

Testimony of
David Dyssegaard Kallick
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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.

The Fiscal Policy Institute (FPI) is a nonprofit, non-partisan research institute based in Albany and New York City. I am the director of FPI's Immigration Research Initiative, which I started in 2006, and I have been deeply involved in studying the role of immigrants in the economy for almost 15 years.

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. The act of immigrating has a lot in common with starting a business: seeking a new opportunity, having the confidence to take a risk on it, and finding ways to make it work.

I want to talk today about a particular nexus of immigrant entrepreneurship and the rebuilding of the U.S. economy after the Covid pandemic. What will "Main Street" businesses look like as we begin to return to living our lives without fear of Covid-19?

Once it feels safe to go shopping and go to restaurants, it is not hard to picture 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, pedestrian areas and bike paths that have transformed many downtown areas and urban centers in very positive ways. This scenario would entail reviving Main Streets as vibrant places where people meet, walk around, poke into locally owned stores. It would mean an interesting range of individually owned local restaurants and places to get coffee or a drink.

On the other hand is is **an online, big box, chain dominated rebuilding** scenario that I think a lot of people would find less attractive but is at least as likely. That scenario is centered around online retailers who sell us most of what we buy. Big box stores take up most of the rest of the shopping we do, drawing customers away from Main Streets and toward the

outskirts of town. Restaurants are franchised and look much the same in every area. And locally owned stores, as well as the downtown or Main Street areas they bring life to, begin to falter.

To put it a little differently, once people can go to restaurants, I have no doubt they will go to restaurants. But what restaurants will there be for them to go to—chains and franchises or a local Thai restaurant or arepas place?

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 "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 28 percent around the entire United States.

Looking in more detail, immigrants make up 32 percent of clothing store owners, 32 percent of jewelry store owners, 38 percent of restaurant owners, 45 percent of nail salon owners, and 53 percent of grocery store owners.

In areas where there are more immigrants, immigrants play an even bigger role. Immigrants make up fully 64 percent of all Main Street business owners in metro Los Angeles, 61 percent in metro San Jose, 56 percent in metro Washington, D.C., and 54 percent in metro Miami.

There are, in fact, 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—areas where it may be no surprise that immigrants are playing an important role. But there are also many parts of the country 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, such as Baltimore, Detroit, Milwaukee, Pittsburgh, Birmingham and Buffalo metro areas. That doesn't mean, of course, that only immigrants opened businesses. But it does mean that for every U.S.-born business owner who started a business there was at least one that closed—and the converse was true for immigrants.

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 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 will—Congress should be thinking about how to correct that imbalance and nurture the growth that immigrants have always been part of.

Rebuilding downtown areas will depend on local policy, such as making walkable streets and bike paths and outdoor seating for restaurants. But it will also have a lot to do with federal policy, such as whether help to small business depends on a relationship to a big bank, or if a business can also benefit if it does its banking with a Community Development Finance Institution, to name just one example.

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, with one rebuilding scenario that is centered around Main Streets and another that 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.