

Testimony of
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Before the U.S. Congressional Committee on Small Business

Hearing on "Harnessing the Power of Immigrant-Owned
Businesses to Build Back Better"
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Thank you for inviting me to testify today.

My name is David Dyssegaard Kallick, and I am the director of the Immigration Research Initiative at the Fiscal Policy Institute, a nonprofit, non-partisan research institution.

There are plenty of issues that are controversial about immigrants, but one thing we can say with a great deal of certainty is that immigrants are highly entrepreneurial.

I'm going to talk today about a particular nexus of immigrant entrepreneurship and the rebuilding of the U.S. economy after the Covid pandemic.

What will America's Main Streets look like as we return to living our lives without fear of Covid-19?

It is not hard to imagine two rather different scenarios.

On the one hand: A **Main Street-centered** rebuilding could pick up on some innovations from the Covid period: Outdoor restaurants, expanded pedestrian areas, and bike paths that have transformed many downtowns and urban centers in very positive ways. This scenario would entail Main Streets as vibrant places where people meet, walk around, and poke into locally owned stores and restaurants.

On the other hand is an **online and on-the-outskirts rebuilding** scenario that leaves Main Streets relatively empty. That scenario is centered around Amazon and other online retailers selling us most of what we buy. Big box stores drawing customers away from Main Streets and toward the outskirts of town. And restaurants that are franchised and look much the same everywhere.

To put it a little differently, once we can go to stores and restaurants, what small businesses will there be for us to go to?

Here's where immigrants come in. Immigrants are in general more likely to be business owners. But they are *far* more likely to be owners of independent “Main Street” businesses—the shops and services that are the backbone of neighborhoods around the country. In a report the Fiscal Policy Institute published together with the Americas Society/Council of the Americas, we found that immigrants make up 16 percent of the labor force, 18 percent of small business owners, and *28 percent of Main Street business owners*.¹ That's a number you also heard from Rep. Velázquez—28 percent around the entire United States.

Immigrants also play a big role in *growth* of Main Street businesses. There are 31 major metro areas where immigrant business owners represent *all of the net growth* in Main Street business ownership between 2000 and 2013. Among them are New York, Chicago, Houston, or Washington metro areas—maybe no surprise there.

But there are also areas where immigrants make up a smaller share of the overall population, yet they still make up *all of the net gain* in the number of Main Street business owners, for example Baltimore, Detroit, Milwaukee, Pittsburgh, Birmingham and Buffalo metro areas.

So, to some extent, I can make a prediction. I can predict that, as in the past, immigrants will play a central role in this revitalization of America's main streets.

But, policy will matter. Immigrants faced extraordinary challenges over this past year. They were more exposed to Covid than the population overall, and immigrants got sick and died in disproportionate numbers. The Paycheck Protection Program, PPP, was the most important support for small businesses in the pandemic recession, but it is well known that people of color and immigrants were far less likely to benefit from the PPP loans. Industries and geographic areas where immigrants are prevalent are very often the same as those that were hardest hit by the pandemic recession.

So, as we build back—“build back better,” if you like—Congress should be thinking about how to correct that imbalance and nurture the growth that immigrants have always been part of.

To name just one example: will help for small business depend on a relationship to a big bank? Or will businesses that do their banking with a Community Development Finance Institution also get aid—or businesses that may not have a banking relationship at all?

I am not here to propose a fully fleshed-out view of how the rebuilding can happen.

But I want to underline what seems to me a fork in the road ahead. One path leads to a rebuilding that is centered around Main Streets. Another is dominated by online shopping, big box stores, chains and franchises.

All of these kinds of businesses have their place, but it would be a pity, to my mind, if the big boxes wind up with a bigger share of our economy than they would have if it hadn't been for Covid.

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¹ Data in this testimony are from David Dyssegaard Kallick, "[Bringing Vitality to Main Street: How Immigrant Small Businesses Help Local Economies Grow](#)," Fiscal Policy Institute and America's Society/Council of the Americas, January 2015.