is Jerry Zremski, and I'm the Washington bureau chief
of the Buffalo News and the president of the National Press Club.

I'd like to welcome club members and their guests here today,
along with those of you watching on C-SPAN.

We're looking forward to today's speech. And afterwards, I will
ask as many questions as time permits. Please hold your applause
during the speech so that we can have as many questions as possible.
For our broadcast audience, I'd like to explain that if you hear
applause, it may be from the guests and members of the general public
who attend the speech, not necessarily from the working press.

I'd like now to introduce our head table guests and ask them to
stand briefly when their names are called.

From your right, Peter Harkness, editor and publisher of
Governing magazine; Christine Dell'Amore, consumer health editor at
UPI; Sudi Bretty (sp) of the Dallas Morning News; Ted Cressy (sp) of
Washington Post Radio; Pat Ottenhoff of NationalJournal.com; Melissa
Charbonneau of CBN News, a vice chair of the NPC Speakers Committee.

Skipping over our speaker for just a second, Sean Bullard (sp), president of the Duetto (sp) Group, a member of the speakers committee, and the member who organized today's luncheon; Mike Madden, Gannett News Service's Arizona correspondent; Sean Riley of the Mobile Press Register; and Steven Taylor of ABC News Radio.

Every year for the past few years, our guest today has found herself in the national headlines, each time for a different reason. In 2004, John Kerry considered Arizona Governor Janet Napolitano as a potential running mate. A year later, Time magazine named her one of the five best governors in the nation. Last year she became chair of the National Governors Association. And today she will speak to us on one of the most important issues facing the nation, immigration. In fact, more than any other issue, immigration has put Governor Napolitano in the national spotlight.

The Arizona border with Mexico is the busiest illegal entry point in the nation. Deadly violence is increasing among smuggling organizations and those who hijack immigrants for profit. Border Patrol officers report that smugglers are becoming more sophisticated and are now using high-powered assault weapons. Sadly, deaths and violence are becoming commonplace along Arizona's border with Mexico.

In response, during the past 18 months Governor Napolitano has beefed up enforcement along the state's border. She has approved a memorandum of understanding with the Department of Homeland Security that deports criminal offenders illegally in the U.S. the moment they have completed their jail time, instead of releasing them back into the community.

She declared a state of emergency in 2005 on behalf of Arizona's border counties because of the mass migration of illegal immigrants crossing into her state. And in her State of the State address a year ago, she asserted her willingness to station more of her own National Guard troops at the border if the federal government would simply pay the bill.

Some in Congress suspect that her tough talk nudged President Bush to ask other governors to send some of their own National Guard troops to aid the governor and neighboring states. Today, more than 2,400 National Guard members from around the country are stationed at the border, providing critical support to the Border Patrol.

But are her efforts working? And why is she having to do what many would say is the federal government's job? Is she succeeding where the federal government has failed? And is she going to make headlines again in 2008?

To provide us with the answers to these many questions, ladies and gentlemen, I introduce to you the first woman and the first Arizonan ever to serve as chair of the National Governors Association, Governor Janet Napolitano. (Applause.)

GOV. NAPOLITANO: Well, thank you very much, and a special thank-you to the Arizonans who are here today.

My name is Janet Napolitano, and I am the recently re-elected governor of Arizona. As was said, my topic today is one of the single greatest challenges that any governor has to face on a day-to-day basis, immigration, both illegal and legal, into the United States.

Our current immigration system is broken. It is too easy for the bad guys to enter our country. And it's too difficult for the good guys, those whose energies and intellects we need to obtain lawful status.

The failure to control our borders reveals deep cracks in our Department of Homeland Security, unfairly affects states like mine that are on the border, and gives rise to ugly and unproductive political rhetoric.

In a moment, I will detail what Arizona has done. But that should not detract from my central message today: Congress and the president must act, and they must act this year, to fix this broken system.

I am not alone. Governors from the border states and the American people across the nation have already waited too long for an answer, a solution, and effective results. Washington must give us a law that is both enforceable and enforced. They must delve beneath bumper-sticker phrases like "sealing the border" or "comprehensive reform" and get at this issue with all its complexities and political nuance.

We've heard too much about border security and not enough action. They must commit to immigration as one of the signature domestic and foreign policy issues of our day because, as in so many things, the continued failure to act will be worse than almost any legislation that could be passed.

Now, I come to this immigration issue with unique experience. From 1993 through 1997, I was the United States attorney for Arizona, a state with a 376-mile border with Mexico. And in case you're wondering, 376 miles is roughly the distance between New York City and Norfolk, Virginia.

From 1998 through 2002, I was Arizona's attorney general. And since 2003 I have been the governor. Consequently, I have seen the border in every dimension. And unlike many in Washington, I've actually walked it, flown by helicopter, and even ridden a horse over much of it.

The Arizona border is rough, rugged desert and mountainous terrain. It's picturesque in places, but it is deadly if you are walking in 120-degree heat carrying only a plastic water jug.

I've been in the drug tunnels, where cocaine and marijuana by the ton come into our country, and the sewers where children who are crossing the border alone sleep at night. I've seen the campsites strewn with abandoned clothing, human waste and refuse.

I've also supervised the prosecution of more than 6,000 immigration felonies plus dozens more large-scale drug trafficking and

money-laundering rings. I have seized assets and sought to convert them into something useful, including a domestic violence shelter in Douglas. Other needs abound. For example, Tucson needs an expanded morgue, in part due to the number of deaths in the desert from illegal immigration.

I've witnessed first-hand the end result of a federal border strategy that does not address the root causes of illegal immigration. Instead it funnels illegal immigration into Arizona from Texas and California.

And let me give you some facts to put our challenge in the proper perspective. In 2006, in a 24-hour period, an estimated 4,000 immigrants would cross illegally into my state. Now, although that number has gone down by about a third since the National Guard was deployed, even today's number will be significant. And of those who cross today, an estimated 1,400 will be picked up and sent back for another try.

Most of the rest will make their way by themselves, in small groups, or in groups of 100 or more, to southern Arizona until they disappear into Tucson and Phoenix. There they hide in human stash houses and neighborhoods until arrangements are made to transport them anywhere across the country.

Now, let me tell you what happens to your state when you're an illegal immigration funnel. Emergency rooms close to the border are filled to capacity, sometimes beyond, with illegal immigrants, some of whom are quite literally dropped off around the corner by the Border Patrol so the federal government won't have to foot the bill for their care.

Coyote is the word used to describe human smugglers. When you're a funnel like Arizona, the price paid to a coyote soars. The black market for stolen cars used to transport illegal immigrants multiplies. So does the market for the fraudulent documents that are used to obtain jobs illegally.

My state's criminal justice system is particularly hard-hit. If an illegal immigrant commits a crime in Arizona, he typically is not given bail. So he spends more time in jail than most prisoners. He's indigent, so he is represented by a public defender, paid for by Arizona taxpayers. And when he is convicted in Arizona, he is sent to a prison system that has nearly 15 percent more inmates than beds, forcing our Department of Corrections to resort to triple-bunking and lock-up beds. In the last seven years,

In the last seven years, the number of foreign nationals in Arizona jails and prisons has grown by almost 60 percent, while the remaining prison population grew by only half that rate.

Now it seems only fitting that I bill the United States government for these added extra costs. And after all, under a federal law known as SCAAP, the State Criminal Alien Assistance Program, the federal government is supposed to reimburse the states for the incarceration costs of illegal immigrants.

So I sent Attorney General Gonzales a bill. I sent him an invoice for \$77 million. (Laughter.) I updated it to \$195 million. Indeed, since 2005, I have sent the attorney general a total of seven separate invoices -- including late fees -- (laughter) -- the last one totaling \$350 million. There has been, as you might imagine, only minimal reimbursement. Our current un-recovered costs are well over \$300 million. For what hardworking Arizonans are absorbing in these costs alone, we could pay for all-day kindergarten for every 5-year-old in the state.

The administration and Congress say they're against new taxes, and yet, by their inaction, they have imposed an illegal immigration tax on Arizona taxpayers and on the taxpayers of every other border state.

The federal government refuses to foot the bill or to deal in any effective way with the scope of this issue. In the face of that refusal, states have had to act. Here is what Arizona is doing. We begin with the principle of prevention. First, we set up a statewide task force on fraudulent IDs, the lifeblood of the human smuggling trade. I put in charge of the task force the director of the state liquor department, someone who is indeed an expert on false IDs. (Laughter.) Under her direction, the task force has disrupted several major fraudulent ID manufacturers, resulting in more than 100 arrests in just 18 months, and a significant dent in the fraudulent document racket in Arizona.

Second, we applied innovative state-of-the-art technology to the solution. As I mentioned earlier, human smugglers rely on stolen vehicles for their transit needs. I directed our Department of Public Safety, Arizona's highway patrol, to station high-tech and mobile cameras on southbound traffic lanes to Mexico. Our DPS has also pioneered the use of advanced license plate reader technology that vastly improves our ability to detect the stolen vehicles used by the human smugglers. When we catch the cars, we can arrest the criminals who are driving them, often preventing additional crimes in the process.

Third, and in some ways the most important, we applied the principles of partnership and cooperation. I have entered into separate law enforcement agreements with the governor of Sonora, Mexico, the state that borders Arizona. Under our joint agreement, our police radios, used by both states, now interconnect. Checkpoints in Sonora have been established, and additional state police are deployed to the border from both Arizona and from Sonora.

Now perhaps the picture I've painted so far is too one-sided, for it only depicts the downside of being a border state. Here's the upside. In bilateral trade, Mexico is our country's second biggest trading partner, while we are Mexico's largest. As for my state, Arizona has no more important trading partner. We export more than \$4 billion in goods to Mexico in a given year. Roughly 95,000 full-time jobs in Arizona are directly attributable to our trade relationship. I spend more time working with the governor of Sonora than I spend with any United States governor. Governor Bours and I work together in developing mutual security plans, modernizing our ports of entry and improving our transportation corridors.

We co-chair an organization of government and business leaders from both states that meets twice each year working on economic development, real estate, tourism and other initiatives. The two states have been doing this for more than 45 years. It's a model for United States-Mexico relations.

But beyond the Arizona-Sonora relationship, our country's economic interest in legal immigration needs attention. We need scientists and engineers, yet restrictions on our H-1B visas force foreign students in vital areas such as engineering and medicine who have trained here to use their talents elsewhere. Indeed, after a successful background check, I believe that every one of them should have a green card stapled to their diplomas. In short, our immigration issues are not only about Arizona and Sonora, or agriculture and meatpacking. Places like Silicon Valley have just as great a stake in immigration reform. And if you don't believe me, read the column by Bill Gates that appeared in last Sunday's Washington Post.

But despite the beneficial aspects of immigration, it is illegal immigration that dominates the public debate. Our federal government's failure to address illegal immigration has fueled a growing and understandable national mood of frustration and anger and has made Lou Dobbs who he is today. (Laughter.) I've been at the crossroads of that political debate. I've prosecuted the illegal immigrants and the smugglers. I've also vetoed eight bills from my state legislature that I deemed overly harsh and ineffective. I declared a state of emergency and was the first governor to openly advocate for the National Guard at the border. Yet I also have refused to agree that a wall by itself is an answer. As I often say, "You show me a 50-foot wall, I'll show you a 51-foot ladder." (Laughter.)

I also refuse to concede that illegal immigration is a political winner for those who simplistically suggest that we can simply seal the border. I won reelection with 63 percent of the vote, carrying every county and legislative district in my state, despite the fact that my opponent's chief complaint against me was that I was somehow soft on immigration. I'm not. He lost.

Yet we must have the courage to talk openly and honestly with the American people about the need to address immigration, and we must have federal legislation that is reality-based. One popular proposal that is not reality-based is to require all undocumented persons to become legal citizens by returning to their country of origin and then applying to get back in. How do you get 11 million people, many of whom risked their lives to get here or who were brought here as infants or have longstanding jobs and homes or have children who are United States citizens, to voluntarily leave in the hope of someday returning to the United States? That presumes at a minimum we have the administrative and legal infrastructure to handle such a mass exodus. We don't. Eleven million people -- that's like asking everyone who lives in New York City and Los Angeles to get up and move. It's a joke.

So let's turn to reality. Here are the key elements of a real

border plan: The first is the development of innovative, technology-driven border control between the ports of entry. Boots on the ground definitely help, but we can shore up our border gaps with ground-based sensors, radar and unmanned aerial vehicles for wide area intrusive detection. Any combination of the above will work far better than any 10 or 20 or 50 miles of wall. The Department of Homeland Security is now installing this kind of technology. They need increased funding to sustain their efforts. And as my own aside, we can incentivize innovative technologies here that can be used by our Department of Defense for our own security needs or indeed marketed around the world.

Second, we must fundamentally reform the visa system and streamline the visa process. Let me give you an idea of how out of whack our current system is. The Dominican Republic has a population of about 8 million people. The Republic of Mexico has about 100 million people. Yet under the current visa system, the Dominican Republic per capita is allocated more visas than Mexico. No wonder it takes on average more than 10 years to get a legal immigrant visa from Mexico. Talk about an incentive to cross illegally.

This needs to change to widen the legal labor pool and match the evolving labor needs of the United States. And while we're at it, we should institute tamper-proof immigration documents to quell the fraudulent ID market. By adjusting our visa processes, we can simultaneously end the backlogs and meet the increasing demands of our agricultural, bio and high-tech industries and our economy in a timely fashion.

Third, we must institute a temporary worker program with no amnesty. Let me say that again -- a temporary worker program with no amnesty. Foreign labor should not be a substitute for U.S. workers, but it is critical that we bring foreign workers out of the shadows, put the clamps on the underground labor market and bring greater stability to our workforce.

And as a side note, I reject the term "guest worker." To me, this implies someone who's coming here to take a vacation. These people are coming to work. Their presence should be balanced with the demand for American workers, not superimposed like some sort of icing on a cake.

Fourth, we have to acknowledge that illegal immigration is a supply and demand problem and that Congress must address both sides of that equation. Employers who hire illegal immigrants and know it should be held accountable and penalized.

There are existing federal verification systems for employers, but they're not enough. Those systems need to be able to interface with Social Security data bases so employers can perform real-time verification that actually means something. We have the technology. Now we need to put it to work.

And again, employers who defy the law and feed the demand side of the illegal immigration equation should be punished. This means providing additional resources to the Department of Justice for employer enforcement and prosecution. Debarment should also be an

available sanction.

Fifth, we must modernize our border infrastructure. Border enforcement designed to stop drugs and other contraband should not hinder the flow of legitimate travel and commerce. In Arizona, we're now developing cyber ports and fast lanes to ensure that our trade and goods travel quickly and safely through our ports.

Much more can and should be done, a fact which any of you will recognize the next time you spend five hours waiting to cross from Tijuana to San Diego.

Sixth, Congress must discard the report-to-deport theory. The only realistic alternative we have for those who are already living illegally in the United States is to create a strict, stringent pathway to citizenship. That pathway must involve a substantial fine, learning English, having no criminal history, paying taxes, keeping a job, then getting in the back of the line and waiting your turn.

However, we should never again allow ourselves to fall into the immigration no-win zone. After the law changed in 1986, the federal government did virtually nothing to enforce it, to adjust our immigration patterns to our country's evolving labor market or to improve border security. That's how the 11 million got here. That's why we need an efficient, effective and properly resourced Justice Department, an immigration system that can police visa overstays and ongoing employer enforcement.

Finally, Congress and the president must address the root causes of illegal immigration by engaging directly with Mexico and Latin America. We need to improve the standard of living in these countries, and we can make progress in that area by promoting opportunity and ownership, credit and capital.

When President Bush meets with President Calderon next month, the issue of capital investment should be a key component of any immigration agreement. Indeed, when I met with President Calderon just three weeks ago, we spoke specifically of the need for capital investment and job creation, especially in the southern states of that country.

Immigration reform is not simple, but it can be done, and it can be done on a bipartisan basis. In 2006, the difficulties of immigration reform and the federal government's failure to address the problem prompted the Western Governors Association, which I chaired at the time, to sit down together and develop a solid framework for reform.

We left our politics at the door. We brought with us a commitment to examine the challenge from all angles and create a solution that addresses all components. The reform proposal reflected our shared belief that no singular approach to our immigration problems will succeed. The governors believe that enforcement alone is not the answer. Similarly, a temporary worker program alone is no panacea for the status of our system.

Drafted by Utah Governor Huntsman and myself, the WGA strategy

received not just bipartisan but unanimous support from our colleagues. I would venture to say that no other immigration proposal has received such diverse political support.

Arizona is waiting. So is California, New Mexico, and the president's home state of Texas. In fact, all of America is waiting, and time is running out. It's going to require Congress to end the rhetoric, stop the politics, provide sustained funding and turn away from extreme, unworkable solutions that solve nothing and only delay the benefits of real reform.

We can restore the respect for the rule of law and our rich immigrant heritage while preparing our economy and workforce for a changing world. For the sake of our nation, we must. And for the sake of our nation, we will.

Thank you very much. (Applause.)

MR. ZREMSKI: Thank you very much, Governor.

We have a lot of questions, a lot of them on immigration. First of all, you talked a little bit at the end about Congress coming to a solution. Yet there is obviously a very big divide between the two sides on the federal level. How does Congress bridge that divide and resolve this issue?

GOV. NAPOLITANO: Well, first of all, it is -- Congress needs to understand this situation is not going to get any better by inaction. You know, this situation has not improved. In fact, it's getting worse. And it is destructive on so many different levels.

They need to address it as the broad public policy question it is. And what I would like to say, they should leave their politics at the door. I think the governors have demonstrated that we can; it can be done. But I think the things I have spelled out today in my remarks to you are the common-sense things and find support among Democrats and Republicans alike in the Congress. In fact, most of them are elements in the Kennedy-McCain or McCain-Kennedy -- I don't know which goes first -- legislation that was discussed last year.

The one thing Congress cannot do is think for themselves that by authorizing money for -- not appropriating, but authorizing money for a wall, they have somehow done something. They have done nothing. They must do something, and what they must do must cover all the elements I have suggested.

MR. ZREMSKI: Obviously if there is a solution in Congress, it's going to require a great deal of compromise. And one questioner asks, if you end up having to compromise and narrow things down, what are the absolute top priorities within your plan?

GOV. NAPOLITANO: I think what I've spelled out are the rib cages of a workable plan. I mean, I don't think you can do one without the other. I think that you must have a sustained effort by the Department of Homeland Security to staff up and put technology at the border between the ports.

And I want to emphasize that word "sustain," because what I'm worried about is they'll do a one-year kind of surge of money -- popular word in this town right now -- but not sustain it over time. And it's by failing to address that whole border from San Diego to Brownsville, and do it over a sustained period of time, that led to our loss of operational control there.

So once we get operational control there, they've got to sustain it. But you've got to deal with those underlying labor issues. You've got to deal with the temporary workers, those who have no intent to become permanent U.S. citizens but are coming to work and are going to go back. And you've got to deal with those who are already in the country. Otherwise you'll continue to have this churning, this black market, all the organized crime that goes with that, the violence that goes with that, and the economic disruption that goes with that.

So while I'd like to say throw something off the bus, I'm saying I think what I gave you here today is what needs to be there, and it needs to be together.

MR. ZREMSKI: You mentioned that additional resources would be necessary to enact your plan. Any estimate for how much your plan would cost?

GOV. NAPOLITANO: You know, that's hard to say. And, you know, I think we can do -- for example, if we employ technology wisely, in the long run that will reduce our manpower costs at the border. But you've got to do your up-front investment to do that.

In terms of adjusting administrative systems and the like, there will be costs associated with it. I don't know what those costs are. I will say this, however. On the report-to-deport theory -- you know, we're going to get 11 million people to kind of show up at an office and say, "I'm here; deport me so I can come back" -- you know, come on, like that's going to happen.

But anyway, just think of the administrative costs associated with that and where that administrative cost would be borne. And, by the way, think of how that will clog our land ports of entry between the United States and Mexico and interfere with the lawful trade and commerce that needs to go back and forth that creates jobs and creates tax revenue and all the rest.

So by focusing on simplistic solutions and on report-to-deport kind of theories, your costs to the system actually are more than if you actually get at it and give us something that works.

MR. ZREMSKI: Can we devise an immigration scheme that does not encourage Mexicans to forsake their country for the U.S.; that is, that would let Mexicans come and go more freely across the border?

GOV. NAPOLITANO: Yes. And I think -- and I had very interesting talks in Mexico City a few weeks ago. I mentioned that I was with President Calderon, but I also spent some time with the attorney general and the secretary of Public Security and so forth.

You know, and Mexico is undergoing a period of transformation. And I think under the new administration, that period will only accelerate. And part of the problem -- part of the solution to the problem, as I suggest, was particularly in the southern states of Mexico, which is where a lot of the illegal immigration comes from. And you have to recognize that the economy of Mexico is very differentiated between north and south.

So once you recognize that -- that's why the governor of Sonora is a partner with me. He's the northern-most state in Mexico. They have one of the most vibrant economies in all of Mexico. They're as hit by this illegal immigrant trafficking almost as Arizona is. So once you realize that, you can really begin to think about working with Mexico and others to target economic investment and capital and the like.

But beyond that, a real temporary worker program with tamper-proof visas so people come through the ports of entry, we know who they are, we know where they're going, how long they're entitled to stay does give those from Mexico coming to work on a temporary basis the ability to go back and forth safely and lawfully without having to either be in the underground labor market, or be in the pathway to U.S. citizenship.

MR. ZREMSKI: Some call the Arizona Minutemen "citizen soldiers," others "dangerous vigilantes." What is your stance on the Minutemen and what is your relationship with them like?

GOV. NAPOLITANO: Which ones? (Laughter.)

MR. ZREMSKI: I don't have names. (Laughter.) You know them better than I.

GOV. NAPOLITANO: You know, my position on the minutemen has been that they filled the perceived vacuum in federal law, that they were kind of an outward manifestation of the public's disenchantment with an immigration system that's broken, and with the real loss of operation control at the border.

In the year 2005, the Border Patrol apprehended 550,000 illegal immigrants in Arizona, all right? Half of their total apprehensions across the country were in one state -- Arizona. No wonder people are angry and mad and perceived quite correctly that this was a system that didn't work. And the Minutemen, you can say what you want about them, but they drew public attention to that problem -- and particularly public attention outside of Arizona. And you know, they've got to obey the law -- I insist they obey the law -- as long as they do that, they're there.

Now, do the minutemen substitute for an adequately resourced federal law enforcement presence at the border? No. Are they adequately -- are they trained at all or adequately trained in law enforcement or how to deal with immigration enforcement? No. So to the extent they have helped Washington focus on this -- that was to fill the vacuum left by Washington's own inactions. That was two years ago. Washington needs to act now.

MR. ZREMSKI: Congressman Tom Tancredo and TV anchor Lou Dobbs have raised the profile of the immigration issue. Have they contributed positively to the dialogue or have they made the issue much more difficult to resolve?

GOV. NAPOLITANO: (Laughter.) Hi, Lou. (Laughter.)

No. I've been on the Lou Dobbs show several times. And I think -- here's the deal. In terms of getting the federal government to at least begin appropriating more money resources at the border, some of that helped. And we have seen substantially more federal resources placed at the border than we had when I became governor. And that makes a real difference.

In Arizona -- I kind of glanced over this in my talk, but before we had the National Guard at the border with the federal government footing the bill, we were -- you know, we were getting 4,000, 5,000 a day easy -- easy. But that National Guard, with everything else that's been put down there, we have seen a substantial reduction in apprehensions. And we deduced from that that we have fewer people crossing the border and I think that's a correct deduction. So to the extent their rhetoric helped get some more federal resources, they did provide a service. That's the good side.

Here's the other side: They have both refused to acknowledge that what they have proposed won't work, that it is more rhetoric than real and it's not a solution to this problem. And the way I know this is A, because I know this issue very, very well -- I deal with it day in and day out and I have, as I mentioned, since I was the United States attorney -- but also, because the people of Arizona get this. I mean, if you just look at how they've voted over the past few years. The people of Arizona -- they're mad, they're frustrated. As I said, they have every right to do so. They have put into place initiatives to foreclose the supply of public benefits to illegal immigrants. They don't want their taxpayer dollars going for that.

On the other hand, myself, Gabby Giffords, who was recently elected to the Congress from the southern part of the state, Harry Mitchell, who recently defeated J.D. Hayworth and came to the Congress from the Maricopa County area, you know, their opponents all were banging kind of the Lou Dobbs/Tom Tancredo line and it didn't win. And it didn't win because people in Arizona -- and I think they're probably a little bit beyond people in other non-border states -- understand that immigration has to be dealt with with all the elements I set out and that if all you do is talk about building a wall or sealing the border, you're not giving them a real solution. Because you know why? They've been to the border. Because you know why? They understand how whole elements of their economies depend on immigrant labor, and to some degree now, illegal immigrant labor. So their thinking is farther beyond.

Now, if I do a talk in Arizona, I will take a vote. How many of you are in favor of illegal immigration? Raise your hand! (Laughter.) Nobody raises their hand, okay. We have consensus, okay. We have consensus. All right, everybody's opposed to illegal immigration. Now, what do we do about it? Let's talk about it. Let's work our way through the things that need to happen. And by the

time you actually have that discussion, and you talk with people and explain what goes on, you'll find that you'll have another emerging consensus. And the emerging consensus is for comprehensive reform that deals with the security, safety issues at the border, but also deals with the employment issues underlying the whole migration that's happening.

MR. ZREMSKI: Similarly, how did last year's immigration protest affect the debate?

GOV. NAPOLITANO: They were impressive. In Arizona, in Phoenix, I remember -- you know, in Phoenix the governor's office is on the top floor -- the ninth floor of a nine-story tower. And you look due east down this broad boulevard. And I remember going out on the balcony that day, and as far as I could see down that boulevard, from curb to curb, were people. And it was like moving. And it was extraordinarily peaceful. In fact, we had fewer law enforcement incidents that day in that huge march of well over 100,000, 150,000 people than we do at an average day at the state fair.

And it put a different face on things. I mean, these were families with kids, you know, pushing strollers. There were parents carrying pictures of their sons and daughters who are fighting in the armed services in Iraq. I mean, it really kind of -- like, who are we talking about here? And so it began putting a different face on the issue than perhaps had been portrayed in the media before then.

Politically, I'm not sure it has yet translated. It didn't really translate into more voters, at least that I could see, in Arizona -- or voter registration. And I don't think it did anywhere else across the country. There may be a few exceptions, but I don't think it did. So politically there didn't seem to be much. And it certainly didn't prompt the Congress to get real.

The elections have happened now. The elections are over. So the excuse that it's an election year -- there's no excuse.

And the thought that somehow it has miraculously gotten better because it's not an election year is false as well. Congress has no option. Congress has to take this up. As difficult as it is, as political a no-win as it may seem to some, this, in fact, is what we send them to Washington to do.

MR. ZREMSKI: Should the U.S. Constitution be changed to deny U.S. citizenship to the surge of babies being born to undocumented aliens in Arizona hospitals?

GOV. NAPOLITANO: No. (Laughter.)

MR. ZREMSKI: (Laughs.) How have Arizona's immigration issues affected the state's efforts for economic development? Has it hurt efforts or provided opportunities?

GOV. NAPOLITANO: In going back to the prior question, I don't believe this is a U.S. constitutional issue, and I don't believe you

take a failed national immigration policy out on children. They don't choose where they're going to be born. They don't choose where they're going to be brought. I mean, I just think that's a very unfair thing and very contra to the history of our country. So that's why I said it -- I say that emphatically: no. That's the wrong way to get at this.

Now, going to the next question, you know, the plain fact of the matter is, is that in Arizona and many other states there's a large amount of illegal immigrant labor, and there are certain aspects of the economy where they're easy to find. Agriculture, to some degree tourism, construction would be three economic sectors I would say have an undue percentage. On agriculture, if you go up and you look at -- I saw a picture in The New York Times last fall from the state of Washington, and it was a grower who was literally standing next to a pile of apples this high of fruit left on the ground that couldn't be picked because there wasn't the labor to pick it. And that is why you see those who are so-called pro-immigrant rights and those who are, you know, pro-workforce development, you see those things kind of coming together.

Now, in Arizona, that's why we want a temporary worker program that works, because we'd like to bring these people out of the shadows. And we'd like to have a fair reflection in how you balance that with American workers and so forth of what the U.S. labor market needs are.

But as long as we have this kind of toxic immigration debate, we really, I think, artificial -- artificially hamper our efforts at trade. And trade creates jobs, and job creation can be part of a healthy economic policy not just throughout North America, but throughout the world. And it's not just immigration -- I focused on Mexico for obvious reasons, but we're talking about from other countries as well. So part of having a healthy international economic policy is you have a working immigration policy, and we don't have that.

MR. ZREMSKI: What has been the practical effect of Proposition 200, the referendum that requires proof of citizenship for voting?

GOV. NAPOLITANO: Yeah. This was one of the initiatives that was passed in -- what was it, 2004 -- 2002 -- 2004, excuse me. On voting itself, it's hard to ascertain a direct impact this year. I mean, we -- but it's hard to measure a deterrent; I mean, whether people stayed away from the polls because they were afraid of ID. But I didn't see a lot of that, and the turnout in Arizona was pretty darn good this fall.

The real impacts, I think, are on the documents required for registration to vote, and it's much more difficult in that sense and it's hard -- much more difficult to do a registration drive -- you know, the sort of thing that we're all used to doing -- because you have to really pin down citizenship in order to register. But in terms of actually showing up at the polls, you know, there were predictions people would be -- lots of people would be turned away, there'd be long lines, you know, that sort of thing. We didn't really see that happen in Arizona.

MR. ZREMSKI: After meeting with all of the governors this weekend, what do you think their general ideas are on Real ID? And is there any consensus?

GOV. NAPOLITANO: Yeah. The governors -- there's a clear consensus on some issues on Real ID. One is that the time frame is totally unrealistic, and at a minimum you need to delay its implementation. Indeed, we don't even have the rules and regs for what we're supposed to do. And the way that statute is constructed, you're totally having to redo your whole motor-vehicle division and its function to meet some sort amorphous rules and regulatory system that we don't yet have.

Now, don't get me wrong. I mean, governors -- we're homeland security governors. We're public safety governors. We deal with this stuff every day. The question we have is whether Real ID really adds materially or it's value-added enough to that, you know, particularly when you don't have rules and regs, you don't know how they're going to be implemented, who's going to implement them; and particularly when the federal government, while it easily passed the law, did not provide any funding for it. And the hit to the states is not

insubstantial. The hit to the states is \$11 billion. So then you got to ask, are we getting \$11 billion in real improvement in identifying citizens and so forth, or is this just yet another feel-good piece of legislation at inordinate cost to the states that, in the end, all it's going to do is raise the price of the average driver's license for the average American?

You know, so these things need to be dealt with. I'm hopeful -- and I speak, I think, on behalf of all the governors -- we are hopeful that the Congress will at a minimum delay implementation because, you know -- let me give you -- talk about it realistically. You're going to make every driver's license clerk in the United States an immigration document specialist. Well, I know something about immigration documents, and that's a very, very difficult field, and I'm not sure that's a realistic aspiration. You've got to do it with no money; that's particularly painful. And so therefore it's no surprise that not just the governors are opposed to this; the National Council on State Legislatures (sic) is opposed to it, and a number of legislatures have passed bills saying we're not going to do it. You know, the governor of Montana was at our meeting, Governor Schweitzer. He said his House passed a bill on so-called Real ID -- his state House of Representatives -- and they said, "No, we're not going to do it." Then his Senate the very next day passed a successive bill and they said, "Hell no, we're not going to do it." (Laughter.) So you know, again, feel-good bumper stickers, not really strategically and tactically directed enough, scoped out enough to see whether it's a solution to anything at all.

MR. ZREMSKI: The Department of Homeland Security wants to require passports or a comparable document at the Canadian and Mexican borders. Northern border states worry that such a requirement will damage their local economies. Are those worries justified? And what would be the impact of this requirement on southwestern border states?

GOV. NAPOLITANO: Yeah. I met with Ambassador Wilson, the Canadian ambassador to the United States, while I was here this week, as well as a number of the premiers. I think the worries are justified, and one of the reasons they're justified is we're passing these requirements but we haven't yet put in place the technology, really, to achieve them. There's a way to achieve these requirements, and to do so on a cost-effective basis, but only if you've employed technology and only if you've linked databases together and done all of that nuts-and-bolts work, none of which has been done. And so there is a key concern by the Canadian government. There is a lot of trade, as you know, back and forth across those borders, particularly in the tourism area. And if you -- if that's a problem on the Canadian side, it's a much -- it's as much or even more so on the Mexican border.

Look, what we need is this. What we want is people -- legal individuals, people who are crossing legally, and goods and commerce to be able to proceed expeditiously with a sense that we have that our laws are being enforced that are enforceable through the ports of entry. That requires different types of documents. On the immigration side from Mexico, as I said in my remarks, you need a tamper-proof -- some sort of tamper-proof ID card; you know, something perhaps using biometrics and that. That's what you need to put into place so that you -- what we're actually building here is -- are travel documents that make sense. But what we're doing is we're kind of grafting new requirements on old document systems, and the old document systems don't match the flow of trade and commerce that we need to have. So let's get a document system for those who are crossing internationally that makes sense -- you know, a passport plus something else perhaps -- and deal with that, and then we can talk more about what gets precluded as being a legitimate document.

MR. ZREMSKI: Based on what you just said, then, should the Western Hemisphere Travel Initiative be postponed again?

GOV. NAPOLITANO: Yeah, I would say so, and for some of the same reasons as Real ID.

MR. ZREMSKI: Okay.

There has been much criticism of the Department of Homeland Security as bureaucratic and poorly organized.

What has been your experience with the Department of Homeland Security, and is this criticism justified?

GOV. NAPOLITANO: (Laughter.) Well, I think we have to go back to the creation of the Department of Homeland Security. Here -- and we start with the basics. Everybody wants homeland security. Nobody is against it, right? Well, the question is how do you obtain it and how do you do it in a realistic and real-time fashion?

The problem is that when they created the Department of Homeland Security, they put into that bucket all kinds of different agencies with different rules, databases, regulations, missions, some designed to keep people out, some designed to help people get in; some designed to keep contraband out, some designed to help bring goods in. You had

some that were Treasury agencies, some that were Justice Department agencies; some that came from -- out of whole cloth. And all of a sudden, you were supposed to snap your fingers and say, "Now we've got this magical homeland security agency and it's going to be able to solve all our problems all at one time." And I think anybody who has actually had to put into place something that works would say, "That was a concept -- a promise to the American people that was false to begin with."

But now we've got it, and now we've got to make it work, and that is to some extent a slow and incremental process. I will tell you, I have seen some improvement on the things that I deal with in Arizona. I have seen some real improvement on their organization at the border. I've seen some incremental improvement in terms of how they're staffing ICE -- the Immigration and Customs Enforcement -- in the interior of the border.

But if we're going to say that the Department of Homeland Security is fixed, works well -- I think even Secretary Chertoff would say, "No, it's a work in progress." It's a major work in progress, and at some point we may want to rethink whether we have all the necessary components or whether there's some components in there that would be better off someplace else. We should never lose sight -- we should never lose sight that the goal is to have a homeland security system that works and one that the American people have confidence in.

MR. ZREMSKI: Okay. Believe it or not, we're done with immigration and homeland security as a topic.

Someone else asks, "How will the global warming initiative you signed with the Western governors affect business, industry and residents of Arizona? What are its advantages and disadvantages?"

GOV. NAPOLITANO: I think it really is only advantageous. I think when you're talking global warming, you are inherently talking long-term. You're inherently talking about a situation that we now recognize today that has long-term implications. And unless you begin working now toward the long term, you're going to be at a significant disadvantage, competitively and otherwise -- and otherwise means in terms of your quality of life.

And so I think the Western states -- what we did -- and it was -- yesterday it was myself and Governor Schwarzenegger; Governor Richardson; Governor Kulongoski wasn't here, but he signed it as well, of Oregon; and Governor Gregoire -- we said, "You know what? Our states have already started moving on global warming, climate change. We're going to come together to do it regionally." I think there are other governors -- we have many new governors in the West -- they haven't had a chance really to dive into this -- who will join us -- so that we can begin making those changes necessary. It can be on emissions; it can be on fuels used by utilities; technologies that are incentivized; a whole host of things.

But again, they're the kind of thing where you just don't wake up tomorrow and you fix global warming. What you say is, "We recognize today this is the issue for us." We are going to enter into a road path to make sure that 10 years from now, 20 years ago, we have done

everything possible so you don't all of a sudden have massive disruption in your economy; you don't all of a sudden have massive disruption and the kind of issues confronting the people that you represent. And I think that's the beauty of the states moving where the federal government has been slow to move.

MR. ZREMSKI: What worries your constituents most -- the war, immigration, health care, any other issues?

GOV. NAPOLITANO: I'm not going to cite to a poll or anything like that. I'm going to tell you what I think from my literally thousands of conversations with Arizonans over the past years.

I would say the war, but I would say in the sense the war as emblematic of what is America's future in the world. Where are we? What kind of safety and security can we rely upon? Are we prepared to defend ourselves? Are we building a safer world, with all the kinds of new weapons technologies and so forth that are available? And so you get right down to it, there is a sometimes not clearly articulated, but I think clearly they're worried about are we in our place in the world where we want to be, where we need to be, and as safe as we ought to be?

MR. ZREMSKI: Great. Now we're almost out of time, but before we ask the last question, we have a couple of important matters to take care of.

First of all, if I could just remind everyone of our upcoming speakers. On March 6th, Marc Morial, the president of the National Urban League, will be here to discuss the Homeowner's Bill of Rights; on March 22nd, Jim Webb, senator from Virginia, will be joining us; and on March 26th, Terrence Jones, the president of the Wolf Trap Foundation for the Performing Arts will be joined by Mike Love of the Beach Boys -- (laughter) -- to talk about their upcoming season.

Secondly, we have traditions at the National Press Club, including presenting our guests with a certificate --

GOV. NAPOLITANO: Oh, thank you very much.

MR. ZREMSKI: -- and the much-coveted National Press Club coffee mug. (Laughter.)

GOV. NAPOLITANO: Oh, excellent. Thank you very much.

MR. ZREMSKI: All right. Just for you. Okay.

And our last question is actually a two-part question that turns us to politics. First, if John McCain fails to win the Republican nomination, how in play will Arizona be? And secondly, would you accept an invitation to run on the 2008 Democratic ticket as vice president?

GOV. NAPOLITANO: (Laughs.) I think Arizona will very much be in play, particularly if John McCain is not the nominee. It's the state that is changing very rapidly demographically, in every possible way -- the fastest growing group of voters there are independents. We're

now about 41 percent registered Republican; 36 (percent) Democrat; the remainder independents. That's kind of a standard definition of a swing state. We have -- the state voted for Clinton in his second term. It's gone with Bush the last two times, last time by about 11 percent. But we elected a Democratic governor in 2002 and 2006 -- I know who that is. (Laughter.) And our congressional delegation not too long ago was five Republicans and one Democrat. We've now not only picked up seats but changed the mix so now it's four and four. So it's clearly a state that's in evolution.

I'll tell you what you have to do to win Arizona. You know, if a presidential candidate came to me and asked me for what my advice would be, it would be, you've got to get out -- you've got to talk with people about where they live. It's the war in Iraq, but put in a broader framework. What is the future security of our country? How are you going to protect us? How are you going to provide for that? How are you going to take care of health care? What's your plan? I'm very, very worried about that. I'm worried about it as a business owner from a competition standpoint. I'm worried about it as somebody who needs to have it for myself, my parents and my children.

Talk to me about how you're going to improve the -- don't talk to me about you want better schools. Tell me what exactly you want to do to make sure my child is 21st-Century ready, and what resources and what thoughts you have to get us there. And what kind of old ways of thinking you would be willing to discard so that we leapfrog kind of standard boxes that we're in and really think about how we transform the American education system and our economy.

That's how you're going to win a state like Arizona. I think that's how you're going to win an election.

And with respect to your last question, I'm so -- you know, my interest is in making Arizona the state that everybody looks to as the way to do it and to do it right. And that's my goal.

Thank you very much. (Applause.)

MR. ZREMSKI: Thank you very much. Thanks. This was great.

I'd like to thank you all for coming today. I'd also like to thank National Press Club members -- staff members Melinda Cooke, Pat Nelson, Jo Anne Booz and Howard Rothman for organizing today's lunch. Also, thanks to the NPC library for research. The video archive of today's lunch is provided by the National Press Club Broadcast Operations Center. Press Club members can also access free transcripts of our luncheons at our website, www.press.org, and nonmembers can purchase transcripts, audio and videotapes by calling 1-888-343-1940.

Thank you. We're adjourned.

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