

**The Urban Economic Development Impacts of Ethnic Entrepreneurship:
A Case Study of Dominican Entrepreneurs in Lawrence, Massachusetts**

by

Brian Chaneung Cheigh

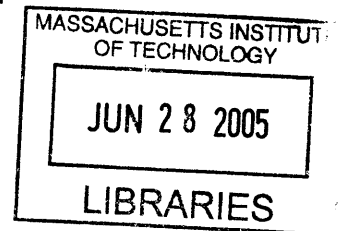
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in partial fulfillment of the requirements for the degree of

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ABSTRACT

This thesis examines the process through which ethnic entrepreneurship impacts urban economic development. In many urban places across the United States, demographic change has led to the rise of ethnic communities and the rise of ethnic entrepreneurs. In cities with sustained economic decline, the rise of ethnic entrepreneurship has been viewed with two perspectives: they are seen as symbols of continued economic decline or they are perceived as the new source of economic opportunity. Economic development practice has generally assumed the former, and in this thesis I focus on how ethnic entrepreneurship represents the latter. The thesis thus provides a strong criticism of contemporary economic development practice, and presents the case that economic development practice must embrace the role that ethnic entrepreneurship and the process of ethnic community formation plays in urban economic development.

I present my arguments by first establishing a series of conceptual frameworks that show the ways in which ethnic entrepreneurship and the process of ethnic community formation influence economic activity and lead to urban economic development. I then apply the conceptual framework to a case study of Dominican entrepreneurs in the city of Lawrence, Massachusetts, a low-income city whose population is 61% Latino and 24% Dominican. Based on the findings and analysis from the case study showing the urban economic development impacts of Dominican entrepreneurship in Lawrence, I present a series of recommendations for economic development practice in the city that highlights the opportunities present in ethnic entrepreneurship in Lawrence.

Thesis Advisor: Karl F. Seidman

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This thesis would not have been possible without the assistance of many members of the Lawrence community who took time to help me on this endeavor. Their knowledge was what made this thesis happen, and I know that I had just barely skimmed the surface of the city's rich knowledge base.

I would like to thank my advisor Karl Seidman for being an excellent educator and mentor during my time at MIT. I cannot imagine where I would be right now were it not for his patience, wisdom and guidance. I also want to thank Alethia Jones for being an excellent thesis reader. Between Karl Seidman and Alethia Jones, I had the best thesis committee that any student could ask for.

Finally, I want to acknowledge the support of the DUSP community, the faculty, staff, and my fellow students. Thank you all for your friendship, humor, love, and solidarity.

A Personal Acknowledgement

My parents operated a small variety shop selling shoes, jewelry, bags, toys, and other goods for ten years. Their store was located on 98th and Broadway, in Manhattan, New York City. Every Saturday they took a trip to the wholesale district around 32nd and Broadway, where they bought wholesale goods from Korean distributors. Sometimes I went along. They would fill up the station wagon with merchandise, drive up to their store, and start putting labels on the new merchandise to start the weekend.

It was 1984 when my family came to the U.S. and purchased that store from another Korean entrepreneur. Graffiti decorated the subway cars, crack vials could be seen in the sidewalk cracks on 102nd and Amsterdam where we lived, and amongst the store's neighbors was a TV repair shop, a bodega, an army/navy store, a Chinese restaurant, a children's clothing store. Overtime, all of those businesses would disappear except for the Chinese restaurant. As commercial rents increased, my parents attempted to move into higher-end goods by expanding the jewelry section. In 1994 they sold the store to another Korean family, and after a few years the store became unsustainable. The area had changed dramatically, both demographically and commercially, while real estate prices soared.

My parents worked 7 days a week and almost 365 days a year while they had the store. In the end, their daily labor could not keep up the uphill sprint that represented the Manhattan real estate market. These personal experiences had led me to this thesis, and my interest in ethnic entrepreneurship and issues of urban economic development. This thesis is dedicated to my family, and to those ethnic entrepreneurs in urban neighborhood across the U.S. who continue to sprint against the odds.

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CHAPTER I: INTRODUCTION

I. AN INTRODUCTION

Lawrence is a 6 square-mile city with a population of 72,043 people (according to the 2000 U.S. Census) located in northeastern Massachusetts. About 43,000 residents are Latino and of those just under 17,000 reported being of Dominican origin, representing the largest ethnic group within the Latino population.¹ When one takes a look around Lawrence's commercial corridors, particularly Broadway, the dominant signage along the storefronts are in Spanish. It is not uncommon to see flags from the Dominican Republic, Puerto Rico, and other Latin American countries. According to some Dominicans who live in the community, you can get your platanos² and other Dominican goods as easily as you could get them in Washington Heights, New York City (generally regarded as the most famous Dominican community in the U.S.). From the perspective of many people Lawrence is a vibrant, Latino community with activities happening from early morning to late evening, full of small businesses that dominate the commercial corridors.

This view from the streets belies the more often stated statistics about Lawrence. The city was the first planned industrial city in the U.S., but today most of its once active textile mills that brought wealth to the city now sit dormant and empty. The 2000 U.S. Census shows that the median family income was only 56% of the state median income. 21% of all Lawrence families and 24% of Lawrence individuals resided in poverty in 2000, as compared to state rates of 7% and 9%, respectively. In January and February of 2005, the unemployment rates in Lawrence were 11.2% and 11.9%, respectively. The state rate during the same time was 5.4% and 5.3%.³ A commonly used statistic used by local non-profits and service providers is that Lawrence is the 23rd poorest city in the nation, and the poorest city in the state.

¹ It is important emphasize that there is a lot of dispute regarding the count of Latinos in the U.S. Census, and of Dominicans in particular. The Lewis Mumford Center estimates that the Census count of 19,055 Dominicans for the Lawrence, MA-NH PMSA undercounts the Dominican community by 7,546, or about a 28% undercount (see <http://mumford1.dyndns.org/cen2000/>). The Dominican American National Roundtable reports that the 2000 census estimates a 25% error in counting the Dominican population (see <http://www.danr.org/ip.asp?op=VCFacts&m=x0032VoterCapacity>). Though I use the U.S. Census heavily in this thesis, the reader should be mindful that these numbers are disputed, and that the numbers most likely represent an *undercount* rather than an actual number.

² Platanos are plantains in Spanish.

³ Massachusetts Division of Employment & Training, Local Area Unemployment Statistics, 2005.

Like many other low-income cities, the suburban towns surrounding Lawrence are predominantly white and affluent. In addition, what seems like a vibrant Latino commercial enclave by one person may seem completely different to someone else who is not Latino. The storefronts may seem inaccessible and foreign as many of the signs are in Spanish. Others may perceive the Latino storefronts as eyesores and as symbols of urban decay. In fact, from the perspective of some, there is a direct connection between city's constant poverty and the presence of the Latino community (both its residential and business communities).

From an economic development perspective, these opposing perceptions reflect an ongoing debate of whether or not these Latino-owned small businesses in Lawrence represent a local asset. Some argue that white, affluent suburbanites are not going to spend money in a 'bodega', a small grocery store that caters to a Latino market, and opportunities will only come from something that will lure the regional affluence back into Lawrence. Others argue that these Latino business owners are entrepreneurs who are investing into the community with capital equity and sweat equity, creating a viable local market.

Interestingly, an October 1998 issue of *Entrepreneur* magazine listed Lawrence as one of its up-and-coming 'Hot Cities' for entrepreneurship ranking 7th ahead of cities such as Spokane, Salt Lake City, and Portland/Vancouver. The reason for this recognition was due to the city's support of small business:

To encourage entrepreneurial success, the city offers a small-business loan program, a \$5,000 facade improvement grant for downtown businesses, and a tax-incentive program. Local banks are friendly to the mostly minority-owned small businesses in Lawrence, as is Cambridge, Massachusetts-based Working Capital, a nonprofit micro-lender...Although Lawrence still faces some economic repair, small businesses have more than a few friends in the city and state who realize that to make Lawrence grow, entrepreneurship must also grow.⁴ (Hess, Rares, 1998, see section on 'Lawrence')

Revealing an opposite dynamic, a November 29th 2000 article from the *Eagle-Tribune*, the regional paper, describes an economic development summit in which proposed plans call for attracting new businesses such as high-tech firms, and cultural heritage activities centered around former Lawrence residents, such as Leonard Bernstein, the famous conductor/composer. Strategies revolved around developing amenities that might induce potential attendees of such projects (primarily individuals from the surrounding affluent suburbs). Those from the Latino community, including small business owners, commented at the summit that there is a dire *lack of* support to Latino small businesses, and to local residents who are predominantly Latino (Ragsdale, 2000b).

⁴ The specifics of all of some of the cited programs will be discussed in Chapter IV.

These contrasting perspectives on economic development, demographic change, and ethnic entrepreneurship are not unique to Lawrence alone. Many cities, from the largest to smallest cities, have faced significant demographic shifts as a result of immigration from Latin America, Asia, and Africa, and deal with these same issues. From the larger immigrant 'gateway' cities such as New York, Los Angeles, and Miami, to small- and medium-sized cities as varied as Eugene, Oregon to Patterson, New Jersey, ethnic communities have taken root and ethnic entrepreneurship is visible in commercial corridors and downtown districts. Research in the larger immigrant gateway cities has often trumpeted the role that ethnic entrepreneurship has played in revitalizing once dilapidated neighborhoods (see Winnick, 1990; Mueller, 1993; Light and Bonacich, 1988; to name a few). Similarly, it is not difficult to find stories in the national and local press trumpeting the contributions of immigrant pioneers (residents and entrepreneurs) revitalizing decaying urban neighborhoods. The opposing perspective about immigration does not connect the influx of immigrants and growth of ethnic communities with urban revitalization, but connects it with the continued process of urban decay and economic impoverishment of urban places that has occurred throughout the latter half of the 20th century, and continuing on into the 21st century.

Historically, economic development strategies and urban renewal actions have adhered to the latter perspective in regards to non-mainstream, non-Anglo, working class communities, resulting in practices that often involve devastating actions for those who live, work, and own businesses in these communities. A famous example in nearby Boston includes Boston's urban renewal efforts in the 1960s which destroyed the Italian community of the West End (Gans, 1965), and in the 1970s San Francisco's economic development efforts displaced a long-standing, elderly Filipino community from the downtown area (Choy, 1993). The destruction of African American communities in Pittsburgh, Newark, and Roanoke for urban renewal are well documented by Fullilove (2004). In addition to the clearance of physical structures, all these works emphasize the devastation that urban renewal strategies had on existing social structures that had vibrancy, life, and economic viability (see also Jane Jacobs, 1961).

In today's times, economic development practitioners have generally recognized that such wonton destruction of communities has devastating consequences. Yet what was once obvious through urban renewal has now become subtle in the 21st century: in many urban communities with significant ethnic communities economic development strategies pursue a presumed universalistic strategy that is *anything but universalistic* in terms of who benefit from such actions and who face undue costs. Often it is exactly those who are perceived to be outside of the

mainstream economic establishment, such as ethnic entrepreneurs and ethnic residents, who face the most undue costs of economic development strategies. Particularly in ‘Third-Tier Cities’⁵ that have had significant demographic change over the years, the pressure to generate mainstream-oriented economic development threatens some of the strongest vital signs of growth that those cities have seen in a while: the emergence and growth of ethnic communities. Some examples of small- and medium-sized cities with similar situations in the southern New England area include Hartford, Bridgeport, and New Haven in Connecticut, Providence in Rhode Island, and Lawrence, Framingham and Brockton in Massachusetts, but there are cities like these all across the country.

The role for the economic development practitioner should be to become conscious of these realities, and to recognize that the economic development field, as it is currently practiced, continues to fall short in leveraging the exact community assets that are organically revitalizing once dying urban areas: ethnic entrepreneurship and the growth of immigrant ethnic communities. By not realizing these opportunities, or at worst, discrediting them based on perceptions of what is ‘economic development’ and what is ‘urban decay,’ economic development practitioners risk reproducing the same mistakes of the countless urban renewal projects of the 1960s: displaced communities; the disruption of strong social networks; and the weakening of already low-income communities. The narrative today, as it is played out in cities such as Lawrence, can be different or it can be business as usual. By getting a deeper understanding of the processes through which ethnic entrepreneurship impacts urban economic development, economic development practitioners can dramatically alter how we envision renewal for urban communities and foster the very strength of diversity that created vibrant urban communities in the first place.

II. THE GOALS OF THE THESIS

This thesis examines the process through which ethnic entrepreneurship impacts urban economic development. Existing economic development practice often assumes a universal benefit to economic development regarding the strategies used to attract investments, enhance the quality of life, and maintain overall fiscal health of the city. However such assumptions may be tainted by perceptions of what is or is not urban decay, and implementing practice based on

⁵ The term “Third-Tier Cities” comes from a 2001 report by Mt. Auburn Associates for the Economic Development Administration. Generally the term refers to small- and medium-sized that had faced significant economic decline over the years, and have continued to have weak economies despite the economic boom of the late 1990s (Siegel & Waxman, 2001).

perception could have devastating results. By exploring the role that 'ethnicity' plays in impacting urban economic development, I explicitly question the assumed universalism of economic development practice. At the same time, I hope to show the process through which ethnic entrepreneurship has economic development impacts in urban neighborhoods. By providing a deeper understanding of these processes, I advocate for a new approach to economic development that is responsive to the changing demographic reality of America's cities in the 21st century. For those economic development practitioners whose reflective practices make them aware of the dangers of an assumed universalism, there are still opportunities in the field to develop deeper, more thorough comprehension of the economic development impacts of ethnic entrepreneurship. It is my hope that this thesis will add to their practice.

I plan to do the above by introducing an extensive body of sociological research on ethnic entrepreneurship, and use this research to enhance current economic development theory to include the role of ethnicity, networks, and entrepreneurship in influencing urban economic development. This will be the basis from which to identify new strategies for economic development practice that could be applicable in cities like Lawrence that have had significant demographic change in recent years. I then apply this framework to analyze the ways in which the rise of Dominican entrepreneurship in Lawrence, Massachusetts has had economic development impacts in that city, and to consider recommendations that will enable economic development practice to take advantage of this emerging asset towards urban economic development in Lawrence. As I will show in later in this thesis, economic development practice in Lawrence has generally not leveraged this growing local asset (and despite consistent, vocal calls for such an approach from some members of the community).

The target audience for this thesis is broad, including economic development practitioners, city planners, and others in city government who are responsible for planning and implementing economic development. But this thesis is also for advocates and community service providers who work in immigrant communities, as well as members of ethnic communities themselves (though much of what I say is based on local knowledge from members of ethnic communities). I also hope that the ideas in the thesis will be read by elected officials who often control how city, state, and federal funds are spent to leverage economic development in low-income communities. Most importantly however, this thesis is for economic development practitioners who are often at the front lines of economic development practice in local communities and play an important role in bringing together often very fragmented and very diverse visions of what economic

development could be for a community. Recently, John R. Mullins, Director of the Center for Economic Development at University of Massachusetts, Amherst, shared the following vignette about Holyoke, Massachusetts (a small, low-income city in Western Massachusetts) during a public presentation on community building at MIT:

[During] one of the charrettes, this old Irish woman of about 70 years old came up to me...lambasting the mayor about what a lousy downtown it was [in Holyoke], going to rack and ruin...she remembered in 1955 [how it used to be]...Ten minutes later this young Hispanic kid, about 15 years old, comes up to me, "Isn't downtown wonderful? It's got all these shops; it's exciting. It's got all these bodegas and dog stores." (Mullins, 'Forgotten Cities' Lecture, 4/6/05)

Economic development practitioners often find that they must bridge a path between the old and the new, between those with memories and nostalgia who are still loyal to their city and those who are young and opportunistic, and who represent the new inheritors of the urban legacy. This thesis is truly for those who are in positions to tap into the resources of a local community and to become active 'bridgers' between contending viewpoints. I hope this thesis will serve as a tool in their efforts towards creating economically vibrant communities.

III. RESEARCH METHODOLOGY AND OVERVIEW OF COMING CHAPTERS

This thesis is comprised of two parts: One part is comprised of the literature review that examines economic development practice and theory and ethnic entrepreneurship. The second part of the thesis is the case study of Dominican entrepreneurs in Lawrence, Massachusetts, and economic development practice in that city.

For the literature review on economic development practice and theory, I primarily rely on books and journal articles. Though optimally a review of economic development practice and theory should rely on interviews with practitioners in the field, due to time and resource constraints I focus on works by others. After an overview of economic development practice and theory, I highlight some of the criticism that has emerged over the years about economic development practice. For the ethnic entrepreneurship literature review I focus on works that primarily talk about the economic development impacts of ethnic entrepreneurship. Most of this research comes from the field of sociology. Not surprisingly, the ethnic entrepreneurship literature and the economic development literature remain in separate academic spheres, despite the wealth of knowledge that both areas of study could bring to cities like Lawrence. I try to bring the two together at the end of the full literature review.

For the case study in Lawrence, Massachusetts, I relied on my own field research, a speaker series titled 'Forgotten Cities' held at the Department of Urban Studies & Planning at MIT during the 2004-2005 academic years, articles from the *Eagle-Tribune* newspaper, and prior research by others on Lawrence. The field research consisted of 16 interviews with 18 different individuals conducted between February to April of 2005, and several visits to Lawrence. The interviews lasted anywhere from 15 minutes to one hour. Six of the interviews were by phone, but one interview was conducted in Washington Heights, New York City, another interview was in Boston, and the remaining eight interviews were conducted in Lawrence. The interviewees represent various institutions and individuals in Lawrence, including city government, the Office of Planning & Development, community based organizations, and the regional chamber of commerce, as well as three Dominican business owners. This is supplemented by speakers from the 'Forgotten Cities' weekly speaker series that brought four speakers who provided a wide range of perspectives about Lawrence. Lastly, the secondary research includes works done by MIT students about Lawrence either as class projects or as master's thesis projects. The most important of these is Cathleen Mahon's thesis from 1995, which is an analysis of a micro-lending program that was geared towards Latino micro-entrepreneurs, and whose participants were overwhelmingly Dominican.

IV. WHY A CASE STUDY OF DOMINICAN ENTREPRENEURS AND ECONOMIC DEVELOPMENT PRACTICE IN LAWRENCE, MASSACHUSETTS?

I chose Dominican entrepreneurs for several reasons. There have been very few studies done about ethnic entrepreneurship in the Dominican community as there have been of other ethnic communities (i.e. Cubans, Koreans, Chinese, and African Americans). In addition the studies that do exist focus exclusively on the Dominican community in New York City (Portes and Guarnizo, 1991; Guanizo, 1992; Rauch, 1996; Morawksa, 2004). Most of these academic studies on Dominican entrepreneurship have also focused on the transnational character of the businesses. In fact most current sociological research on Dominicans has focused primarily on issues of identity and transnationalism. But anecdotal evidence and the existing sociological research have shown that Dominicans in the U.S. are a very entrepreneurial group and a group that deserves further study. One indication of this is the 2000 U.S. census data which show that though Dominicans have some of the lowest incomes of any ethnic minority group, their rates of self-employment are comparably much higher (to be discussed in Chapter III). Though self-

employment is not a perfectly comparable measure for entrepreneurship, this shows that there is something unique about Dominicans in the U.S.

Another reason for selecting Dominicans is that they are concentrated heavily in the northeast of the United States. The Appendix contain several maps showing that Dominicans are predominantly clustered in the New York City metropolitan area, as well as Lawrence, Massachusetts, Providence, Rhode Island, and Boston, Massachusetts. One of the primary aspects of ethnic entrepreneurship that I will be exploring is the geographic scope of the resources that are available through ethnic networks. Dominicans in Lawrence are perfectly situated to determine whether or not there are significant region-to-region connections between the various Dominican enclaves (for example, New York City, northeast New Jersey, Boston, and Providence). Lastly the 2000 Census shows that Lawrence is the second largest Dominican city in the U.S. with 16,970 Dominicans (New York City is by far the largest, with 425,739).

Aside from the fact that there is a significant Dominican community in Lawrence, there are other reasons why Lawrence is an important case study. I had mentioned above that Lawrence has had significant demographic change in the last few years. Census data shows that in 1960, 0.1% of the city's population was Latino (Ragsdale, 2001). By 2000, that percentage had increased to 60.7%. Dominicans represent 23.6% of the total Lawrence population, and a plurality of the Latino population. Within this context of dramatic demographic change Lawrence has had a rough transition. In 1984, a local race riot broke out involving Latinos and whites (Ibid; Duran, 1985). A 2001 award-winning series by the Eagle-Tribune titled "Building Bridges" asked "Hispanics and Anglos in an ever-changing world. Are we uniting, or becoming more divided than ever before? How can we work together to make our communities better? Can we build bridges over the social, cultural and language gaps?" (*Eagle-Tribune*, n.d.). But these are just the social divides. There are also significant divides relating to economic development practice in the city. One of my interviewees stated the issue bluntly:

You see, the city is in denial, okay. When I say the city, I mean the political leaders here, and some economic leaders, majority economic leaders. Most of them come from outside of the community. They tend to be mill owners, they have 10 million square feet of empty space. So what do you do with this mill space? They want to gentrify the city, they want to bring in a new white middle class that will hopefully vote in favor of maintaining the Mayor's office and most of the city council, white...

...[The city's priority in economic development] is to ignore the Latino community. What they refuse to acknowledge is the existence of a Latino middle class here. Who the hell are buying houses? What Latinos are buying houses? They happen to be lower-middle class, moderate income Latinos. Who owns businesses? (personal communication, 2005)

This statement reveals the reality that economic development practice faces in a city that has faced both sustained economic poverty and demographic change. And Lawrence is not alone in this, as this is the reality for a lot of Third Tier Cities that have had significant demographic change.

Therefore Lawrence is an important case study because as a Third Tier City, ethnic community growth and the rise of ethnic enterprises has been one of the few areas of consistent growth that the city has experienced in recent years. For Lawrence to not realize this internal asset could be devastating to a city that has seen so much disinvestment over the years, and conflict regarding economic development practice can only cripple the further development of this opportunity. The case study highlights the investments that ethnic entrepreneurship has contributed to urban economic development in the city, and the challenges that economic development practice faces in the city. The case study ends with recommendations regarding future strategies for economic development in Lawrence.

CHAPTER II: LITERATURE REVIEW

SUMMARY: This chapter begins by defining 'economic development' and 'ethnic entrepreneurship' followed by an overview of economic development practice and the underlying theory that guides contemporary practice. I then provide a criticism of existing economic development practice and theory in failing to respond to the changing demographic realities of America's cities, and the new challenges and opportunities that these changes represent. This is followed by a literature review of research on ethnic entrepreneurship. In this literature review I utilize three conceptual frameworks to show the processes through which ethnic entrepreneurship impacts urban economic development. The section will end with a discussion of how this new approach better meets the changing demographic reality of American cities.

I. UNWRAPPING THE TERMINOLOGY: ECONOMIC DEVELOPMENT AND ETHNIC ENTREPRENEURSHIP

It is first necessary to define how I will use the concepts 'economic development' and 'ethnic entrepreneurship.'

Malizia and Feser in *Understanding Local Economic Development* (1999) describe economic development as "the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services" (p. 13). Blakely and Bradshaw in *Planning Local Economic Development* (2002) emphasize the spatial and actor-based aspect by stating that local economic development "refers to the process in which local governments or community-based (neighborhood) organizations engage to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to stimulate local employment opportunities in sectors that improve the community using existing human, natural, and institutional resources" (p. xvi). Both definitions speak to the importance of leveraging *resources*: either mobilizing resources or stimulating resources. This is a point that I want to make clear since the goals of this thesis are to identify the ways in which the process of ethnic entrepreneurship represents a resource with economic development impacts that practitioners can learn how to leverage effectively.

In regards to defining 'ethnic entrepreneurship,' I begin by defining what ethnicity means. Generally the connotation of ethnicity is used to define differences between categories of people. The connotation of an ethnic 'group' also implies that its members are aware of a shared common identity, i.e. a shared heritage and culture. These definitions show that the concept of ethnicity can be both something internalized within the group or externalized by grouping others together.

This is a process that is simultaneously fixed and fluid, since it is possible that connotations of membership and non-membership to a particular ethnic group can change. Waldinger, Aldrich, and Ward, in their book *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies* (1990), write:

In this book, we begin with the assumption that what is “ethnic” about “ethnic business” may be no more than a set of connections and regular patterns of interaction among people sharing common national background or migration experiences. Consequently, our concern here begins with the subcultural dimension of ethnicity – that is to say, the social structures through which members of an ethnic group are attached to one another and the ways in which those social structures are used. (p. 33-34)

The concept of ‘ethnic’ entrepreneurship therefore emphasizes the role that ethnicity, and the social structures that are implied in ethnicity, plays in entrepreneurship.

How should we define entrepreneurship? Entrepreneurs are often described as innovators and risk-takers who identify market opportunities or create new products and build businesses to capture wealth through value-added activities. In essence, they represent potential agents of economic development and are often portrayed in a heroic sense. Henry Ford and Thomas Edison come to mind. However, as Light and Rosenstein (1995) state so explicitly, “existing entrepreneurship theory is elitist” (pp. 1-3). Innovative activity and the creation of new market opportunities can happen at a variety of levels. Though there are many more copy-cats than pioneers, as Kloosterman (2001) emphasizes, “the boundary between these two types is, in practice, not always easily drawn and is very much contingent on specific context” (p. 4). In Lawrence, I can use the story told to me about a Dominican who purchased an Italian restaurant. Since he was not doing so well with the Italian restaurant, and since there were many other Dominican restaurants in the community already, he decided to establish his business as a Peruvian-Italian restaurant and found success. There are numerous other stories of innovative product creation like this (some intended, some accidental), but the point is to broaden our concept of entrepreneurship and how it relates to economic development and ethnicity. For this thesis, I use entrepreneurship liberally to connote those practices where individuals are constantly utilizing a wide range of resources to create market opportunities, whether extremely lucrative or merely marginal. Since for many immigrants who come to the U.S. they are disadvantaged due to limited language skills, limited capital, and limited knowledge of the market, it is possible many types of immigrant businesses could fall into the category of entrepreneurship that I have defined above.

II. ECONOMIC DEVELOPMENT PRACTICE AND THEORY

II.A. Overview of Economic Development Practice in the U.S.¹

Local economic development practice has a strong tradition of being 'industrial developers' (Malizia & Feser, 1999). Local practitioners sought to expand job opportunities and expand the local tax base by attracting outside industries. This practice was often referred to as 'Smokestack Chasing' or industry recruitment, and first emerged during the 1930s in the South. The practice sought to relocate firms from the Northeast and Midwest to the South and heavily depended on the opportunity for lower cost production in the South as compared to the other regions (non-union labor, low-priced land, and tax breaks). Following the success this strategy had on the South in the 1960s and 1970s, a counter-strategy developed in those states losing businesses. These counter strategies also sought to lower the cost of doing business, and took the form of tax abatements, new job tax credits, training programs, low-interest loans, and other subsidies. According to Ross and Friedman, "Doing 'economic development' meant organizing an industrial sales force in the state's economic development agency, arming it with a menu of subsidies to lure footloose plants and back-office operations across state lines" (Ross and Friedman, 1990, as cited in Tomaka, 1998: 5). Some have characterized the period from 1930 to the 1970s when these practices dominated as the First Wave in the Three Waves of economic development practice in the U.S. (Ibid).

The Second Wave of economic development practice began in the 1980s with the realization that global competition meant more had to be done than provide incentives to compete with other states or even other jurisdictions. Thus the Second Wave strategies sought to ensure the growth and development of existing businesses.

States began to realize that to help their existing firms and attract new investment, the production inputs in the local economy, a skilled workforce, risk capital, available technology, sophisticated management information and modern telecommunications – would have to be world-competitive in quality and cost. State government's new role was to ensure that their resources or 'competitive advantage' were available (Ibid: 6).

The Second Wave also focused on supporting the creation and growth of small businesses, and these efforts continue to this day (Bee, 2004). The Small Business Administration (SBA) allocates \$88 million per year for Small Business Development Centers (SBDC), and aggregate federal, state,

¹ For the discussion of the 'Three Waves' section I borrow heavily from Ross and Friedman (1990) as cited in Tomaka (1998).

and other sources for SBDC is estimated at \$200 million per year for the operation of 1,100 SBDCs. In addition a survey of the National Business Incubation Association suggests a total of 950 business incubators in operation occupying an excess of 46 million square feet of space and with an annual budget of about \$345 million per year (Ibid).

The Third Wave, (starting in the 1990s), has advocated a restructuring of government's role in economic development. Tomaka writes that "development practices have moved beyond the promotional philosophy and the "give-the-store-away" mentality of the 1950s – 1970s and the internal focus of the 1980s to become more management focused and market driven in the 1990s" (Tomaka, 1998: 6). Others have also included the concept of promoting 'cluster' development as part of the Third Wave, which focuses on enhancing the overall competitiveness and viability of a locality by enhancing cooperative strategies between firms and industries that are related (either linked horizontally or vertically along the production chain) (Bee, 2004). Such an approach could also entail significant investments into research and development activities by strengthening university-industry relations (see Plosila, 2004).

The 'Three Waves' narrative provides a good macro-level perspective on economic practice over time, but from the level of the city, economic development practice has had a much more 'active' role. During the 1960s, urban renewal strategies pursued the destruction of areas occupied by low-income housing following the rationale that if land was cleared for new, expensive residential structures, it would attract higher-income residents. These actions were based on the theory that wealthy residents would take advantage of the lower commuting costs that would come from being close to the city center, and thus would re-populate urban areas with wealthier populations. These assumptions led to devastating economic development policies that destroyed low-income, working class neighborhoods, and often failing to produce revitalization (Alonso, 1964).

Though renewal strategies do not rely on clearance and destruction any longer, renewal strategies persist today based on the belief that the inner city must compete with the suburbs for the consumer dollars of affluent suburban residents. These types of strategies thus target the development of downtowns as multi-function centers for entertainment, retail, culture, and the arts (see Frieden and Sagalyn, 1989) and amenity developments that promote tourism and attraction of suburban residents as well as developing high-income housing. Such developments could include sports stadiums (major league as well as minor league stadiums), convention centers, waterfront

renewal, golf courses, shopping districts, etc.² Similar to the criticism of industry attraction strategies and 1960s style urban renewal strategies, downtown development schemes and amenity development schemes have had its famous share of failures (see Judd (1995) for an account of the failures from tourism development in Flint, Michigan).

Cities have also sought to mobilize the collective capacity of local businesses to enhance commercial revitalization and match some of the advantages of suburban shopping malls (see Seidman, n.d.). Two popular programs include business improvement districts (BIDs) and the Main Street program. BIDs are a legal mechanism through which the private businesses and landlords in a business district tax themselves to fund services, projects, and activities to improve a defined business district. Most activities include promotional activities, policy advocacy, collaborative maintenance of public space, and even joint investments toward capital improvements. The Main Street program seeks to organize local merchants, residents, and area institutions to enhance commercial districts. Unlike BIDs, the Main Street program relies heavily on organizing and volunteer activities. The goals of the program are to enhance the design of the commercial district, promote the commercial district, and develop the competitive advantage of the commercial district by bringing together a wide range of stakeholders. BIDs are much more private-sector driven than Main Street programs (Ibid).

Lastly, the field of community economic development, which emerged in the 1960s during the War on Poverty with the birth of the community development corporation (CDC), has consistently played an active role in influencing urban economic development (see Grogan and Proscio, 2000). Operating at the scale of the neighborhood, community economic development field has focused primarily on issues of equity, social justice, and opportunity for low-income communities. As the name implies, the field emphasizes the role that a community plays in the process. Though CDCs have shifted focus toward residential community development since the 1960s, innovative strategies have emerged around workforce development, real estate development, and small business support that have enhanced urban economic development.

II.B. Theories of Economic Development³

² Camden, NJ has so far brought a minor league sports stadium, a diesel powered light rail, and an aquarium, and there are plans for a 35 acre development with 1,000 units of luxury apartments and golf course that is expected to displace over 800 low-income households. Generally, all these developments have been targeted towards the Philadelphia market.

³ This section is derived from Malizia and Feser (1999) and Blakeley and Bradshaw (2002).

Economic development theory seeks to explain how and why economic development occurs, and it is the foundation from which economic development practice emerges. However, there is no one theory or concept that fully explains all types of economic development. In this section, I will outline some of the important theories that have provided the basis for economic development practice.

One of the most important theories in economic development practice is *economic base theory*. This theory states that the prosperity of a locale is directly related to the external demand for local goods and services. The income generated from external trade provides the cash for consumption activities in the local market. In locales with sophisticated local markets, a dollar generated from external trade could be used multiple times in the local market, i.e. the factory worker purchases bread from the local baker, the baker purchases ingredients from a local farmer, the farmer purchases equipment from the local carpenter, and so on. These rounds of spending are called 'the multiplier effect,' since a single dollar generated from export trade could generate even greater income for the area. Economic base theory provides the basis for industry recruitment strategies, as well as downtown development strategies, amenity development strategies, BIDs, Main Street programs, and other types of programs that seek to attract external consumer spending.

Economic development practice in general has been criticized for focusing too much on bringing in activities that will generate income from external trade, and failing to develop the local market. A locale with strong external trade that does not have a strong local market will have to use its earnings to import goods, thus negating the benefits from external trade. Without significant multiplier opportunities in the local market, the potential value capture from external demand will not be recaptured but 'leaked' to other locales. Developing local industries so that a locality will not rely on imported goods is called import-substitution.

Sector theory emphasizes the role of local demand in generating economic development. The rise of per capita income in a locale due to increased productivity in lower level sector activities (agriculture, fishing, manufacturing) could enable the development of higher-level sector activities (such as trade and services). One way this could occur is when productivity per worker increases in lower sectors and it frees up labor to enter into higher sector activities. Though sector theory has not directly been applied to economic development practice, its emphasis on productivity and internal demand provide a compliment to the external focus of economic base theory.

Neoclassical theory assumes that the economic system can reach equilibrium if capital were allowed to flow without restrictions. Capital will automatically flow into areas where investment returns are higher, and thus factors of production (such as land and labor) and a local area's productivity can dictate investment flows into particular locales. Neoclassical theory is the rationale behind the calls for reduction in government regulations that may hinder capital flows, and is also the basis for subsidy programs that seek to reduce the cost of doing businesses in a particular locale. Practice that seeks to enhance a locale's competitive edge through enhancing local productivity (i.e. enhancing regional linkages between related industries, workforce training programs, etc.) also relies on neoclassical theory.

Lastly, *entrepreneurship theory* emphasizes the role that individual actors play in generating economic development. As defined above, entrepreneurs innovate, take risks, and identify market opportunities that others may not have seen. Economic development practice has supported the development of entrepreneurship through programs such as the SBDC, business incubators, and financing assistance that are sponsored by the SBA. But strengthening links between innovative activity and industry is another form of enhancing entrepreneurial activity. This could mean support of research and development activities, enhancing partnerships between universities and industry, or strengthening the vertical and horizontal linkages amongst firms to generate innovative cooperation.

Though there are other theories relating to trade, spatial implications of economic development, and products cycles, the above theories provide a good overview of some of the major theories that underlie economic development practice. It is important to note that the major theories of economic development generally do not provide a framework to think about the role that demographic diversity plays in influencing economic activity. The section "Networks, Ethnicity, Ethnic Entrepreneurship, and Urban Economic Development" below will attempt to develop that framework.

II.C. Criticism of Current Economic Development Practice

Some criticisms of economic development policies have already been noted above: the zero-sum inter-jurisdictional competition for business attraction and amenities attraction. Malizia and Feser (1999) also criticize economic development practice for emphasizing the development of certain types of businesses, i.e. large, export-oriented businesses in specific sectors over smaller businesses or locally focused businesses (thus relying on a one-sided approach to using economic

base theory). They write, “accumulated funds from trade, in themselves, indicate neither wealth nor prosperity. Rather, prosperity and wealth come from the productive deployment of local resources” (p. 37). They also highlight that economic development practice has become obsessed with ‘doing-deals’ and the ‘technique,’ and failing to pursue a vision for economic development that considers the public interest.

Malizia and Feser generally fault the above for relying on ‘weak economics’ (see 1999: 8). I agree that a shortcoming of economic development practice is partly weak economics and stubborn adherence to flawed traditions, but as I have stated in Chapter I, a major fault also rests with the presumed universalism of economic development practice. This is embodied in the assumption, put forth by Paul A. Petersen, (1981; as cited in Squires, 1991), that the city represents a unitary interest and all residents benefit from aggregate private economic growth. Squires (1991) counters this logic by writing that ‘the market’ is neither neutral nor impersonal.

[Instead] the market is an area of conflict...Markets are structured by, and reflect differences in, wealth and power. They reinforce prevailing unequal social relations and dominant values...Markets are not simply neutral arbiters maximizing efficiency in production and distribution. *They are social institutions* firmly embedded in the broader culture of American society. (emphasis added) (p. 242)

Therefore benefits that arise from economic development are anything but equally distributed to all, and that some may bear more of the costs while others accrue more of the benefits. Logan and Molotch (1987) are more explicit about power and urban dynamics when they write that ‘growth’ and economic development strategies are an explicit effort to profit from the exchange values that are inherent in urban land. In this framework, economic development practice primarily benefits real estate developers, commercial business interests, and others at the expense of those who actually live, work, and play in these cities.

The presumption of universalism in economic development practice also manifests itself with the perception that consumption itself is universal. This is most problematic in economic development strategies that seek to remake a city’s economic base by promoting consumption activities – retail activities and cultural activities like the arts, music, culture etc. Often times the model for this type of development emphasizes a common sensibility towards what represents mass consumption culture at the expense of what may be locally unique. (Unless, of course, it emphasizes the notion of the ‘exotic,’ such as ‘exotic Chinatown.’ But even the exotic can be easily manipulated and packaged for mass-consumption). Hannigan (1998) considers this as the ‘McDonaldization’ or standardization of consumption experiences. Zukin (1995) emphasizes that as cities shift from production activities (manufacturing) to consumption activities (art, food,

fashion, music, tourism), public space and the meaning of public space becomes increasingly altered for the consumption market – primarily tourists and white suburbanites with significant disposable incomes. Thus, strategies like BIDs and Main Streets have at times been criticized for creating ‘the look’ that is comfortable for suburban outsiders, alienating local city residents who are predominantly people of color. The field of community economic development has actively sought to address these issues through practice, but practitioners in this field often represent a minority voice.

I believe these are some of the serious shortcomings in economic development practice that impacts the ability of economic development practitioners to pursue what Malizia and Feser call the ‘vision for economic development that considers the public interest,’ because these practitioners “fail to understand why and for whom they are working” (1999: 8). In addition, changing demographic factors mean that economic development practitioners who continue these traditional methods may be envisioning an economic development strategy that actually alienates their most recent residents. Or worse yet, economic development practice that continuously looks outside of the community for economic development may be a result of not having an accurate framework to assess the unique opportunities that the rise of new ethnic communities represent. Traditional economic development practice has a history of looking outward to spur development, and the new demographic reality may provide a misguided rationale that such a strategy becomes more necessary. This sentiment exists since many new ethnic communities are communities of color, recent immigrants, and relatively poorer than the existing community, and not the white, affluent, suburbanites that most economic development practice seeks to target. Or even worse, strong divides in the community may promote policies that are exclusionary of newcomer ethnic communities. An economic development approach that is not inclusive of new ethnic communities would be devastating both for cities that desperately need economic development, and for the newly emergent ethnic communities that are also seeking new opportunities.

This is why the need to identify a new framework for economic development theory and a new approach regarding diversity in economic development practice is most pressing in low-income small- and medium-sized cities that have had significant demographic change over the last few decades. Table 2-1 shows cities with populations under 175,000 in Massachusetts, Connecticut, and Rhode Island that have the top 25 highest percentages of Latino

Table 2-1: Top 25 Latino Population Percentage in Cities of MA, CT, RI with Under 175,000 Total Population

State	City	2000 Population	1970 Percent Latino Population	2000 Percent Latino Population	Latino Population Ratio Change 1970 - 2000	2000 Unemployment Rate*	2000 Household Median Income**	HUD Funding in 2001 (\$1,000s)***	HUD Funding in 2005 (\$1,000s)***
MA	Lawrence	72,043	3.48%	59.71%	17.17	8.45%	\$28,303	\$3,828	\$3,042
MA	Chelsea	35,080	3.64%	48.42%	13.28	7.29%	\$30,210	\$0	\$0
RI	Central Falls	18,928	1.04%	47.77%	46.01	8.08%	\$23,208	\$0	\$0
MA	Holyoke	39,838	3.73%	41.38%	11.09	6.74%	\$30,504	\$3,155	\$2,741
CT	Hartford	121,578	7.56%	40.52%	5.36	15.96%	\$24,807	\$8,745	\$7,964
CT	Bridgeport	139,529	9.00%	31.88%	3.54	10.50%	\$34,738	\$6,352	\$6,116
RI	Providence	173,618	0.77%	30.03%	38.93	9.30%	\$27,078	\$10,668	\$10,170
MA	Springfield	152,082	3.34%	27.18%	8.13	8.47%	\$30,485	\$8,375	\$7,186
CT	New Britain	71,538	4.63%	26.75%	5.78	8.90%	\$34,262	\$3,165	\$2,987
CT	Waterbury	107,271	3.70%	21.77%	5.89	8.60%	\$34,519	\$3,973	\$3,696
CT	New Haven	123,626	3.63%	21.39%	5.89	13.79%	\$29,642	\$7,832	\$7,793
CT	Meriden	58,244	6.34%	21.11%	3.33	4.85%	\$43,427	\$1,133	\$1,033
CT	New London	25,671	2.77%	19.71%	7.12	6.80%	\$34,035	\$1,170	\$1,022
MA	Lynn	89,050	1.06%	18.40%	17.41	6.22%	\$37,568	\$4,509	\$4,347
CT	Stamford	117,083	3.79%	16.77%	4.42	4.30%	\$60,701	\$1,795	\$1,901
CT	Danbury	74,848	1.33%	15.75%	11.88	3.94%	\$53,932	\$684	\$715
CT	Norwalk	82,951	4.09%	15.63%	3.82	4.78%	\$59,829	\$1,209	\$1,053
MA	Worcester	172,648	0.95%	15.15%	16.03	6.26%	\$35,726	\$7,896	\$7,879
MA	Fitchburg	39,102	0.22%	14.97%	68.79	8.41%	\$36,962	\$2,035	\$2,003
MA	Lowell	105,167	1.15%	14.01%	12.22	6.53%	\$39,178	\$4,286	\$4,576
RI	Pawtucket	72,958	0.99%	13.90%	14.04	7.14%	\$32,201	\$3,349	\$3,273
MA	Salem	40,407	0.65%	11.24%	17.17	5.40%	\$44,125	\$1,436	\$1,282
MA	Leominster	41,303	1.93%	11.00%	5.69	3.99%	\$44,896	\$553	\$586
MA	New Bedford	93,768	1.13%	10.21%	9.07	8.73%	\$28,026	\$5,291	\$4,846
MA	Methuen	43,789	0.76%	9.64%	12.61	4.28%	\$49,618	\$0	\$0

Source: U.S. Census; U.S. Department of Housing and Urban Development

* 2000 State unemployment rates for MA - 3.0%; CT - 3.5%; RI - 3.6%

**2000 State median household income for MA - \$50,502; CT - \$53,935; RI - \$42,090

***HUD amounts calculated from CDBG and HOME funds

population in 2000. 22 of these cities had less than 5% of their population identified as Latino in 1970, but in 2000 five of these cities had over 40% of their population identified as Latino in 2000. Lawrence, Massachusetts, went from having just 3.5% of its population identified as Latino in 1970 to 59.7% in 2000, the highest percentage of Latinos on the list. The table also shows that all of these cities had unemployment rates in 2000 that were higher than the corresponding state unemployment rate. Except for a few exceptions, these cities also have median household incomes well below that of state rates in 2000. The final two columns on the right show the amount of federal resources from the Department of Housing and Urban Development these cities received in 2001 and 2005. This indicator shows that some of these cities receive a large amount of support from the federal government towards urban economic development.

For the local economic development practitioner working in the context of economic poverty and changing demographics, the challenge is to identify a responsible vision of economic development that considers all the existing local resources that are available, particularly the local resources that may be available in the newly emergent ethnic community. Existing economic development theory fails to provide a substantive framework to guide economic development practice within this context. And if economic development practice continues in its current manifestation, the following results are foreseeable:

- The disregard of potential economic development *opportunities* available in existing local capacity through the influx of new residents (and thus all the resources connected with that capacity). Ignoring these opportunities will mean losing the opportunity to leverage a new growth sector for city-wide urban economic development.
- Continuation of economic development practice that would further disadvantage low-income communities and ethnic minorities through direct and indirect economic segregationist policies. This highlights the fact that wealth creation strategies that benefit some may actually lead to poverty perpetuating strategies that place undue burdens on others. Such practices are anything but economic development.

Therefore, bringing economic development practice to the 21st century means building on the economic development theories that make up the foundation of economic development practice by directly addressing issues of diversity and demographic change. The literature review in the

following section specifically tackles these issues by examining the role that social structures play in influencing economic activity. Specifically, the section addresses the impacts that ethnic community formation, and the rise of ethnic entrepreneurship, has on urban economic development. The theories and concepts that I extrapolate will provide a new set of conceptual frameworks for economic development theory to address issues of diversity and demographic change, proposing an alternate vision for economic development practice in the 21st century.

III. NETWORKS, ETHNICITY, ETHNIC ENTREPRENEURSHIP, AND URBAN ECONOMIC DEVELOPMENT

III.A. Sociology and Economics

James Coleman describes two broad intellectual streams in the description and explanation of social action:

One, characteristic of the work of most sociologists, sees the actor as socialized and action as governed by social norms, rules and obligations. The principal virtues of this intellectual stream lie in its ability to describe action in social context and to explain the way action is shaped, constrained, and redirected by the social context.

The other intellectual stream, characteristic of the work of most economists, sees the actor as having goals independently arrived at, as acting independently, and as wholly self-interested. Its principal virtue lies in having a principle of action, that of maximizing utility. (1988: p. S95)

Therefore, the field of sociology is criticized for not giving the actor a motive for action (maximizing utility in the form of wealth, personal gain, etc.), and the field of economics is criticized for ignoring the observation that actions are shaped by social context (such as cultural norms, familial and kinship obligations, etc.). The criticisms of economic development theory highlighted in the prior section is similar to the criticism of economics above: the assumption of universalism (or better defined, as a universalism based on individualism without any consequences of culture), and thus the inability to identify that certain actions will have vastly different consequences (benefits/costs) for different groups as a result of social and class differentiation. This speaks directly to the need for finding more efficient and more equitable economic development strategies by re-examining the theories behind practice. In addition, the goals of reviewing alternative concepts are to develop a better understanding of the ways in which economic action, and thus economic development, occurs. This will show that a non-universalistic approach that considers diversity and demographic change can unearth *new economic development opportunities* in demographically diverse communities.

The literature review I conducted primarily focused on sociological research in the field of economic sociology, particularly research that looked at the role of ethnicity in influencing economic activity. I also used research from economics that looked at the impact of 'networks.' Overall, I sought to answer the following questions through the literature review: How does 'ethnicity' influence economic activity? How does the development of an ethnic community influence economic activity? How does ethnicity influence urban economic development at the level of the region, city, or neighborhood?

Using the definition of 'ethnicity' supplied earlier in this chapter by Waldinger, et al, the above questions are mostly concerned with "the social structures through which members of an ethnic group are attached to one another and the ways in which those social structures are used" (1990: 33-34). So in rephrasing the questions above, the main question could be summarized as the following: **How do the social structures that bind members of an ethnic group influence economic activity, and how could this influence have economic development impacts?** From the literature review I identified three conceptual frameworks from which to approach the question posed above:

- The Ways that the Migration Process and the Process of Ethnic Community Formation have Economic Impacts
- The Role of Social Networks on Economic Activity, and the Role of Ethnic Networks in Resource Mobilization
- The Role of Ethnic Entrepreneurship in Influencing Urban Economic Development through the Reconfiguration of Economic Geography (Three Cases)

Using the three conceptual frameworks below, I seek to explain the role of social structures in influencing economic activity. This will be followed by identifying four key points that will highlight how economic development theory should reconsider its presumed universalism.

III.B. The Ways that the Migration Process and the Process of Ethnic Community Formation have Economic Impacts

To begin, it is important to clarify that when speaking about ethnic groups in the U.S., I am referring to ethnic groups who have come to the U.S. from different countries, often in pursuit of

economic opportunity. Essentially, this is what makes 'ethnicity' what it is – the differentiation of the migrant individual from the 'native' residents by nationality, culture, language, and other identifiable factors. As this section will show, the process of migration is an important influence on the formation of social structures and thus the formation of ethnic communities.

Massey (1988) provides an overview of migration network theory and highlights two processes through which social networks (family and kin, friends, associates, hometown compatriots, etc.) have an impact on the migration process. First, "migrant networks are sets of interpersonal ties that link migrants, former migrants, and non-migrants in origin and destination areas through the bonds of kinship, friendship, and shared community of origin" (p. 396). The networks help facilitate the migratory process, and ensure that the costs and risks of relocation are reduced. This could mean assistance in acquiring jobs, housing, and other necessities, as well as psychological and social support. Second, while the first few migrants bear the greatest costs and risks of migration, once the migration network is established the continual flow of migration actually enhances the migration network (a process called 'cumulative causation'). The theory of migration networks emphasizes that settlement patterns of ethnic groups could occur from factors that are purely economic (moving towards job opportunities, for example), but that social networks play a significant role in facilitating these moves.

Light, Bernard, and Kim (1999) argue that not only do these migration networks reduce the cost of migration and relocation, but they also expand the amount of resources in the destination economy. One way this occurs would be through the increased efficiency the network produces in facilitating job searches and filling housing vacancies as the network grows. The limitation of this is that it is possible for a destination economy to be over-saturated, leading to job and housing shortages. But migration networks could also postpone economic saturation or avoid it altogether through two methods:

First, migration networks, which supply needed labor, encourage nonimmigrant entrepreneurs to create new jobs in immigrant receiving localities. This shift enhances the supply of jobs available to immigrants at no expense to nonimmigrant workers. Second, immigrant entrepreneurs buy faltering firms from nonimmigrant owners or start new ones, staffing them with immigrant workers. (Ibid: 9)

Therefore, the process of migration can complement the varying capacities and resources of differentiated demographic groups, whether between native and recently arrived ethnic groups, or between two different ethnic groups. Light, et al points to the garment industry in Los Angeles, where a large proportion of entrepreneurs are Asian immigrants and a large proportion of laborers are Latino immigrants, as an example of the latter.

Entrepreneurship could also develop internally within the ethnic community in the destination locale. Waldinger, et al (1990) point out that opportunities for ethnic entrepreneurship arise in neighborhoods where the ethnic group concentrates residentially, but he emphasizes a cumulative causation of ethnic concentration not just from migration networks, but also from the rise of the ethnic businesses themselves through agglomeration economies.⁴ Concentration of ethnic businesses could attract a regional customer base of co-ethnic customers, strengthening the site as a destination. Increased customer traffic also enables the viability of specialized services, thus attracting further migration of co-ethnics and further solidifying the dominance of that specific enclave. This concept strongly complements the concept of migration networks having a feedback loop upon itself. The development of ethnic entrepreneurship could enhance these processes.

This type of development of co-ethnic settlement patterns and simultaneous ethnic entrepreneurship has been well documented amongst Cubans in Miami (Wilson and Portes, 1980; Wilson and Martin, 1982). Cubans first arrived in Miami following the rise of Fidel Castro in Cuba in 1959. The first immigrants to come generally represented landowners, industrialists, and managers of foreign corporations, and though later migrants would eventually represent the urban working class, many Cuban migrants represented the well to do who brought significant assets to the U.S. (Wilson and Portes, 1980). The majority of Cubans settled in Miami, creating what some have called an 'ethnic enclave' because an abundance of Cuban owned businesses that catered to the large Cuban residential community (Ibid). The businesses are both horizontally and vertically integrated, replicating a 'monopoly' type market internalized within the Cuban ethnic market. Just as monopolies in the mainstream market capture significant capital flows due to dominant market position, Wilson and Martin describe the Cuban ethnic entrepreneurs in Miami's Cuban community in much the same way. A significant amount of transaction activities occur between co-ethnics, both business to consumer transactions and business-to-business transactions. Wilson and Portes highlight that this ethnic enclave represents wealth creation opportunities for Cubans in the co-ethnic marketplace that would not be available in the open economy, either in the labor market or through entrepreneurship that did not cater to co-ethnics. Language barriers, cultural differences, and the inability to transfer previously acquired skills and credentials are just some of the limitations that Cuban migrants would have faced in the open market, particularly for recently arrived migrants. The ethnic enclave thus enabled the possibility of engaging in higher value-

⁴ Agglomeration economies can be described as the reductions in costs or improvements in productivity for individual firms, which come about through the concentration of industry and other activities in particular locations (Malizia & Feser, 1999: 95-96).

added activity than what would otherwise have been available to individuals, fully capturing the economic potential of individuals and resources.

One final point regarding the migration process, the process of ethnic community formation, and economic impacts is the general role of economic pull factors that attract migrants, and thus act as generators for the development of the co-ethnic economic activities mentioned above. Ramon Borges-Mendez and Miren Uriarte's research on Latinos in three small- and medium-sized New England towns (Lawrence and Hoyoque in Massachusetts and Providence in Rhode Island) show that job opportunities in the manufacturing sector played a significant role in the development of various Latino enclaves (Borges-Mendez & Uriarte, 2003). As this sector of the economy weakened in New England, and as less and less white workers were available to do this type of work (or were unwilling to do this types of work), a significant number of Puerto Rican and other Latinos began entering this industry sector in these cities. (This dynamic will be discussed further in Chapters III & IV). Thus, there is a strong connection between economic adjustment and demographic shifts. This is a different dynamic than the example of the Los Angeles garment industry above, where it is not clear what the sequencing for the rise of economic activity was: Did the garment manufacturing attract ethnic workforce and ethnic entrepreneurs? Did ethnic entrepreneurs recruit an ethnic workforce to develop the garment industry? Or did the ethnic workforce attract the ethnic entrepreneurs?

In summary, the analysis of the migration process reveals the process through which ethnic communities form. The process of migration acts as a delivery mechanism that can efficiently transport an individual from one social structure at the place of origin to another at the place of destination. This process has economic influences, as social structures are conduits for resource mobilization amongst co-ethnic networks. Jobs, housing, and informational resources are available along with entrepreneurship opportunities (and this can occur strictly to serve fellow co-ethnics [Cubans in Miami], or with other ethnic groups [Asians entrepreneurs and Latino workforce in the garment industry in Los Angeles]). The next part will speak more specifically about the issue of resource mobilization within ethnic networks.

III.C. The Role of Social Networks on Economic Activity, and the Role of Ethnic Networks in Resource Mobilization

Granovetter asserts that all economic action is embedded in networks (1985 (as cited in Coleman, 1985; and Portes, 1995). This implies that economic transactions are not purely rational decisions made using cost/benefit calculation, but are embedded in "overarching social structures

that affect their form and their outcomes" (Portes, 1995: 6). Individuals are embedded in broad social structures in the form of personal relations and networks of relations that are characterized by trust, expectations, and enforceable norms. Social structures therefore have history and continuity that can be independent of economic transactions and the economic system (Ibid).

Rauch uses the effective example of international trade networks to illustrate how social structures could influence economic activity primarily through the reduction of transaction costs. Since there are significant costs associated in the search process for the optimal supplier for distributors, or for suppliers to find optimal distributors, actual economic transactions are "strongly conditioned by proximity and preexisting 'ties' and results in trade networks rather than 'markets'" (1996: sec. 2, 2nd para.). Therefore existing social networks of relationships characterized by trust, shared expectation, and enforceable norms can enable the development of trade networks. Johansson and Quigley's research primarily examine networks between firms and within firms, but they also highlight the impact that networks with transaction agreements and routinised agreements have in reducing transaction costs. These include savings in "search, negotiation, contract formulation, legal advice, and documentation" costs (Johansson and Quigley, 2004: 169). Networks based on trust, expectations, and shared norms shaped by social structures would seem to replicate these benefits as well. The two authors propose that effective networks have similar impacts to the benefits of agglomeration, where the co-location of different types of firms enable a significant reduction of transaction costs as well.

But not all research shows equivocally that social structures enhance economic activity. Some research has shown that obligation to social structures can lead to actions that do not lead to individual profit-maximizing outcomes (therefore potentially limiting economic outcomes). There is also an extensive amount of research examining how social structures can enhance economic activity (Granovetter, 1995; Portes, 1995; Portes and Sensenbrenner, 1993; Rauch, 1996; Rauch 2001; Rauch & Casella, 2001). Some explanations of why these impacts occur is examined below.

Granovetter's examination of various studies of groups in Java, Philippines, Morocco, and elsewhere identify contexts where social structures enhance the development of larger scale enterprises (and thus achieve higher level economic activity), and other contexts where social structures do not lend themselves to the development of firms and enterprises aside from small-scale businesses (1995). In the latter context, complex, larger-sized firms do not develop despite there being significant entrepreneurial spirit. He finds that "the solidarity required for assembling

coherent combinations of economic activity depends on a well-defined collection of people who identify one another as belonging to the same collectivity by ethnic or even more specific markers such as place of origin" (p. 142). However too much collectivity could also lead to overburdensome obligations towards potential free loaders (he cites an example from Bali). Too little collectivity leads to every-person-for-her/himself mentality (he cites an example from the Javanese city of Modjokuto and the Philippine city of Estancia).

For Granovetter, the model example is the overseas Chinese traders in Southeast Asia. The existence of trust within the community enables the pooling of resources, there are expectations that obligations will be met, and there exists sentiments that collective solidarity will be enforced. The social structure developed partly through the migration process: family ties, development of various associations that were connected to places of origin, and other processes. Being of minority status culturally and linguistically in Southeast Asia also meant weak access to local ties, but strong ties to the network of other overseas Chinese dispersed across other localities. According to Granovetter, this ensured that non-economic social obligations do not burden the Chinese as would to those in the majority, native group.

In the U.S., ethnic entrepreneurs operating businesses primarily catered to larger, but more impoverished populations have been called 'middleman minorities,' a term first used by Bonacich (1973). Korean entrepreneurs represent the most studied middleman minority group, (though middle eastern entrepreneurs also hold this distinction), operating retail businesses in mostly African American communities.⁵ Often the 'middleman minority' label implies a negative connotation, since these entrepreneurs are considered to be occupying "economic spaces abandoned or disbanded in mainstream businesses and simultaneously provide a buffer between these businesses and the poor populations they serve" (Portes, 1995: 27). However, it should be recognized that even middleman minorities arise out of ethnic networks. Within the Korean community, these businesses are the results of co-ethnic networks collaborating resources to generate these opportunities either through horizontal or vertical monopolization of specific types products and services. Rauch (2001) relates the dominance of Korean entrepreneurs in the African American wig industry due to vertical monopolization of the wig trade internationally by Koreans.⁶ Various levels of Korean associations also exist in the liquor industry (Chang, 1993), the dry

⁵ The author has intimate knowledge of family members and others who have operated retail stores, laundromats, and grocery stores in African American and Latino communities in New York City.

⁶ My research with a former Dominican hair salon owner in Lawrence also commented on the dominance of Korean retailers in the hair products trade (Graziano, interview, 3/29/05. See Footnote #25 below.

cleaning industry, and as small grocery store owners.⁷ The Korean entrepreneurial experience represents the use of ethnic networks, and the social structures present in those networks, to develop cooperative activities that enable significant economic activity.

An important aspect of both the Korean middleman minorities and the overseas Chinese traders in Southeast Asia is the ability of their respective ethnic network to mobilize resources for collaborative aims that lead to enhanced economic activity. The resources available to single operators would not be effective in leveraging favorable purchasing terms from suppliers, for example, nor in gathering the sufficient information to operate certain types of businesses. Waldinger, et al (1990) highlight 7 specific problems that ethnic entrepreneurs encounter in founding and operating their firms, but show that ethnic strategies (defined as “adaptations ethnic entrepreneurs make to the resources available to them, building on the characteristics of their groups” (p. 46)) enable them to overcome these challenges:

(1) acquiring the *information* needed for the establishment and survival of their firms; (2) obtaining the *capital* needed to establish and expand their business; (3) acquiring the *training and skills* needed to run a small business; (4) recruiting and managing efficient, honest, and cheap *workers*; (5) managing relations with *customers and suppliers*; (6) surviving strenuous *business competition*; and (7) protecting themselves from *political attacks*. (emphasis in original) (Ibid: 46)

Light and Bonacich (1988) identifies ethnic strategies as ‘ethnic resources,’ and can include “values, knowledge, skills, information, attitudes, leadership, solidarity, and orientation to sojourning, and institutions” (p. 18-19). They note that this is a separate resource from ‘class resources,’ which are cultural and material. While ‘ethnic resources’ which may be available due to membership in a particular ethnic group, ‘class resources’ are class-specific. Whether it is defined as ‘strategies’ or ‘resources,’ these concepts show that ethnic networks can be an effective means of resource mobilization. This concept of resource mobilization through networks has also been described as ‘social capital.’ Portes (1995) defines social capital as “the capacity of individuals to command scarce resources by virtue of their membership in networks or broader social structures...The resources themselves are *not* social capital; the concept refers instead to the individual’s *ability* to mobilize them on demand” (p. 12, italics in original). This is an important concept to help identify those intangible resources that are not measurable by normal standards, but are important nonetheless in enabling economic activity.

⁷ There exists a Korean Drycleaners-Laundry Association and a National Korean American Grocers Association.

These concepts show that there are two explicit means through which ethnic networks influence economic activity. First, ethnic networks represent social structures through which economic transactions could occur. These networks could reduce transactions costs through the collective sense of trust, shared expectations, and enforcement of norms. Second, ethnic networks could be an effective means of resource mobilization, particularly in communities where individuals do not hold significant amount of resources by themselves. The availability of intangibles, such as information, advice, and social support, as well as tangible resources such as credit, enhance the capacity of the group to develop higher value added economic activity than what would have been available individually.

Lastly, it is important to point out that ethnic affiliation alone does not automatically translate into tangible economic actions (the development of trade networks, development of firms, or the availability of resource mobilization). Other factors are at play, including the migration process described in the prior section above, that could lead to ethnic networks that enhance economic activity. Ethnic pluralism may enforce one's sense of identity in response to a dominant native culture that is either discriminatory or hostile. Family and kin relationships can also play an important role in such a context by enforcing a sense of shared identity that is family and kin-based. This has the impact of strengthening ethnic identity since associations are primarily with co-ethnic family members. Ethnicity by itself may not necessarily create the requisite relationships for influencing economic transactions, but the migration process, ethnic pluralism, and additional factors and processes could enforce the role of ethnicity as a common denominator for establishing networks that enhance economic activity.

III.D. The Role of Ethnic Entrepreneurship in Influencing Urban Economic Development through the Reconfiguration of Economic Geography (Three Cases)

This last section directly tackles with the presumption of 'universalism' in economic development theory. As the prior two sections have shown, the formation of ethnic communities represents the potential for diversification of economic opportunities from what was previously available. Each of the examples that I have cited from prior studies show that the development of an ethnic presence (whether as entrepreneurs, as residents, or as both) led to the development of differentiated market opportunities. Granted, this is not to imply that any introduction of demographic change will automatically lead to economic development impacts. But what the research on ethnic entrepreneurs explicitly shows us is that a diverse economy exists. The flow of resources (whether it is financial capital or social capital) are not universally available, but are

embedded in social structures. The development of ethnic entrepreneurship within the overseas Chinese community in Southeast Asia, the Cuban community in Miami, or the Korean community in urban neighborhoods across the U.S. represents the process of resources being mobilized around specific forms of collective identity. As Light and Rosenstein state,

...immigration eventuates in a pluralistic society whose labor force consists of initially diverse groups still unequally assimilated and acculturated. In economic terms, cultural diversity means a mosaic of groups that differ with respect to socially oriented action patterns, embeddedness, social networks, social capital, ethnic resource, and so forth. (1995; 202)

These concepts remain abstract, however, until one examines how the process of migration, ethnic community formation, ethnic resource mobilization, and ethnic entrepreneurship has a direct impact on the economic geographic of neighborhoods and cities. Three cases below of Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City will be explored.

The example of Cubans in Miami provides an excellent case. In the section above, I referred to the development of an internalized monopoly within the Cuban co-ethnic community. From the city of Miami's perspective, there are three economic development processes occurring from the migration and settlement of the Cuban community. First is the added value that comes from the migration process itself using underutilized local assets so that available jobs, vacant housing, and other resources are allocated amongst the arriving migrants. Second is the development of entrepreneurship opportunities that develops amongst native-born as well as the migrant newcomers. These two processes I have already highlighted above. The third process involves the reconfiguring of economic geography due to the possibility of new trade networks and the resource mobilization capacities of the migrant Cubans. Wilson and Martin (1982) acknowledge that the success of the Cuban enclave in Miami was not solely due to internal forces. Cubans in Miami were able to leverage the city's strategic location to enhance international trade with the Caribbean, Latin America, and Europe. This trade development also relied on the Cuban migrants' ability to trade in specific ethnic goods such as cigars and specialty foods.

For Miami, this has meant that the city now sits in a different position in the context of the global flow of economic activity. As Cubans are able to profit from the flow of international trade, these profit flows also enter the horizontally and vertically integrated co-ethnic enclave. This represents added value recapture for the city in the form of tax revenues, but value is added in less tangible forms as well with the economic success of Cuban entrepreneurs. This can be in the form of storefront entrepreneurs who provide 'eyes on the street' and make sure that the property around their storefront is clean, safe, and inviting. It can also take the form of developing civic

leaders who form institutions, fund charities, and make other types of social investments into the community (Douglas Rae⁸, 'Forgotten Cities' Lecture 3/16/05). The overall benefit that Cuban migrants brought to Miami has been significant both economically, socially, and culturally.

Another prominent example are the Taiwanese in Southern California, particularly in Monterey Park (known as "Little Taipei"). The Taiwanese on the West Coast have been recognized for their entrepreneurial activity in the high-tech industries of Silicon Valley, and particularly for their trans-national entrepreneurship with development in Taiwan. Saxenian (2002) points out that transnational production networks formed through Taiwanese ethnic networks connected the development of technology firms in Taiwan with the development of the high-tech industry in Silicon Valley. Saxenian attributes these developments to the availability of communications technology, and that "transnational entrepreneurs are well positioned to identify new market opportunities in global production networks – and even to innovate and destabilize established hierarchies of production" (p. 4). According to Tseng (1995), it was within this context of enhanced cross-Pacific trade and investment that Monterey Park's commercial community went from deteriorating to thriving starting from the 1970s. The cause of this development was the influx of Taiwanese entrepreneurs into Monterey Park who were able to tap into the regional Los Angeles Taiwanese community and the transnational Taiwanese community's purchasing power. The impacts on Monterey Park and other areas nearby were reported by the *Los Angeles Times*:

Business strips once moribound have been revitalized with an infusion of Asian (Chinese) enterprise and money. Lots that were vacant only a few years ago now support an odd meld of suburban mini-malls and pulsing Far East marketplaces. (Arax, 1987; as cited in Tseng, 1999: 51).

More surprisingly, these developments continued strong into the 1990s despite Southern California going through its worst economic recession since World War II. Tseng attributes the unique growth to the health of the Taiwanese economy in Taiwan at the time. He notes that brochures could be found in Taiwan advertising that "In Monterey Park, you can enjoy the American life quality and Taipei's convenience at the same time" (Tseng, 1995: 39). This enabled Monterey Park to be part of a separately connected, global market altogether that traversed the Pacific Ocean, sheltering it from the regional recession. Taiwanese businesses in Monterey Park actually increased demand and raised rents at the time.

⁸ Douglas Rae is Professor of Political Science and Management at Yale University, ('Forgotten Cities' Lecture, 3/16/05).

The consequences from this influx of investment into Monterey Park and surrounding areas has been a perception that development was not 'American' enough from non-Taiwanese residents, and Tseng notes that Taiwanese entrepreneurs faced discrimination, particularly by the local government. He quotes a local Taiwanese business owner who states that the local government officials "don't feel comfortable about the fact that Chinese are the dominating business developments in the area. During this economic downturn, only the Chinese are investing. I think they should realize that we contribute a lot to this area's prosperity" (Ibid: 54). The success of the Taiwanese enterprises lead to a gentrification-type impact, though Tseng notes that Monterey Park was still facing fiscal challenges despite strong investments.

Both the Taiwanese in Monterey Park and Cubans in Miami reflect how the process of migration and the development of ethnic communities could have significant urban economic impacts. Both ethnic groups introduced new resources into the destination locale (whether in the form of human skills or financial capital), both leveraged resources from each other and resources outside of the community, and lastly, they were able to reconfigure the economic geography of their respective cities. Miami became connected with Latin American and Caribbean trade flows in ways that it was not connected before, and Monterey Park became connected with the regional Los Angeles Chinese community and as far as Taiwan. However, both the Taiwanese in Monterey Park and Cubans in Miami are examples that are unique due to the financial resources each group had at hand. This is why the final case study, a study of Dominicans in Washington Heights, is unique, since they neither had the benefit of a robust home economy nor the unique circumstances like that of the Cubans (see Chapter III for more information on the history of Dominican migration to the U.S.). Yet the similar processes that happened in Miami and Monterey Park mirror themselves in the Dominican community in New York City, specifically in the areas of Washington Heights and the South Bronx.

Most research and journalistic portrayals of the Dominican community in New York City portrayed them as individuals occupying the secondary labor market (very low-wages with long hours, few benefits, and little chance for upward mobility), and entrepreneurial activity as limited to a few grocery stores and restaurants, plus gambling and street drug trafficking. Expecting to find confirmation of this in the Washington Heights neighborhood of New York City (where 50% of Dominicans living in New York City resided in 1980), Portes and Guarnizo, in their study of Dominican entrepreneurs, instead write, "we were genuinely surprised to encounter instead a thriving entrepreneurial community (1990: 111). They identified a Dominican presence in specific

industry sectors in New York City, specifically private cab companies, inner-city Latino-focused supermarkets, and small corner grocery stores (bodegas). They also found significant number of stores providing for the co-ethnic market, three Dominican-owned newspapers, and two Dominican-owned televisions stations. The authors also found access to informal sources of credit within the community, showing that a significant amount of trust and enforceable norms were present to enable this type of activity. Guarnizo's more extensive work on New York City Dominican entrepreneurs reveals the depth of this entrepreneurial activity as being part of a co-ethnic process – out of a survey of 91 business owners, 56% of the respondents had either relatives or close friends who owned businesses, and 33% of the total sample worked for such firms (Guarnizo, 1992: 212). The same survey found that 51.6% of the firms were started directly by the respondent, and 27.7% of the firms were purchased from a co-national. This shows a tremendous amount of co-ethnic cooperation in developing businesses. Dominicans also sought relationships with Puerto Ricans in regards to political incorporation (since Puerto Ricans are U.S. citizens), and predecessor Cuban firms in the city who provided access to loans, acted as suppliers for Dominican-owned bodegas, and extended reasonable credit (Ibid: 106-108).

At the street level, this entrepreneurial activity had translated into active, bustling neighborhoods that were once bleak and deteriorating. According to Guarnizo, several accounts acknowledge that the presence of Dominican-owned enterprises “is partly responsible for the increased vitality that the South Bronx has begun to display” (Lemann, 1991: 101 as cited in Guarnizo, 1992: 104). This is significant considering that Washington Heights and, in particular, the South Bronx were heavily disinvested neighborhoods. Guarnizo identifies three specific impacts that Dominican entrepreneurship has had in those communities:

First, at the social level, the immigrant-owned businesses help improve the social environment by supplying jobs, goods, and services that the dominant economy no longer provides in these areas; moreover, the noticeable presence of shoppers erase the image of abandonment and despair of many inner-city neighborhoods. Second, successful immigrant entrepreneurs help expand the local economy, because of their ‘uncovering’ of the profitability of hitherto unserved clientele attracts many other entrepreneurs to open new shops. Finally, the aggregate effect of the physical upgrading of their commercial locales, a common practice of most immigrant entrepreneurs, results in a generalized feeling of neighborhood improvement. (Guarnizo, 1992: 252)

Guarnizo also attributes the success of Dominican entrepreneurs to the presence of ethnic ‘social capital’ working as a “double safety net,” reducing both internal risk of the firm and the external risk of the market (p. 312). The characteristics of flexibility, collective resource

mobilization, and ability to identify opportunities had enabled Dominican entrepreneurs to find success where the mainstream market was absent.

Guarnizo notes that Dominican entrepreneurs were often the victims of their own success in New York City, a process that is the reverse of the Taiwanese in Monterey Park. As neighborhood conditions improved, reinvestment from the mainstream, corporate market led to rent speculation, and thus the pricing out of Dominican entrepreneurs who tended to be small business owners. Guarnizo suggests that this is a result of both city actions and the globalization of New York City's economy (see footnote #30, Guarnizo, 1992: 252). Despite these dynamics of investment and displacement, Guarnizo notes that Dominican entrepreneurs continued to be pioneers and continued to seek out new investment opportunities in cheaper areas due to the availability of ethnic resources within the Dominican community (p. 427).

IV. ESTABLISHING THE FOUNDATIONS FOR GUIDING ECONOMIC DEVELOPMENT PRACTICE IN THE 21ST CENTURY

The three conceptual frameworks above provide an expansive look into the ways in which migration, ethnic networks, and ethnic entrepreneurship can influence urban economic activity, and how this influence can have urban economic development impacts. Four main summary points can be extrapolated from above:

- *Distinguishable from the 'open market,' flows of capital can be embedded in ethnic networks* – Economic transactions and flows of goods, capital, and resources are not always 'open,' but rely on networks that connect willing suppliers, distributors, and consumers. Networks provide certain economic benefits (reducing transactions costs), and ethnic networks represent a potential network in which economic activity can be embedded. In a diverse society with many ethnic groups, this demographic diversity can lead to diversity in economic networks. The assumption of a universal, open marketplace would ignore the diversity of actual economic activity that persists between, across, and within these multiple networks.
- *Significant social capital can be embedded in ethnic networks enabling effective mobilization of scarce resources* – Economic activity and entrepreneurship relies as much on information and shared sense of trust, expectation, and norms as it does on the

availability of financial capital. The mobilization of all these types of resources relies on social capital. Ethnic entrepreneurs often must mobilize resources from outside of her/his immediate means in order to deal with various types of risks, including firm risk and market risk. The availability of social capital enables individual entrepreneurs to take on greater risks and enhance chances of success than what would be have been available had the individual acted alone.

- *The development of ethnic entrepreneurs in a neighborhood or city could have cumulative effects* – The existence of ethnic entrepreneurship within an ethnic community can enhance the capacity of the community to mobilize resources toward further entrepreneurship as well as other ends that have direct and indirect economic impacts. Direct economic impacts could mean jobs, increased incomes through higher value recapture, and a more diversified economy. Indirect economic impacts could include training for future entrepreneurs, build-up of civic institutions, and other types of investments directed at enhancing the ethnic community's capacity for enhancing economic activity.
- *Ethnic entrepreneurship has the capacity to influence commercial revitalization and urban economic development* – Building on the three points already stated above, ethnic entrepreneurship can enhance the investment resources available to a neighborhood or city. This occurs through the effective mobilization of individual and collective resources whose origins often span across traditional boundaries (even international boundaries). Particularly for urban areas that have faced significant disinvestment due to white, middle-class flight and strong competition from the suburbs, ethnic entrepreneurship represents a reconfiguration of the economic geography. Cities and neighborhoods that were considered high-risk by the 'mainstream' can become viable to an alternate ethnic market. Through development of ethnic entrepreneurs, the ethnic community can reconnect the city or neighborhood to alternate flows of capital and other types of resources, and thus represent a new investment stream.

Therefore, the conceptual frameworks help to enhance existing economic development theory in two very important ways. **First, the three frameworks help to shed the universalist ethos**

that dominates economic development theory, and explicitly emphasize the role of diversity in influencing economic development. Earlier, I emphasized that the market is a place of conflict, with opposing interests vying for the development of the city. Thus a presumed universalistic economic development strategy inevitably leads to unbalanced growth since the costs and benefits resulting from economic development projects are unevenly distributed amongst diverse players. I showed above that economic activity occurs in anything but homogeneous environments, and that diverse networks of social structures create differentiated markets. My purpose had been to show that ethnic networks represent one such type of social structure in which economic activity can be embedded, but it is possible that other forms of networks could enable other types of economic activity. Overall, economic development practice has to consciously analyze the role of various social structures that create diverse, differentiated market flows in a specific locale, rather than assume a universalist ethos. **Second, the frameworks enhance economic development theory by uncovering opportunities that would have been overlooked by traditional economic development theory.** As I had stated earlier, there is no universal economic development theory that can explain all forms of economic development. Existing economic development theory would not be able to explain the various examples that I had provided above of the various roles that ethnicity plays in impacting urban economic development without the three conceptual frameworks that I had outline above.

Therefore the three frameworks introduced in this chapter provide an important analytical tool to ensure that economic development practice becomes more responsive to the demographic reality of urban places across the U.S. As native-born residents continue to favor residence in the suburbs, along with jobs and purchasing power, many cities will continue to experience demographic shifts that will repopulate the city with different ethnic groups. These new residents represent a new market and a new set of resources and opportunities, and therefore new strategies must be sought within economic development practice to leverage this change. For cities that face significant economic hardship, ensuring that these resources and opportunities are identified and leveraged appropriately is an even greater need. Failure to do so would be devastating to the city, as well as to those communities that have come seeking to be part of the city. Therefore the need exists for a new approach in economic development practice that embraces diversity.

It is important to recognize that many in the field of community economic development have been at the forefront of engaging in practice that complements the existing assets of a local community, whether it is new residents or old residents. However these efforts generally have

been place-based, focusing on the physical boundaries of a community without emphasizing the non-spatial interconnectedness of local residents. Or on the opposite extreme, efforts have been people-based, at times assuming an individualism that often fails to see the complex web of resources that individuals inhabit within social structures. The analysis provided by the conceptual frameworks above could help to identify an approach that could bridge the disconnect between the two approaches in immigrant communities.

For the case study, I will apply the conceptual frameworks of the migration process, the process of resource mobilization, and the reconfiguration of economic geography to Dominican entrepreneurs in Lawrence, Massachusetts. I will show that the conceptual frameworks provide an effective analytical tool for economic development practitioners in identifying both how demographic change influences economic activity and how opportunities for economic development may lie within that process.

CHAPTER III: CONTEXT & BACKGROUND OF THE CASE STUDY

SUMMARY: This section provides a brief history of the city of Lawrence, Massachusetts, the history of Dominican migration to the U.S., and the contemporary context of Dominican entrepreneurs in Lawrence, Massachusetts. The goal of this section is to provide the reader with important contextual information regarding Lawrence and the Dominican community.

I. LAWRENCE, MASSACHUSETTS: HISTORY AND CURRENT CONDITION OF THE 'IMMIGRANT CITY'

Lawrence, Massachusetts was first incorporated in 1847 by The Essex Company, a group of affluent Boston entrepreneurs. Located by the Merrimack River, the city was 'created' to harness the power of the river to power textile mills and to provide housing for the workers who would supply labor to the mills. The town plans incorporated streets, stores, housing for managers, churches, as well as buildings for local government, and all these functions were geared around the planned mill facilities. Lawrence was an attempt by investors to copy the highly successful planned mill city of Lowell, Massachusetts, which had been established 21 years earlier less than 15 miles down the Merrimack River. Similar to Lowell, the founders had social goals as well, which would eventually become unraveled by the needs of industrialization:

Between 1845 and 1850 and for a few years thereafter Lawrence was a model town. Conceived, built, and directed by Boston Brahmins, it was designed to produce cottons and woolens, but do it in an environment that was physically and morally sound. To Lawrence would come sturdy mechanics to do the city's work and be uplifted in the process. This was the way the founders looked on Lawrence. As more and more immigrants came, however, the model town soon changed to an immigrant city (Cole, 1963: 26, as cited in Stevenson, 1993)

The population of Lawrence would continue to grow with increasing urbanization from rural areas and from immigration from as far as Canada, Germany, England, Scotland around the 1860s and then from Russia, Italy, France, Austria, Turkey, and other European areas by the early 1900s (Stevenson, 1993: 19). Indeed, according to the decennial census, the foreign-born population remained at over 40% of the total Lawrence population from 1870 until 1920, by which time restrictive immigration laws came into place (see Table 3-1).

During the time period from the mid-1800s to the early 20th century, Lawrence was part of southern New England's emergence as the center for industrialization and urbanization in North America. Other Massachusetts cities that emerged during this time include Lowell, Holyoke, New

Table 3-1: Population and Foreign Born in Lawrence, MA, 1870-2000

Lawrence	Total	Native	Foreign Born Number	Foreign Born Percentage
2000* (-)	72,043	50,032	22,011	30.6%
1990* (-)	70,207	55,534	14,673	20.9%
1980* (-)	63,175	53,823	9,352	14.8%
1970* (-)	66,915	57,218	9,697	14.5%
1960* (-)	70,933	59,548	11,385	16.1%
1950 (-)	80,536	(NA)	(NA)	(NA)
1940 (-)	84,323	61,342	22,981	27.3%
1930 (-)	85,068	56,382	28,686	33.7%
1920 (73)	94,270	55,069	39,201	41.6%
1910 (63)	85,892	44,421	41,471	48.3%
1900 (57)	62,559	33,982	28,577	45.7%
1890 (64)	44,654	24,136	20,518	45.9%
1880 (46)	39,151	21,885	17,266	44.1%
1870 (45)	28,921	16,204	12,717	44.0%

*Indicates sample data

(#) rank in U.S. total population of 100 largest cities

(-) not among the 100 largest urban areas in this year

(NA) not available

Source: U.S. Census

Bedford, Fall River, and Springfield, as the state's percentage of the population living in urban areas went from just over 30% in 1830 to over 70% in 1880 (Temin, 2000). All of these cities were located next to rivers, and all of them developed specialization in specific industries, including textiles, paper, shoe manufacturing, and machinery. Lawrence came to specialize heavily in textile production, specifically woolen and worsted textiles.

The period that represented the city's peak in population growth, infrastructure growth, and economic growth was from the late 1880s to the early 1900s. From 1890 to 1910, the population increased dramatically from 44,654 to 85,892 (see Table 3-1). Within the same time period, from 1895 to around 1912, the number of looms would nearly double and the number of spindles would nearly quadruple, both equipment needed for woolen and worsted textile manufacturing.¹ In addition, the American Woolen Factory, founded by William Wood in 1899, would initiate a consolidation process of the city's fragmented textile mills. This would start with 7 mills, but later consolidation would end up incorporating over 50 inefficient mills into the company. The peak of the company's expansion (and the mill building boom in Lawrence) came

¹ See the 'Bradford Antiquary' website:

<http://www.bradfordhistorical.fsnet.co.uk/antiquary/third/vol05/textiles.html>

with the creation of two large mills structures, the Wood Mill and the Ayer Mill.² The Wood Mill was an enormous structure, and still is today despite having had half of its structure demolished for parking space. It currently consists of about 1.3 million square feet, or nearly 30 acres of floor space at a height of 1,600 feet (6 stories) and a third of a mile in length. At the time of its completion the structure had earned the nickname of being ‘the eighth wonder of the world’ and was the largest industrial building of its kind. The Ayer Mill, also a significantly large structure, had the second largest clock tower of its kind in the world, being just six inches smaller than that of Big Ben in London. The decade in which these buildings were built represent the peak of the city’s build-up as the premier industrial city of its day. Lastly, for the many workers who labored in these mills, their peak would be in 1912, following the labor victory from the famous Bread and Roses Strike. The history of the strike is significant for having brought such a diverse group of immigrant groups together into a broad labor coalition to fight against harsh working conditions in the mills.

Lawrence’s large-scale, single-product mills would eventually face technological obsolescence and non-union labor from the South and abroad, thus leading to a dramatic decline. This was most dramatic during the 1950s, when Lawrence would lose all but one of its textiles mills (Ragsdale, 2001). Before 1950, Lawrence still had a population of over 80,000 residents (see Table 3-1). From the 1950s onward, the population decreases would be dramatic (see Table 3-2).

Table 3-2: Population Change in Lawrence – Comparison of 1950-60 & 1955-65

Time Period	Population Change	Natural Increase	Net Migration
1950 – 1960	-9,603	5,641	-15,244
1955 – 1965	-7,024	5,107	-12,131

Source: Central Merrimack Valley Regional Planning District. 1968. *Population Report* (Stevenson, 1993)

Urban renewal projects of the late 1960s that replaced old tenements with inexpensive housing was another factor that pushed out existing residents (though it enabled recently arriving Latinos to move in (Ragsdale, 2001). Though manufacturing jobs were still available in Lawrence, by the 1970s the primary industry was now in shoe manufacturing. This did not provide the same type of jobs as the textile industry, leading to further out-migration of white residents (but again, providing new opportunities for recently arriving Latino residents) (Ibid). Even this area of manufacturing would not stay in Lawrence. According to the Massachusetts Department of Employment and

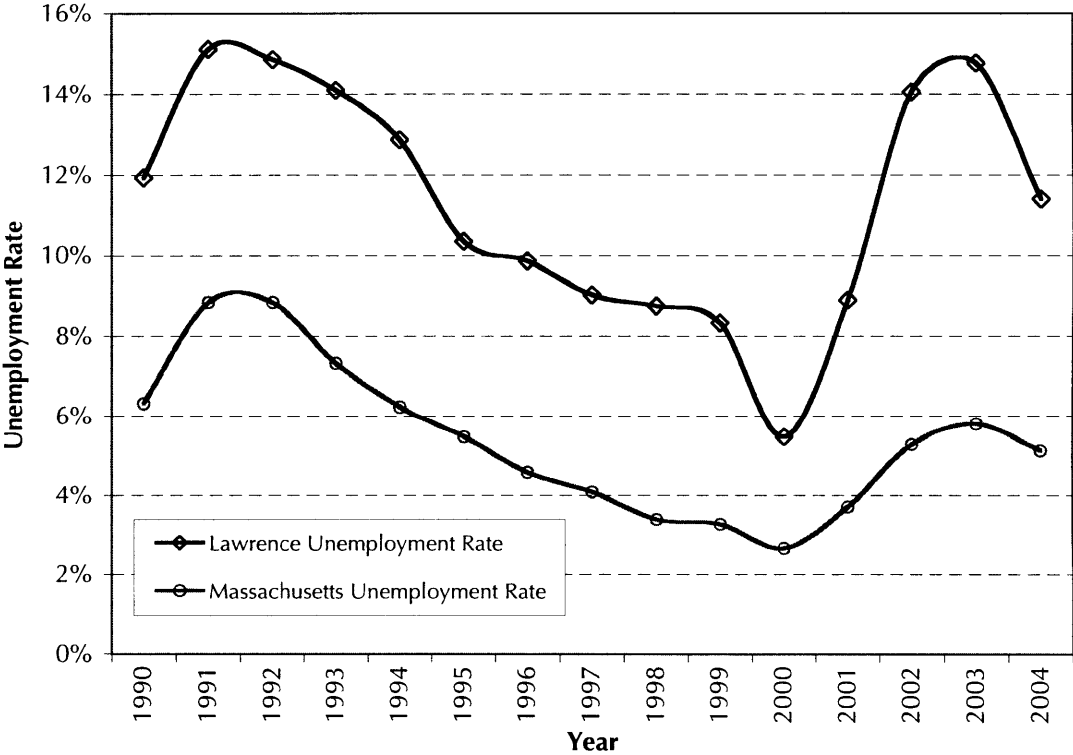
² For more information about the American Woolen Company, see <http://personalweb.smcvt.edu/winooskimills/millshistory/americanwoolencompany.htm>

Training, in 1969 the number of manufacturing jobs would be at its highest at any point from 1967 to the present, at just under 18,000 jobs (Stevenson, 1993: 82). In 2004, there were about 5,000 manufacturing jobs in the city of Lawrence.³ Considering that 2001-2003 data shows that the city hosts about 22,000 jobs total, the decline of the manufacturing job base over the decades represents a tremendous economic loss overall for the city.

The result has been that while the broader Merrimack Valley region (where Lawrence is located) has been able to diversify its employment base and take advantage of its proximity to the Greater Boston economic engine, Lawrence has continually remained one of the poorest cities in the nation⁴ and the poorest city in Massachusetts. Chart 3-1 shows that the unemployment rate

Chart 3-1: Unemployment Rates in Massachusetts & Lawrence - 1990-2004

Source: Massachusetts Division of Employment & Training, LAUS 2005



over the past 15 years has consistently been double that of the state’s unemployment rate. The last few years (2000 to 2004) show an alarming trend, which is the increasing vulnerability of the Lawrence economy to withstand fluctuations in the regional economy. Recent conversations with

³ Massachusetts Employment and Wage (ES-202) data.
⁴ According to an article in the *Eagle-Tribune* from 3/12/00, Lawrence ranked as the 23rd poorest city in the nation (Ragsdale, 2000a).

members of the Lawrence business community and city officials show that some major employers had announced future layoffs in the region, signaling potential further unemployment.

As mentioned above, economic change came hand-in-hand with demographic change with the closing of the textile mills in the 1950s, urban renewal of the 1960s, and the transition from textile to shoe manufacturing in the 1970s. Table 3-3 shows the growth of the Latino population in Lawrence from 1960 – 2000.

Table 3-3: Growth of Latino Population in Lawrence, 1960-2000

Year	Total	Latino	Percent Latino
1960	70,933	68	0.10%
1970	66,915	2,327	3.28%
1980	63,175	10,289	14.51%
1990	70,207	29,237	41.22%
2000	72,043	43,019	60.65%

Source: U.S. Census (1960 from Ragsdale, 2001; 1970-2000 by author)

An article titled, “Dollar-an-hour jobs beckoned first Latinos” provides an account of how the first Latinos came to settle in Lawrence. The first to settle in Lawrence were Puerto Rican migrant farm laborers who came in the middle of the 19th century to work in the farms in the neighboring town of Andover, where there were labor shortages for such types of work. They came from Guayama, Puerto Rico, and as migration networks quickly became established, more would come from Guayama and surrounding areas to opportunities in Lawrence. In the 1960s, other Latinos, including Cubans and Dominicans, would come to United States as a result of political turmoil in their respective countries, and some would find their way to Lawrence (more details regarding Dominican migration are provided in the next section) (Ragsdale, 2001). Chart 3-2 provides a breakdown of Latino population group along the four major ethnic groups that had dominated the Latino population at one point or another. It began with Cubans in the 1970s, Puerto Ricans in 1980 and 1990, and Dominicans in 2000.

For many Latinos, a major ‘pull’ factor was the availability of manufacturing jobs for unskilled laborers that were opening up in Lawrence during the 1970s. As whites were leaving Lawrence both as residents and as workers, Latinos came to fill the niches in housing vacancies and job vacancies (see Chart 3-3). Many accounts from Latinos who came during those times tell of companies paying workers \$25 and \$50 for every new worker an employee brought in or referred due to labor shortages in factories. With such opportunities, newcomers told other family members, friends, and hometown associates to join them in Lawrence, establishing migration

**Chart 3-2: Latino Population in Lawrence, MA by Ethnic Group
1970-2000**

Source: U.S. Census

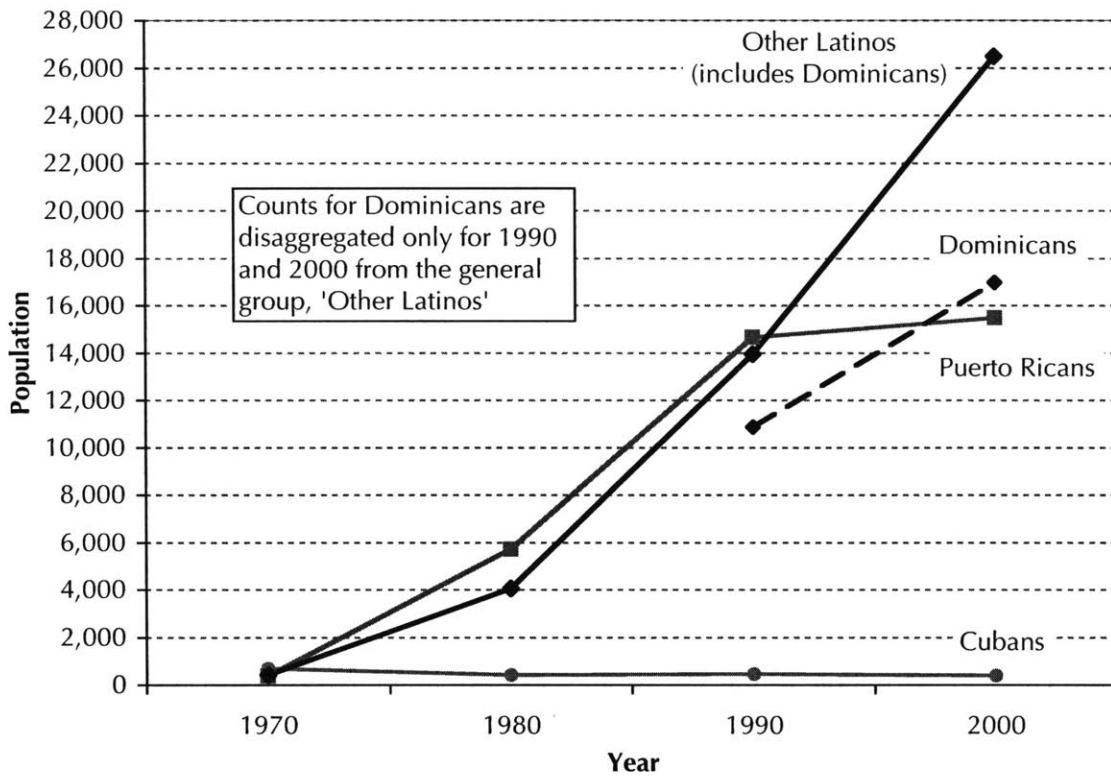
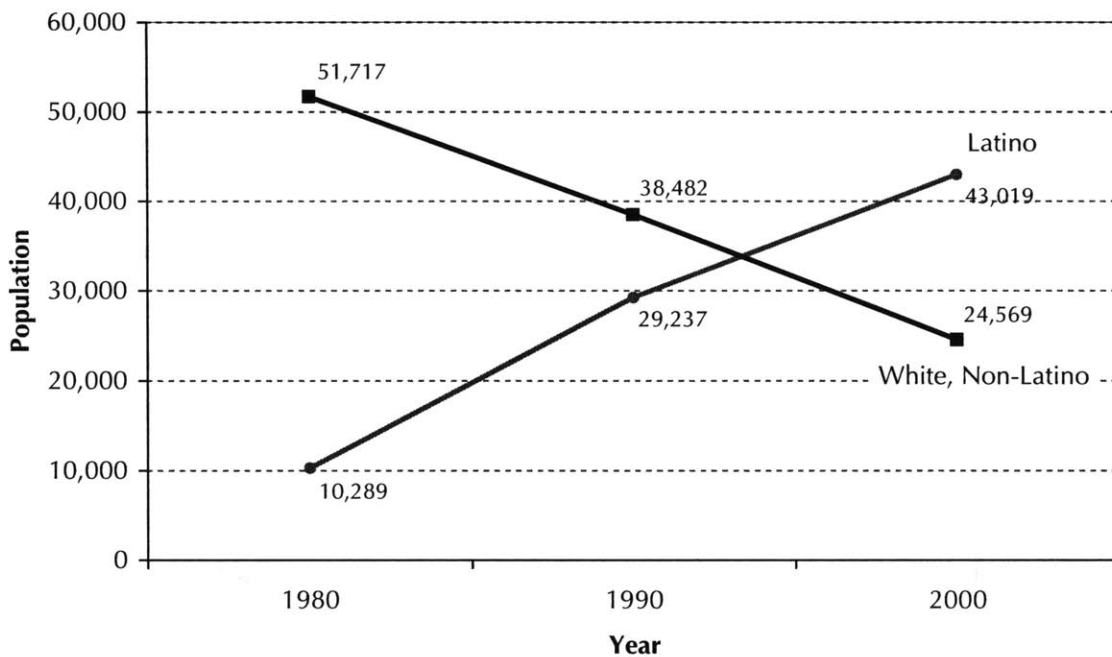


Chart 3-3: Latinos vs. White Population in Lawrence, MA, 1980-2000

Source: U.S. Census



networks (Ibid; Andors, 1999). These dynamic patterns of migration networks can be seen through census data over time. Table 3-4 shows that the dense, concentrated growth of the Latino community occurred neighborhood by neighborhood, rather than uniformly across the city. In 1980 only 3 out of 18 census tracts had 40% or more Latino residents. By 2000, virtually all except one census tract in Lawrence had 40% or more Latino residents.

Table 3-4: Distribution of Census Tracts by Share of Latino & White Populations, 1970 - 1990

% White	1970	1980	1990	2000	% Latino	1970	1980	1990	2000
80-100%	18	11	2		80-100%			1	6
60-79.9%		6	3	1	60-79.9%			5	6
40-59.9%		1	5	2	40-59.9%		3	5	5
20-39.9%			7	9	20-39.9%		7	5	
0-19.9%			1	6	0-19.9%	18	8	2	1
Total Tracts	18	18	18	18	Total Tracts	18	18	18	18

Source: 1970-1990 from Borges-Mendez, 2003: 20; 2000 from 2000 U.S. Census

Though job opportunities drew Latinos to Lawrence, this did not automatically translate into economic prosperity. Borges-Mendez writes about the connection between the economic change, demographic change, and poverty. Latinos who came to Lawrence were filling in the jobs that were no longer able to draw from the white labor pool, particularly as these jobs required unskilled labor, and were paying lower wages in order to compete nationally and internationally. According to Borges-Mendez, the economic impacts for Latinos were devastating:

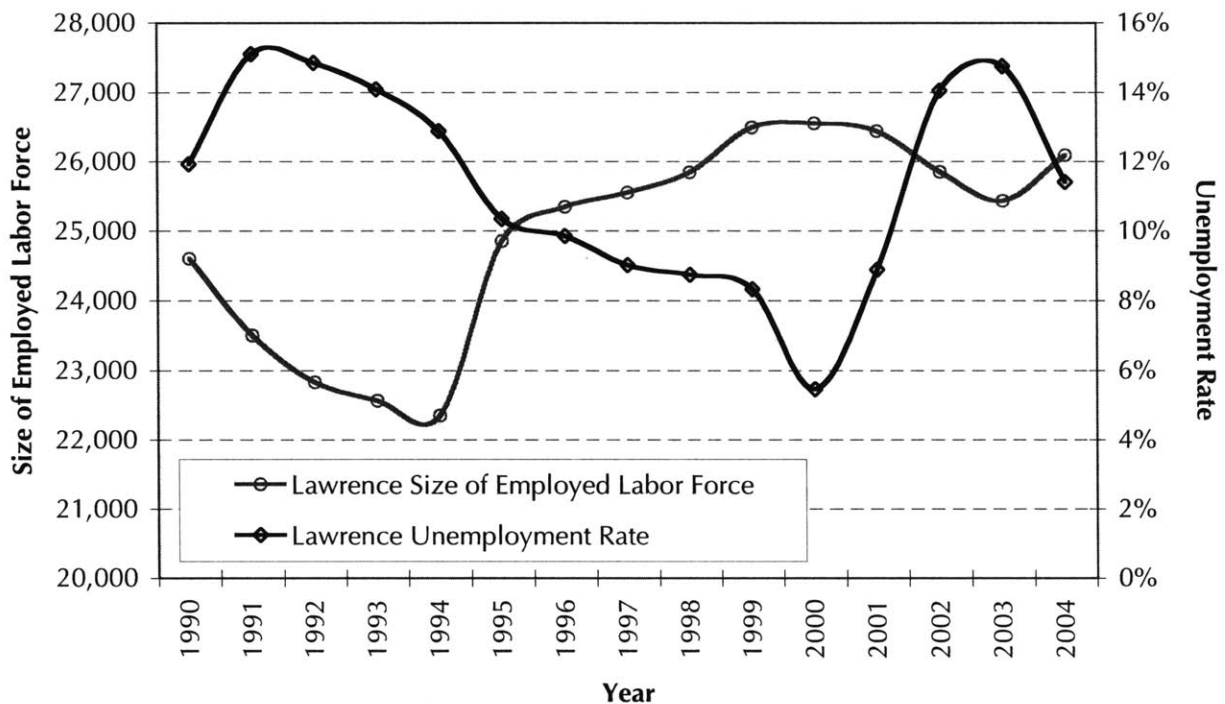
...the over concentration of Latinos in declining and obsolete manufacturing is one of the factors that may explain why Latino poverty in Massachusetts and the region, including Rhode Island, exploded in the 1980's. In the 1980's, Latinos in Massachusetts showed the highest poverty rate of Latinos in any other state [at 36.7%]. (Borges-Mendez, 2003)

Despite these challenges, the Latino population has continued to grow from the 1980s onward. The U.S. Census bureau estimates a modest increase from 72,043 in 2000 to 72,492 in 2003 in Lawrence's total population, but the increase is better than the continuous population decline that the decennial census showed for 6 straight decades (1920 to 1980, see Table 3-1). If anything, the slowed population growth may actually reflect changing times for Lawrence, as many people have told me about the growing cost of housing in Lawrence, something that was unthinkable just a few years ago. According to Jorge Santiago, Director of the Institute for Community and Workforce Development and Associate Professor at Northern Essex Community College in Lawrence, homeownership has increased dramatically amongst Latinos from 9% in 1990, to 31% in 2000, reflecting a significant amount of investment into the city (Interview, 3/15/05).

Other recent positive developments include the recent developments in the city's mill structures whose total combined square footage is estimated to be over 10 million.⁵ The Massachusetts Innovation Center recently purchased the Wood Mill, and Cambridge College has opened up a new campus in one of the newly renovated mill buildings. Companies such as New Balance, Raytheon, and Malden Mills (the makers of Polartec) continue to provide jobs in the city. One final positive statistic is that the city's employed workforce is growing (see Chart 3-4 below). In contrast to the early 1990s when the size of the labor force shrunk despite the shrinking unemployment rate, the early 2000s seem to show a growth and stabilization of the workforce.

Chart 3-4: Comparison of Unemployment Rates & Size of Employed Labor Force in Lawrence, 1990-2004

Source: Massachusetts Division of Employment & Training, LAUS 2005



⁵ Conversation with Bill Traynor, Executive Director of Lawrence Community Works ('Forgotten Cities' Lecture, 12/8/05), and also cited by Carlos Matos, Lawrence City Councilor (interview, 4/1/05).

II. DOMINICANS IN THE UNITED STATES: MIGRATION HISTORY, CURRENT PROFILE, AND DISTRIBUTION⁶

To understand the presence of Dominicans in the U.S. is to understand a long colonial legacy that began with the arrival of Cristobal Colon to the island of Hispaniola in 1492 in the name of the Spanish colonial empire. The Spanish colonized the island solely until 1697, when a third of the island was ceded to France and became the plantation colony of Haiti. Both colonial powers fought for the control of the whole island until 1821 when Santo Domingo declared independence from Spain. This was followed by an invasion from the newly independent country of Haiti, and Dominicans finally declared their independence from Haiti on February 27, 1844. Since then the Dominican Republic has been subject to various interests seeking to exploit its agricultural export economy, including from U.S. corporations. Mounting foreign debt and political instability threatening U.S. investments led to U.S. customs receivership in 1905, and then in 1907 the country became a semi-protectorate of the U.S. A military occupation by the U.S. took place from 1916 to 1924. The rise of Generalissimo Rafael Leonidas Trujillo began in 1931, and lasted until his assassination in 1961. His rule was marked by political and economic consolidation of power in the hands of his close associates, but despite this others have identified his rule with the development of a strong sense of national identity and pride (based on accounts from Andors, 1999).

The end of Trujillo's rule would mark a turning point in U.S. – Dominican relations. Following his assassination the U.S. feared a that social revolution with communist tendencies would take over on the island (particularly after the Cuban revolution of 1959), and to allay these concerns the U.S. government streamlined out-migration for those who wanted to leave (Mitchell, 1992, as cited in Andors, 1999). However, the election of a left-leaning Dominican historian and writer Juan Bosch, an exile who had returned to the Dominican Republic from communist Cuba, led to a U.S. –backed coup by members of the military and the merchant and banker class. Following a civil war and subsequent U.S. military occupation, a U.S. mediated election led to the election of a right-leading, former Trujillo advisor, Joaquin Balaguer. According to Bray (1984, as cited in Andors, 1999), "radical elements of the working and middle-class were implicitly offered the choices of migration of 'disappearance.'" Andors notes that a number of the first Dominican

⁶ The history of the Dominican Republic and the history of Dominican migration to the U.S. is borrowed heavily from Andors (1999: 21-30) and from Levitt (2004: 230-240).

migrants to Lawrence belonged to this group, and that they “still expressed sorrow and anger at the outcome of these events and the subsequent direction of the country” (Andors, 1999: 24).

Table 3-5: Yearly Migration from the Dominican Republic, 1961 to 1980

Year	Emigrants
1961	3,045
1962	4,603
1963	10,683
1964	7,537
1965	9,504
1966	16,503
1967	11,514
1968	9,250
1969	10,670
1970	10,807
1971	12,624
1972	10,670
1973	13,858
1974	15,680
1975	14,066
*1976	15,088
1977	11,655
1978	19,458
1979	17,519
1980	17,245

Years in BOLD are election years

Source: Adapted from Bray (1984) and Grasmuck and Pessar (1991) as cited in Andors (1991:24); from Immigration and Naturalization Service Data

Table 3-6: Migration from the Dominican Republic, 1931 to 2003

Time Period	Yearly	Decennial
1931-40		1,150
1941-50		5,627
1951-60		9,897
1961-70		93,292
1971-80		148,135
1981-90		252,035
1991 – 93	128,834	
1994	51,221	
1995	38,493	
1996	36,284	
1997	24,966	
1998	20,267	
1999	17,745	
2000	17,441	
1991-00		335,251
2001	21,256	
2002	22,474	
2003	26,157	

Source: INS, Yearbook of Immigration Statistics, Immigration by region and selected country of last residence

The connection between out-migration to the U.S. and political change in the Dominican Republic has continued to the present. Bray connects peak points of migration to the U.S. corresponding with election years in the Dominican Republic until 1980 (see Table 3-5). Andors’ interviews with Dominicans in Lawrence also emphasizes that political connections and membership in the political party of the moment was key to getting a job in the Dominican Republic, even now.⁷ Non-membership with the party in favor meant a lack of employment opportunities.

⁷ André Leroux, of Lawrence CommunityWorks, has also told me of a Dominican entrepreneur who came to Lawrence to open up a business a couple of years ago only to return to the Dominican Republic as his

⁸The Balaguer regime continued the repressive tactics of the Trujillo regime, and an effort to focus on export-oriented industrialization began. Due to this strategy along with government employment policies, a middle-class would emerge during the 1970s (Grasmuck and Pessar, 1991, as cited in Andors, 1999). Continued economic hardships, however, would mean that employment growth would fail to meet the needs and aspirations of this growing sector (Andors, 1999: 27). Levitt (2004) also writes that

migration provided a needed complement to the development model adopted by the Dominican government between 1966 and 1978 (the period of the Balaguer regime) because without such large numbers leaving the country, the state would have been unable to feed many of its citizens or put them to work. (Levitt, 2004: 237)

Andors highlights the 1980s in the Dominican Republic as a time characterized by increases in exports but decreases in real wages, further increases in unemployment and income inequality, and continued growth of a free trade export sector. Significant impacts were brought on by International Monetary Fund (IMF) policy adoption of trade liberalization in 1983. Unfortunately, these strategies failed to contribute to the GDP and created virtually no local economic development opportunities (the GDP would actually decline an average of 1.6% per year between 1980 and 1988 (Levitt, 2004). During these harsh economic times, Bray (1987) writes that many Dominican middle-class households chose to immigrate to the U.S. rather than to be subsumed by downward economic pressures. Bray suggests that though migrants would often end up working in jobs that were proletarian in nature when in the U.S., it was an adaptive strategy to avoid being a proletarian back in the Dominican Republic (as cited in Andors, 1999). Another obvious factor was the fact that minimum wages in the U.S. in 1987 for a full-time job were six times higher than what one could earn in the Dominican Republic (Grasmuck and Pessar, 1991, as cited in Levitt 2004).

From the mid 1980s to the mid 1990s, the Dominican Republic primarily relied on the export industry and a growing tourism industry. In 1997 and 1998, the economy grew vigorously, and estimated GDP growth in the latter year was 7% (Levitt, 2004: 237). Despite a lot of gains during these growth periods, Levitt writes that “the social networks precipitating migration were already firmly in place. Migration has become a way of life for many Dominican families. It has thoroughly transformed many aspects of Dominican society” (Ibid). Table 3-6 shows that

political party came into power and the individual became appointed to a high-level position (personal communication, 2/23/05).

⁸ This was further corroborated in personal conversation with Jess Andors, 2/23/05.

migration to the U.S. has been significant, and shows no signs of decreasing any time soon. Indeed, during the period of 1988 to 1998, 401,646 Dominicans were admitted to the U.S., second only to Mexico amongst Western Hemisphere countries (Ibid).

The 2002 population estimate for the Dominican Republic is around 8.7 million, and it is estimated that 10% of all Dominicans live outside of the Dominican Republic. A significant majority resides in the U.S., with 799,768 according to the 2000 U.S. Census. However, the U.S. Census numbers are disputed for heavily undercounting the actual numbers of Dominicans in the U.S., which could be a third higher according to some studies.⁹ A study by Castro and Boswell (2002, as cited in Levitt, 2004: 238-239) of the U.S. Census Current Population Survey of 1997-2000 point out the following characteristics of the Dominican population in the United States:

(#) represents percentage points above or below the U.S. total population total:

- 54% Female (+3%), 46% male (-3%)
- 93% under 60 years of age (+9%); 44% under 20 years of age (+15%); 23% under 10 years of age (+9%)
- 62.5% have been in the U.S. since 1989, and 37.5% entered between 1990-2000
- 57% foreign born, and 43% born in the U.S. (including those born in Puerto Rico)

The economic indicators show that Dominicans in the U.S. represent one of the lowest income groups (the median household income in 2000 was \$29,099, 69% of U.S. median household income). In comparison with other groups, including Mexicans, Puerto Ricans, and black Americans, Dominicans have comparably lower incomes for median household income and median family income, and the second lowest income for per capita income (see Table 3-7). In spite of this, Dominicans have comparatively higher self-employment rates than the aforementioned groups, with 7.43% of all Dominicans identifying themselves as self-employed in the 2000 decennial census (see Table 3-8).

Geographically, Dominicans are heavily concentrated in the Northeast of the U.S. with 85% residing there in 2000, particularly in the New York City metropolitan region. Table 3-9 complements Table 1-4 in Chapter I, but provides a broader picture of the Dominican distribution in the U.S. The Appendix shows the distribution of Dominicans in the Northeast in the New York

⁹ Levitt cites two studies that estimate the total numbers of Dominicans in the United States to be around 1,014,879 and 1,121,257, but even she believes these represent *undercounts* (Levitt, 2004: 238).

Table 3-7: Comparison of Self-Employment Rates in 2000 Across Select Groups

SE Rates:	U.S. Total	Korean	Taiwan-ese	Cuban	White	Chin-ese	Asian Indian	Domin-ican	Mexi-can	Black	Puerto Rican
Total	9.79%	21.28%	14.70%	10.74%	9.76%	9.71%	11.78%	7.43%	6.13%	4.49%	4.29%
Male	12.20%	25.55%	17.08%	13.40%	11.54%	11.24%	15.26%	9.00%	6.55%	5.78%	5.07%
Female	7.03%	17.16%	11.90%	7.63%	7.77%	7.04%	7.38%	5.79%	5.47%	3.41%	3.45%

Source: 2000 U.S. Census, Summary File 4

Table 3-8: Comparison of Income in 1999 Across Select Groups

Income in 1999:	U.S. Total	Asian Indian	Taiwan-ese	Chin-ese	White	Korean	Cuban	Mexi-can	Puerto Rican	Black	Domin-ican
Median household income	\$41,994	\$63,669	\$54,928	\$51,321	\$44,687	\$40,037	\$36,671	\$33,621	\$30,644	\$29,423	\$29,099
Median family income	\$50,046	\$70,708	\$70,276	\$59,497	\$53,356	\$47,624	\$42,642	\$33,516	\$32,791	\$33,255	\$28,729
Per capita income	\$21,587	\$27,514	\$25,890	\$23,642	\$23,918	\$18,805	\$20,451	\$10,918	\$13,518	\$14,437	\$11,773

Source: 2000 U.S. Census, Summary File 4

City metropolitan area and southeastern New England (eastern Massachusetts and Rhode Island). For many Dominicans (and non-Dominicans), the Washington Heights neighborhood of northern Manhattan, in New York City, represents the most significant Dominican community in the United States.

Table 3-9: Distribution of the Dominican Population in the U.S., 2000

State		Count of Dominicans	Percent	County		Count of Dominicans	Percent
United States		799,768	100.00%	United States		799,768	100.00%
1	New York	474,300	59.30%	1	New York County, NY	143,237	33.64%
2	New Jersey	104,800	13.10%	2	Bronx County, NY	138,499	32.53%
3	Florida	75,539	9.45%	3	Queens County, NY	72,315	16.99%
4	Puerto Rico	57,003	7.13%	4	Kings County, NY	69,829	16.40%
5	Massachusetts	53,350	6.67%	5	Essex County, MA	29,011	6.81%
6	Rhode Island	18,874	2.36%	6	Hudson County, NJ	28,520	6.70%
7	Pennsylvania	13,667	1.71%	7	Passaic County, NJ	27,850	6.54%
8	Connecticut	9,848	1.23%	8	Providence County, RI	18,442	4.33%
9	Maryland	5,673	0.71%	9	Suffolk County, MA	15,412	3.62%
10	California	5,500	0.69%	10	Middlesex County, NJ	13,801	3.24%
11	Texas	4,657	0.58%	11	Westchester County, NY	13,698	3.22%
12	Virginia	3,977	0.50%	12	Suffolk County, NY	10,566	2.48%
13	Georgia	3,594	0.45%	13	Nassau County, NY	10,297	2.42%
14	Illinois	3,459	0.43%	14	Bergen County, NJ	9,473	2.23%
15	North Carolina	3,170	0.40%	15	Essex County, NJ	9,304	2.19%
16	Michigan	2,045	0.26%	16	Union County, NJ	5,645	1.33%
17	Ohio	2,031	0.25%	17	Philadelphia County, PA	4,748	1.12%
18	District of Columbia	1,870	0.23%	18	Rockland County, NY	4,558	1.07%
19	New Hampshire	1,605	0.20%	19	Fairfield County, CT	3,961	0.93%
20	Alaska	1,038	0.13%	20	New Haven County, CT	2,978	0.70%

City	Total City Population	Count of Dominicans	Percent Dominican
1 New York City, NY	8,008,278	425,739	5.32%
2 Lawrence, MA	72,043	16,970	23.56%
3 Paterson, NJ	149,222	15,332	10.27%
4 Providence, RI	173,618	15,284	8.80%
5 Boston, MA	589,141	14,629	2.48%
6 Jersey City, NJ	240,055	9,669	4.03%
7 Passaic, NJ	67,861	9,579	14.12%
8 Perth Amboy, NJ	47,303	8,773	18.55%
9 Yonkers, NY	196,086	7,846	4.00%
10 Union City, NJ	67,088	7,832	11.67%
11 Miami, FL	362,470	7,270	2.01%
12 Newark, NJ	273,546	6,414	2.34%
13 Lynn, MA	89,050	5,793	6.51%
14 Hialeah, FL	226,419	4,886	2.16%
15 Philadelphia, PA	1,517,550	4,748	0.31%

Source: U.S. Census, Summary File 4

III. DOMINICANS IN LAWRENCE, MASSACHUSETTS: MIGRATION, ECONOMIC PRESENCE, AND ENTREPRENEURSHIP

According to the 2000 U.S. Census, Lawrence, Massachusetts was the second largest Dominican city in terms of actual Dominican population (16,970), and had the highest proportion of Dominicans amongst cities with a Dominican population of over 4,700 (23.56%) (see Table 3-5). Lawrence, and the surrounding towns of Methuen and Haverhill had a total of 19,995 Dominicans, which represented 98% of all Dominicans in the Lawrence MA-NH Primary Metropolitan Statistical Area [PMSA]. The total Latino population for the PMSA was 55,558 out of a total population of 396,230 (or 14% of the total population). Dominicans represented about 37% of the total Latino population in the PMSA. Thus, the Dominican presence in Lawrence and surrounding region is significant.

The first Dominicans came to Lawrence in the early 1960s, after the fall of the Trujillo regime and the political and economic instability that followed. These first 'pioneers' established the first migration networks for Dominicans in Lawrence (as well as other Latinos, such as Cubans), and eventually the settlement of Dominicans in Lawrence would become connected with the Cibao Valley in the Dominican Republic. Even today, the Cibao Valley towns of Tenares, Altamira, and Banao represent the most significant "feeder" towns for Dominicans settling in Lawrence (Ragsdale, 2001). A cumulative effect was taking place where more and more individuals became familiar with Lawrence as a Dominican community, and thus more and more Dominicans were recognizing it as a legitimate destination. In fact, according to Kristen Harol, Deputy Director of Lawrence Community Works (a community development corporation in Lawrence), in the mental geography of many Dominicans in the Dominican Republic, Lawrence is envisioned as being just north of Washington Heights, New York City rather than 230 miles away (Harol, personal communication, 12/8/04).

Distance notwithstanding, the connection between New York City and Lawrence is more significant than it seems. More contemporary Dominican migration to Lawrence, particularly in the 1990s, reflects a dual role of the tough housing market in New York City and a soft housing market in Lawrence. New York City's Dominicans were drawn to Lawrence's lower housing costs, as well as its appeal as a smaller, slower, and more manageable city. This, combined with job opportunities in the region in the 1990s attracted a number of Dominicans to come from New York City (though currently both the Lawrence housing and job markets are not favorable as they used to be) (Hidalgo, interview, 3/9/05). In 2000, Dominicans represented about 14% of total

homeowners in Lawrence. A final piece of evidence linking the New York City metropolitan region Dominican community with the Lawrence Dominican community was told to me by Andres Sanchez, Assistant Vice President and Small Business Loan Officer at Banknorth. He noticed that after 9-11, there were more inquiries coming from Dominicans who were seeking to relocate from New York City and northern New Jersey. He attributed the continuing real estate boom in that area to this recent influx (Interview, 4/1/05).

Regarding the presence of Dominicans in businesses in Lawrence, the most recent data on minority-owned businesses from the Economic Census is from 1997. Table 3-10 shows that in comparison with other businesses, Latino businesses in 1997 represented a very small percentage of economic activity in terms of sales, employment, and payroll. It would seem that Latino businesses do not have a significant economic impact overall in the city of Lawrence, but the data is already over eight years old and does not reflect recent conditions. In addition, considering that in 2000 Latinos represented over 53% of the employed civilian workforce and Dominicans represented 25% of the employed civilian workforce, ownership of businesses does not necessarily reflect the overall role of Latinos and Dominicans in the city's economy, since there is also a significant labor market impact (2000 U.S. census). Unfortunately, the Economic Census does not provide data for Lawrence broken down by ethnic groups.

Table 3-10: Lawrence, 1997 Economic Census

Group	All Firms		Firms with paid employees			
	Firms	Sales and Receipts (\$1,000)	Firms	Sales and Receipts (\$1,000)	Employees	Payroll (\$1,000)
All Firms	2,911	2,429,563	893	2,354,809	18,801	509,753
Latino-owned	622	50,758	112	34,769	296	5,215
% Latino of Total	21.4%	2.1%	12.5%	1.5%	1.6%	1.0%

Source: 1997 Economic Census, U.S. Census Bureau

The 1997 Economic Census data for the Lawrence MA-NH PMSA does show business ownership by major Latino ethnic groups, but this includes Puerto Ricans, Cubans, and Mexicans, not Dominicans (there is an 'other Latino' category). This data shows that Latino-owned firms numbered 1,033, a greater than twofold increase from the 1992 Economic Census, when only 496 firms were Latino-owned. While representing only 9.5% of total firms in the PMSA, Lawrence represents 60% of all Latino-owned firms in the PMSA, showing a heavy concentration. For the Latino groups identified (Cuban, Mexican, and Puerto Rican), these represented 245 of total Latino-owned firms in the PMSA, or 24.6%. It is most likely that Dominican ownership represents

a significant proportion of the remaining 75.4% of Latino-owned businesses. This implies a significant presence of Dominican-owned firms in Lawrence and the surrounding areas.

A more telling profile of the Dominican presence in Lawrence as business owners comes from two surveys conducted in 2000 and 2003 by Jorge Santiago of the Institute for Community and Workforce Development at Northern Essex Community College (Santiago, 2004). Both surveys interviewed 149 Latino entrepreneurs (not necessarily the same ones in both years) out of an estimated 300 Latino businesses in the city (I have assumed that the number comes from a count of storefront establishments). In 2000, 123 (82.6%) of the interviewees identified themselves as being of Dominican origin, and in 2003, that number was 130 (87.2%). In addition, the employment impact may be more significant than what the 1997 Economic Census shows. In 2000, 147 of the total businesses employed 351 employees, and in 2003, 148 of the total businesses employed 409 employees. The implications of this can be seen compared with the 1997 Economic Census in Table 3-7.

Table 3-7: Lawrence, Latino Firms and Employees (1997, 2000, 2003)

Data Set	Ratio: Number of Employees to Number of Firms	Total Number of Reported Employees
1997 Economic Census (622 Firms)	0.47	296
2000 Latino Business Survey (147 Firms surveyed)	2.38	351
2003 Latino Business Survey (148 Firms surveyed)	2.76	409

Source: 1997 – Economic Census, U.S. Census Bureau; 2000 & 2003 - Santiago (2004)

The following can be implied from the data comparison: first, Latino businesses are becoming more successful, and thus hiring more employees (as the employee-to-firm ratio increases show); second, the economic census data does not represent an accurate picture of business activity and economic impact in the Latino (and thus, Dominican community); or third, both #1 and #2 may be correct. Overall, this shows the true difficulty of trying to quantify the impact of Dominican businesses in Lawrence. But there is not doubt that the existing data sets show that the impact is significant in Lawrence.

Finally one aspect of Dominican entrepreneurs that I have not talked about are the home-based businesses and informal business activities that might not be categorized as businesses in standard data reports. Two studies done by Cathleen Mahon (1995) and Lisa Servon (1998) of peer-to-peer micro-lending program called Working Capital in Lawrence (now defunct) showed

that an extensive amount of informal small business activity does take place in the Dominican community. Generally the form of this type of activity involves reselling goods purchased from a wholesaler in another area, or working part-time in order to build up a specific trade (such as clothing design, electronics repair, or catering). More aspects of this type of activity will be discussed in the following chapter.

CHAPTER IV: DOMINICAN ENTREPRENEURS IN LAWRENCE

SUMMARY: This chapter begins with an analysis of the Dominican community in Lawrence, Massachusetts using the conceptual frameworks introduced in Chapter II. The analysis will highlight the processes through which Dominican entrepreneurship in the city has had urban economic development impacts. The analysis will closely follow the format from Chapter II. Following this will be an account of the challenges of economic development practice in the city of Lawrence that have arisen as a result of continued economic decline and demographic change. The chapter will conclude with recommendations for a new approach to economic development practice in Lawrence that will leverage the findings and analysis from the first part of the chapter.

I. DOMINICAN COMMUNITY FORMATION, DOMINICAN ENTREPRENEURSHIP, AND URBAN ECONOMIC DEVELOPMENT IN LAWRENCE

I.A. Introduction

Dominicans in Lawrence represent an important case study both for economic development and sociologists studying ethnic entrepreneurship, and it is important to reiterate some key points as to why that is. The case studies examined in Chapter II, that of Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City, all took place in major cities (Miami and New York City), or at least within a major metropolitan region (Monterey Park as part of the Los Angeles metropolitan region). The location of these places, their connection to the global marketplace, and the resources they attract as major regions make them hard to apply in cities like Lawrence, which many would say is not even well integrated into the Greater Boston metropolitan region (despite being just 35 minutes away from downtown Boston). Also, each of the three places represents the largest enclave for each respective ethnic community. Miami is known as ‘Little Cuba,’ and Monterey Park is called ‘Little Taipei.’ New York City is by far the most significant city for Dominicans in the U.S., with over 53% of the U.S. Dominican population, and having over 25 times more Dominicans than the next largest Dominican city (Lawrence).¹ While each of these larger ethnic communities have received significant coverage from academic research (particularly around ethnic entrepreneurship and the formation of ethnic-oriented economic activities), smaller communities with significant enclave communities have not been studied nearly as extensively.

¹ See Table 3-6: Distribution of the Dominican Population in the U.S., 2000, as well as the Appendix.

The goals of this case study are to examine the same questions that were raised in Chapter II: How does 'ethnicity' influence economic activity? How does the development of an ethnic community influence economic activity? How does ethnicity influence the urban economy at the level of the region, city, or neighborhood? The questions will be applied directly in regards to Dominican entrepreneurs and their entrepreneurial activity in Lawrence. The main question of this section can be summarized as the following (paraphrasing the same question that was asked in Chapter II): **What are the resources embedded within the Dominican community in Lawrence that influence economic activity, and how do these influences have economic development impacts in Lawrence?** This analysis will be explored in three broad analytical frameworks similar to Chapter II:

- The Ways that the Dominican Migration Process to Lawrence and the Process of Dominican Community formation have had Economic Impact in Lawrence
- The Role of Dominican Networks on Economic Activity, and the Role of Dominican Networks in Resource Mobilization
- The Role of Dominican Entrepreneurs in the Urban Economic Development of Lawrence and the Reconfiguration of Lawrence's Economic Geography

I.B. The Ways that the Dominican Migration Process to Lawrence and the Process of Dominican Community formation have had Economic Impact in Lawrence

In Chapter II, I showed that the process of migration complemented the process of ethnic community formation, and that both these processes had economic impacts. First, these processes ensure that local resources and opportunities (such as job vacancies and housing vacancies) are leveraged in the receiving community. Second, with the influx of ethnic groups, further economic activities could occur through the rise of entrepreneurship either by the incoming ethnic groups or by existing individuals. A cumulative causation process that feeds on itself could develop between the rise of ethnic/native entrepreneurship, the strengthening of migration networks, and the formation of ethnic communities. The rise of a cluster of businesses catering to an ethnic market could also attract co-ethnic migrants. With the development of a high level of vertical and horizontal integration amongst ethnic businesses the cumulative process could produce significant

recapture benefits (the 'monopoly effect' described in Chapter II) that could enable co-ethnic economic opportunities and enhance community growth.

In this section, I analyze separately the three processes mentioned above of migration networks influencing community formation, the role of ethnic enterprises and native enterprises influencing community formation, and the integration of co-ethnic businesses influencing community formation. I highlight the economic impacts of each for Lawrence.

I.B.1 Dominican Migration Networks and Community Formation in Lawrence

Within the Dominican community, the narrative of cumulative causation has played out since the first migrants came to Lawrence. As described in Chapter III, the first migrations came in the 1960s, establishing the first migration networks for Dominicans in Lawrence. These networks were taking advantage of housing opportunities that were opening up in the city as white residents were leaving and as job opportunities emerged in manufacturing industries. In addition, many Dominicans were leaving political and economic hardships in their home countries. Andors (1999) tells the story of one of person's family (Alma, a pseudonym used by the the original author) that captures the process of the Dominican migration network in Lawrence:

They first emigrated from the Dominican Republic in the early 1960s after Trujillo [the then dictator of the Dominican Republic] died. They came first to New York, rapidly followed by a large circle of extended family and friends in what Alma described as "the domino effect." In the late 1960s one member of the circle came up to Lawrence following rumors of work, and soon the rest followed; local industries were paying "headhunter fees" to those who brought in new workers...Most members of the circle (male and female) worked in factory jobs, sewing shoes and coats. In the late 1970s many of them began moving into electronics firms such as Raytheon, Lucent, and Western Electric, which Alma described as "the elite of immigrant working class" jobs. (Andors, 1999: 48)

A more complicated story is that of Santa Brea (as told in *Eagle-Tribune*, "Dollar-an-hour jobs beckoned first Latinos," Ragsdale, 2001). Like Alma's family, she also escaped the political turmoil of the Dominican Republic in the 1960s to New York City. She came to Lawrence through a general Caribbean-Latino network. While in New York City, she was able to befriend a few Cuban immigrants and quickly found that they all shared a dislike of the big city. They had heard that Miami (a favored destination for many Cubans) offered no jobs, but one of them had heard about jobs in Lawrence. After one Cuban friend went to Lawrence and found the stories to be true, Brea also went to Lawrence. After becoming settled in Lawrence, she herself became a conduit for what she estimates was 35 to 40 newcomers from New York City and the Dominican Republic. Other accounts in the article tell of significant sharing of information within the Cuban

and Dominican migrant communities (see Chart 3-2 which shows the Cuban population in Lawrence in 1970).

The three Dominican entrepreneurs who I interviewed all came to Lawrence in 1979-1981. After having lived for some years in New York City, one came to Lawrence because of favorable job opportunities for herself and her husband. Another entrepreneur came directly to Lawrence from the Dominican Republic, and was able to get a technical job that matched the education credentials that she had brought over from the Dominican Republic. She would eventually sponsor a family member to come to Lawrence from the Dominican Republic. Finally, a third entrepreneur first lived in New York City for a few months before coming to Lawrence. He came to Lawrence because he had three older brothers who were already settled in the area. All these examples highlight the diverse ways in which Dominicans have utilized the migration network to find jobs and settle in Lawrence.

What is also noteworthy about the Dominican migration network is its strong ties to New York City. Accounts of more recent migration of Dominicans in the 1990s and early 2000s following 9-11 mentioned in Chapter III reflect this. The New York City housing market boom during the 1990s, particularly in areas where Dominicans resided (including Washington Heights), brought some Dominicans to Lawrence when housing costs were much lower than New York City (and still are, despite the recent real estate boom in Lawrence) (Hidalgo, interview, 3/9/05). The effects of 9-11 on New York City's economy also have been attributed for Dominican migration to Lawrence (Sanchez, interview, 4/1/05). These dynamics show that there are secondary migration processes where migration networks are being established for Dominicans who may have had some years in the U.S. already, as well as for immediate migrants who are coming directly from the Dominican Republic.

These accounts of migration show that there are links between the migration process and the process of community formation with local and regional economic forces. Migration networks provided available and willing labor for pre-existing businesses in the manufacturing sector that were unable to tap into the white labor pool. Thus the availability of the growing Dominican population (and growing Latino population) provided economic opportunities for these businesses. Though not the same type of dynamic that was occurring in the Los Angeles garment industry between Latino laborers and Asian entrepreneurs, the evidence of 'headhunter fees' definitely shows a connection between ethnic community formation and industry development. In regards to the housing market, the recent boom in the real estate market in Lawrence has been attributed

to the continual growth in the Latino population, and particularly on the growing number of lower-middle-income and moderate-income Latinos seeking to purchase homes. The migration of New York City Dominicans could also be attributed for this growth as well. As Chart 3-2 in Chapter III shows, amongst Latinos Dominican had the greatest population growth from 1990 to 2000 of any ethnic group, with an increase in population of 6,100 (representing 44% of the increase in Latino population). Thus it seems that the cumulative effects of the migration network has had an impact in the housing market in Lawrence, and thus the process of local community formation.

I.B.2. The Role of Ethnic Enterprises in the Process of Migration and Community Formation

The process of ethnic community formation that arises due to the development of ethnic-oriented businesses does not seem to be the case for Dominicans in Lawrence. No one has specifically mentioned Lawrence as a destination for Dominican-related goods and products the way it was for Cubans in Miami by drawing in a significant co-ethnic community to settle in the locale and the region. The concentration of Dominican businesses as a pull factor for migration was not cited by any of my interviewees. This may be due to the role that larger manufacturing factories played in attracting migrants from the 1960s onwards, and also because New York City, which is relatively close by and has a much larger Dominican community, acts as the true first stop for Dominican migrants. Rather than a cluster of ethnic businesses creating a destination for Dominican migrants, it seems the employment opportunities that drew the Dominican community to Lawrence may have given rise to entrepreneurial opportunities.

However, the businesses in Lawrence do attract the existing Latino market that resides in Lawrence and the surrounding region. My interviewees have told me that for the local and regional Latino community, Lawrence represents a destination for entertainment, personal care services, food needs, cultural needs, and other general consumption needs (Santiago, interview, 3/15/05; Hidalgo, interview, 3/9/05; Matos, interview, 4/1/05). One former owner of a very successful hair salon recalled that she saw Dominican clients from as far south as Providence, RI, and as far north as Lebanon, NH (Graziano, interview, 3/29/05). It would thus appear that the development of Dominican and other Latino businesses has complemented the formation of the Dominican and broader Latino community in Lawrence, but has not necessarily been the main driver in the migration process (though this has the potential to change). Jorge Santiago's 2003 survey of Latino-owned storefront businesses in Lawrence (where 136 of the 149 businesses

surveyed were Dominican-owned) provided some data regarding this (Santiago, 2004). Out of 148 respondents, 124 business owners reside in Lawrence. Out of 149 respondents, 136 business owners responded that they receive at least 75 or more Latino customers a day (the survey did not ask about the ethnicity of the customers, but it is important to remember that Dominicans make up a plurality of the Lawrence Latino population). Thus a significant amount of the stores appear to be capturing the local market, and keeping a lot of consumption activities in the local area amongst the Latino population, as well as drawing in external consumers from the region. The cumulative process of ethnic-owned and ethnic-focused businesses feeding community growth seems to be occurring at a scale that is not nearly as dramatic as the case of Cubans in Miami, but this is important nonetheless.

I.B.3. The Development of Vertical and Horizontal Integration Amongst Dominican Businesses, and the Impacts on Community Formation

Considering the role of business-to-business integration within the Dominican community, Santiago's survey identified 48 auto-related stores, 29 beauty salons & barber shops, 19 grocery stores, 12 clothing, shoe, jewelry type stores, and 8 restaurants amongst the 149 stores (Ibid). According to Juan Hidalgo, former Assistant Director of the Small Business Center in Lawrence, a large number of Dominican entrepreneurs rely on a significant network of co-ethnic suppliers and distributors, which enable the start-up of certain types of businesses to be easier than others. He also said that many of these co-ethnic suppliers and distributors were located in New York City (Interview, 3/9/05). The business-to-business integration may be co-ethnic based, but the geographic scope extends to New York City. I was able to get the most specific information relating to this type of integration amongst Dominican entrepreneurs in regards to bodegas, restaurants, and hair salons operated by Dominicans. Amongst bodegas owners, Santiago describes how a former bodega operator could extend his bottom line by moving down the production chain:

They have trucks coming in from New York to bring plainties and all the Spanish food items and products that are specialized that they you don't have up here [in Massachusetts]. And some of the guys who drive the trucks whom I've met, they happen to be former owners of bodegas. They found it much more lucrative to own the trucking company and bring items over than to sell the items at a bodega. So they sell the business to a cousin, another family member...And they bring up the trucks and they start selling all the food products. And this is [what's happening] everyday, going back and forth. (Santiago, interview, 3/15/05)

This model of ethnic entrepreneurs moving along the production line shows a highly integrated process that retains ownership in the co-ethnic networks. Cesar Vargas, a local restaurant owner,

told me of a similar but more informal process amongst restaurants. For certain types of produce that he needs for Dominican dishes, one of his suppliers is a Dominican trucker who goes to the produce markets in Boston. The trucker provides this service for other Dominican restaurants as well. He also gets special cuts of meat from a Dominican butchers in the area (Interview, 3/25/05).

The most interesting insight relating to co-ethnic integration came from Jenelle Graziano, a former beauty salon owner. After seven years operating a beauty salon, she sought to expand into being a supplier for other salons in the area. She said there were great opportunities in this area because by her estimate there were at least 150 beauty salons that potentially could have been her clients (both storefront and home-based businesses).² When she made the move to become a distributor, she purchased from wholesale distributors in New York City and in Union City, New Jersey. Interestingly, aside from specific types of conditioners from the Dominican Republic for whom she used Dominican-owned distributors in Union City, her other distributors were Korean entrepreneurs. She said she was not successful in becoming a distributor to other hair salons because she could not offer better prices than what was available (primarily from the Korean distributors).³ She did say, however, that the opportunity to become a local distributor was there, but that she would have needed a significant amount of capital. Unexpectedly though, success came from becoming a retailer of beauty products rather than as a distributor (Interview, 3/29/05).

Overall, these accounts show that there is integration of business transactions along co-ethnic lines, but unlike the example of Cubans in Miami, these transactions generally seem to be occurring *across* the two separate Dominican communities in Lawrence and New York City (with the exception of the Dominican restaurant supplier). Thus it is difficult to say whether the rise of ethnic entrepreneurship and the integration of co-ethnic businesses are explicitly creating internal opportunities for Dominicans within Lawrence. If integration was occurring internally to Lawrence amongst Dominicans entrepreneurs, then it would show that an internal cumulative process was happening that could have impacts on community formation. But this seems inconclusive. What is worth noting is that even amongst businesses that are categorized as being

² Though this number may seem high, Graziano's estimate might be a good estimate. A ReferenceUSA (a business database) search for hair-related beauty salons show 68 publicly listed businesses in Lawrence alone. There may be a significant number of home-based businesses as well.

³ According to Graziano, Korean distributors "were the ones where we could get the best prices...We became very close to the people we bought from." The reason they were able to get such good prices was because they had a lot of stores, and they would collectively purchase large quantities together. "I used to argue with them that they would sell the products cheaper than we bought them in the Dominican Republic...they would buy and distribute between other [Korean] vendors." (Interview, 3/29/05)

copycat-type businesses, there are complex networks that enable the formation of these seemingly basic enterprises. In addition, as employment opportunities in large companies and manufacturing in the regional economy have not remained stable, the further development of co-ethnic entrepreneurship may represent a viable alternative for wealth creation opportunities even if it does not rely on an internalized co-ethnic market. As successful enterprises develop, creating a viable and integrated co-ethnic market, further opportunities may arise and thus impact community formation.

In summary, the experiences of Dominicans in Lawrence show the links between the migration process, its influence on community formation, and the economic impacts brought on by both processes (both non-Dominican employer-driven and Dominican entrepreneurship-driven). These processes show that there has been a consistent interplay between the local economy and the Dominican community. Though it is not clear whether Dominican migration to Lawrence will continue in the same capacity as it had in the past, several people have noted that many Dominicans have taken root in Lawrence as residents, entrepreneurs, and civic leaders, and thus have no plans to leave. Thus, as alluded to in Chapter III, the factors that could influence further cumulative processes of migration and community formation may be determined increasingly by local co-ethnic factors, but also by regional factors (particularly New York City), and international factors.

I.C. The Role of Dominican Networks on Economic Activity, and the Role of Dominican Networks in Resource Mobilization

I introduced the concept of networks in Chapter II, the most important being the concept that all economic action is embedded in networks. Social structures in the form of personal relations and networks of relations characterized by trust, expectations, and enforceable norms can represent structures in which economic activity can be embedded. I also highlighted the role of ethnic networks in effecting economic activity. These include the enabling of reductions in transaction cost between economic actors, the formation of cooperative activity that enhance economic activity, and the mobilization of scarce resources. The prior section provided examples of some these processes occurring in Lawrence. I will highlight some key points and introduce further evidence to show how these processes are occurring.

The above section emphasized through a couple of examples that there are strong relationships between Dominican entrepreneurs, both through family and kin networks (the

example of the bodega supplier who sold his bodega to a family member) and general co-ethnic networks (the supplier for local Dominican restaurants). These examples show that Dominicans are using the co-ethnic network through which to conduct economic activity. Indeed, it is hard to imagine that the enterprises that did develop in the manner above would have done so in the 'open' market. Taking the example of the bodega supplier, the specific knowledge of what the demanded goods in the market are, the necessary time needed for inventory clearance at the bodega, and identifying new products to introduce would be a tremendous burden to take on for anyone outside of the ethnic knowledge base (all this does not even consider the necessary knowledge required to identify the primary distributors with the best prices in New York City!). For the newcomer, the required investment into gathering the necessary level of knowledge, trust, and cooperation from a broad range of small bodegas would have been significant. It would be hard to organize a regular routine and establish a structure of exchange. The same could be said of the local supplier for Dominican restaurants who goes to Boston to collectively purchase produce. In addition, these Dominican networks of entrepreneurs ensure that local economic activity is connected to economic activity in New York City (whether it is bodegas, restaurants, or hair salons) and to a lesser degree, Boston. This seems to complement the idea introduced in Chapter II that networks may have similar impacts to the benefits of agglomeration, where the distance conducting business (seen in terms of transaction costs, etc.) between New York City and Boston is reduced.

More significant examples of these types of examples were researched in a Masters thesis conducted by Cathleen Mahon in 1995. The study focused on a very successful peer-to-peer micro-lending program called Working Capital in Lawrence, (now defunct).⁴ The participants in the Lawrence Working Capital program were mostly Dominican and consisted wholly of very small business owners.⁵ Mahon was able to conduct 14 in-depth interviews with the business owners. Mahon discovered that of the key reasons for the program's success in utilizing a peer-to-peer model was because of the original existence of a strong network of local entrepreneurs who were able to easily leverage the resources that Working Capital provided, namely financing and an

⁴ The program sought to enhance local entrepreneurial activity by building up peer-lending groups whose members would provide social and technical support to each other as each member sought to build up her or his business. The model was based on micro-lending programs that were successful in developing countries. The program was initiated by the Lawrence Minority Business Council (also now defunct), which sought to target the program to Lawrence's Latino population. According to Servon (1998), Working Capital in Lawrence had served 344 businesses in 53 loan groups and lent \$963,957 from 1992 to 1998.

⁵ A study by Servon (1998) of the Working Capital program in Lawrence found that 90% of participants were Dominican.

organizing structure. Mahon writes, "Through this research, I have found repeated examples of productive interactions among micro-businesses [participating in the Working Capital program]. This interaction, however, seemed to precede the establishment of the program" (Mahon, 1995: 103). It was not the group-lending model that created strong supportive networks to build entrepreneurial activity, but strong supportive networks that were already engaged in entrepreneurial activity that leveraged the Working Capital program.

Entrepreneurs operate within an extensive network of collaboration designed to minimize the cost of doing business and provide shared knowledge of the industry. This interaction has influenced the start-up of businesses, the movement of businesses into new products and services and the strengthening of supply lines to the business (Mahon, 1995: 105)

She thus shows that the networks within the Dominican community held economic benefits for its members, and thus created favorable context through which to conduct economic activity.

Mahon also identified five supportive processes that operated within the Dominican network: (1) Cooperative arrangements drawn to reduce business expenses; (2) information exchange; (3) consumer credit through purchasing pools; (4) supplier relationships; and (5) knowledge and skill sharing. Examples of cooperative arrangements included joint purchasing trips to New York City to buy wholesale goods to sell back in Lawrence. Aside from sharing transportation costs, participants also shared information about where to go for good bargains and quality products.⁶ Another interesting example was the sharing of storefront space between various entrepreneurs to ensure the optimal use of that space. Information sharing ranged "from how to start-up a business, to new products, to pooling leads on suppliers and/or new markets for goods" (Mahon, 1995: 58). There was also significant knowledge sharing of specific trades, such as in day-care and electronic appliance repair. Lastly, Mahon discovered consumer purchasing pools which have been an effective means of overcoming the traditional capital gap on the consumer side of low-income retail that many small business owners faced:

Many retail businesses are able to attract and keep customers by offering credit not otherwise available. By providing credit to customers micro-businesses can tie up tremendous resources in working capital because the businesses pay for merchandise cash up-front. Several retail vendors have dealt with this problem by

⁶ Mahon writes that informal transportation services have sprung up to meet this specific need, and charged \$70 for a roundtrip journey. Several of my interviewees told me that three such companies still exist in Lawrence, making 4-6 trips daily to New York City. They also provide door-to-door service for passenger transit. Interestingly, the price has not changed from \$70.

organizing consumer pools known as “Sans” in order to provide a means by which several customers may purchase on credit. (Mahon, 1995: 59)⁷

All these examples show that there are relations characterized by trust, expectations, and enforceable norms that individuals rely on to engage in economic activity, both entrepreneurial activities as well as consumption activities. What is most remarkable is that the examples that Mahon cites are in relation to small, start-up businesses, and not larger, more established business.

My own interviews generally confirmed the findings from Mahon. Hidalgo described the resources available through co-ethnic networks in the Dominican community as functioning like a ladder to help individual entrepreneurs get to higher levels of activity. Especially for those who cannot get immediate access to conventional resources (for example, everyone had lots of commentary regarding the difficulty of getting financing from banks), the resources in the community have provided important support (Interview, 3/9/05). Santiago agreed with this perspective, saying that Dominican entrepreneurs actually look for ethnic resources “because it provides them so much support. Even if it’s just advice or verbal support. It doesn’t have to be money...[they’re] looking for that sort of cocoon, if you will, that will help them and nurture them while they’re developing and gaining reputation” (Interview, 3/15/05). Both Santiago and Hidalgo also emphasized that family and kin networks are an important source for gaining necessary skills for entrepreneurship, financing assistance, and gaining valuable experience (Ibid; Hidalgo, interview, 3/9/05). Though none of the business owners that I interviewed explicitly used co-ethnic networks or co-ethnic resources to start-up their businesses, they all depended on assistance from family members as key partners in starting-up and running their businesses. They also relied heavily on the strength of word-of-mouth networks in the co-ethnic community in order to market their services and goods.

The availability and strength of such strong ethnic resources could be explained by what might be considered the Dominican American ethos regarding entrepreneurship. Every interviewee who had something to say about Dominicans and entrepreneurship, including non-Dominican business owners, all emphasized that the entrepreneurial spirit was part of the Dominican American identity. A Dominican merchant from Boston, who was the founder of a local merchants association whose membership was about 49% Dominican, said to me that owning a business was the American Dream for Dominicans in the U.S. It represents being your

⁷ The concept of “San” originated in the Dominican Republic, and according to Mahon, “businesses have benefited from the practice of organizing sans transferred from the Dominican Republic” (Mahon, 1998: 60)

own boss, having your own time, and managing your own investment. The same sentiments were expressed by the three Lawrence Dominican business owners who I interviewed.

It is of note that the three Lawrence Dominican business owners who I interviewed generally started their enterprises (which were storefront businesses) after some time in steady, middle-class jobs. Mahon, who interviewed mostly home-based entrepreneurs who often worked in factories and generally low-wage jobs, had much stronger sentiments relating to the sense of self-worth and self-dignity that came with entrepreneurship. This sentiment was best expressed by a Dominican self-employed clothing vendor who was working part-time in a local textile mill to Mahon in an interview in 1995:

They [the textile mill] rarely let you know one week to the next whether they will ask you to return. They do this so they can suck the blood from you. While they have you, they make you work so hard to prove yourself. I need this job for now but if I am let go next week and they do not ask me to return then I still have my business [as a clothing vendor]. Other people do not have this, I do not know what they do. Someday, I will make my business full-time and then I won't have to keep working at the factory. (Interview, as cited in Mahon, 1995: 45).

Another analysis of the Working Capital program done in 1998 by Lisa Servon also found similar sentiments from two seamstresses who were participating in the program:

I'm satisfied with the money I make at my business. The return is better than if I made two hundred dollars working outside the house. Now I'm efficient at my work. In little time I can do my work. After cutting, it's easy.

If it weren't for Working Capital I'd be working in a factory, sewing for someone else, with the boss at my side telling me to dew ten times faster. No way! Here in the house I work however I want to: I'm with my kids. My own schedule. No one tells me no. My machine, my house. (Servon, 1998: 167)

These accounts reiterate the point that there are push factors coming from the secondary labor market that make entrepreneurship a desirable, and thus, highly sought pathway. Entrepreneurship has the potential to better realize the productive, economic capabilities of the individual than what the labor market provides. The co-ethnic resources in the Dominican community are thus able to ensure that these opportunities could become reality and thus provide significant support.

All of this shows that there is significant capacity in the Dominican community in Lawrence to mobilize what are scarce resources to enhance economic activity. This happens with small retail businesses and storefront businesses, but the same also happens with consumers (as evidenced from the formation of 'Sans'). Had these individuals acted individually rather than collectively, the transactions costs, etc. would have increased significantly, most likely making

certain types of entrepreneurial activity unfeasible. Thus a significant amount of resource mobilization occurs. When I asked Hidalgo what types of resources and strategies Dominican entrepreneurs used to start-up, sustain, and grow their businesses (whether co-ethnic or conventional resources), he said that individuals will use any and all resources available to them, and that ethnic resources are often well-exhausted (Interview, 3/9/05). It is also not uncommon to stretch the individual resources available at hand and in some cases, according to Carlos Matos, Lawrence City Councilor, “[Dominican entrepreneurs] have part-time jobs to fuel the businesses they start, or even full-time jobs and do their business part-time and switch over” (Interview, 4/1/05).⁸

In conclusion, it would seem that while being smaller in population and generally having less access to capital than any of the case studies mentioned in Chapter II (Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City), there seems to be tremendous amount of co-ethnic resources in the Dominican community in Lawrence. Though some may argue that this characteristic is attributable generally to Dominicans in the U.S., the point here is primarily to show that the types resources and the types of networks that enhance economic activity exist in the Dominican community in Lawrence.

I.D. The Role of Dominican Entrepreneurs in the Urban Economic Development of Lawrence and the Reconfiguration of Lawrence’s Economic Geography

This section will explore the ways in which Dominican entrepreneurship in Lawrence has had urban economic development impacts in Lawrence, and how Dominican entrepreneurship has reconfigured the economic geography of Lawrence in the regional economy. In Chapter II, the goal of this section was to challenge notions of presumed universalism in economic development theory. I did this by presenting case studies of Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City. Each example showed the ways in which ethnic entrepreneurship played a role in each respective place to create economic development impacts by creating new flows of resource investment into the place based on differentiated social structures from the ‘mainstream.’ Cuban entrepreneurs in Miami built up a significant internal business network serving the local co-ethnic market, thus enabling high value recapture for the city that would be directly reinvested into further local activity. Cuban entrepreneurs also created new networks with

⁸ Indeed one study found that Dominican entrepreneurs in New York City received the lowest return in comparison to the number of hours worked in a comparison with other ethnic entrepreneur groups (including Korean ethnic entrepreneurs). Unfortunately, I could not identify the citation for this study.

a broader Latin American and Caribbean market by leveraging Miami's unique geographic position and by marketing Cuban goods abroad. The Taiwanese in Monterey Park revitalized a dying downtown by mobilizing resources from a regional and transnational co-ethnic resource base. The co-ethnic market was so strong that they were pricing out other types of investors for real estate development. Dominican entrepreneurs in New York City also leveraged ethnic resources to reinvest in high-risk, disinvested neighborhoods. Taking advantage of these neglected urban markets and by building them up, the activities of Dominican investments had initiated cycles of reinvestment in these markets that eventually enabled the open market to also seek investment opportunities in these neighborhoods.

The following account of Lawrence adds to what I had already described at the start of Chapter I: When one takes a walk down the main commercial streets of Lawrence, the majority of businesses have Spanish signs. According to the U.S. Economic Census, from 1992 to 1997, the number of Latino-owned businesses in the Greater Lawrence area doubled from 496 to 1,033. In 1997, 622 of those 1,033 businesses were located in Lawrence. Though 2002 numbers from the Economic Census will not be available until the first quarter of 2006, the qualitative accounts shows that Latino businesses have repopulated a neglected downtown. The *Eagle-Tribune* emphasized this in an article titled, "Latino businesses help grow a new economy" on 2/24/00. Carlos Matos, Dominican City Councilor, remembers a time long ago when he could not get any platanos anywhere in the city, but not anymore. He points out that Latino-owned businesses have filled what were empty storefronts. As I have already stated above, the city is an active destination for Latinos from morning to night and from all over the greater Lawrence region. The presence of Dominicans in Lawrence is not just felt locally or just in the immediate surrounding region, but as far as New York City and as far as the Dominican Republic. I have already described the important connection that New York City has been for economic activity and I will discuss this further later in the section. As stated in Chapter III, what's truly interesting is that in the Dominican Republic, many Dominicans perceive Lawrence to be just north of Washington Heights, New York City. There is also some international import/export trade of small retail goods between Lawrence and the Dominican Republic (Harol, personal communication, 12/8/04). And if one needed to, one could find dozens of stores providing remittance services to the Dominican Republic. The final sign showing that Lawrence has emerged in the mental geography of the Dominican diaspora is that Lawrence has become a required stop for political candidates running for office in the Dominican Republic. They come to raise money and to seek votes from those

who hold Dominican citizenship (the Dominican Republic has recognized dual citizenship since 1994).

In this section, I will describe first how Dominican entrepreneurs impacted urban economic development in Lawrence, and end the section with an account of how Dominican entrepreneurship has impacted the economic geography of Lawrence.

1.D.1. The Role of Dominican Entrepreneurship in Urban Economic Development in Lawrence

The process through which Dominican entrepreneurs have contributed to the urban economic development of Lawrence is a complicated narrative to tell because there is no starting point and end point to the process. However, it is best to start with the ways in which Dominican entrepreneurs, through the process of starting-up, sustaining, and growing their businesses have contributed to the economic development of Lawrence. Virtually everyone who I have spoken to about Dominican entrepreneurs in Lawrence has said that a significant source of financing for small businesses is family and kin networks, along with personal savings. Business loans are available, but they are either very difficult to get or are inaccessible either due to poor credit history (or no credit history) or because of language or cultural barriers. However the source of these family and kin networks extend far beyond Lawrence. Family and kin who may be able to provide financing could be in the New York City metropolitan area. Or in one interesting account, an entrepreneur who had purchased a home in the Dominican Republic later sold that home and used the proceeds to start up his business. Also, two of the three Lawrence Dominican business owners who I spoke with had built up their personal savings working for employers in neighboring towns. They then invested these personal savings into their business in Lawrence. Like the Taiwanese in Monterey Park, the rise of Dominican entrepreneurship represents investment flows into the city that are leveraged through the network of co-ethnic connections. But financing was not the only assistance that Dominican entrepreneurs were able to leverage from the co-ethnic network. As stated in the prior section, Dominican entrepreneurs are able to leverage non-financial resources, such as cooperative relationships, social support, and opportunities to gain entrepreneurship experience and know-how through co-ethnic networks.

The results that arise out of these investments are visible in the form of storefronts along the commercial streets in Lawrence, but there are numerous other small business ventures that are not storefront based, including some home-based businesses. With storefront businesses, entrepreneurs are investing a significant portion of resources towards public space that the

storefront occupies, whether in the form of signage, street improvements, etc., that will draw in customers. And as shown in the prior section through Santiago's 2003 survey of Latino-owned businesses, Dominicans represent a large proportion of Latino storefront businesses, an overwhelming majority of these businesses owners are Lawrence residents, and these businesses cater heavily to the local Latino market. The localized aspect of these businesses ensures that money spent in these business represent further value recapture that stays in the community. This means more capital for local property improvements, more tax revenue for city services, and more accountability from the local business owners in regards to community needs.

Again, aside from the cash flow that these businesses either bring in or circulate within the community, there are other intangible benefits that local ownership of businesses contributes to the community. Mahon's study (and Servon's study as well) both found that Dominican entrepreneurs in the Working Capital program identified entrepreneurship with devoting oneself to providing a valuable service to the community. Mahon found that "several entrepreneurs expressed as long-term goals the start-up of other ventures or the provision of a service to community members" (Mahon, 1995: 47). Servon also found this in participants of Working Capital: "Many say that they like giving something back to society, and they enjoy knowing that people rely on their particular skill or service. Respondents find a sense of purpose in the community with their business" (Servon, 1998: 168). Even in contexts when people were not directly involved in a business that provided this type of exchange, both Mahon and Servon remarked that the entrepreneurs had developed a positive image of her or himself. Graziano, the former beauty salon, started her own weekly 30-minute radio program on hair care and skin care when she started her business. She used the show partly to promote her business and the products that she sold, but she also aspired to provide the best information and advice on these topics that she could (Interview, 3/29/05).⁹ Santiago also emphasized that local Latino entrepreneurs provide non-economic services to the community. Success is not defined by how big the business is or how profitable, but by knowing their neighborhood, and by personalizing their service to their customers who are drawn from the local neighborhood.

[In addition] they provide all these non-commodity services: they are nodes of information where people find out who's giving away a used refrigerator that someone else might need, and who else has a truck that may, for \$15 or so, be able to bring that refrigerator to you. Who has an apartment available that's

⁹ Though Graziano herself did not tell me about this herself, she was also the catalyst for a "Our United Neighborhood Cleanup" steering committee that brought together business leaders, residents, and former residents to organize a cleaning campaign to take pride in Lawrence (Eagle Tribune, 8/7/01)

affordable. I mean this is important information that goes through bodegas, beauty parlors, barbershops...a whole host of small businesses. (Santiago, interview, 3/15/05)

Santiago's 2003 survey confirmed this, finding that 61 of the 149 business owners participated in local civic activities. Those who did not participate generally said that it was difficult to find time. All these intangible benefits represent non-financial investments that local business owners are making into Lawrence. In addition with the other benefits already mentioned in the prior sections, which includes training opportunities for potential future entrepreneurs, sharing of knowledge, and sharing of skills, overall these accounts show that significant resources have direct and indirect urban economic development impacts.

1.D.2. Dominican Entrepreneurship and the Reconfiguration of Economic Geography

Thus far I have shown three impacts that Dominican entrepreneurial activity has had on economic development: the opportunity for localized value recapture through the availability of shopping options provided by the multitude of Dominican businesses in the community; the financial and non-financial investment that Dominican entrepreneur make into the city; and the opportunity that entrepreneurship provides to maximize the individual capacity that someone could have in the economic and social life of the community. These are economic developments impacts that come from resources that are drawn into the city, or that arise by developing the productive capacity of the human capital within the city to enhance value-added activities.

A much less documented impact, however, are the ways in which Dominican entrepreneurship (and in general, Dominican community formation in Lawrence) has had in connecting the markets between Lawrence and New York City (even including the greater New York City metropolitan region¹⁰). Dominican entrepreneurs that engage in trade activity with New York City are leveraging the productive resources provided by the larger city to generate economic activity within Lawrence. The prior section provided the example of the entrepreneur who distributed wholesale goods purchased in New York City to the bodega businesses in Lawrence. Graziano used suppliers in New York City for her hair salon and hair product supplies business in Lawrence (Interview, 3/29/05). Mahon (1995) also mentioned trips to New York City taken regularly by Dominican entrepreneurs who cooperatively shared transportation costs. Walking around Lawrence, I saw hat stores, shoe stores, young men's fashion boutiques, and other types of fashion-conscious retail that one would also find in Washington Heights, New York City. These

¹⁰ See the Appendix to see the concentration of the Dominican community in the general New York City metropolitan region.

entrepreneurs are leveraging the wealth of opportunities available in New York City to generate legitimate, marketable opportunities in Lawrence. Santiago and Hidalgo both mentioned that there are three van companies that provide 4-6 daily door-to-door transport services from Lawrence to Washington Heights (Santiago, interview, 3/15/05; Hidalgo, interview, 3/9/05). Though one might say that some of these businesses are merely copycats of existing businesses in New York City, this should not be a reason to discount these businesses. As stated in Chapter I and reiterated above, if we expand the general perception of entrepreneurship to include activities that are happening through Dominican entrepreneurship in Lawrence, we would notice that these types of activities are indeed entrepreneurial. Through local knowledge of the market in Lawrence, and the market in New York City, Dominican entrepreneurs are engaging in creative, innovative behavior that creates market opportunities that were not there before. In addition, just like Dominicans in New York City described in Chapter II who used a variety of strategies to identify market opportunity in areas where the open market had pulled out its investments, Dominican entrepreneurs in Lawrence are acting as pioneers and are creating markets for themselves.

The results from such trade with New York City are the products that one sees in Lawrence: bodegas, clothing stores, hair salons, barbershops, restaurants, boutiques, etc. For Lawrence, all this activity translates into properties that are being put to productive use as commercial businesses, entrepreneurs who take time to ensure that their sidewalks are clean and that the streets are safe, and as a flow of tax revenue to sustain the city. This is not to mention enhanced employment, enhanced sense of local ownership, enhanced civic capacity through leadership development, and the efficient use of the local human capacity in the community. Lastly, if we consider the issue of scale, Dominican entrepreneurs are able to replicate a lot of services and goods that would not be available in Lawrence without having the economic connection with New York City. I have asked business owners and others whether the Boston area Latino community represents a significant resource for economic activity, and the general perception is that Massachusetts does not provide the scale from which significant internal economic activity could take place (for example, a bodega wholesaler who could provide goods from the Caribbean). Therefore even in the Greater Lawrence area the scale of the Dominican (and Latino) community does not seem to support the resources for internally developing these types of resources. (Or possibly no internal organizing effort to enable such developments has to yet come about). Tapping into the New York City metropolitan region's large Dominican

community enables Lawrence to overcome the disadvantages that come from scale and distance. Dominican entrepreneurs are making impacts in the urban economic development of Lawrence through the reconfiguration of Lawrence's economic geography.

Lastly, Dominican entrepreneurs are not just limited to economic trade with New York City. I mentioned that there are accounts of import/export trade activities with the Dominican Republic, and Mahon identified a couple of participants in the Working Capital program who conducted some small-scale trade activities between Lawrence and the Dominican Republic. Vargas, a restaurant owner, relies on non-co-ethnic suppliers from the region for a lot of his supplies (Interview, 3/25/05). Another business owner who I interviewed relies mostly on the Internet and industry news to identify suppliers for her business. Though New York City is obviously an important market, Dominican entrepreneurs are also taking advantage of other opportunities and channeling those opportunities towards the Lawrence market.

II. THE CHALLENGES OF ECONOMIC DEVELOPMENT PRACTICE IN THE CITY OF LAWRENCE

In the prior section, I highlighted the investments that Dominican entrepreneurship has contributed to urban economic development in Lawrence, and I have also provided an analysis of the process through which this has occurred. This section will begin by providing an account of the challenges that economic development practice faces in the City of Lawrence. As I will show, the challenges come from the dual impacts that arise with continued economic poverty and conflict over demographic change. The section will conclude with recommendations for future directions in economic development practice in Lawrence.¹¹

II.A. Challenges to Economic Development Practice in Lawrence, Massachusetts

Since an in-depth analysis of economic development practice in Lawrence could represent a whole new thesis altogether, this section is a brief assessment of economic development practice from the perspective of other sources. I mostly rely on interviews that I conducted, but I also use transcripts from a weekly lecture series titled "Forgotten Cities" held at the Department of Urban Studies at the Massachusetts Institute of Technology during the 2004-2005 academic year. Four of the speakers in the series, Beth Siegel (President of Mt. Auburn Associates, an economic

¹¹ For this section the accounts that I provide focus less on the Dominican community in Lawrence as a particular group, and focus on Dominicans as part of the larger Latino community in Lawrence.

development consulting firm), Bill Traynor (Executive Director of Lawrence CommunityWorks, a community development corporation in Lawrence), Robert Luongo (former Director of Economic Development in Lawrence), and Carlos Matos (Lawrence City Councilor, who I also interviewed personally), addressed the challenges of economic development in Lawrence. Lastly, I use past articles from the *Eagle-Tribune* newspaper to get further insights into economic development practice in Lawrence.

As described throughout this thesis, Lawrence is a city that has a significant number of challenges. The shared perspective on city efforts for economic development is that it has generally been ineffective despite a number of varied initiatives and efforts over the years. Particular amongst small business owners, both Latino and non-Latinos, there is a sense of initiative-fatigue and disenchantment with economic development efforts (Murray, 2001). One commonly cited reason for the cause of this situation is the general lack of capacity for effective economic development planning and implementation in the city (both in the government and in the civic infrastructure). Another reason that people have mentioned for the ineffectiveness has been the inability of economic development practice to connect with those who actually live, work, and have businesses in the city, namely its low-income residents, its Latino residents, and Latino entrepreneurs. The latter criticism comes mostly from community economic development professionals who work in Lawrence and members of the Latino community. I will explore both reasons in depth below to provide a picture of the challenges that economic development practice in Lawrence faces.

The problem of capacity can be defined in many ways. One glaring capacity problem for Lawrence is that though it has problems similar to many large cities, such as brownfields, vacant housing, empty storefronts, crime, a severely outdated infrastructure, and a significant amount of vacant lots,¹² it does not have access to the resources a larger city would have in order to deal with these challenges (Siegel, 'Forgotten Cities' Lecture, 10/6/05). This includes the ability to get federal and state funding. Unfortunately Lawrence has not had the political clout to be able to direct significant amounts of federal and state resources towards economic development in the city. (In contrast, Lowell, another former industrial town in Massachusetts that has been recognized as having been revitalized in recent years, had a champion through a U.S. Senator

¹² In an article from 11/11/01, Mayor Michael Sullivan told the *Eagle-Tribune* that the city had 1,100 vacant lots within its 6 square miles (Regan, 2001)

who was from the city) (Siegal, 'Forgotten Cities' Lecture, 10/6/05); Luongo, 'Forgotten Cities' Lecture, 10/20/05).

In regards to the capacity of the city government in dealing with economic development, Luongo, who was Lawrence's Director of Economic Development under the two mayors who preceded the current mayor, remarked that there was considerable lack of capacity in city hall to effectively deal with economic development issues (Luongo, 'Forgotten Cities' Lecture, 10/6/05). A community advocate who worked in Lawrence also strongly felt that the incapacity of the city council often hindered proactive strategies and for approaches for economic development to even happen, and thus a number of opportunities have come and gone that were not take advantage of. Luongo also said Lawrence had suffered from a succession of ineffective past mayors. During his term under two mayors, the first mayor proved to be ineffective against an unyielding city council, and the following mayor was primarily focused on pursuing a judgeship rather than committing full to serving the city. Regarding the current mayor, Mayor Michael Sullivan, generally many people considered him to be a good person, but many were also quick to point out that he has failed to put economic development as a top priority of his mayoralty, despite the need to do so. Since Lawrence has a strong mayor and strong city council form of government, not having a specific, targeted plan on economic development has meant that the city government has not been able to effectively create a strategy from which to initiate economic development practice. Other individuals have spoken about the lack of capacity within the city's agencies and the difficulty of getting qualified individuals to come work in Lawrence.

Along with the perception that there is a lack of capacity in city government and some city agencies, some emphasize that the civic infrastructure in the city has also deteriorated. According to the Traynor, Executive Director of Lawrence CommunityWorks:

This is essentially an industry town that was abandoned by the industry...The industry left a void of leadership and very little left in terms of civic infrastructure. And it's our feeling that part of the story of Lawrence, over the last thirty years anyway, is that there's been a real vacuum of leadership, and a vacuum in the kind of population in public life. There's been a chronic disengagement from almost all sectors, pulling away from public life in the important ways that cities that are interested in surviving and/or reinvention really need. (Traynor, 'Forgotten Cities' Lecture, 12/8/04)

Emblematic of the lack of leadership and continuity on the part of the civic infrastructure is reflected in the 'Master Plan' that was created for Lawrence in 2000, an effort that was launched by then mayor Patricia Dowling. According to an *Eagle-Tribune* article from 3/12/00 titled, "Phoenix of the Northeast?" both Senators Kerry and Kennedy were on board to support the

initiative, as well as U.S. Congressman Marty Meehan along with financial support from the state. 36 local business leaders and city residents were recruited to an all-volunteer committee (Ragsdale, 2000a). However, as I conducted my interviews in 2005 with various members of the community, barely anyone had mentioned the 2000 Master Plan.¹³ Despite investments in time and energy by a large member of the civic community, it seems that there was no lasting impact that was created through this process.

Lastly, the lack of capacity in both the city government and civic infrastructure reflects a lack of capacity to develop a long-term vision of what economic development could even look like. Luongo, reflecting on working in Lawrence and in other communities like Lawrence, remarked that

There's no real long term vision for these communities, which I think hurts them a lot. It hurts even when a developer comes in looking at the area. And I think it hurts even residents of that community. They don't even know what their community is striving for...I mean I have always been frustrated with those communities because I really feel [that] they haven't really articulated a strong vision for themselves. (Luongo, 'Forgotten Cities' Lecture, 10/20/05)

Traynor alludes that perhaps it was not necessary the lack of a vision that plagued Lawrence, but the lack of seeing a *common* vision:

When we first came, we used talk about it as if there were three visions of Lawrence: One was the 1950s vision, let's have the 1950s again. This was held by the white folks. The white folks also had another vision, which was the doomsday vision. And then the Latinos had a pretty scattered collection of visions with some bundle of homeland in the new place that was really hard to get a handle on. And none of those visions were really the train that you wanted to get on, that was going to go down the track. It was not going to happen. There needed to be a positive future vision that was based on the reality of this place, and also based in the positive assets of this place, because it does have positive assets. (Traynor, 'Forgotten Cities' Lecture, 12/9/04)

From the conversations that I have had with individuals, it would seem that Traynor's portrayal is more accurate than Luongo's: there are various institutions, groups, public officials, business leaders, and individuals that have visions for what economic development could be, but these are all largely fragmented and some are even exclusive in regards to who matters and who does not.

¹³ If anything, the only major planning and visioning process that has taken root in the last five years has been Reviviendo Gateway Initiative (RGI), co-sponsored by Lawrence CommunityWorks and another local community development organization and started in 2002. That initiative has been able to draw together residents, mill owners, institutions, businesses, public agencies, young adults, and others to create a community vision for the city's Mill District, and is still going strong currently. One of RGI's key accomplishments was to get the zoning code of the Mill District to be applicable to the realities of 21st century Lawrence. According to Traynor the zoning in the District had not been looked at seriously since 1946 and its modernization has allowed new possibilities to take place in the District (Traynor, 'Forgotten Cities' Lecture, 12/9/04).

Few, if any, have stepped up to try to identify what a uniform vision could be (the one exception being the Reviviendo Gateway Initiative by Lawrence CommunityWorks¹⁴).

According to Matos, the fragmentation of the vision reveals the spatial divides the city and the region. The most important landlords in the city, the mill owners, are not residents of the city yet they have control of some of the city's most significant economic infrastructures. Many local institutions that play a large role in Lawrence are not 'local,' and similar to the mills, outsiders control these institutions and thus have a different perspective on what a vision could be than local residents. Lastly, the major institutions that have an invested stake in economic development in Lawrence, such as the Merrimack Valley Chamber of Commerce, the Workforce Investment Board, and area financial institutions, are all focused on the economic development priority of the region rather than the priorities of the city. Essentially, there is an 'outside' vs. 'inside' dynamic occurring in Lawrence ('Forgotten Cities' Lecture, 9/15/05; interview, 4/1/05). And many have pointed out that the spatial divides have racial undertones, since Latinos represent the majority of the local 'inside' population and whites represent the majority of the population in the surrounding 'outside' region. Whites also sit at the head of city government, the Chamber of Commerce, regional financial institutions, and other local institutions. The complexity of these divisions has not been eased by the general problems of incapacity within the city government and within the civic infrastructure. In fact the complexity of the divisions and the incapacity of city government and civic infrastructure seems to have been a parallel process, where they negatively reinforce each other.

Within this context, economic development practice in Lawrence has generally sought to follow the 'traditional' path that was outlined in Chapter II: seeking to attract outside businesses to come to Lawrence and trying to attract a more affluent class of residents into the city who could lift up the tax base. This has generally been part of the problem exacerbating the spatial and racial divisions, as many of the city's Latino residents see these efforts as attempts to either ignore their contributions to the city or worse, an attempt to alter the Latino shift in the city's population. The following are some examples of recent projects initiated in the city. As already mentioned in Chapter I, an economic summit in 2000 primarily focused on plans to attract new businesses, especially high-tech firms, and the types of inducements that could attract those businesses (such as transportation improvements, cultural amenities, etc.) (Ragsdale, 2000b). A state-funded project that is currently under construction is a \$20 million commuter rail stop with a large parking

¹⁴ See Footnote #13 above.

structure. The stop enhances connections to Boston, but many have criticized it for only benefiting regional commuters who come from outside of Lawrence.¹⁵ Earlier this year, Mayor Sullivan launched a \$30,000 city marketing brochure aimed at companies who may seek to locate to Lawrence. His rationale was that Lawrence needed to remain competitive in par with other cities to attract companies (Foreman, 2005). Finally, some of my interviewees have criticized the city's storefront improvement program for seeking to put an Anglo, suburban cultural aesthetic to Latino businesses.

From the perspective of many who work with small businesses, city economic development practice focuses on an unbalanced approach that allocates more resources and attention on external recruitment, and much less resources on building up the internal capacity of existing resources, (namely the Latino businesses who represent the face of Latino contributions to the city's economic development). According to Matos, "the city has a tendency of looking outside of its own city in terms of opportunities" (interview, 4/1/05). Santiago asserts that the city's economic development practice has also not focused internally, and specifically not focused on the Latino community, despite the fact that the Latino community represents a significant portion of the residents, the storefront business owners, and homeowners of the community (Interview, 3/15/05). Mayte Rivera, Director of the Community & Enterprise Development Center at Northern Essex Community College in Lawrence, also emphasized that the city failed to have an economic development vision that included Latino business owners, and thus the benefits that the businesses provide (both the economic and non-economic benefits that I had already spoke about above) are not fully leveraged (Interview, 2/22/05). Several articles over the years in the *Eagle-Tribune* show that Latino business owners themselves have consistently demanded that city economic development practice be more focused on the Latino business community (Ragsdale, 2000b; Murray, 2001; Foreman, 2003). My interviews with Lawrence Dominican business owners were not so direct in their criticism of city government policy in regards to Latino business owners, but they all agreed that the city could be more pro-active in providing support for small businesses.

This is a very different picture than what the *Entrepreneur* article described about Lawrence in Chapter I (which said that "small businesses have more than a few friends in the city and state who realize that to make Lawrence grow, entrepreneurship must also grow» (Hess and Rares, 1998, see section on 'Lawrence'). However, the article portrayed an image that was somewhat

¹⁵ According to Carlos Matos, the 2000 Census showed that in an average workweek, the number of Lawrence residents who used the train to commute was 102. The numbers of people who took a taxi was 745, and the number who walked was 822 (Matos, 'Forgotten Cities' Lecture, 9/15/05).

removed from reality. The city has provided support for the development of small businesses, but the support has been scattered and inconsistent, and in some instances came with great pressure from both internal and external initiatives. This was the case with the Lawrence Minority Business Council (LMBC), established in the early 1990s as a result of a series of state efforts in Lawrence (see Mahon, 1995). The city provided some funds to support the LMBC, which focused on developing the capacity of Lawrence's Latino entrepreneurs (the Council was responsible for bringing the Working Capital program, and for running the program successfully for several years), but funds would later be cut from the city (Servon, 1998). There has also been a Business Development Resource Center (BDRC) in 1994 on Essex St. (where the LMBC would at one point be located), one of the main commercial corridors of the city, but that Center also did not seem to have lasted (Ibid). In 1999, Lawrence opened a bilingual Small Business Center sponsored with the SBA to provide technical assistance and resources (Crabtree, 1999). The site functioned as a one-stop place for a wide variety of small business services, including SBA resources, Service Corps of Retired Executives (SCORE), and the Lawrence Main Streets program. However, due to funding issues with the Department of Housing & Urban Development, the Center had to close down last year (Hidalgo, interview, 3/9/05). Lastly, the city has a small business revolving loan fund and a storefront improvement program, neither of which were noted as being successful by any of my interviewees.

It is interesting to note that aside from the support for the LMBC, most of these programs have relied on the what Mahon calls the "traditional business development strategy" that focuses "primarily on enhancing factor inputs by providing capital and entrepreneurial training to 'atomistic' individual small firms" (Mahon, 1995: 102). The LMBC, as Mahon points out, found success by utilizing the existing ethnic networks of small entrepreneurs by forming peer-lending groups through the Working Capital program. It is important to note that unlike other programs the departure of the Working Capital program were related to issues with the national organization rather than to changes in city policy (Ashe, 2000).¹⁶ Overall, however, many of my interviewees have felt that city initiated programs have had limited success in supporting Latino-owned small businesses.

In conclusion, this provides the complex social, political, economic, spatial, and racial landscape within which economic development practice must take place in Lawrence. There is a

¹⁶ Working Capital merged with ACCION-USA, a microlender, in 2001. However, ACCION-USA does not rely on the group-lending model. See http://accion.org/media_press_releases_detail.asp_Q_NEWS_E_40

lack of capacity, there is a lack of connection between a multitude various stakeholders, and there is also the history of disappointments and frustrations that have accumulated over the years. These realities represent the challenges of economic development practice in Lawrence.

II.B. Recommendations for Future Directions in Economic Development Practice in Lawrence

These things were vacant and abandoned. You went down the street and all you saw were vacant and abandoned storefronts. The Latino community has been the ones filling those places, and if you look at the recent housing boom, the same thing has been able to occur...People are dying to invest and stay...They are looking to be prosperous. The issue has been that there hasn't been a partnership to allow them to be as prosperous as they possibly could be. They've been forging on their own, without support from government, from the major institutions as should be the case. That's one of the reasons why the development has lagged. If it was much more of a partnership, and much more of a situation in which they were valued, then this would have been almost exponential growth. (Carlos Matos, interview, 4/1/05).

Economic development practice faces a significant challenge in Lawrence brought about by prolonged economic decline and from the conflicts that have arisen from the failure to embrace demographic change in the city. In this context, economic development practice will only be able to find true, long-term success by taking an approach that seeks to bridge the multitude of divides that currently afflict the city.

I have already shown in the prior section and in Chapter II that the conventional approach to economic development could exacerbate pre-existing social divisions, and worse yet such approaches could hurt one of the few growth sectors that the city has experienced in recent years, as represented by ethnic entrepreneurship. The traditional approach of economic development practice that searches for external investment, whether in the form of industry recruitment of high-tech industries or developing tourist/cultural amenities to attract affluent, white suburbanites, represents the presumption of universal benefit that fails to look internally at the city's existing residents and small business owners, and the local investments that occur daily by residents and business owners. Externally-focused projects may generate significant investment benefits in the short-run, but because such projects are often disconnected from the local community, more sustained, long-run benefits do not materialize.

Economic development practice in Lawrence needs take a new approach, which is to embrace the existing vibrancy that local ethnic entrepreneurship generates, and attempt to connect this sector with the rest of the region to leverage economic development. Only in such a manner could economic development practice bridge the divides that currently separate whites from Latinos, and the city from the region, and effectively bring about a comprehensive strategy towards

economic development. As Matos stated above, the energy and resources that have created the current small business community have had virtually limited support from the major institutions that traditionally should be supporting economic development and neighborhood investment. Therefore, there needs to be an effort to develop and engage a new civic infrastructure that will bring the non-ethnic-based resources and institutions together to invest together with the existing ethnic resources to bring about long-term economic development in Lawrence.

The future direction for economic development practice that I am proposing here is an adaptation of the conceptual frameworks that I had introduced in Chapter II, and the analytical framework that I used in the earlier part of this chapter. By thinking about economic development practice using the three frameworks, we can identify the opportunities in which economic development practice can create a new approach for economic development in Lawrence.

II.B.1. Economic Development Opportunities in the Migration Process, the Process of Ethnic Community Formation, and Ethnic Entrepreneurship

In Chapter II, I wrote about the ways in which the migration network can influence economic development in a destination by ensuring that the productive capacity of a local area is enhanced. Migrant networks could do this by facilitating job searches or housing searches for recently arriving migrants. In Chapter III and in this chapter, I highlighted the growth of Lawrence's workforce during the 1990s, and I also described the migration networks in Lawrence that attracted Dominicans to come to Lawrence from New York City. I also mentioned that the Lawrence real estate market has had a significant resurgence in recent years. Though unemployment remains high in comparison to the rest of the state, the housing market continues to grow with the continued influx of Dominicans and other Latino groups moving to Lawrence and buying homes. But whether it is Dominicans or other Latinos entering the market, this represents a clear resurgence for a city that has had a history of disinvestment and population loss for much of the latter half of the 20th century.

Economic development strategies should thus seek to complement the strength of the migration network by focusing on the housing market and continue to draw in new Latino residents who fuel investment into the city, and identify the housing needs of the existing Latino residents. As housing vacancies are filled, and as the demand for real estate makes housing development in vacant lots feasible, these migration networks could represent a sustained investment stream, bringing back unproductive spaces back into productive capacity. Supporting the development of ethnic entrepreneurs in the housing industry could ensure further value

recapture in the community. For example, an enhanced housing market could support Dominican entrepreneurship through fostering Dominican-owned realtors, contractors, developers, and residential property owners. Both informal co-ethnic and formal economic development assistance (such as financing, technical assistance, and training) could be direct at this goal.

Economic development practice may also identify what are the market needs of the migration network, and develop appropriate zoning and building regulations to match this market. For example, are recent migrants seeking studios and one-bedroom condos, single-family homes, or moderately priced duplexes? What are the factors in the housing market in Lawrence that draw recent Latino migrants and keep existing Latino residents, and how could these factors be enhanced? The American Planning Association have recognized that different demographic groups may prefer different styles of housing and land use models, and some have advocated that the Latino population in particular represents a prime market for the 'New Urbanism' planning concept (see recent workshops hosted at the 2005 American Planning Association conference held in San Francisco, and see Mendez, 2003).¹⁷ Though these strategies are 'external' attraction strategies in some ways, an important distinction is that they are 'internal' in the way they focus attention on the needs and preferences of the majority Latino population in Lawrence. This is a much different strategy than developing artist lofts, housing for empty-nesters, or housing for employees of the high-tech industry.

There are also labor market factors that could influence the migration network, and this should also be a focus on economic development strategies. The role of the manufacturing sector has changed dramatically from being one of the primary pull factors for Dominican migration to Lawrence to a much minor factor. Thus, economic development practice should explore other sectors of the labor market that would complement existing migration networks and existing residents. This does not mean high-tech businesses, but other types of industries that would complement the productive capacity of the community. Economic development practice could also provide more support for the development of the types of ethnic enterprises or native enterprises that could create job opportunities that would be viable for existing residents and those in the migration network. Again the example of fostering Dominican entrepreneurship in the housing market that I mention above is one strategy, but other strategies that specifically target the labor market options could also enhance the migration network.

¹⁷ The 'New Urbanism' concept emphasizes higher density residential developments that are integrated into mass-transit, commercial activity, and pedestrian access ways. See <http://www.newurbanism.com>

Support of ethnic entrepreneurship is important in enhancing the migration network aside from the job factors. As mentioned in Chapter II, the concentrated development of co-ethnic enterprises could act as a draw for a regional co-ethnic customer base, further attracting more migrants as part of a cumulative process. I showed that this was happening in Lawrence amongst Dominican entrepreneurs, but it did not mean that it led to an actual pull factor for potential migrants due to the significant size of the ethnic economy in the New York City metropolitan region. However, I did show that there were some areas of internalized monopolies within the Dominican co-ethnic network, in which there were opportunities for value recapture within the co-ethnic network (and generally, in the Latino network). Even though the co-ethnic network extended to New York City, this represented an internalized monopoly with important economic opportunities for its participants. Economic development practice could seek to strengthen this internalized monopoly at least in the Dominican business community to ensure that further value recapture could be realized by the co-ethnic community. This could involve institutionalizing some of the informal networks that exists between businesses by sponsoring co-ethnic trade associations or by sponsoring a broader Latino merchants association that will various types of networking opportunities with co-ethnic businesses.

Lastly, a more explicit strategy to enhance community growth through the support of Dominican (and other ethnic) entrepreneurship could be to promote the development of commercial real estate in the city that would complement opportunities for ethnic entrepreneurship. For example, some types of establishments, particularly small establishments that specialize in high-end goods (high-end fashion, jewelry, electronics, etc.), may find it difficult to set up in a typical storefront isolated from other high-end goods providers. A commercial real estate project that could match the ethnic entrepreneurship opportunity of specialized goods with real estate development could further enhance the development of migration networks as well as enhance the variety of commercial activity available in Lawrence. Another strategy could be to facilitate the development of a large anchor tenant that specifically caters to the ethnic clientele, and thus enhance the viability of a strong co-ethnic market.

These are just some strategies that economic development practitioners could take on to try to leverage the economic development processes that are inherent in the migration process and the process of ethnic community formation.

II.B.2. Economic Development Opportunities in the Ethnic Network and in the Co-Ethnic Capacity for Resource Mobilization

I highlighted earlier in this chapter that the Dominican co-ethnic networks were very strong in enhancing entrepreneurial activities, and that a significant amount of resource sharing occurred within the co-ethnic network. A significant body of knowledge and cooperative relations within the Dominican co-ethnic networks also enabled the development of complex types economic activity. I had used the example of the supplier for bodegas who went to New York City to purchase wholesale goods, the cooperative knowledge sharing of microentrepreneurs, and the *san* financing system, along with other examples). I also emphasized the high level of co-ethnic resource mobilization within the Dominican community. There are many ways in which economic development practice could find opportunities to leverage the co-ethnic networks and the co-ethnic capacity for resource mobilization for economic development. I will highlight three areas of possible intervention: expanding the knowledge base of ethnic networks; expanding the market reach of ethnic enterprises; and leveraging the financial resources that are mobilized through ethnic networks.

- Expanding the Knowledge Base of Ethnic Networks

Ethnic networks generally rely on a close, tight-knit knowledge base that leads to a high level of productivity in certain industry areas (for example, in the establishment of bodegas or hair salons). However, there are alternate markets where the ethnic networks do not have a strong knowledge base, yet significant opportunities may exist for ethnic entrepreneurs to establish a small business in that 'undiscovered' market. Once a channel becomes established for the knowledge base to accrue, for example through the development of ethnic entrepreneurs in a new industry, the rise of ethnic entrepreneurship could lead to a cumulative process in which it enables more entrepreneurial activity to happen in that new market as knowledge and experience become dissipated along the co-ethnic network. Economic development practice could intervene and enhance the knowledge base of ethnic networks in two ways: first economic development practice could seek to institutionalize the sharing of knowledge across ethnic and non-ethnic networks, and thus reduce the knowledge barrier that may exist between the two differentiated co-ethnic and non-co-ethnic markets (if we assume that the world can be divided into such simple divisions); and second, economic development practice could pro-actively introduce new business ideas and models to be adopted by promising ethnic entrepreneurs.

Institutionalizing the sharing of knowledge in order to bridge the knowledge barrier between the co-ethnic networks and the non-co-ethnic networks is a complicated process, but

some of the foundations where this type of activity could begin already exist in Lawrence. The regional Merrimack Valley Chamber of Commerce could be a more active venue for ethnic entrepreneurs to network and meet with other businesses from around the region. Regular networking meetings could be established that connects regional businesses with local small businesses, and information could be made available for Spanish speakers. There have been some efforts to establish a Latino based merchants association, and this type of activity could be a catalyst for enhancing the role of such an organization. Also there are two educational institutions in Lawrence that could provide training and services related the business education (Cambridge College and Northern Essex Community College). Both institutions could sponsor programs geared towards expanding the knowledge base, and both institutions could sponsor research that identifies new market opportunities in the city and region that ethnic entrepreneurs could take advantage of. A format that enabled the distribution of this knowledge with the Chamber of Commerce and a Latino-based merchants association could create a strong network of information sharing that would bridge the knowledge barrier that currently exists between the co-ethnic and non-co-ethnic networks.

A much different approach is to specifically create a business plan from which a Dominican (or other ethnic) entrepreneur could start-up a business (or expand a business). Viet-AID, a community development corporation located in the Fields Corner neighborhood of Boston that works actively with the Vietnamese community, created a business plan for a cooperative cleaning company. The organization conducted the necessary market analysis for business, created a business plan, and then recruited a group of Vietnamese entrepreneurs to execute the business plan. The company has been in existence for several years. Though such a strategy may be difficult to replicate it is a pro-active strategy that could generate significant rewards. The educational resources available in Lawrence could play a role in taking on this type of endeavor.

- Expanding the Market Reach of Ethnic Enterprises

I had highlighted above that Dominican ethnic entrepreneurs were generally successful in targeting the local, and at times the regional, Latino market. Though this heavy reliance on the Latino market reflects a strong knowledge of the Latino market, ethnic entrepreneurs are generally ignoring the potential market that surrounds them outside of Lawrence and outside of the Latino community. This happens at two levels, both at the level of the single firm and at the level of the neighborhood commercial district. At both levels, economic development practice could work

with Dominican and other ethnic entrepreneurs to expand the market reach of the ethnic enterprises.

Enhancing marketing capacities of individual ethnic entrepreneurs could be done through existing educational programs offered by educational institutions. Economic development practice should actively promote the cooperation between educational institutions and local merchants in identifying effective programs that could enhance the marketing capacities of the ethnic enterprises. Strategies to enhance marketing for a ethnic commercial district could be done through programs such as the Main Streets program (where the city could take on active, promotional role), but in Lawrence the existing Main Streets program has had limited success (Murray, 2001). According to a Dominican merchant who had been very active in a Main Street program in Boston, the success of such a program depends on successful leadership recruitment and organizing from actual area merchants. Therefore, implementation of the program should be initiated from the bottom up rather than top down, and with strong partnership with the existing business community. Again, economic development practice should thus fund initiatives for a Latino merchants association, or at least a city-based merchants association that is locally focused, since the existing Merrimack Valley Chamber of Commerce is a regional entity.

Economic development practice could also follow traditional city marketing models by working with ethnic entrepreneurs to actively promote its Latino business base. This could be done through city websites, promotional events, visits by the mayor's office, and other types of activities that promote the unique strengths of the local ethnic enterprises (i.e. restaurants, specialized retail goods, specialized services, etc.). Rather than spending money on a marketing brochure to chase after high-tech firms (as mentioned in the prior section), the city may actually generate increased revenues from a promotional activity that highlights the existing local ethnic entrepreneurial activity. Economic development practitioners could thus actively act as local cheerleader for local businesses, and thus invest in the market potential of the existing local business community. Overall, many of these types of marketing strategies should be familiar to economic development practice since promotional campaigns are not unique to ethnic entrepreneurs.

- Leveraging the Financial Resources that are Mobilized through Ethnic Networks

Ethnic entrepreneurs often utilize co-ethnic networks to mobilize the financial resources necessary for business start-up and growth. Economic development practice should focus on the

financial needs of ethnic entrepreneurs that are not met by the resources provided through the co-ethnic network. An area of intervention could be the linking of financial resources of the ethnic network with the lending capacity of financial institutions in the area. This is crucial since virtually all of my interviewees emphasized that the financial institutions in Lawrence have ignored the small business needs ethnic entrepreneurs.

There are several ways to approach this challenge and there are two perspectives regarding the issue of financing. From the perspective of the financial institutions, they often feel that ethnic entrepreneurs are a high risk because they often do not meet the standards that are required for small business lending (an adequate cash flow, a business plan, a strong credit history, etc.). There is a strong sentiment that many of these businesses are marginal businesses without growth potential, many business owners lack the necessary skills and experiences to run an effective business, and are too small to be worth the transaction (why bother with a small business loan when a major corporate client could generate more profit?). From the perspective of ethnic entrepreneurs, banks are too quick to say no to ethnic entrepreneurs, and often do not recognize the market opportunity that the ethnic entrepreneur sees. Even ethnic entrepreneurs who have been in business for several years are not given a reasonable chance, and there is a strong sense of disillusionment and disincentive to try to get a conventional business loan.

Generally it seems that biases from both the financial institutions and ethnic enterprises are valid in many instances, but in many other instances both the ethnic enterprises and the financial institutions are ignoring legitimate, viable lending opportunities. There are many ethnic enterprises who have great potential to grow and expand their businesses with adequate financing, and if financial institutions were to become active lenders in the community the viability of all ethnic enterprises could become stronger indirectly as a result. Economic development practitioners should actively work with both ethnic entrepreneurs and willing financial institutions to identify these types of opportunities. There is already a micro-lender (ACCION-USA) that has been very successful in providing moderate-sized loans to the Lawrence community, there are regional banks that have branches in the city, and there are educational institutions that provide assistance to small businesses. Economic development practice could work to bring together these various groups (whose staff often do not seem to have an exact idea of what the other initiatives are doing) and truly develop a sophisticated, effective delivery mechanism for bringing together ethnic entrepreneurs, service providers, and financial institutions.

In addition, economic development practitioners have to pressure financial institutions to either hire qualified bilingual, bicultural lending officers, or establish training programs to develop bilingual, bicultural lending officers. As Andres Sanchez, the small business loan officer of BankNorth had told me, he is not aware of any other bilingual loan officers amongst the Lawrence area banks who speak Spanish despite the fact that the Latino community represents a good proportion of the area population (Interview, 4/1/05).¹⁸ This creates a significant obstacle for bridging the current cultural and knowledge gap that exists between financial institutions and ethnic entrepreneurs.

The amount of capital that ethnic entrepreneurs are able to mobilize through the co-ethnic network (family, kin, associates, etc.) is substantial in enabling many types of ethnic enterprises. However, these amounts have great potential if they could be leveraged through the partnership with financial institutions. The Dominican community in Lawrence does not have the same level of financial capacity as that of Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City. But they have been able to use similar methods of co-ethnic resource mobilization to generate entrepreneurial activity. With better partnerships from local area financial institutions, the growth could truly be as exponential as Matos had alluded to earlier in this section.

II.B.3. Economic Development Opportunities in the Role that Ethnic Entrepreneurs Play in Reconfiguring Economic Geography

In both Chapter II and in this chapter, I described the ways in which ethnic entrepreneurs were reconfiguring the economic geography of urban neighborhoods. I primarily emphasized the ways in which Dominican entrepreneurs reconfigured Lawrence's economic geography by leveraging the economic capacity of New York City to generate economic activity in Lawrence. Though this type of economic activity was not at the same scale as the activity that was taking place with Cubans in Miami, Taiwanese in Monterey Park, and Dominicans in New York City, it enabled the development of ethnic enterprises that opened up storefronts, provided jobs, and ensured that business activity was occurring in Lawrence that was not there before.

This is an area that economic development practitioners should consider as one of the most important assets that Dominican entrepreneurs in particular bring to the city. There should thus be strategies created to strengthen the regional connections that Dominican entrepreneurs

¹⁸ To reiterate data from the 2000 U.S. Census, 14% of the population in the Lawrence PMSA identified themselves as Latino, and 61% of the population in Lawrence identified themselves as Latino.

have with New York City, but there are possibilities in other Dominican enclaves as well in Boston, in Lynn, in Providence, and other places. There are also intra-Latino networks that could be established with other Latino communities in the New England region, including Bridgeport, Springfield, Hartford, and others. For example, Lawrence may be able to evolve from being primarily an importer and reseller of goods originating from the New York City area, to being a supplier or exporter to this market. Economic development practitioners could help by assisting Lawrence Dominican entrepreneurs to evaluate and act on these opportunities to expand regionally or by attracting Dominican branch firms from New York City to serve the New England Latino market. The city could also leverage its commercial and residential real estate cost advantage to attract Dominican manufacturers from the New York City region. The maps in the Appendix identify the cities in the Northeast with significant Latino populations as well as significant Dominican populations.

Perhaps the most important initial step in making these types of connections possible is to develop a strong local Latino merchants association as I had alluded to above. Such an association could act as a resource to support small business start-up, growth, and expansion, thus focused on building internal capacity, but an even greater growth potential comes from the ability of such an organization to establish connections with other Latino entrepreneurs and Latino consumers in other Latino communities. Ideally, if knowledge was easily available in Lawrence regarding business opportunities, storefront vacancies, market needs that are not being met by current commercial mix of businesses, professional services, etc., then such an association would not be necessary. But knowledge barriers do exist between these geographically separated enclaves despite the existence of co-ethnic networks. Institutionalizing the co-ethnic (or intra-Latino) knowledge base through the formation of a merchants association can thus open up more market possibilities for both businesses and consumers.

These concepts of opening up connections, increasing the visibility of the local market, etc., are not foreign concepts to economic development practitioners. But because the types of connections that I am alluding to above rely specifically on targeted ethnic markets, only a process that is created from within the ethnic market would be truly viable. Such a process could enable strong intra-city connections within co-ethnic markets. Until economic development practice gets to the level where practitioners can easily navigate from one ethnic market to another, I strongly believe that supporting the formation of a Latino merchants association is the best strategy.

There are other ways in which economic development practitioners and city officials could be involved proactively where merchants associations cannot, which is in advocating for strengthening ethnic entrepreneurs in other ethnic communities outside of Lawrence, or in sharing ideas and strategies where cities have had success in supporting the development of ethnic entrepreneurs. There may be case studies and models that other cities could offer, whether it is innovative real estate development, innovative programming, or innovative service delivery. Providing a good local environment for ethnic entrepreneurship could be enhanced by sharing these experiences with other cities that could become potential intra-co-ethnic trading partners. This may mean speaking with economic development practitioners in New York City and various cities in northern New Jersey, Connecticut, Rhode Island, and the Boston area.

Aside from the intra-ethnic market, economic development practice can intervene around the issue of economic geography by thinking more spatially about the market reach of the existing local businesses. This is similar to the concept of expanding the market reach of the ethnic enterprises that I spoke about above. The successful attraction of a broader, regional market to Lawrence (whether Latino or not) for its unique mix of ethnic entrepreneurs can make a significant impact on the economic geography of the city. Such a strategy includes both strengthening the existing local businesses as well as looking externally for opportunities, which is a balanced, multi-pronged strategy and represents a significant shift from the purely external approach that economic development practice in Lawrence has traditionally taken. By embracing diversity and by showing that the city embraces its own local, multi-cultural assets, Lawrence will attract those who are seeking such qualities. There is no other city in the New England area that has such a density of Latino ethnic groups, and a new influx of Southeast Asian immigrants from Vietnam and Cambodia has meant that the diversity is only growing in Lawrence. This represents further diversity in terms of ethnic networks, and further possibilities in regards to the economic geography that Lawrence now occupies. Economic development practice must embrace these developments as growth sectors in the Lawrence economy, and actively become partners to ensure that these opportunities lead to urban economic development.

II.B.4. Conclusion

The recommendations that I have proposed above just skim the surface of what is possible when thinking about the opportunities that ethnic entrepreneurship represents in Lawrence. The recommendations all seek to emphasize that there are ways to realize economic development

opportunities from using the analytical frameworks that I had introduced in Chapter II. In addition, using this framework helps to bridge the significant divides that exist in Lawrence that has come about from continued economic poverty and demographic change. Lawrence is now a Latino-majority city, with a very diverse, vibrant ethnic entrepreneurial base. Only by embracing both the demographic change and the opportunities that arise from the demographic change will economic development practice realize true long-term economic development. Shedding the norms of traditional economic development practice will mean facing a significant amount of criticism, but Lawrence is well poised to go against the grain of tradition and take on innovative practice. The opportunity is there and the need is there, and what needs to happen is the flexibility to adopt a new approach towards economic development.

CHAPTER V - CONCLUSION

In this thesis, I have shown through the literature review and through the case study of Lawrence, Massachusetts that ethnic entrepreneurship and the rise of ethnic communities represent urban economic development opportunities. The development of migration networks, the rise of ethnic entrepreneurship, and the mobilization of resources through the co-ethnic network all represent processes that influence urban economic development through the reconfiguration of economic geography. Through the social structures that link members of a particular ethnic group together, neighborhoods and cities can adopt new economic identities that reconfigure their relevance in the regional, national, and international economic geography.

I have also shown that the challenge for economic development practice is to expand beyond traditional practice to embrace the economic development opportunities that exists through ethnic entrepreneurship and ethnic community formation. In 'Third-Tier Cities' such as Lawrence, Massachusetts that have faced continued economic decline and significant demographic change, economic development practitioners face significant pressures to adopt traditional methods of economic development practice, such as industry recruitment, amenities recruitment, downtown redevelopment, etc. Oftentimes these strategies ignore the assets that ethnic entrepreneurship represents. Economic development practice must take a new approach in the 21st century, which is to embrace the diversity of opportunities that exist within ethnic markets, and use that as part of a multi-pronged strategy for economic development. Such a strategy would emphasize the existing opportunities embedded in local ethnic entrepreneurship, and leverage these opportunities for city-wide development.

I had also emphasized the important role that economic development practitioners play in bridging the divides that arise from demographic change in cities that have been burdened with long-term economic decline. Demographic change is often equated with economic decline, and economic development practitioners must actively take a role in showing that demographic change represents economic development. With such an approach, economic development practitioners can create the possibilities for a collective, unified economic development vision that can leverage the full resources of communities that have long been divided, both economically and demographically.

In addition to the issues that the thesis had addressed, however, it is important to point out that there were some areas that the thesis did not address which represent potential areas for future research. The most important of these was the observation that came out from the case study in Chapter III and IV that showed the complex interplay between the housing market, the labor market, and ethnic entrepreneurship in influencing the process of ethnic community formation. The ethnic entrepreneurship literature review of Chapter II did not specifically address the role of the housing market or the labor market explicitly as a factor in influencing migration networks, and in potentially influencing the rise of ethnic entrepreneurship. For example, the secondary labor market acted as a source of capital for entrepreneurship in the accounts of many micro-entrepreneurs. Also ethnic entrepreneurs would enter into the secondary labor market in order to address cash flow issues, working part-time or full-time in wage-earning jobs while still maintaining the ethnic enterprise. The frameworks used in the thesis do not address the interconnectedness of the secondary labor with ethnic entrepreneurship.

Regarding the interconnectedness of the housing market and ethnic entrepreneurship, at least one Dominican entrepreneur had informed me that the appreciation of his house had enabled him to secure financing to start-up his restaurant business. Thus, did the New York City migration of Dominicans intensify the real estate market, which in turn injected a significant amount of capital for entrepreneurship? This path of thinking leads to further questions regarding the role of the housing markets in New York City and Boston. Are Dominicans moving to Lawrence after 'cashing out' from the real estate boom in those two cities, as well as to escape high housing costs? If this is the case, then this creates a very complicated picture of a potential 'investment network' that lies parallel to the migration network. Again, this is a very important area for future research to determine.

A more quantitative approach could provide important insights regarding these types of questions. The 2002 Economic Census will come out in the first quarter of 2006, and this data set could allow researchers to compare temporal shifts in the housing market and the labor market, and the development of Dominican enterprises and other ethnic enterprises. In addition, as the Latino population slowly dissipates into the suburban area with the rise of the middle class, a spatial analysis will be necessary as well. The frameworks that I introduced in this thesis provide a starting point for thinking about these possibilities, but this is just the beginning. Getting the answers to these types of questions will further the knowledge base of economic development practitioners.

Another potential area for future research is the role of intra-Latino networks that was evident in the case study. As Chapter III showed, Dominicans and Cubans came to Lawrence together, and though I emphasized Dominican entrepreneurs in the case study, it is apparent that the client base for Dominican businesses are more intra-Latino rather than solely targeted towards the Dominican community. Therefore when thinking about the social structures that influence economic activity, it could involve co-ethnic as well as intra-Latino networks. Though it is wrong to assume that the Latino demographic represents a cohesive 'group' (some would say the divisions between various Latino ethnic groups are greater than the divisions between whites and Latinos), the role of common language and similar histories of U.S. intervention in their respective home countries has enabled the development of intra-Latino networks. In addition, the role of social and institutional racism in the U.S. ensures that such collaboration across minority ethnic groups becomes a beneficial relationship. Though I had emphasized at the start of Chapter II that the concept of 'ethnicity' is both fluid and fixed, the way the frameworks utilized the concept of ethnicity was primarily as a fixed identity in Chapter II and Chapter IV. It would seem that economic factors play a role in determining whether or not certain ethnic networks or intra-ethnic networks take on different forms of alliances. Again, this is an interesting area for future research.

Lastly, this thesis was structured to address some of the conceptual and practice-based limitations in economic development practice. This has meant that I have focused on the theoretical and analytical aspects of the issue of ethnic entrepreneurship and urban economic development, and used a case study to show why such an approach was important. But there are specific cases where economic development practice has explicitly embraced ethnic entrepreneurship as a basis for urban economic development. It is generally the practitioners in the field of community economic development who have been the pioneers in this area. A research project that specifically highlights these efforts, both failures and successes, would be a strong complement to this thesis.

As a final point, I want to end this conclusion by talking briefly about a place that is very similar to Lawrence: Framingham, Massachusetts (an affluent suburban town of about 69,000 residents located about 22 miles west of Boston), a place that became more and more important to me during the final weeks as I was writing my thesis, and as I was specifically writing about Lawrence. By telling this story and the urgency of the story, I hope to show why the issues that I have conveyed are not issues that just are important for academic inquiry or for professional

development in the field of economic development, but important because they impact everyday lives of individuals and communities.

Around March of 2005, students of the class 'Race, Immigration, and Planning' at the Department of Urban Studies and Planning at MIT became involved around a proposed real estate project in downtown Framingham called the 'Arcade Project' (named after the signature historic building that is the focal point of the project, the Arcade building). The \$60 million project involved renovation of 4 historic buildings that lined one side of the main commercial corridor of downtown Framingham (representing 70,000 square feet of commercial space), along with the development of a new complex consisting of 290 residential units, 50,000 square feet of commercial space, and a 6 story parking garage. Touted as a model for mixed-use, transit-oriented development because of its proximity to a commuter rail station and commercial activity in downtown Framingham, many in Framingham's Office of Planning and Economic Development and virtually all of the elected city officials have considered this project as the first in a series of steps that would 'revitalize' downtown Framingham. Many supporters of the project have stated that the current downtown is a haven for crime, that it looks like a 'Third World Country' (actual words used), and that only a project of this magnitude will renew the downtown area with much needed investment. The words 'blight,' 'substandard,' 'underutilized,' and 'negative image,' have also been used to describe downtown. Based on these arguments, the town had approved all local processes by early May of 2005 (after a year-long process) to give the go-ahead to the developer to continue with the project, as well as approved a Tax Increment Financing deal to provide local subsidies to project.

Within the existing Arcade building there is an estimated 70+ small businesses, and an overwhelming majority of them are Brazilian-owned. Many of these small businesses face the uncertainty of displacement as a result of the Arcade Project. Some businesses occupy small, 200 square feet spaces in the second floor, but other businesses that occupy the storefront space on the first floor have significant space. Also, these businesses are part of a thriving, growing local economy. Based on a business survey of 14 Brazilian business owners in the Arcade building conducted by MIT students and a local Brazilian American community organization, the aggregate daily customer traffic generated by these businesses was 333 per day. Most of the businesses expected increase in sales and increase in customers over the next two years. In addition, all of the business owners surveyed had been in business for less than 5 years, and they catered primarily to the local Brazilian community in Framingham. These businesses just represent a

handful of businesses in the Arcade building, but all along downtown Framingham are small Brazilian businesses of all types: high-end jewelry stores, shoe stores, a dentist office, restaurants, bakeries, clothing boutiques, furniture stores, law offices, accountant offices, real estate brokers, hair salons, and more. It is hard to say how many Brazilian businesses there are in downtown Framingham, but the number is significant. There are also non-Brazilian businesses as well, including banks, a CVS, and some other ethnic-owned businesses (Russian, Chinese, etc.)

More importantly, when one walks around downtown Framingham, one is struck by how pleasant and walk-able the downtown area is. There is significant pedestrian activity, the storefronts are well maintained, and despite heavy traffic, there is a sense of openness and accessibility amongst the businesses for pedestrians. It is hard to find vacant storefronts in the downtown area (in fact, the Director of Planning and Economic Development in Framingham told me that the vacancy rate in downtown Framingham is very low, predominantly as a result of the influx of Brazilian businesses). Compared to many other downtowns, for a smaller city downtown Framingham has a lot of activity and has a lot to offer. Despite the negative stereotype that people have of downtown Framingham, the downtown area is anything but blighted, substandard, or in such poor condition that it is in need of revitalization. So what is happening? Why is the town's Office of Planning and Economic Development promoting a rather high-risk project that could potentially displace the key anchor tenants in downtown Framingham, namely, the Brazilian businesses?

Other questions and issues came up as we investigated the project further for the class. Who are going to rent the 290 new units of one- and two-bedroom units? Who is going to occupy the additional 50,000 square feet of commercial space, along with the 70,000 square feet of commercial space in the Arcade buildings? (So far, the only concrete proposal seems to be an expansion plan for an existing CVS in the Arcade building.) What types of commercial tenants are going to compete with 'Shoppers World' or the Natick Mall located in close proximity by car in Framingham or with other big-box retailers and strip-malls nearby (also 5-10 minutes away)? From interviews with several people, both Brazilian and non-Brazilian, it seems that the growth of Brazilian community in Framingham has contributed to downtown investment in the form of ethnic enterprises, and has also helped to increase housing prices in an already overheated housing market.

In this thesis I have emphasized the role that ethnic enterprises play in the cumulative process of ethnic community formation. Framingham's efforts towards downtown 'renewal' may

cut off one of the strongest sources of recent economic growth in the downtown area and in the housing market: the growth of the Brazilian community. By displacing a significant number of Brazilian businesses, it could potentially diminish the role of other Brazilian businesses, and thus suppress what is probably the strongest growth sector that has invested in downtown Framingham. Within this context, economic development practitioners in Framingham (who have generally been heavily supportive of the Arcade Project) should take a role in ensuring that this type of impact does *not* happen. Such a development could both hurt a large number of small business owners and could jeopardize the viability of downtown Framingham.

In addition, some parties have insinuated that the project will be good since it will displace the Brazilian businesses who currently occupy a large number of storefronts. Indeed, there are extremist racist individuals in Framingham who would prefer to see a Framingham empty of Brazilians rather than to see a viable downtown. It also seems that others see this project as an opportunity to cash in on the investments that many small Brazilian business owners have already made into the downtown area, making commercial ventures there profitable, and are using the language of blight, revitalization, and crime in order to ensure that the displacement becomes justified and to garner local town support. By diminishing the contributions of the Brazilian business community and ethnic entrepreneurship in creating a thriving downtown, others are able to take credit for it themselves. Currently, a local Brazilian American community organization has taken steps to bring awareness into the Brazilian business community about the Arcade Project and its implications, but all that remains now are state approval processes. Though late in the process, hopefully this effort will help the town, the Office of Planning and Economic Development, and others to accept that the local Brazilian business community has made significant investments into downtown, and to ensure that the project will complement rather than displace the strong Brazilian business community.

Though Lawrence represents an important case study of prolonged neglect and incapacity, the case of Framingham, which is an affluent suburb, shows that these issues related to economic development and demographic change take place in a wide range of contexts and situations, with a wide range of ethnic groups. Framingham provides a poignant story because what is happening there is happening now through a specific project, and the Brazilian community in Framingham is in many ways much less organized politically and socially than the Dominican community (and Latino community) in Lawrence. But even Lawrence's ethnic entrepreneurs are vulnerable, as are

many other ethnic communities that are trying to establish roots and invest into the urban neighborhoods where they live, work, play, and set up businesses. The vulnerability comes from misguided economic development strategies, but it can also come from unscrupulous profit schemes, or even from racist attitudes that could be subtle or overt.

I had written this thesis primarily to address these types of issues, and I hope that my contributions will empower those who are at the front lines of economic development practice to rise above these issues, and to truly pursue a practice that is considerate of demographic diversity, that emphasizes a unified vision of economic development, and that leads to equitable, long-term economic development. The challenges in places like Lawrence are great, and there are other challenges than the ones I am addressing here, but I do hope that this thesis has done its part, no matter how small, in making a difference in the lives of ethnic entrepreneurs and in ethnic communities across the U.S.

APPENDIX

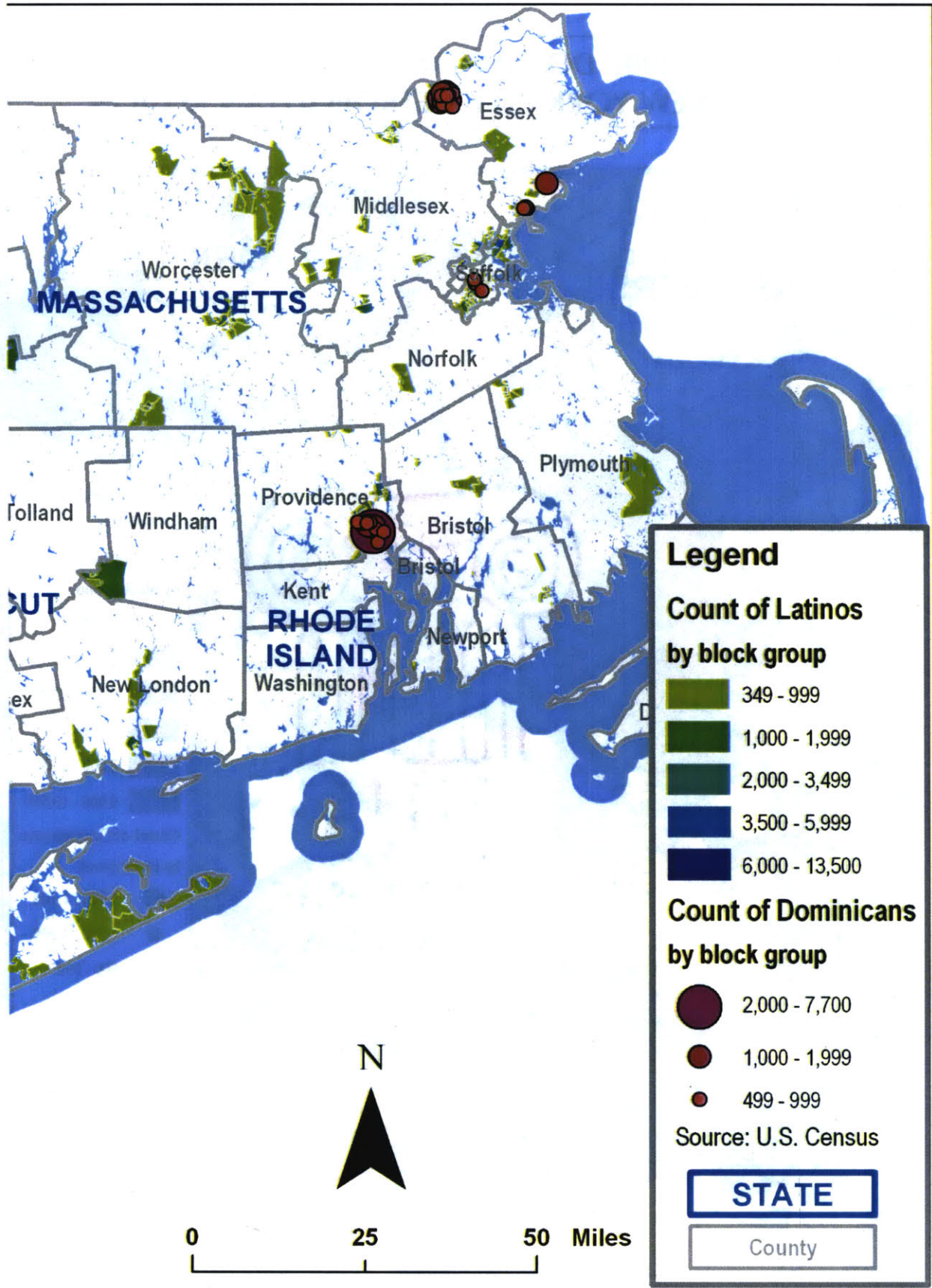
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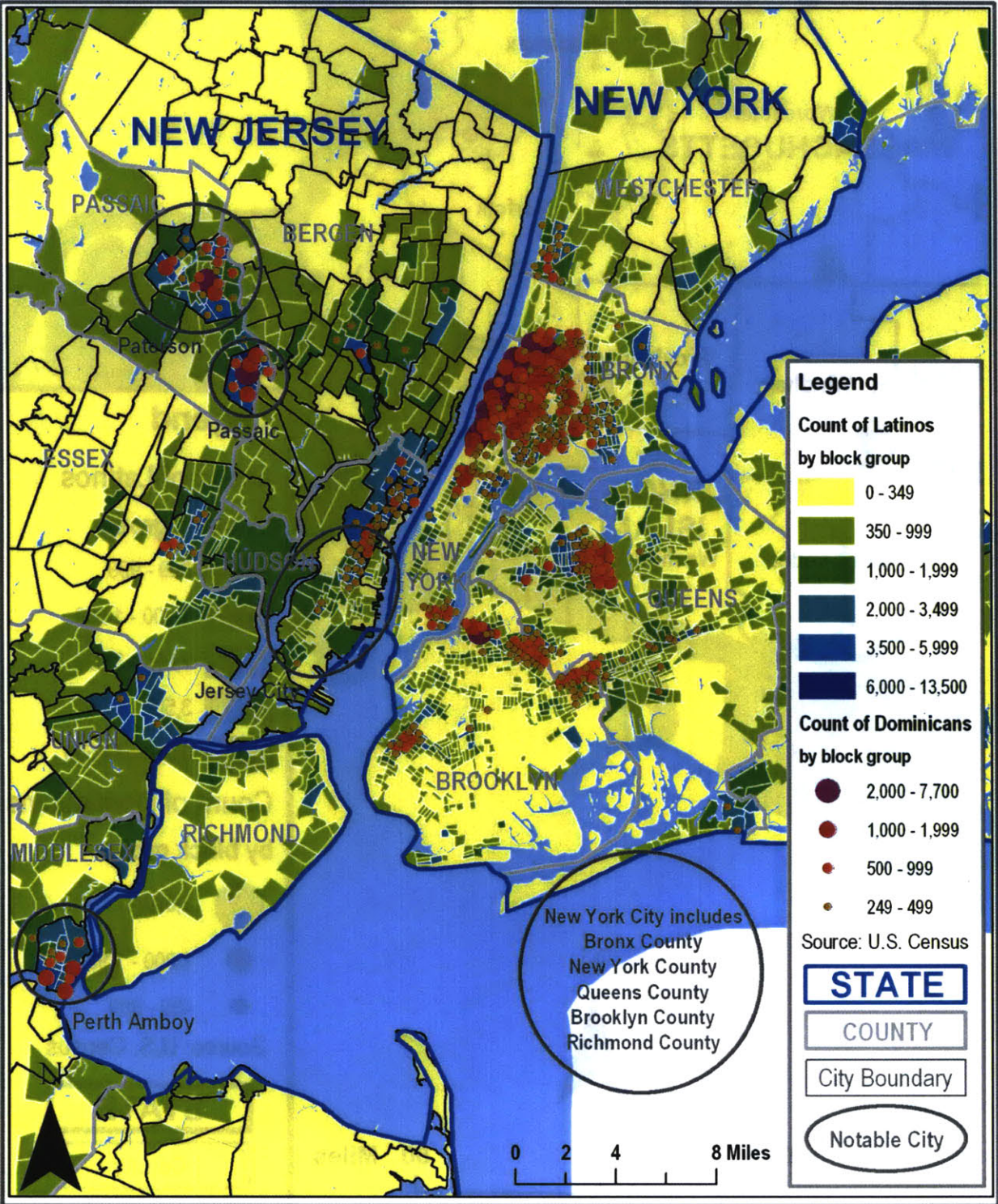
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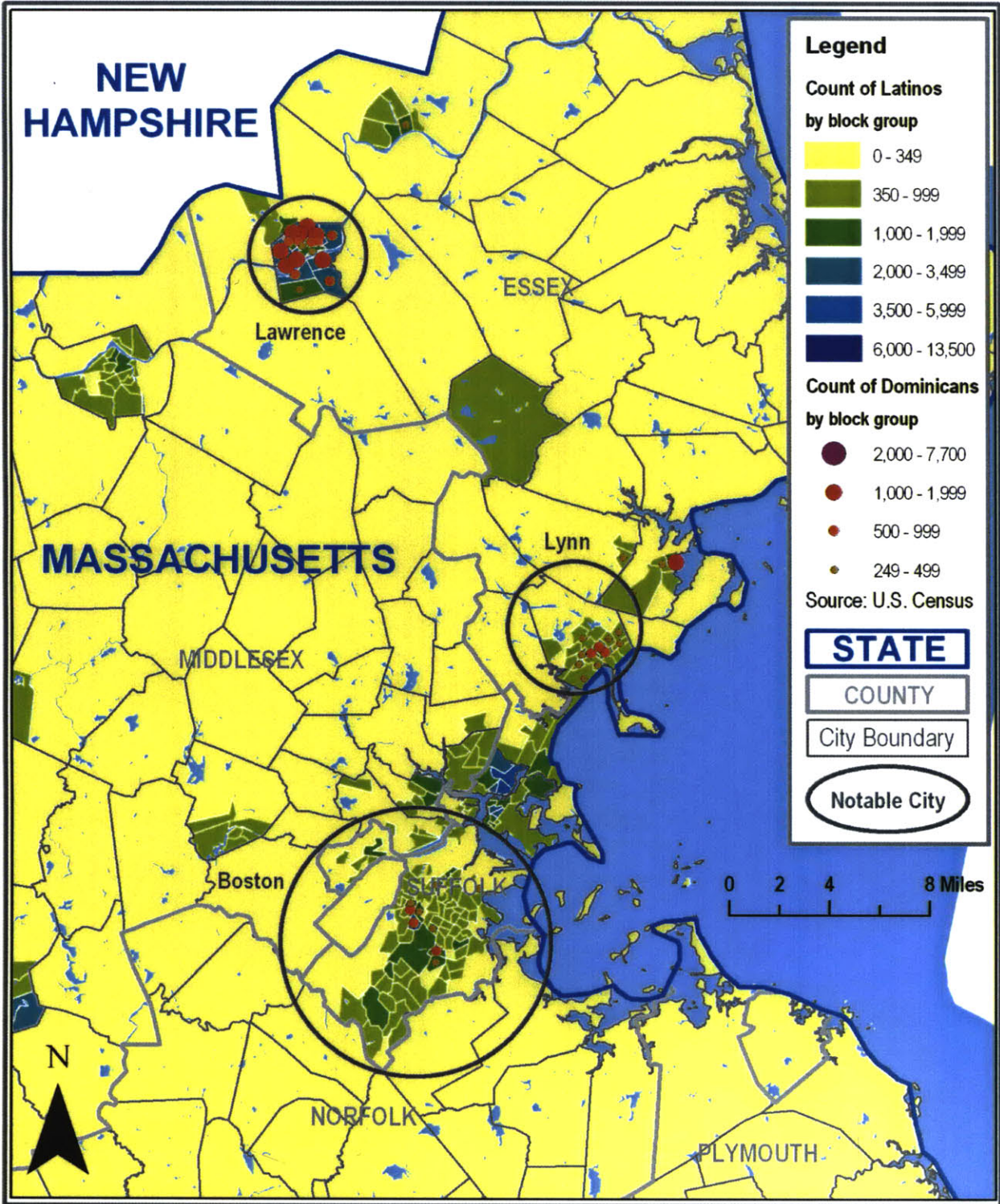




**APPENDIX II – 2000 DOMINICAN & LATINO POPULATIONS
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**APPENDIX II – 2000 DOMINICAN & LATINO POPULATIONS
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