

# National Journal

## 'Immigrants Drive Economic Progress'

**The U.S. must fix the "broken immigration system" to allow small businesses—about 25 percent of all enterprises and sparked by entrepreneurial newcomers—to thrive.**

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December 26, 2013

From New York to Miami to Los Angeles, it is clear that America's demographics, spurred in significant part by immigration, are rapidly changing. With an immigrant population of 40 million—and growing—the U.S. must do more to support immigrant-owned small businesses.

Immigrants and economic growth go hand in hand. It is a statistical truth that immigrants drive economic progress. Even the libertarian Cato institute and Grover Norquist of the conservative Americans for Tax Reform agree: Immigrants boost America's economy in tangible and substantial ways. They add to the labor force, create jobs, revitalize otherwise shrinking cities, and bolster housing prices.

Immigrant-owned and -operated small businesses exemplify this economic vitality. Immigrants are [twice as likely](#) to start businesses than their U.S.-born neighbors. They run nearly one in five small businesses and are responsible for more than 25 percent of all new business creation and related job growth. They come with the age-old American Dream and a passion for success. Unlike larger businesses, they start small, often pooling personal and family savings to open shop.

In city after city, growing immigrant communities have sparked revitalization and enriched local culture. According to the Greater Cleveland Refugee Services Collaborative, new refugees in Cleveland generated \$2.7 million in taxes to boost local government and created 650 jobs—a major contribution that has helped the city survive during tough economic times.

In Lewiston, Maine, an influx of roughly 3,500 Somali immigrants brought with them [new businesses](#) and increased university enrollment by nearly 16 percent. The story in Philadelphia is similar, with

immigrants revitalizing the city by opening businesses in low-income areas. Foreign-born newcomers are responsible for a whopping 75 percent of Philadelphia's labor-force growth since 2000.

The influx of immigrants comes at an opportune time as many cities are still recovering from the 2008 recession. They bring much-needed capital and help grow the population. Given that [for every 1,000 immigrants](#) who move to an area, the U.S.-born population grows by 270, it's no wonder that cities such as [St. Louis](#) are working to attract immigrants of all skill levels.

The benefits are huge and, with [30 percent of small-business growth](#) in the past 20 years driven by immigrants, only slated to grow more.

Unfortunately, politics could prevent America from realizing the full contributions of immigrants.

What the future brings depends on federal policies, particularly real immigration reform. Congress is unsurprisingly at an impasse, and the choice is really in the hands of the House: to act or not act in the face of growing momentum for change around the country.

So how can we help small businesses thrive?

First, fix our broken immigration system to attract new entrepreneurs and startups instead of driving them away. Reform must include more visas for specialized workers and policies that retain foreign-born U.S. graduates so they can start businesses and invest in their local communities.

Then, lastly, any reform efforts should promote family unity and not dismantle existing family immigration categories. For example, keeping families together—including siblings and children—creates stronger families that, in settling in the U.S., provide greater resources to start businesses involving family or others in their larger communities.

Of course, getting here is not the whole battle. Faced with health insurance premiums that are often 18 percent higher than larger businesses, many small employers want to but cannot afford to offer coverage.

The picture in California, which has the highest concentration of small businesses, is particularly telling. Nearly [two-thirds of small businesses](#) in the state don't offer coverage, and a [recent survey](#) of Asian-American small-business owners and employees found that almost one-third were uninsured, a significantly higher rate than workers at larger businesses.

The Affordable Care Act offers a respite for many small-business owners by offering them more cost-effective health insurance options. The law allows them to compete for better plans and prices, just as larger businesses always have done, and provides new tax credits to reduce cost.

Immigration reform and solutions to small businesses' health care woes, however, are only part of the equation. To respond to the 21<sup>st</sup> century economy and demographics, we must fully harness the economic potential immigrants offer. Doing so requires policies that benefit not only new Americans but the nation overall, and a commitment to investing in immigrant small businesses.