New York City's Asian Immigrant Economies

Community Development Needs and Challenges

TARRY HUM

The incorporation experiences and outcomes of Asian immigrants in the urban economy are a study in contrasts, and these contrasts are reflected in the socioeconomic disparities within the Asian immigrant population. The economic success that is exemplified by high rates of Asian immigrant self-employment is counterbalanced by the persistence of working poverty and labor exploitation in garment and restaurant sweatshops. Problematic though they may be, Asian immigrant economies are now integral to the economic landscape of many gateway cities, including Los Angeles, Chicago, and New York. Small immigrant-owned businesses have helped revitalize numerous local neighborhoods, transforming some into ethnic enclaves that serve as sites for new immigrant settlement and concentrated labor and housing markets.

The seminal work on immigrant incorporation by Alejandro Portes and his colleagues developed the idea of a "context of reception" to describe the mechanisms that facilitate the economic incorporation of new immigrants (Portes and Bach 1985; Portes and Rumbaut 1990; Portes and Zhou 1992). Incorporation is a social process based largely on informal ethnic networks that promote a particular set of conditions for socioeconomic integration in the host country through the formation of occupational niches and immigrant enclaves (Portes and Bach 1985; Portes and Rumbaut 1990; Tilly 1990; Waldinger 1996). Economic outcomes are not solely a result of individual skills or ambitions but are determined by the social context in which immigrants are received (Portes and Bach 1985). A critical component of this context of reception is the establishment of an ethnic community, especially one with a large co-ethnic entrepreneurial base. The formation of enclaves—defined as "spatially clustered networks of businesses owned by members of the same minority"—promotes an alternative strategy for economic incorporation resulting in gains that are not typically accrued through immigrant employment in the general labor market (Portes 1995:27).

A policy consequence of emphasizing the voluntary nature of spatial clustering and social isolation and the centrality of ethnic resources in creating economic opportunities is that Asians and their enclave neighborhoods are viewed as "exceptional" due to the mediating effects of immigrant entrepreneurship and co-ethnic relations built on reciprocity and trust (Zhou 1992; Teitz 1989). Other researchers argue that immigrant economies do not create improved employment and mobility opportunities but rather buffer unemployment and underemployment as well as the impacts of working poverty (Ong 1984). The social isolation of immigrant enclaves enables ethnic institutions to dominate community politics and business development (Kwong 1996). Rather than bounded ethnic solidarity, class divisions in enclave communities are evident in the degree of labor exploitation found in many co-ethnic workplaces (Kwong 1996, Ong et al. 1999). Moreover, the limitations of niche formation and concentration in marginal sectors in a postindustrial urban economy are becoming apparent in economic enclaves such as Manhattan's Chinatown (Wang 2000a). Increasingly, community and business leaders need to address the decline of mature sectors—namely, the garment industry—and the subsequent displacement of immigrant workers with little or no English language proficiency and limited transferable skills.

Much economic development research on communities of color focuses on African American poverty. While this is certainly a critical research and policy area, the shifting demographics of American cities suggest that the contributions and challenges facing immigrant economies should also be an integral part of understanding the urban political economy. This chapter is a study of Asian immigrant economies in New York City. Despite their notable presence, there is no comprehensive study of Asian- or immigrant-owned small businesses in New York City. New York City is an instructive case study for several reasons. First, it has the largest concentration of Asian Pacific American (APA) owned firms in the nation. Second, immigrant economic activity in New York City is extensive and varied, as evidenced by the multiple and ethnically distinct nodes in Manhattan, Brooklyn, and Queens. Third, the aftermath of September 11 makes even more transparent some enduring problems endemic to immigrant economies, and lastly, numerous studies show that relative to Asian immigrants in other gateway cities (such as Los Angeles), Asian immigrants in New York have less human capital and tend to be concentrated in ethnic enclaves where employment is typically poorly paid, low skilled, and largely without benefits (Zhou 1998; Ertlinger and Kwon 1994). Hence, the issues of community economic development are especially relevant to sustaining the liveliness of New York City's Asian neighborhoods and present critical strategies for countering working poverty.

The downturn in New York City's economy was deepened by the tragic events of September 11, 2001. In the immediate aftermath of the terrorist attacks, several major corporations moved their office spaces out of Lower Manhattan; others downsized their workforces, and the ripple effects were widespread and deep (Bagli 2002; Parrot 2001). Nearly three years later, researchers and policy makers are still taking stock of the long-term repercussions and possible lessons. One lesson quick to emerge is the danger of New York's heavy dependence on the financial sector (Center for an Urban Future 2003; Dolfman and Wasser 2004). Advocates have called for a shift away from corporate welfare and tax-cutting strategies and a movement toward support of small business. Small business, these advocates argue, has
a record of consistent performance in economic revitalization and job creation. A recent mayoral executive order, perhaps in response to these sentiments, changed the name of the Department of Business Services to the Department of Small Business Services.

As is the case in several metropolitan areas, Asian-owned businesses comprise a sizable and growing segment of New York businesses. The latest economic census (of 1997) indicates that close to 97,000 firms, or 15 percent of New York City businesses, are owned by Asian Pacific Americans (APAs). By the late 1990s, APAs owned nearly half (45 percent) of all New York's minority businesses. Paralleling the residential concentration of Asian New Yorkers, nearly all APA firms are located in Queens, Manhattan, or Brooklyn. While Manhattan Chinatown figures dominantly in the study of Asian businesses and neighborhood economies, Queens is also a dynamic economic center. In fact, approximately two-fifths of APA firms are located in the borough of Queens; by 1997, they accounted for a full quarter of all Queens firms.

Immigrant businesses are a growing part of urban economies, and their contribution to the revitalization of local neighborhoods is frequently touted. Revitalization, however, is not the sole defining characteristic of immigrant entrepreneurialism; working poverty and concentration in marginal industry sectors are also prominent features of immigrant economies. Although the aftermath of September 11 highlighted hardships for Manhattan's Chinatown, which is located only a few blocks away from Ground Zero, academic and community leaders had sounded the alarm on the state of immigrant economies well before (Ong et al. 1999; Ong and Umemoto 1994; Wang 2000a; Urban Institute 2000). Pointing to the decline of those industries that anchor immigrant economies, the lack of public investment, and the patterns of persistent worker exploitation, community leaders sought to refocus public discussion on the outstanding needs and deepening economic crisis in the Asian immigrant "success" story.

This chapter seeks to seize this moment when urban policy makers view immigrant small businesses as vital economic engines to profile both the significant contributions and notable dilemmas. Despite the limited amount of official data on immigrant small businesses, a synthesis of those resources available provide an informational baseline. The recent public attention on immigrant small businesses presents an opportunity to define strategies and resources that will promote high road linkages to the regional economy, rather than low-road competitiveness based on price (Pastor et al. 2000). In this ongoing process of reimagining New York City's future as a global capital, it is incumbent that we engage in a rebuilding process whose outcomes will lift all New Yorkers.

New York City's Asian Immigrant Economies

New York's rapidly growing immigrant population represents another under-utilized asset that could prove critical to New York's economic growth in the decade ahead. (Center for an Urban Future 2003:5)

In 1997, there were a total of 101,822 APA firms in the New York Primary Metropolitan Statistical Area (PMSA), with the overwhelming majority (95 percent) located in one of the five counties or boroughs that make up New York City. Between 1987 and 1997, the number of APA firms increased threefold—far exceeding the 92 percent increase in the total number of firms in New York City during the same period (Table 8.1). Reflecting the diverse ethnic composition of APA New Yorkers, the three largest groups of firm owners are Chinese (45 percent), Asian Indian (20 percent), and Korean (17 percent). There are notable interethnic differences in firm characteristics ranging from the average firm sales and receipts, the share of firms with paid employees, the firm size, and employee earnings (Table 8.2).

The overwhelming majority of New York businesses are small; only one in four (26 percent) employ paid workers. Korean firms are an exception, however, as 45 percent have paid employees. While the overall share of APA firms with paid employees is comparable to that of city businesses in general, APA firms are significantly smaller, with an average of 3 compared to 17 paid employees. As noted, Korean firms are most likely to be employers, but their average firm size of 4 paid employees is slightly smaller than the average number of paid employees for APA employers.

Variations in sales and receipts further differentiate APA firms. Relative to New York firms, the size of sales and receipts for APA firms is quite modest. In comparison to an average sales and receipts figure that exceeds a million dollars for New York—area businesses, the average for APA firms is a mere $250,460. A striking exception is Japanese firms (with paid employees), whose average sales and receipts total over 2 million dollars, but these firms represent only 8 percent of area APA firms. While Korean firms are most likely to be employers, their average annual sales and receipts are $432,000 in comparison.

Among APA firms with paid employees, the average 1997 wage was $25,000—a little over one-half the average wage of $45,000 for private-sector employees in New York area firms at large. Again, an exception is paid employees in Japanese-owned firms, whose average earnings are nearly $63,000, but these employers are a tiny fraction (3 percent) of APA firms with paid employees. Among the top three Asian entrepreneurial groups, paid employees in firms owned by Chinese and Koreans earned an average of $19,000 compared to the $30,000 average earned by those employed in South Asian firms.

The industrial mix for APA firms is different from that of New York firms at large. While concentration in a few key industries is common, APA firms cluster in distinct niches. The dominant industry in the New York metropolitan area is the service sector, which accounts for 44 percent of all firms (Table 8.3). The second largest industry is finance, insurance, and real estate (FIRE), representing 13 percent of New York firms, closely followed by retail trade at 12 percent. These three industry sectors represent more than two-thirds of all New York metropolitan area firms. The profile of APA firms, however, looks quite different. While the service industry is also the largest sector for APA businesses, its level of concentration at 33 percent is
<table>
<thead>
<tr>
<th>Total</th>
<th>Minority</th>
<th>% of Total</th>
<th>All</th>
<th>% of All</th>
<th>Growth Trends</th>
<th>1987-1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYC</td>
<td>74,565</td>
<td>61,482</td>
<td>74,565</td>
<td>61,482</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Queens</td>
<td>24,449</td>
<td>14,687</td>
<td>24,449</td>
<td>14,687</td>
<td>47%</td>
<td>39%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>32,408</td>
<td>23,563</td>
<td>32,408</td>
<td>23,563</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>17,699</td>
<td>10,004</td>
<td>17,699</td>
<td>10,004</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>Bronx</td>
<td>13,545</td>
<td>10,662</td>
<td>13,545</td>
<td>10,662</td>
<td>26%</td>
<td>31%</td>
</tr>
<tr>
<td>Staten Island</td>
<td>6,934</td>
<td>5,224</td>
<td>6,934</td>
<td>5,224</td>
<td>22%</td>
<td>27%</td>
</tr>
</tbody>
</table>


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Table 3.3: Average annual sales by firm characteristics, 1991:

| Average Annual Sales (in $1000) | 1991
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>108,281</td>
</tr>
<tr>
<td>-</td>
<td>138,299</td>
</tr>
<tr>
<td>-</td>
<td>140,399</td>
</tr>
</tbody>
</table>

Table 3.1. 1997 Industry Composition for New York, NY area

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Firms</th>
<th>minority Firms</th>
<th>% minority of Total Firms</th>
<th>% minority of minority Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Industries</td>
<td>753,854</td>
<td>258,928</td>
<td>34%</td>
<td>44%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>101,048</td>
<td>37,561</td>
<td>37%</td>
<td>41%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>91,010</td>
<td>32,900</td>
<td>36%</td>
<td>37%</td>
</tr>
<tr>
<td>Transportation, warehousing &amp; utilities</td>
<td>53,502</td>
<td>17,714</td>
<td>39%</td>
<td>53%</td>
</tr>
<tr>
<td>Construction</td>
<td>43,198</td>
<td>14,052</td>
<td>33%</td>
<td>41%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>40,972</td>
<td>13,704</td>
<td>34%</td>
<td>41%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4,700</td>
<td>1,111</td>
<td>24%</td>
<td>48%</td>
</tr>
<tr>
<td>Service industries</td>
<td>486,888</td>
<td>162,094</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Notably less than for New York area firms at large. Moreover, fire-related enterprises are a mere 5 percent of APA firms. It is retail trade, not fire, that follows services as the second most common industry sector, while firms in the transportation, communications, and utilities sector make up 11 percent of all APA businesses in the New York metropolitan area.

In the five years between the 1992 and 1997 economic censuses, the total number of APA firms doubled, and growth was especially notable for firms in the trade sectors (retail and wholesale) and the transportation, communication, and utilities sector. The prominence of transportation, communications, and utilities is somewhat surprising, but it is a sector common not just to APAs but to many minority-owned businesses in New York City. In fact, 63 percent of the New York metropolitan area’s 53,502 firms in this sector are owned by minorities.6 Few of the APA firms (7 percent) in this sector have paid employees, probably because many of them are owner-operators of taxis (Schaller 2004). A final observation on the industrial composition of APA firms in the New York metropolitan area is that 21 percent are categorized as “industries not classified”—meaning that the Census Bureau does not know what one in five APA firms do. Needless to say, this underscores the need for further study.7

APA firms are concentrated in Manhattan and Queens, with Brooklyn emerging as a third economic center. This pattern accords with findings of the Center for an Urban Future, which noted that “Although Manhattan remains by far the densest center for new business in the city, the most dramatic growth in recent years has been in the other boroughs” (2003:32). From 1987 to 1997, the growth of APA firms consolidated around the core boroughs of Manhattan, Queens, and Brooklyn; by 1997 only 7 percent of New York City’s APA firms were located outside these boroughs. The densest concentration of APA firms is in the borough of Queens, but more than half of APA firms with paid employees are located in Manhattan, suggesting that Manhattan remains the center of the Asian immigrant labor market. While the increase in APA enterprises was especially dramatic in Brooklyn, the significantly lower average 1997 earnings for paid employees may indicate that marginal employment conditions are prevalent in Brooklyn firms.

Given the small scale of the immigrant economy, the self-employed are one of its key components. To examine the propensity for self-employment, Table 8.4 provides data for the three largest Asian immigrant groups—Chinese, Asian Indian, and Korean. Despite the common view that there are extraordinarily high self-employment rates among immigrant Asians, Asian immigrants are actually only slightly more likely than other groups to work for themselves; 11 percent of foreign-born Asians are self-employed compared to 9 percent of all New Yorkers. Korean immigrants, however, are exceptional, as nearly one in four is self-employed. Almost 40 percent of self-employed New Yorkers are female. While this gender ratio is applicable for self-employed immigrant Chinese and Koreans, a gender gap is significant for immigrant Asian Indians; only 16 percent of their self-employed are women.
<table>
<thead>
<tr>
<th>Category</th>
<th>New Yorkers</th>
<th>PH New Yorkers</th>
<th>PH Asians</th>
<th>PH Chinese</th>
<th>PH Koreans</th>
<th>PH Asian Indian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>21%</td>
<td>21%</td>
<td>22%</td>
<td>20%</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>Did not complete High School</td>
<td>28%</td>
<td>32%</td>
<td>30%</td>
<td>38%</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>Social Class</td>
<td>42%</td>
<td>49%</td>
<td>52%</td>
<td>49%</td>
<td>52%</td>
<td>54%</td>
</tr>
<tr>
<td>Language Spoken</td>
<td>13%</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Top Six Industries</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Top Six Occupations</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>% of All Industry</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Average Earnings</td>
<td>$49,426</td>
<td>$49,426</td>
<td>$49,426</td>
<td>$49,426</td>
<td>$49,426</td>
<td>$49,426</td>
</tr>
</tbody>
</table>

Source: 2000 Public Use Microdata Sample (5%), US Census Bureau
In *Race, Self-Employment, and Upward Mobility: An Illusive American Dream*, Timothy Bates (1998b) argues that human and financial capital are the key ingredients for successful business ownership. Self-employed New Yorkers have significant amounts of human capital; 40 percent hold at least a college degree. The share of college graduates drops notably for self-employed immigrant New Yorkers, although self-employed Asians are well represented at both ends of the educational spectrum. Among immigrant Chinese entrepreneurs, for example, educational attainment is highly bifurcated: while 27 percent are college graduates, 40 percent have not even completed high school. In contrast, the educational attainment levels for immigrant Korean and Asian Indian self-employed workers are consistent with the human capital profile of self-employed New Yorkers.

The industry and occupational categories coupled with the average 1999 earnings show a concentration in narrow economic niches with fairly modest returns. In addition to listing the most common industry and occupational types, Table 8.4 notes the share these top 6 categories represent among the self-employed as a measure of relative industry and occupational concentration. The top six industry categories for self-employed New Yorkers represents a mix of service industries reflected in varied occupational types which include designers and lawyers, as well as taxi drivers and child care workers. These industries and occupations, however, represent only a third or fewer of all self-employed New Yorkers. The concentration in a handful of industries is significantly higher for immigrant self-employed, especially Koreans and Asian Indians; more than 50 percent of the self-employed are located in only six industries. The list of industry and occupational categories for self-employed immigrant Asians accentuates ethnic niches in immigrant-dominated industries such as restaurants, dry cleaning and laundry services, taxi and limousine services, nail salons, construction, and grocery stores. A final observation is that the average 1999 total earnings for self-employed New Yorkers is quite modest, with earnings for immigrant self-employed notably lower than the overall average—particularly for Chinese immigrants.

Official data sources provide a general profile of the self-employed and their enterprises, but much remains to be learned about the characteristics of immigrant-owned businesses. For example, we do not have a sense of the geography of immigrant small businesses beyond the county level. While studies describe immigrant businesses as "economic engines" of neighborhood revitalization, we lack the data to map their locational patterns and see whether and how they are spatially clustered. Additionally, industry categories are broad and don't provide information about specific ethnic niches—further limiting our ability to correlate ethnic and spatial patterns with industry niches. Finally, while there is much anecdotal evidence on the presence of a large Asian informal economy, there is no coordinated research effort to measure the size, scope, and practices of informal immigrant small businesses.

The research that has been done, including the extensive work of Peter Kwong and Ken Guest on the growing undocumented Fukieneese population in Manhattan Chinatown and Brooklyn's Sunset Park, indicates that the informal labor market is regulated, in part, by employment agencies that disburse immigrant workers throughout the country (Kwong 1997; Guest 2003). The network of employment agencies that provides cheap labor to immigrant niche businesses (such as restaurants, greengrocers, and dry cleaners) was recently uncovered in an investigation by Elliot Spitzer, the New York State Attorney General. As part of his effort to penalize businesses that pay their employees less than the state minimum wage of $5.15, Spitzer and his staff uncovered numerous employment agencies that supply businesses with immigrant workers. The workers are recruited largely through advertisements in ethnic newspapers, or by word of mouth (Greenhouse 2004). The New York State Attorney General also claimed that some of these employment agencies discriminated based on nationality, age, and sex and that some charged exorbitant fees for their services. Of the 9 employment agencies that Spitzer took action against, all but one is located in an immigrant neighborhood in Queens (Lombardi 2004).

The informal Asian immigrant economy takes many forms. Of these, street vendors are perhaps the most visible. Street vendors are a ubiquitous feature of many immigrant neighborhoods throughout New York City including Manhattan Chinatown, Jackson Heights, and Sunset Park (Lin 1998; Berger 2003; Russ 2002). These marginal enterprises typically entail immigrants selling a range of products on the streets with, at times, little more than a cardboard box to sit on. The vendors are often the targets of complaints about unfair competition, health and sanitation conditions, pedestrian safety and street overcrowding, but street vending remains a timeless feature of immigrant neighborhoods (Ponce de León 2003; Lin 1998). Like street vendors, Chinese and Asian Indian day laborers are another highly visible aspect of the informal Asian economy. The growing number of Asian day laborers has been well documented; photojournalist Michael Kamber did a comprehensive essay on Sikh day laborers in Richmond Hill, Queens, and City Councilor John Liu of Flushing, Queens, recently commented on the many Asian immigrant day laborers who descend on particular street corners in Flushing’s downtown in search of work (Virasami and Rayman 2004a).

Day labor is characterized by transience and anonymity, and this—along with its illegality—prevents most people from being aware of it, even though much of its work takes place in plain sight. The work, being unregulated, often does not pay well and can frequently be dangerous. The tragic death of a Chinese day laborer on a construction site in Elmhurst, Queens, underscores the hazards faced by many day laborers. The contractor, also a Chinese immigrant, had failed to provide the proper structural support necessary for excavation work, and a concrete wall collapsed as a result, crushing the worker. The worker's name, Jian Quo Shen, was not known until several days later, when friends concerned about his absence contacted the police. Shen’s death marks the fourteenth time in the last five years that an immigrant day laborer has died at a work site due to unsafe work conditions (Virasami and Rayman 2004a).
THE LIMITS OF THE IMMIGRANT ECONOMY

Compared to other large cities, too few immigrant-owned businesses in the city grow beyond the mom and pop stage. (Center for an Urban Future 2003:29)

Immigrant-owned businesses are lauded for revitalizing urban economies (von Hoffman 2003; Portes and Zhou 1992; Marcuse 1997; Teitz 1989). These small businesses stemmed urban decline in many local neighborhoods by revitalizing vacant storefronts, providing vital products and services, and contributing to the cultural milieu of a cosmopolitan city. But while immigrant businesses have enlivened the economies of numerous local neighborhoods, they also pose important challenges for community economic development. One of the biggest problems in immigrant neighborhoods is not joblessness but underemployment, usually driven by low wages, lack of benefits, and part-time or intermittent work (Ong and Miller 2002). A recent community survey conducted by the Asian American Legal Defense and Education Fund found that low wages, sweatshop conditions, and dwindling job opportunities—particularly in the garment industry—were top concerns of Asian immigrants in Manhattan Chinatown, Sunset Park, and Elmhurst (Hum 2004).

While official data provide an aggregate profile of APA firms, there is little data on the operations of small immigrant businesses. A recent business survey conducted in Brooklyn's Sunset Park—New York's third largest Asian concentration—offers some important insights on the nature of immigrant economies.13 Almost all the Asian firms surveyed in Sunset Park were owned or managed by an immigrant, and nearly a third by an immigrant who had emigrated in the past decade. The overwhelming majority of Sunset Park businesses are small firms with five or fewer employees. The neighborhood's Asian immigrant economy is anchored by numerous storefront businesses, restaurants and groceries, garment factories and related shops. Virtually all of the surveyed firms hired co-ethnic workers and typically drew from the local labor market as a majority of both firm owners/managers and workers are Sunset Park residents.

The survey found that Sunset Park's local labor market generates largely part-time employment that pays slightly above the minimum wage and typically does not provide health insurance, which suggests that working poverty is a prominent result of the neighborhood's economy. Firm operations are highly dependent on informal ethnic networks and resources. Common strategies to raise capital are personal savings and borrowing from family members. Firms seldom reach out to business organizations or institutions since the most common sources of business support are newspapers, friends or relatives, and word of mouth.

Drawn by its extensive consumer market businesses locate in Sunset Park for its potential for business growth and relatively affordable rents. However, these small businesses, which provide goods and services largely to an immigrant consumer base, are also highly reliant on informal sources of start-up capital and business information. They engage in informal hiring strategies such as referrals and recommendations from friends or family, and they seek workers who have prior work experience and therefore require little orientation and training to the world of work. And although affordable rents remain an advantage of Sunset Park, rents are increasing, which exacerbates an economic environment that is already hypercompetitive. These are common issues that face immigrant economies. These concerns require policy attention and resources in order to ensure the development of a local neighborhood economy that provides an economic livelihood based on stable employment, livable wages, and mobility opportunities.

Asian immigrant workers are differentiated by ethnic- and gender-specific occupations. The data summarized in Table 8.5 confirms the high level of immigrant concentration in a handful of occupations and industries. In spite of the continuing decline of the U.S. garment industry, nearly one-quarter of immigrant Chinese women work as sewing machine operators. Chinese men are similarly concentrated in jobs as cooks or waiters.

Korean and Asian Indian immigrants are not concentrated as acutely as immigrant Chinese workers, but they are nevertheless defined by certain occupations. For example, comparable to their self-employed counterparts, many Asian Indian male workers are taxi drivers. Nearly one in ten immigrant Asian Indian female workers is a cashier, and employment in health related occupations—such as home health aides or registered nurses—is also an important niche for Asian Indian women. For female Koreans, retail positions are among the top occupational categories, and the largest niche is personal appearance workers. Immigrant Korean men are similarly concentrated in retail positions, however, in contrast to immigrant Asian women, their top occupational category is a supervisory position.

Table 8.5 includes the median 1999 wages for immigrant workers by ethnicity and gender. Relative to other gender and Asian ethnic groups, Korean and Asian Indian men have the highest median wage, at approximately $22,000. But the uniformity in the low wages of immigrant Asian workers is alarming, especially since the cost of living in New York City is among the highest in the United States.

By synthesizing various official data resources and the neighborhood business survey, we can get a rough picture of New York's Asian immigrant economies. The picture that emerges is one of a sizable business sector defined by distinct ethnic niches with modest returns to employment and low levels of human capital. The underrepresentation of immigrant businesses in high value and high growth sectors was also noted in a recent survey of Los Angeles-based minority-owned businesses conducted by the Community Development Technologies Center.14 Asian immigrant firms are often embedded in a high level of ethnic-based interindustry integration. Asian businesses generate backward (as suppliers of production inputs), forward (as distributors of finished products/outputs), and consumption linkages (Lin 1998). For example, ethnic food manufacturers supply ethnic supermarkets that are patronized by co-ethnic immigrants (also employed in ethnic businesses), whose consumer dollars are then recirculated in the ethnic economy. This vertical integration of immigrant-owned businesses contributes to a
<table>
<thead>
<tr>
<th>Occupation</th>
<th>English Language Level</th>
<th>Less than High School</th>
<th>High School</th>
<th>Some College</th>
<th>College Graduate</th>
<th>Professional or Graduate School</th>
<th>Degree Above Graduate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiters</td>
<td>%31</td>
<td>%30</td>
<td>%27</td>
<td>%22</td>
<td>%22</td>
<td>%21</td>
<td>%19</td>
<td>%24</td>
</tr>
<tr>
<td>Supervisors</td>
<td>%29</td>
<td>%29</td>
<td>%28</td>
<td>%32</td>
<td>%27</td>
<td>%26</td>
<td>%21</td>
<td>%31</td>
</tr>
<tr>
<td>Manage or Direct Employees</td>
<td>%27</td>
<td>%27</td>
<td>%26</td>
<td>%23</td>
<td>%18</td>
<td>%17</td>
<td>%15</td>
<td>%20</td>
</tr>
<tr>
<td>Accountants and Auditors</td>
<td>%19</td>
<td>%17</td>
<td>%17</td>
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<tr>
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<td>Engineers and Architects</td>
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Table 5. Foreign born workers in private sector firms.
perception of self-sufficient and insular ethnic economies (Teitz 1989). This perception is misleading. Immigrant businesses are not isolated from general market conditions, and dense ethnic linkages may close off access to opportunities in the mainstream. As Yu Zhou notes in her 1998 study of ethnic economies in New York City and Los Angeles, “Dependency on ethnic networks...can also lead to over concentration in certain sectors, making these super-competitive and exploitative” (p. 545).

Limited business networks and sources of business information pose significant barriers to the immigrant self-employed. The lack of English language ability contributes to “closed business and civic networks” in already limited ethnic and geographic markets (Community Development Technologies Center 2001), particularly for the Chinese immigrant self-employed, who are more likely to be hindered by human capital deficiencies. The survey of immigrant businesses in Brooklyn’s Sunset Park found the most common resources for business information and support are from ethnic media or social relations (Hum 2002). Membership in a business or trade association or a similar institution is rare, suggesting that immigrant firms are not well organized or formalized into groups that can advocate for collective interests.

Business development is an essential cornerstone for economic vitality, and it is perhaps even more important for Asian immigrants, since their employment is overwhelmingly centered in ethnic-owned firms. Because Asian firms are concentrated in residential enclave neighborhoods, economic development and community development are intricately linked in APA communities (Ong et al. 1999). This is certainly the case for Manhattan Chinatown and for satellite neighborhoods like Brooklyn’s Sunset Park. This relationship is also confirmed by the Queens County Overall Economic Development Corporation (QCOEDC), which defines “economic engine” neighborhoods as those with “substantial economic activity, especially manufacturing and retail trade, as well as multiple transportation modes,” and defines “retail hub” neighborhoods as those with “significant retail shopping hubs and/or development potential” (2002, p. 47). The QCOEDC’s economic engine neighborhoods include concentrated Asian enclaves like Flushing, Jackson Heights, and Elmhurst, and its retail hubs include Richmond Hill and Sunnyside, which have substantial and growing Asian populations.

While economic activity is a prominent attribute of Asian immigrant neighborhoods, so too is poverty. A quick scan of poverty rates by neighborhood shows that it is these same economic and retail hub neighborhoods that also have high rates of Asian poverty. One-third of the Asian residents in Manhattan Chinatown and Sunset Park live below the poverty level — greatly exceeding the citywide poverty rate of 20 percent. Queens’ economic neighborhoods also experience relatively high rates of Asian poverty — 24 percent in Flushing, 22 percent in Sunnyside, and 19 percent in Jackson Heights. By contrast, the poverty rate for Asians residing in Queens’ suburban-like neighborhoods, such as Bayside, is notably lower, at 10 percent. Typical of immigrant ethnic economies, business prosperity and residential poverty are often found in the same spatial settings or enclaves.

Hence, strategies for community economic development need to be comprehensive and must promote not just business viability but also labor standards that ensure living wages, health benefits, and safe work environments.

The tragic events of September 11 exposed the vulnerabilities of an immigrant economy based largely on tourism and the declining manufacturing sector. After the terrorist attacks, the Asian American Federation of New York (AAAFNY) set out to quantify September 11’s impacts on Chinatown’s economy. The resulting reports show that Chinatown’s key industries—in garment, restaurant, retail, and tourism—were hardest hit and lost millions of dollars in revenue with continuing impacts a year after the tragic events. Chinatown workers accounted for almost 10 percent of the 83,100 New Yorkers who lost their jobs in the aftermath of September 11 (Lee 2002), and nearly three quarters of Chinatown’s workers (approximately 25,000) were temporarily dislocated in the weeks immediately following the World Trade Center attacks; nearly one-quarter (8,000) remained unemployed 3 months later. AAAFNY found that even a year after September 11, one-third of restaurant workers worked reduced hours, and approximately 65 garment shops had permanently shut their operations.

It is estimated that 3,500 garment workers were displaced as a result of the September 11 impacts on New York’s garment industry (Chin 2003). Given that immigrant Chinese women rely heavily on this industry for entry-level employment, the magnitude and consequences of this dislocation are significant. The decline of Chinatown’s garment industry and the consequent rise in underemployment and unemployment have ripple effects in surrounding immigrant neighborhoods, since Chinatown garment workers are frequently residents of Brooklyn or Queens. Based on interviews with 61 garment workers approximately a year after the September 11 attack, Hunter College Professor Margaret Chin (2003) determined that many had difficulty obtaining financial assistance from the myriad array of relief funds.

Chin (2003) also discussed the limitations that immigrant workers’ social networks placed on their job search efforts. Because few immigrants knew anyone who was not a garment or restaurant worker, many had difficulty finding work outside these troubled sectors. The insular and dense social ties that define many immigrant communities are not useful for finding employment outside the immigrant economy. Chin (2003) describes how her interviewees and their family members had “little connection to jobs or people outside of the enclaves” (p. 52). This finding underscores an impending crisis in the Chinese immigrant economy; the shrinkage of traditional manufacturing production centers in Manhattan’s midtown Garment Center and Chinatown leaves the economy deeply vulnerable (Berger 2004). At a June 25, 2004, workshop on “A New Chinatown,” the leaders of three traditional organizations—the Consolidated Chinese Benevolent Association (CCBA), the Flushing Chinese Business Association, and the Brooklyn Chinese American Association—discussed the inevitable demise of the city’s garment industry and agreed with the CCBA’s prediction that the garment industry will cease to be a viable anchor for Chinatown’s immigrant economy within the next ten years. Sustaining the economic livelihood of Asian immigrant
communities will require new strategies for job creation and workforce development, especially for workers with limited English language proficiency.

AAFFNY’s economic analysis of Chinatown made two key observations about the nature of immigrant small businesses. The first was vulnerability to external shocks. Most of Chinatown’s 3,855 businesses operate on thin profit margins that magnify the impact of short-term losses. The second observation related to the informality of immigrant firms. The majority are cash-based, making it difficult for owners to produce documentation of a credit history or business operations. This inability to produce documentation is a barrier to qualifying and securing bank loans. Collateral requirements and language barriers also pose challenges to small business owners in their efforts to secure Small Business Administration (SBA) loans. As AAFFNY noted,

Beyond the direct impact of infrastructure bottlenecks on Chinatown’s businesses, distinctive characteristics of Chinatown’s economy have heightened barriers to recovery and must be addressed in restoring the community’s economic vitality. (2002, p. 20)

As a result of the requirements of many September 11 assistance programs, only a small number of eligible Chinatown businesses even requested assistance, and among those that did, many received relatively smaller grants and loans than other businesses. Despite massive losses and extensive outreach, less than 10 percent of Chinatown businesses (353 out of 3,855) received SBA loans totaling $21 million. About 61 percent of these businesses received loans for less than $50,000, compared to a citywide average of $80,000. While many more businesses were assisted by Empire State Economic Development Corporation grants, the average grant of $9,700 for Chinatown businesses was significantly less than the average grants of $15,738 to $21,983 for businesses in lower Manhattan. The AAFFNY report noted that the assistance was not enough to make up for the losses endured by Chinatown businesses—for example, the Chinatown garment industry lost $490 million, but Chinatown received only $60 million in compensatory aid.

Despite the growing significance of New York City immigrant small businesses, a recent report focusing on them highlighted the absence of a “macro” perspective on the numerous “immigrant marketplaces” that are transforming the city’s economic landscape. A “macro” view of Asian immigrant small businesses highlights several additional challenges such as employment practices, real estate costs, and limited informal networks. While many immigrant businesses are mom-and-pop operations, the share of firms that employ paid workers increased from 17 percent of APA firms in 1987 to slightly more than 1 in 4 by 1997 (Table 8.6). Moreover, the number of employees has also increased from an average of 3 in 1987 to 5 in 1997. While employment in Asian small businesses is a key labor market incorporation strategy for immigrants, the nature of these small businesses point to limited avenues for skill acquisition and mobility, lack of health insurance, prevalence of part-time work, and concentration in ethnic niches. Worker advocacy groups continually struggle for basic labor rights for

<table>
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<tr>
<th>Year</th>
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<td>Total NYC</td>
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immigrant workers such as payment of wages, overtime pay, minimum wage, an eight-hour workday, and health benefits.

Although poor working conditions are pervasive, the insularity of immigrant economies has kept exploitative conditions largely out of the public eye, with the exception of the occasional media exposé on sweatshops. The reliance on non-ethnic immigrant workers has also helped give some attention to the substandard employment conditions common in immigrant economies. Increasingly, for example, Asian immigrant employers rely on Latinos as a source of low-wage labor; some prime examples are New York’s Korean grocers and their largely Mexican workforce (Kim 1999). As Kim argues, “Latino employment in Korean-owned businesses keeps the ethnic economy viable by providing for much needed low-cost labor,” (p. 599). In a much-publicized case, Mexican workers, successfully organized by the garment workers’ union, UNITE, forced Korean grocers to sign a code of conduct negotiated by the New York State Attorney General (Greenhouse 2002). Far from significant concessions for labor improvements, the code of conduct essentially reestablishes the floor on employment standards by enforcing the minimum wage, overtime pay, a 40-hour workweek, and an unpaid day of rest per week.

The rising cost of operating a business, due in part to escalating rents in many New York neighborhoods, poses serious challenges to the immigrant economy. The preliminary findings of a survey of immigrant-owned businesses in Queens found that the most pressing problem facing immigrant entrepreneurs is the cost of space (Queens County Overall Economic Development Corporation 2004). Similarly, a survey of small businesses in Sunset Park found that while neighborhood location was initially an attraction—due to an extensive consumer market, the potential for business growth, and relatively affordable rents—a key concern now is the continuing rise in rental costs (Hum 2002). One widespread solution to this problem is to lease subdivided storefront space to businesses that occupy little more than a stall, creating a retail layout similar to swap meets in Los Angeles. Escalating real estate costs have also been documented as a factor in the displacement of manufacturing in traditional production centers, such as the Midtown Garment Center and Manhattan Chinatown. Gentrification pressures from neighboring areas like Soho and Tribeca continually threaten the residency of long-term Chinese residents and the small businesses that shape Chinatown’s local economy. Gentrification pressures similarly shape the future of outer borough neighborhoods such as Sunset Park that must contend with spillover development pressures from neighboring affluent Park Slope and Bay Ridge.

Policy and Programs to Improve Immigrant Economies

In his important work on the competitive advantages of the inner city, Michael Porter argues that a social model of community development has hindered the economic development of inner-city neighborhoods (Porter 1995, 1997). The experience of immigrant economies, however, underscores the limitations of a market-driven model of economic development and lends support to a continued and expanded public role in addressing working poverty and urban inequality. The dominant perceptions of immigrant self-sufficiency, insularity, and enclave prosperity further contribute to a void in public policy considerations of immigrant community development contributions as well as outstanding dilemmas and needs (Ong et al. 1999). This observation that the issues and barriers facing immigrant businesses are absent from the public policy radar screen is reiterated in the Center for an Urban Future report statement, “right now there isn’t even an appreciation of the significant obstacles that immigrant businesses face by the city’s economic development officials” (2003, 28). This chapter discusses several key policy areas that must be part of a comprehensive strategy to improve conditions in immigrant economies: small business assistance, community and workforce development, and worker centers.

Assisting Immigrant Businesses

There are two ways that improved government intervention can assist immigrant small businesses. One is to foster an “enabling environment” that encourages immigrant entrepreneurs to form business networks and institutions, employ broader market penetration strategies, integrate technology, and adhere to labor standards. The second strategy is to develop culturally competent strategies to inform and engage immigrant entrepreneurs in the myriad business assistance and regulatory agencies such as the SBA, New York City’s Department of Small Business Services, and the many institutions that promote business and economic development. The objective is not to create new programs but to improve immigrant connections, outreach, and access to existing resources.

An “enabling” environment would address the barriers faced by entrepreneurial immigrants in establishing and sustaining their small businesses. While immigrant businesses rely on bonding capital, that is, strong social ties based on intraethnic relationships as evidenced by the reliance on friends and family as sources of capital and information, economic development beyond narrow ethnic niches requires bridging capital, which is based on weak social ties to mainstream institutions and individuals (Pastor et al. 2000). Citibank Vice President and Senior Business Development Officer Ali Hirji has noted that a key component of an enabling environment is an improved connection between banking institutions and immigrant communities which would “do a better job in the context of leveraging the current opportunities that exist.”

In addition to improving their access to business resources, immigrant small business owners need to establish competency in basic practices like recordkeeping and establishing a credit history. Without these basic skills, it is impossible to break out of traditional immigrant niches. Moreover, because low-skilled immigrants, particularly those with limited English language skills, depend heavily on ethnic economies for employment, it will be very
important to help immigrant-owned firms to move into more-profitable economic sectors.

An enabling environment should include an intermediary organization that delivers resources to individual firms about competitive strategies other than wage cutting, such as innovative production techniques and organizations (Appelbaum, Bernhardt, and Murnane 2003). A central point of agreement for the “Restarting New York City’s Economic Engine” panelists was the importance of formalizing networks among entrepreneurial immigrant groups and mainstream institutions. The formation of an intermediary organization such as a chamber of commerce or business roundtable to facilitate network building was proposed. As Tatiana Wah (2003) noted in her study of Afro-Caribbean immigrant businesses,

Socialization—for example, through participation in merchant associations and chambers of commerce—will grow their networks and markets, increase their learning of business skills and the need to gain political influence, and capitalize on collective ethnic and non-ethnic resources. (p. 24)

Intermediary organizations are critical to forming and sustaining linkages to mainstream regional economic, political, and social institutions. According to researchers, intermediary institutions demonstrate how “interfirm cooperation can set industry standards and disseminate best practices; how training consortia can reduce training costs for individual employers and encourage cross-firm mobility; and how multi-employer bargaining and high local union density can establish strong job quality and productivity norms” (Appelbaum, Bernhardt, and Murnane 2003:25).

By establishing intermediary organizations that provide resources and formalize networks, the enabling environment promotes a “high road” strategy for immigrant small businesses. Whereas ethnic networks and social capital provide important resources for business start-up, integration into mainstream business networks and economy is essential for success. In summary, immigrant groups may have high rates of business ownership, but the long-term viability of immigrant economies requires the technical capacity and the bridging social capital to establish the “necessary connections with wider business markets” that can “create a consistent flow of wealth and employment by exploiting new market niches” (Gittell and Thompson 1999:511).

Integral to an entrepreneurial support system are “culturally competent” financial institutions, business assistance programs, and government regulatory agencies. In addition to providing multilingual services and materials and appropriate outreach strategies and venues, culturally competent institutions need to understand the institutional landscape of immigrant communities. As Joyce Moy, Director of LaGuardia Community College’s Small Business Outreach Center, commented, “You can’t sit there and expect these people who are struggling for their survival to walk into your office in downtown Manhattan for help—you have to get into the communities. It’s really as simple as that.” A culturally competent business environment recognizes that the long-term prospects of immigrant economies depend on cultivating an “export orientation” that extends beyond typical enclave concentrations in food products, restaurants, and garment manufacturing. Economic development in immigrant economies needs to cultivate entrepreneurs that can “successfully engage in the kinds of work required to identify and capture new market opportunities” (Lichtenstein and Lyons 2001:5).

Conventional business assistance programs should be supplemented by resources that promote technical skills to adapt to changing market conditions and build networks to regional growth industries and institutions. A potential model for an enriched community focused entrepreneurial development program is the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD), which is run by the Aspen Institute. FIELD includes a mentoring program that partners microbusinesses with established businesses to help develop capacity to access market opportunities.22

TOURISM AND BUSINESS IMPROVEMENT DISTRICTS—NEW DIRECTIONS FOR COMMUNITY DEVELOPMENT?

The crisis of September 11 created a rare opportunity to reenvision Chinatown’s development and its relationship to the regional economy. In important ways, this planning process will likely inform community development approaches in New York’s other immigrant neighborhoods. To commence the comprehensive planning process, Asian Americans for Equality (AAFE) launched the Rebuild Chinatown Initiative (RCI) by hiring a consultant firm to conduct surveys and focus group discussions and then sponsored a conference in November 2002 to announce the findings. Panelist Kathryn Wylde, the president and CEO of the New York City Partnership and Chamber of Commerce, advised the conference participants to think “outside the box” rather than reflexively focus on bringing tourism back to Chinatown. One of the lessons of September 11, after all, was the fragility of a neighborhood economy based on tourism. Wylde advised the community to plan more broadly and creatively.23

A few months ago, AAFE released its comprehensive RCI plan, which represents the unofficial “unified community perspective” that will inform and guide Chinatown’s involvement in discussions of rebuilding Lower Manhattan. Despite Wylde’s advice, the vision put forth centers on revitalizing the tourist economy by establishing Manhattan Chinatown as “America’s Chinatown.” “The paradigm,” the document states, “would no longer be Manhattan’s Chinatown in relation to Flushing and Sunset Park but New York City’s Chinatown in relation to those of San Francisco, Toronto and Vancouver” (p. 3). The 10-year, $500-million plan proposes new affordable housing, an arts and cultural center, linkages to an improved waterfront, and a Pacific Rim office complex with Class A office space, all of which would propel Manhattan Chinatown into the ranks of the world’s premier destinations.
The plan seeks to sustain and strengthen Chinatown’s linkage to the regional economy by upgrading the physical environment; commodifying Asian culture into marketable images, products, and events, and establishing a business gateway for American companies that seek Asian manufacturers. Affordable housing development will preserve Chinatown’s authenticity as an Asian residential and social space, thereby preventing its (de)evolution into an ethnic theme park. AAFE’s RCI plan calls for three implementation steps. The first is to form a local development corporation to undertake development projects like the office complex and waterfront park. The second is to designate housing districts to initiate affordable housing design and development. The third is to establish a business and cultural improvement district to help local property owners and merchants tackle the problem of sanitation.

While these are important elements of a revitalized Chinatown, the RCI document is short on labor-centered strategies that address the outstanding needs and concerns of the immigrant working poor population. The economic development section of the RCI plan is subtitled “Industrious Chinatown” and highlights three components—the Pacific Rim office district, the preservation of manufacturing, and increased job mobility and training. The plan calls for improved physical linkages to the Wall Street area by extending a corridor of office development along the major thoroughfares of Broadway, Canal, and Bowery streets. Noting the need for a small production center to accommodate the rapid turnaround time and strict quality control of New York City’s fashion manufacturers, AAFE predicted that Chinatown’s garment industry will stabilize with a labor force of 4,000 workers employed in approximately 100 shops—a mere shadow of the industry’s presence only a decade ago. To sustain this industry sector, RCI proposes the development of incubators and showrooms and the preservation of industrial districts through zoning regulations.

AAFE also proposes several industries that are “logical sources of employment” for immigrant workers—health care and hospitality for women and construction and hospitality for men (p. 19). An additional advantage of these industries is the opportunity for small business start-ups. The RCI recommendations to “bolster” the health care, hospitality, and construction sections are vague and call for partnering with medical institutions to develop a medical arts building, creating a full-service spa in a new waterfront hotel, and helping to foster networks with construction unions. Recognizing the limited human capital of immigrant workers, RCI notes the need for training in English as a second language; the plan concedes, however, that the “linkage to jobs is presently missing” (p. 20). Finally, RCI proposes to create a virtual community college for the adult population of Chinatown that lacks high school diplomas, but there is no detail on workforce development activities and linkages—although the potential to partner with institutions such as the City University of New York is great.

RCI’s emphasis on creating premier office space, an arts and cultural institution, and linkages to the waterfront is consistent with New York City’s “symbolic economy” (Zukin 1995). As Jan Lin (1998) describes,

Neighborhood preservation has been linked with heritage tourism as an economic development strategy and a source of local revenue. This evolving multicultural urban development policy that promotes the livelihood of ethnic communities takes place within a broader agenda of “world city” promotion among city managers and regional planners (p. 7).

Cultural tourism, by promoting the consumption of ethnic-themed goods and services and the production of ethnic spaces, helps to sustain immigrant economies. However, counting on tourism to generate a sustained economic boost is not always a reliable strategy. The pan-Asian neighborhood of Flushing, Queens, which has numerous hotels, restaurants, and shopping venues—including national chains such as Old Navy—is located a stone’s throw away from two of New York City’s premier tourist attractions: the Shea Stadium and the National Tennis Center. Despite numerous major league baseball games and an annual worldwide tennis tournament (the U.S. Open, which draws nearly 3 million visitors from around the world) very few people spend any tourist dollars in Flushing (Polgreen 2004). A comparison with Los Angeles might be instructive at this point. Researchers find that Asian immigrant businesses in Los Angeles are not involved in tourism but are located in more-profitable sectors like technology, international trade, and producer services (Zhou 1998).

Emergent Asian enclave economies in New York City also seek to encourage tourism as an economic development strategy. Liberty Avenue in Richmond Hill, Queens, has evolved into the “cultural heart of the Indo-Caribbean immigrant community” (Abeels Philipp Preech and Shapiro, Inc., 2001:3). Dotted with numerous ethnic specialty shops, reflecting the cultural products of the Indian diaspora in the Caribbean islands of Trinidad and Tobago and Guyana, Richmond Hill’s Liberty Avenue offers sari shops, roti shops, bakeries, and shipping companies that serve a transnational immigrant market (Khandelwal 2002). To strengthen and broaden Liberty Avenue’s market appeal and reach, a community organization founded by two Indo-Caribbean entrepreneurs participated with the Queens County Overall Economic Development Corporation to commission a retail study of “Richmond Hill’s Main Street” that recommends the formation of a Business Improvement District (BID) to stimulate commercial revitalization and expansion.

New York City has the greatest number of Business Improvement Districts of any U.S. city. Currently numbering 50, BIDs are promoted by the Bloomberg Administration as a key economic development tool. BIDs are designated commercial districts where property owners agree to impose an annual tax on themselves based on a percentage of their assessed property values. This self-imposed tax is collected by the New York City Department of Small Business Services to supplement city services in that area, such as street maintenance and beautification, security and public safety, façade improvement, visitor services, and promotional campaigns and materials. Under the leadership of the first elected Asian American public official, City Councilor John Liu, the Downtown Flushing Transit Hub BID was
established in November 2003. In addition to the Indo-Caribbean community’s proposal for a Liberty Avenue BID, one RCI recommendation is to form a Manhattan Chinatown BID. But do BIDs represent good economic development policy for immigrant economies?

BIDs are a business-driven approach to neighborhood development. While improving the business environment and marketing commercial activity, BIDs, as organizations of property owners, do not necessarily promote a community-based agenda for economic development. As discussed earlier, escalating property rents are a key concern for many immigrant small businesses throughout New York City. Real estate pressures are fueling the subdivision of housing and commercial storefronts in numerous New York City immigrant neighborhoods. Rents are concerned that property owners will pass on the costs of the additional tax, thereby increasing the burden of running a small business. Some are critical that communities have to raise additional services for services that should be provided for by city government. Moreover, not all BIDs have the same ability to raise money for public services. While the annual budgets for BIDs can be as high as $11 million (for the mega-BIDs in the Times Square and Grand Central areas), most BIDs typically have much smaller budgets—ranging from $150,000 to $500,000 (O’Grady 2002). The annual budget for the Downtown Flushing Transit Hub BID is $380,000 (Virasami 2003).

BIDs narrowly promote community economic development through marketing and upgrading the physical environment and providing a forum for property owners to leverage collective interests. BIDs are not a venue for broader equity goals. For example, a common issue of the Sunset Park BID is dealing with immigrant street vendors, who are viewed as unfair competitors and public nuisances because they don’t pay overhead costs, crowd streets and block the entrances to stores, and sell goods at cheaper prices. The Sunset Park BID has actively engaged the New York Police Department to regulate this informal sector. Through upgrading the business environment, BIDs may create trickle-down effects, but they fail to counter working poverty and economic marginalization. Asian community economic development needs to be multifaceted in promoting small businesses, especially since this sector anchors the immigrant labor market but the sustainability of immigrant economies also requires strategies to diversify tourist-based and downgraded manufacturing industries.

In light of the severe economic conditions that pervade immigrant workplaces and the wealth of technical expertise and political capital that community stakeholders and planners were able to draw from to envision the rebuilding of Chinatown, it is a missed opportunity that the plan for an “Industrious Chinatown” was not more substantive on best practices in economic and workforce development strategies. Kathryn Wyke’s advice to “think outside the box” was prescient, but the recommendations are squarely inside the box, and in the case of workforce development, the RCI plan substitutes one low-wage manufacturing industry with other low-wage, deskill jobs in construction, health care, and hospitality. There is no reference to building the institutional capacity for worker advocacy or to making the case for a city industrial policy that recognizes the importance of entry-level unionized manufacturing jobs for immigrant incorporation and mobility.

**Workforce Development**

Immigrants are not well served by existing workforce development systems, which are largely defined by employer-provided job training for high-skilled workers and government-sponsored job training programs whose priority is to move welfare recipients into the labor force. With the implementation of the 1996 Welfare Reform and 1998 Workforce Investment Acts, the shift in policy priorities and programmatic resources affected community-based organizations that serve as critical intermediaries in immigrant workforce development. Established in the 1970s, the Chinatown Manpower Project, Inc. (CWP) has been addressing the employment training and placement needs of Asian immigrants in Manhattan Chinatown for three decades. Its first executive director, Nora Wang Chang, was a former commissioner of the city’s Department of Employment. Through the years, CWP successfully built numerous partnerships with both private and public institutions, including Cabrini Medical Center and CUNY Hunter College’s School of Social Work, to provide job training.

The late 1990s, however, saw significant setbacks for CWP, as it lost federal grants in vocational training, workplace literacy, and specialized targeted workers’ programs. In one year the losses totaled a million dollars. CWP faces increasing challenges in sustaining partnerships, “chasing the funding,” and sustaining organizational leadership. To continue supporting workforce intermediaries in immigrant communities, the reauthorization of the 1998 Workforce Investment Act should provide states with greater resources to serve workers with limited English proficiency and to combine ESL, adult education, and job training services.

The recent restructuring of New York City’s Department of Small Business Services presents an opportunity to comprehensively address the small business and workforce development needs of New York City’s immigrant economies. Late last year, Mayor Michael Bloomberg dissolved the Department of Employment. He reassigned the adult workforce programs to the Department of Small Business Services and the youth employment programs to the Department of Youth and Community Development. The Department of Small Business Services has created a new Division of Workforce Development and expanded its staff to include a director of business partnerships and outreach management, who focuses on the six industry sectors that are strategic to New York City’s economic growth: construction/small business, technology/bioscience and health, industrial and food manufacturing, retail/hospitality and tourism, aviation, and film/media.

This institutional restructuring would be greatly enhanced if the city also expanded the Department of Immigrant Affairs (and its jurisdiction) and then promoted interagency collaboration with the Department of Small
Business Services. Such a move would demonstrate a substantive approach to improving labor market prospects for immigrant New Yorkers. Currently, there is no formal or explicit policy position on immigrant businesses or workers. However, as the commissioner for the Department of Youth and Community Development recently noted, “we are not dealing with as many public assistance recipients as we had in the past so our workforce development really has to reflect that. What we are seeing are new immigrants—pretty much the working poor—who come to our offices or our contract agencies with a number of needs.” Despite this acknowledged demographic shift, the Department of Immigrant Affairs is not engaged in policy decisions regarding workforce or economic development—even though immigrant businesses and workers are an integral part of the city’s economy.

Beyond immigrant outreach and information on city services and programs, the Department of Immigrant Affairs should be empowered to engage in policy decisions and to collaborate with other city agencies on economic development. One possibility is to form a group like the Toronto Region Immigrant Employment Council, which is “a multi-stakeholder council that is working to improve access to employment for immigrants in the Toronto region.” Immigrants and their community-based organizations should be part of a regionwide discussion on policy and strategies to effectively integrate immigrant economic activity in a way that ensures equity and economic benefit for all.

Immigrant Worker Centers

In an article published a decade ago, Peter Kwong (1994) documented the growing irrelevance of the garment workers’ union—then the International Ladies Garment Workers Union (ILGWU)—in advocating for Chinese immigrants. This observation led him to argue that grassroots organizations such as the Chinese Staff and Workers Association (CSWA) were a more effective institution in the struggle for economic justice. The historic exclusion of immigrant workers from mainstream labor unions helped facilitate the formation of community-based worker organizations or worker centers. Although large trade unions, such as the AFL-CIO, have renewed their dedication to organizing immigrant workers, they are doing so at a time when union influence is waning. Nor are the unions’ incentives to organize small immigrant businesses that great. Unions get limited returns from organizing workers employed in numerous small businesses because even a successful campaign may not generate a large dues-paying membership base (Gordon 2001).

Worker centers may be a good substitute for traditional unions. An ongoing Economic Policy Institute study found approximately 118 worker centers in 30 states with the greatest numbers in California and New York (Fine and Werberg, 2003). In New York City, these groups include CAAAV: Organizing Asian Communities; Desis Rising United; and Moving (DRUM); Nodurndol for Korean Community Development; New York City Taxi Workers Alliance; Workers Awaaz; and the Restaurant Opportunities Center of New York (ROC-NY). The shared objective of these organizations is to reach out to and organize low-wage immigrant (including undocumented) Asians and Latinos who work in nonunionized sectors such as restaurants, garment production, and domestic work.

As worker centers are community-based, worker organizing is frequently tied to broader issues of civil rights, immigrant rights, and community development. For example, CAAAV formed the Chinatown Justice Project, which mobilized around land use issues and gentrification pressures in Manhattan Chinatown. The group has staged protests and produced educational materials including a video entitled “Chinatown Is Not For Sale!” Worker centers combine service delivery—such as ESL classes, job placement and advocacy—with their organizing efforts. The CSWA, for example, offers ESL classes in its Sunset Park office. CSWA also protests unfair hiring practices; the organization advocated for the hiring of Chinese construction workers at a New York University dormitory construction site several years ago and staged protests at various public functions to call attention to the exclusion of Chinese workers.

Worker centers in New York City frequently engage with civil rights organizations, such as the Asian American and Puerto Rican Legal Defense and Education Funds, to secure wages that have been withheld from workers. In fact, a coalition of worker centers was instrumental in formulating and lobbying for the passage of the Unpaid Wages Prohibition Act in 1997, which increased statutory penalties and fines for underpayment or nonpayment of wages. A more recent example of legislative change is the “Dignity for Domestic Workers” resolution, which was passed by the New York City Council in May 2003. Developed and promoted by CAAAV, this legislation promotes a standard contract for all domestic work, including basic rights to sick days and vacation and protection from discrimination and unjust firings. Worker centers also conduct industry studies. ROC-NY recently completed a survey of the restaurant industry and found poor conditions such as overtime, minimum wage violations, and lack of health insurance to be prevalent.

By virtue of these activities, worker centers are essential in establishing a floor on employment standards for immigrant workers. They do this by securing wages that were withheld by employers and enforcing existing labor laws such as minimum wage, overtime pay, and a 40-hour workweek. Their fight for immigrant worker rights is not about achieving significant labor improvements for immigrants alone but about ensuring that existing labor laws genuinely protect all workers. While worker centers do not have the capacity to negotiate collective-bargaining agreements or protect workers from arbitrary firings as unions do (Gordon 2001), they frequently provide the sole recourse for workers laboring under exploitative conditions. Worker centers represent a new generation of grassroots institutions that are community-based. They cultivate immigrant leadership to organize for social and economic justice in the workplace and community at large.
Conclusion

Immigrant businesses are important sources of neighborhood revitalization and entry-level jobs, but they are typically concentrated in marginal retail, service, and downgraded manufacturing sectors. Small business development is an integral part of asset-based neighborhood development, and immigrant economies are frequently distinguished by high levels of economic activity and employment generation. However, the qualities of immigrant economies indicate that immigrant-owned small businesses typically generate marginal employment opportunities and contribute to working poverty. There is no question that immigrant small businesses provide an alternative strategy for addressing underemployment and unemployment for both risk-taking immigrant entrepreneurs and their low-wage labor force. But to harness this entrepreneurial energy in ways that promote viable economic and community development requires innovative and targeted policy efforts that better “connect” immigrant small businesses with public- and private-sector assistance and that regulate workplace practices and standards. As von Hoffman (2003:48) wrote, “the idea of nurturing small businesses once again became a central part of urban policy,” but urban policy makers must address both the contributions and dilemmas posed by immigrant small business development.

Policy directives that address the supply and demand conditions of ethnic labor markets would help promote immigrant economies as viable economic engines. To mitigate the uneven levels of human and social capital among immigrant business owners, business roundtables or trade associations may help position immigrant businesses to advocate and engage in citywide and regional economic development discussions and access business assistance resources. Small business assistance, however, must be accompanied by policies that protect and advance immigrant worker rights. Enforcement of labor standards through codes of conducts and inclusion of labor organizations such as worker centers in economic development initiatives must be an integral part of sustaining the vitality of immigrant economies. Immigrant businesses are an integral and invaluable local asset, but to fully realize their potential for revitalizing local neighborhoods and contribute to regional growth, a first step is to appreciate both the opportunities and challenges that define the immigrant sector of New York City’s economy.

Notes

I wish to acknowledge Commissioner Robert Walsh of the New York City Department of Small Business Services for sharing his time and expertise.

1. Based on the 1997 Survey of Minority Owned Business Enterprises (SMOBES), New York City leads the nation with the greatest number of APA firms at 96,952. The city of Los Angeles follows with the second highest number at a distant 43,000.


3. According to the 1997 SMOBE, 114,577 of Los Angeles County’s 778,577 firms (15 percent), 24,149 of San Francisco County’s 90,599 firms (27 percent), and 44,840 of Orange County’s 232,935 firms (18 percent) are owned by Asian Pacific Americans.

4. For an example of the concentration of APA firms in Queens, see Ahn 2003.

5. Unfortunately, SMOBE does not provide industry sector for ethnic groups except on the national level.


7. Of the 86,808 firms that were not classified in any industry, 56 percent were minority-owned businesses with APA firms accounting for the largest share (42 percent). The definition of industries not classified was clarified in a conversation with an Economic Census Bureau staff person on January 14, 2004.

8. Timothy Bates’s (1998a) research finds that Asian immigrant self-employment is frequently a form of underemployment, and highly educated immigrants are most likely to exit from self-employment, especially those in traditional sectors such as retail and personal services.

9. Kim 2004, describes common discriminatory practices by Korean employment agencies such as providing detailed information on applicants’ race, gender, and nationality to potential employers.


12. Newspapers articles related to this incident include Chen and Kilgannon 2004 and Lueck and Chen 2004.

13. The Sunset Park Business Survey, conducted in 2000–2001, involved a business census and a mail survey translated into Chinese and Spanish. Of the 700 surveys sent out, 89 were returned, representing a 12 percent response rate. For a full discussion of the survey findings, see Hum 2002.

14. Another indication of this underrepresentation can be derived from a survey on computer use in Asian-owned firms conducted by New York City’s Asian American Business Development Center, which showed a significant digital divide—majority of surveyed firms do not use the Internet or computers at all (Curan 2000, Wang 2000b).

15. Refer to www.aaari.info for information on the Chinatown workshop series that culminated in this June 25, 2004, event.


22. The Web site for this Aspen Institute program is http://www.fieldus.org/.

23. There is no conference transcript, but for a newspaper account of Ms. Wykle’s comments, refer to Kalita 2002.

24. The recently formed Chinatown Partnership Local Development Corporation was searching in June 2004 for an executive director, and the job announcement
identified three responsibilities: (1) improve business conditions by making Chinatown a cleaner, safer, more attractive place; (2) strengthen connections between commerce and culture to enhance Chinatown's role in New York City; and (3) form new partnerships to increase public and private investment.

25. The Center for an Urban Future conducted a study on CUNY and workforce development which is available from its Web site, www.nycfuture.org.

26. Mayor Bloomberg appointed former Union Square-14th Street BID Director Robert Walsh to the post of commissioner of the Department of Small Business Services (O'Grady 2002).

27. See Bertrand 2003.

28. A provision to pay BID employees (e.g., street cleaners) a living wage was eliminated in the New York City Council's version of the living wage bill. See Greenhouse 2002.


30. From a transcript of the Summit on the Future of Workforce Development (Center for an Urban Future).

31. Refer to http://www.triec.ca/ for more information.

32. Recognizing CSWA's success in advocating for immigrant workers notably in the garment and restaurant industries, CSWA founder Wing Lam was recently awarded the prestigious Ford Foundation Leadership for a Changing World Award. For information about Mr. Lam's award, refer to http://leadershipchange.org/awardees/award.cfm?ID=18.

33. A notable exception includes the Service Employees International Union 1199 and 32BJ locals, which organize home health aides and janitors, but these campaigns to mobilize low-wage immigrant workers remain the exception.

34. According to the Web site www.nodudtoldom.com, nodudtold means stepping stone or entryway in Korean.


36. ROC-NY's restaurant industry study is available from its Web site, http://www.rocny.org/.

References


