

# Lecture 17

What they Bring:  
Social Capital

“Ethnic Enterprise in American Cities”

“Rotating Credit Associations”

# “Ethnic Enterprise in American Cities”

- Main Ideas:
  - 1.) Many groups experienced discrimination in US
  - 2.) Black Americans experienced the most discrimination
  - 3.) In addition discrimination, do other factors help explain why Black Americans were less successful in the retail industry

# The Watts Riots

- Three stores burn to the ground on Avalon Boulevard in the Watts section of Los Angeles during riots there in August 1965.
- How similar to the riots following the Rodney King Case?



# Development of Chinese Business

- In this section, I briefly review patterns of Chinese immigration.
- Then we will think about the Chinese experience with small business

# Chinese Americans

Chinese emigrating to the United States in 1860-1910 only made up 1% of the newly arriving population. Many of the Chinese who first arrived traveled from Guangdong Province in China. They initially settled along the Pacific coast (near San Francisco)



## Why did many Chinese decide to leave their homeland?

1. Sought sanctuary from intense conflicts caused by the British Opium Wars.
2. Peasant Rebellions: The Qing government had imposed high taxes on the peasant farmers because China was forced to pay fees to the western imperialist powers. Many farmers lost their land and searched for golden opportunities abroad. For example in 1860 a Chinese laborer might earn only 3-5 dollars a month but if they worked for the United States railroad they could earn up to 30 dollars.
3. The Chinese immigrants who arrived in the United States were mostly men, planning to work away from home temporarily.

# Chinese Westward Expansion



The Central Pacific railroad work force consisted of mostly Chinese workers.

A Chinese immigrant mining for gold in California.





## What was the Chinese Exclusion Act?

In 1882 the United States Congress pass an act denying citizenship to people born in China and prohibited the immigration of Chinese Laborers.

Chinese who entered America before passing the 1882 Chinese Exclusion Act were among those who left to return to their homelands.

The Chinese population in the United States dropped more than 10,00 in 1890 to less than 65,000 in 1920.

# Angel Island



Handwritten text in Chinese characters and English, including a name "張均安" (Zhang Jun'an) and a date "1915". The text is written in cursive and appears to be a personal letter or a document related to immigration.



Between 1910 – 1940 approximately 175,000 Chinese immigrants came to America through Angel Island.

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1905. 17500 V. 29: 61



A BARTER.



**By the year 1851, there were 25,000 Chinese working in California, more than half the Chinese in the U.S.. These Chinese clustered into groups, working hard and forming large cities of ethnic enclaves called "Chinatowns". The first and most important of the Chinatowns belonged to San Francisco.**



4604  
T. E. HECHT  
730-35TH AVE.

UNDERGROUND OPIUM DEN.

Chinese Opium smokers in the United States



**Chinese New Year banner's  
decorate the home in  
Weaverville, California.**



Chinese men wearing a traditional long braid called a queue.

# Chinese Employment

- For employment, Chinese had to look to domestic service, laundry work, restaurants, and small retail stores.
- Whites tolerated these because they demanded these services, and had little interest to do the business themselves





# Development of Japanese Business

- Japanese immigration began in about 1900
- Mainly settled on Pacific coast
- Japanese enter the economy as wage agricultural workers
- Many buy their own agricultural lands
- When they are excluded from lands, they enter the service industry.
- 1919: 47% of hotels and 25% of grocery stores in Seattle were Japanese owned
- **Possibly some cultural factors associated with preference for self-employment, but also important that discrimination pushed them into this niche.**



# Special Consumer Demands

- Black Americans were motivated to start their own retail stores
- Data from 1929 show that there were extreme differences between Blacks and Asians.
- Consumer demand explanation highlights that Asians may have had a greater market from their ethnic members in the retail industry.
- The author shows that Whites also were customers in Asian stores.
- What explains the difference? Economic organization (**CULTURE**)

# “Rotating Credit Associations”

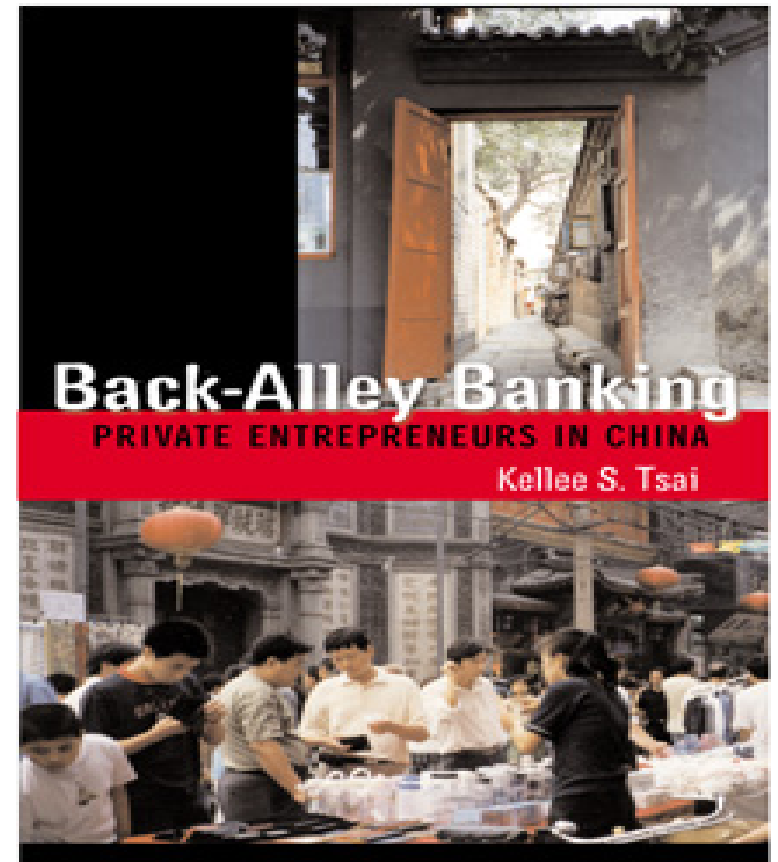
- Why are Blacks underrepresented in small business?
- Discrimination in business loans?
- Light agrees this is an important social force, but favors attention to cultural forces

# “Rotating Credit Associations”

- Definition: An association formed upon a core or participants who agree to make regular contributions to a fund which is given in whole or part, to each contributor in rotation.
- **What does such a system depend on?**

# Hui in China and US

- Rotating credit groups thought to be 800 years old in China
- Many variants
- A person in need of lump sum would get a group of people to put money in common pool. The organizer gets the first lump sum of money



# Ko in Japan and US

- 20-50 people
- Sometimes unrelated persons
- Yearly meetings
- Sometimes people would not get their money back for twenty years
- Important in Japan and among immigrants

# Esusu in Africa, Britain and US

- An Esusu is a traditional African lending association common in West Africa. Each month members meet to contribute money to a pool. At the meeting, the entire sum is given to a member in good standing.
- Yoruba of Nigeria had an important form
- Enslaved Yoruba brought Esusu to US



# Esusu in the West Indies

- Esusu has persisted in the West Indies
- In Jamaica, the rotating credit system is known as “partners”
- “Most important source of capital for petty traders”

# Disappearance of Esusu among American Slaves

- Caribbean slaves were the majority; slaves minorities in US
- More rights and self-rule of slaves in Caribbean
- Demography contributed to greater survival of African customs in West Indies