

**Testimony by Alfredo Ortiz, President and CEO of Job  
Creators Network  
U.S. House Committee on Ways and Means  
“Overcoming Racism to Advance Economic Opportunity”  
April 6, 2022**

Good morning committee members. My name is Alfredo Martin Ortiz, and I am the president and CEO of Job Creators Network, the nation's leading small business organization, advocating for the 31 million small businesses and their 60 million employees nationwide. I want to thank Chairman Neal and Ranking Member Brady, for the opportunity to be here today.

I know the challenges and opportunities facing minority entrepreneurs firsthand. My parents came to America over 50 years ago from Mexico City to pursue the American Dream. My Dad was a tailor, my Mom, a housekeeper. During my childhood, I often saw them struggle financially. I remember mom, taking us to St Rose of Lima church in my hometown of Chula Vista, California to distribute surplus government eggs, milk, bread and cheese to families in need. After volunteering at the site, and only after then, we brought our share home too. We always went home last. You see, my mom taught me what a work ethic is and how it's OK to receive help when needed, but if you can, to give back more than what you receive.

They've both passed on, but the values they taught me - hard work, grit and gratitude – helped me become a successful small business owner. Millions of minority entrepreneurs like me from Mexico, Africa, South America the Middle East and Asia, come

here for the same reasons my parents did: To partake of the land of opportunity and America's free-market economy, which rewards ingenuity and hard work, over credentials, family connections, and skin color.

Minorities from across the globe don't come here because America's a racist nation. And we don't come here to change America: we come here to have America change us.

While there's little doubt there's been historic racism in America, I find it insulting when people claim it's the basis for minorities' challenges in today's economy. The best antidote to the remaining vestiges of racism is the free-market system that rewards entrepreneurs of all backgrounds.

The fact is, minorities start small businesses at far faster rates than their white counterparts. And in recent history, we saw the power of the free market boost minorities' economic outcomes most clearly in 2018 and 2019. Thanks to free-market policies like tax cuts and deregulation, minorities were able to make astounding economic gains. Unemployment rates fell to record lows. More than six million people emerged from poverty. Income inequality fell as wages for minorities grew far faster than whites. Minority household incomes reached record highs. And home ownership, especially amongst Latinos reached record levels.

Unfortunately, minorities, including entrepreneurs, were also disproportionately affected by bad public policy, which is a far larger threat than the remaining remnants of racism. For instance, the Covid-19 policy response had a far bigger impact on minority

owned businesses – and small business owners across the board - than big ones. Bigger companies grew bigger. And smaller businesses got smaller, Or disappeared. Black, White, Asian and Hispanic small businesses alike – all were equally harmed. These small businesses - including drycleaners, bodegas, diners, barbers, franchises, motels, street vendors, and internet entrepreneurs - are the backbone of America's small business economy. And equally important, they're the pillars of American communities and offer minorities a ticket to the middle class.

However, the biggest threat facing minority entrepreneurs today is runaway inflation. According to the Job Creators Network's Small Business IQ monthly poll of American small business owners, inflation is twice as problematic as any other hurdle they face today. Racism, on the other hand, was not on the radar. This burdensome inflation is a result of the government doing too much, not too little:

- Reckless government spending has resulted in too many dollars chasing too few goods, boosting prices.
- Generous social programs have depressed the labor market, leading to the biggest labor shortage in American history.
- Radical green environmental policies have prevented oil and gas production, raising costs for all small businesses.

Expanding government programs, as proposed by many here today, would only make this devastating inflation worse.

But there's more. Our franchise system, which hundreds of thousands of minorities have leveraged to enter the middle class,

is under attack from Congressional Democrats. If they succeed, it would close off franchise options to countless minority entrepreneurs. Imagine your community without your local Roto Rooter, your local McDonald's, your local Service Pro or even your local Holiday Inn.

Last, President Biden's proposed tax increases and labor regulations would disproportionately impact small businesses, reducing their ability to expand, hire, and raise wages for minority employees.

If the government wants to help the economic prospects of minorities, it should do less, not more. It should make small business tax cuts permanent and let the free-market unleash the creative talent of minorities. It should recognize the harmful unintended consequences of its well-intended policies. And it should fight for small businesses as hard as they fight for their big business patrons and lobbyists.

The truth is, the biggest economic hurdle minorities face today isn't racism. It's bad government policy.

The answer to a thriving minority small business community is simple: get back to the free-market policies that led to historic economic gains among minorities before the pandemic hit.

Thank you for your time.