

# Ethnic Enterprise in America

Business and  
Welfare Among  
Chinese,  
Japanese,  
and Blacks

IVAN H. LIGHT



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**to Mumpo**

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# Ethnic Enterprise in American Cities

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## 1

One evening in mid-August 1965, a sullen group of blacks watched helmeted Los Angeles police subdue a local mother whom they accused of having spat upon a white officer. The housewife cursed them hysterically as they dragged her, manacled, to their squad car. When the police had departed, the angry spectators began to throw rocks and bottles at passing white motorists, overturning and burning any vehicles that stopped. In the racially tense atmosphere, news of these incidents circulated quickly through the Watts district.

Thirty hours later, an angry crowd of black residents had gathered on Avalon Boulevard in the business district of Watts. Small retail stores lined both sides of this central shopping street. Most of these stores belonged to whites, and the crowd was in a mood to "get whitey." Blacks pried off the iron gates protecting storefronts, smashed plate glass windows, and began to loot retail stores of their merchandise. After the shelves had been emptied, homemade gasoline incendiary bombs were left behind to complete the revenge.

Emboldened by the night's successes, a much larger crowd returned to Avalon Boulevard the next morning. Smashing, looting, and burning took on epic dimensions. Women and children from adjacent housing projects joined in the looting, each taking home as much as he could handle and then returning for another load of merchandise. Black store owners hastened to post "soul brother" or "Negro owned" placards in their display windows. Although some black owners lost their businesses despite this precaution, the people of Watts generally spared stores displaying these placards. Most of the looted and burned small businesses belonged to whites.

The Watts disorder of 1965 was a harbinger of others similar to it. In 1966 American cities experienced forty-three disorders and riots in black neighborhoods. The National Advisory Commission

on Civil Disorders listed 164 black riots in the first nine months of 1967. Of this number, eight were major disorders involving numerous fires, intensive looting, sniping, two or more days of violence, sizable crowds, and the use of National Guard or army units in the suppression of the riots. The single most serious riot occurred in Detroit, Michigan, where forty-three persons were killed between July 25 and July 27, 1967. Thirty of the forty-three who died were shot to death by police, National Guardsmen, or store owners defending their merchandise.<sup>1</sup>

Although the various riots differed in intensity and duration, wherever they occurred they usually involved attacks by local blacks on white-owned stores in their neighborhoods. Looting and burning of retail stores was the basic scenario of nearly every riot, disturbance, and uprising. Typically, there was no dramatic precipitating event to call down black wrath upon the retail proprietors in the neighborhood. As in Watts, black complaints of police brutality provoked the mood in which the local people revenged themselves on white-owned retail businesses. Although owned disproportionately by Jews and by foreign-born whites, the alien businesses symbolized the "white power structure" to resentful blacks. Moreover, in Watts, Detroit, Newark, and the hundreds of other cities where looting occurred, white proprietors controlled or even monopolized the retailing of clothing, furniture, appliances, liquor, and groceries in black neighborhoods.<sup>2</sup> Few blacks owned stores in which this attractive, readily portable merchandise was on display; such black-owned businesses as did exist tended to specialize in barbering, beauty culture, television repair, and other services. Under these circumstances, the white-owned retail stores were obvious, convenient, and rewarding targets of black anger.

Had all small businesses in Watts been black owned, then popular anger about police misconduct or white racism would not have seized

<sup>1</sup> *Report of the National Advisory Commission on Civil Disorders*, ch. 1. Concerning the Watts riots, see Robert Conot, *Rivers of Blood, Years of Darkness* (New York: Bantam Books, 1967); Jerry Cohen and William S. Murphy, *Burn, Baby, Burn!* (New York: Avon Books, 1966).

<sup>2</sup> *Report of the National Advisory Commission*, pp. 139-40; Richard Berk, "Doing Business in the Ghetto: Retail Merchants," in *Racial Attitudes in American Cities*, pp. 125-26.

upon the local business district for a racial revenge. Also, if all retail businesses in Watts and in the other riot struck cities had been owned by blacks, the local residents would have harbored no grudges against gouging white merchants. To be sure, many looters were simply interested in obtaining free merchandise and did not really care about the color or malpractices of the owner from whom they liberated it. For such people, "getting whitey" was only a hypocritical justification for "getting mine." Nonetheless, the undeniable presence of such individuals ought not to obscure the popular legitimations which made it possible for anyone to loot at all; nor should these legitimations obscure the conditions which called them forth. After all, black people will not legitimate the burning and looting of black-owned stores as a protest of white exploitation. In this limited but obvious sense, the whites' hegemony over retail districts was a specific precipitant of the burning and looting which visited their stores. The white-owned stores certainly did not cause basic racial unrest. But there are, after all, many ways for basic unrest to express itself other than by burning and looting of small businesses in the neighborhood.

#### THE INVISIBLE MAN

In this scenario of American rioting, the conspicuously missing figure is the black retail proprietor who does business in a black neighborhood and specializes in appliances, furniture, clothing, liquor, or groceries. In fact, this figure is missing because few black people operate such retail stores. In every large black neighborhood in the United States, white proprietors virtually monopolize local retail trade.<sup>3</sup> It is difficult to explain why blacks, unlike other ethnic minorities, have relied on white outsiders to supply their retail needs. Indeed, blacks have, for several decades, loudly and repeatedly complained that white merchants exploit and rob them at every turn, and they have grounds for complaint. Yet these vocal complaints

<sup>3</sup> See Theodore L. Cross, *Black Capitalism* (New York: Atheneum, 1969), p. 100; Alex Poinsett, "The Economics of Liberation," *Ebony* 24 (August 1969): 150-52; Jules Abend, "U.S. Negroes Gain Ground in Business," *International Management* 23 (March 1968): 33; Eugene P. Foley, "The Negro Businessman: In Search of a Tradition," pp. 112-15; John Z. DeLorean, "The Problem," in the American Assembly, eds., *Black Economic Development*, (Englewood Cliffs, N.J., 1969), pp. 7-20.

notwithstanding, few black retailers have emerged to challenge the exploiters.

It is hardly surprising that black people would like to own the retail stores located in their own neighborhoods. Retail proprietorship is, after all, a classic avenue of upward social mobility for the disadvantaged, and a "symbol of opportunity" in the Horatio Alger tradition. Indeed, as late as 1940, two serious American sociologists could refer to retail trade as "the age-old field of opportunity by which a person of humble origin and circumstance may hope to become an owner, secure profits, and achieve a measure of personal security against the hazards of life."<sup>4</sup> The archaic ring of this flowery tribute notwithstanding, self-employment has still an undeniable appeal to the unskilled, the unemployed—indeed to anyone disadvantaged in the general labor market. Making a decent living in retail trade is certainly harder nowadays when small businessmen have to compete with immense corporate enterprises. Those with advantageous educational and color credentials can normally do better by working for the A & P than by working against it. Hence, only the disadvantaged now have an economically rational motive for operating retail stores in competition with the A & P or any other retail giant. Because blacks are so disadvantaged, their want of a proprietary class is more anomalous today than it was a half century ago.

In view of the importance of the small proprietor in other American minorities, the "complete absence of a business class" among blacks is especially perplexing.<sup>5</sup> As Mabel Newcomer has observed, the persistent overrepresentation of the foreign born in businesses is not a testimony to the entrepreneurial drive of the foreign born, nor an invidious commentary upon the lethargy of native-born Americans. Compared to the native born, the foreign born have received less schooling and hold less impressive educational credentials. They possess fewer high-priced salable skills. They experience discrimina-

<sup>4</sup> H. Dewey Anderson and Percy E. Davidson, *Occupational Trends in the United States* (Stanford: Stanford University Press, 1940), p. 450. Also see Kurt Mayer, "Business Enterprise: Traditional Symbol of Opportunity," *British Journal of Sociology* 4 (1953): 160-80.

<sup>5</sup> Nathan Glazer and Daniel P. Moynihan, *Beyond the Melting Pot*, p. 30. Cf. also Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, p. 39.

tion because of their accents and ethnicity. Hence, the foreign born find in self-employment relatively better income and status rewards than do native-born persons who have advantages in the labor market.<sup>6</sup>

Of course, as many writers have noted, the comparison of blacks and foreign-born whites is often misleading because the latter experienced milder discrimination than did American blacks. They have also had the enormous advantage of a colorless skin.<sup>7</sup> Simply because of their visibility, black people were easier to spot and, therefore, to discriminate against than were Irish, Italians, Poles, or Jews, however unpopular those categories may have been. No matter how much education or gentility he pumped into his black skin, a black American constantly encountered powerful whites who wanted to treat him like a field hand and to exclude him from prestigious or remunerative positions. These cruel disadvantages explain many differences between blacks and foreign-born whites, but they do not explain why the latter have been regularly active in business proprietorships (even in black neighborhoods) whereas the blacks themselves have not. On the contrary, the extra disadvantages of blacks ought, strictly speaking, to have stimulated them to more extensive self-employment than the foreign-born whites.

These deductions aside, the social histories of Americans of Chinese and Japanese descent offer empirical illustration of the manner in which poverty, discrimination, and ethnic visibility stimulated business proprietorship among some disadvantaged immigrants. The illustration is analytical because, even in California where they are most numerous, Chinese and Japanese together make up only 2 percent of the state's population. On the other hand, the Asian immigrants were poor and visibly non-European and were subject to racial discrimination on that account. These very qualities tended to force the Chinese and Japanese into the classic small

<sup>6</sup> Mabel Newcomer, "The Little Businessman: A Study of Business Proprietors in Poughkeepsie, N.Y.," *Business History Review* 35 (winter 1961): 478. Also see Orvis E. Collins et al., *The Enterprising Man* (East Lansing: Michigan State University Press, 1964), p. 241.

<sup>7</sup> Roger Daniels and Harry H. L. Kitano, *American Racism: Exploration of the Nature of Prejudice* (Englewood Cliffs, N.J.: Prentice-Hall, 1970), p. 121; *Report of the National Advisory Commission*, p. 144.

business occupations with which they have now become identified in the popular mind. But since they shared these practical disadvantages with black Americans, the logic of Asian-American business development raises questions about the absence of parallel developments among American blacks—and about a social theory whose expectations are incongruent with observations.

#### DEVELOPMENT OF CHINESE BUSINESS

Chinese immigration to the United States began in 1848. During the Gold Rush, most Chinese laborers worked with pick and shovel in all-Chinese gangs. They were not popular with the European and American miners who forced the Celestials to occupy worked-out, inferior diggings. After the Gold Rush, the pick and shovel employment of the Chinese continued since their labor was in demand for the construction of the transcontinental railroad. Again the Chinese worked in labor gangs; this time, however, they worked as employees of the railroads. They remained highly unpopular with white laborers who complained of their inexpensive dietary habits and deleterious effect on the wage rate for unskilled labor.<sup>8</sup>

Nineteenth-century Americans harbored no patronizing attitudes toward the resident Chinese. In the 1870s and 1880s, whites occasionally burned and pillaged West Coast and Rocky Mountain Chinatowns, wantonly slaying the wretched inhabitants. On "China steamer days," San Francisco hoodlums made a sport of greeting and escorting to Chinatown the disembarking sojourners. This greeting and escort service took the form of taunts, beatings, brick-bats, and hurling of overripened fruit in an atmosphere of drunken Irish hilarity. Such abusive treatment provoked the indignation only of a few, Protestant divines who observed that, whatever their depravity and filthiness, the Chinese were potential converts to Christianity. These pleas notwithstanding, "the feeling against the Chinaman" on the part of American workingmen remained "more bitter and intolerant than that against the Negro."<sup>9</sup>

<sup>8</sup> Concerning the early history of the Chinese in the United States, see Gunther Barth, *Bitter Strength*; Stanford M. Lyman, "The Structure of Chinese Society in Nineteenth-Century America"; Mary Roberts Coolidge, *Chinese Immigration*.

<sup>9</sup> Rev. Ira M. Condit, *The Chinaman as We See Him*, p. 21. Coolidge, *Chinese Immigration*, pp. 77-78; Herbert Asbury, *The Barbary Coast* (New York: Alfred

Anti-Chinese agitation ultimately forced passage of the Chinese Exclusion Act in 1882. Thereafter, the immigration of Chinese declined, but the hostility of white labor to the resident Chinese persisted. Chinese experienced discrimination in hiring. They were forced out of manufacturing employments in white-owned firms. Even Chinese-owned cigar and garment manufactories experienced public pressure to cease operations in economic competition with white firms. Whites took steps to exclude Chinese labor from employment and Chinese firms from the market. These pressures left resident Chinese with few opportunities for earning a livelihood.

For employment, Chinese had principally to look to domestic service, laundry work, restaurants, and small retail stores catering principally to other Chinese. Whites rarely objected to Chinese in domestic service. They usually tolerated Chinese in the laundry trade, since this occupation was not one in which white males cared to engage. Chinese-owned restaurants were also tolerated. Serving cheap, appetizing meals, they were able, after 1896, to win the patronage of the white middle class. For the Chinese in the United States, obtaining a livelihood was a question of scraping the bottom of the barrel after the whites had helped themselves.

By 1900 the familiar outline of the Chinese economy in the United States was coalescing. On the one hand, Chinese in the general labor market were occupied as domestic servants, cooks, and gardeners (Table 1). On the other hand, self-employed Chinese operated laundries, restaurants, import outlets, and groceries. By 1920 more than 50 percent of the Chinese in the United States were employed or self-employed in restaurants or laundries with the majority of the rest still, but in declining proportions, occupied as domestic servants.<sup>10</sup>

The Chinese did not "by nature" gravitate into laundry and restaurant businesses. These operations required very long hours of work at low rates of remuneration. When higher paying wage or

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Knopf, 1933), ch. 7; Alexander Saxton, *The Indispensable Enemy: Labor and the Anti-Chinese Movement in California* (Berkeley and Los Angeles: University of California Press, 1971).

<sup>10</sup> D. Y. Yuan, "Voluntary Segregation: A Study of New York Chinatown," in *Minorities in a Changing World*, ed. Milton L. Barron (New York: Alfred Knopf, 1967), p. 267.

TABLE 1  
*Distribution of Gainfully Employed Males by Race and Occupational Group for the United States, 1900 (in percent)*

	All U.S. Males	Negro	Oriental <sup>a</sup>
Agricultural pursuits	39.5	58.3	16.3
Professional service	3.4	1.1	0.7
Domestic and personal service	14.6	23.7	57.2
Trade and transportation	17.9	7.6	15.2
Manufacturing and mechanical pursuits	24.3	9.0	10.5
Percentage Total	99.7	99.6	99.9
Number	23,753,836	2,675,497	103,943

SOURCE: U.S. Department of Commerce and Labor, Bureau of the Census, *Twelfth Census of the United States: Special Reports, Occupations* (Washington, D.C.: Government Printing Office, 1904), Table 37, p. cxiv.

<sup>a</sup> Chinese and Japanese only.

salary jobs became available, they took them. The Chinese preference for high wages was indicated by the alacrity with which they abandoned Chinatown occupations when the labor shortages of World War II opened new employment opportunities for them.<sup>11</sup> Since World War II, salaried white collar jobs have become increasingly available to college-educated Chinese-Americans who prefer these jobs to self-employment in restaurants, curio stores, or laundries.<sup>12</sup> But prior to 1940, discrimination in employment virtually eliminated opportunities for Chinese in the general labor market. The classic small businesses of prewar Chinese were, in this sense, monuments to the discrimination that had created them.

#### DEVELOPMENT OF JAPANESE BUSINESS

Japanese immigration to the United States began about 1900, nearly a generation after the peak of Chinese immigration. Japanese settlements were more restricted to the Pacific Coast states than were Chinese enclaves. The Japanese were also substantially more rural than were the Chinese (Table 2). Like the Chinese, Japanese im-

<sup>11</sup> Rose Hum Lee, "Chinese in the United States Today," *Survey Graphic* 31 (October 1942): 419; idem, "The Decline of Chinatowns in the United States," *American Journal of Sociology* 54 (March 1949): 422-32.

<sup>12</sup> Beulah Ong Kwoh, "The Occupational Status of American-Born Chinese Male College Graduates," *American Journal of Sociology* 53 (November 1947): 192-200; D. Y. Yuan, "Division of Labor Between Native-Born and Foreign-Born Chinese in the United States: A Study of Their Traditional Employments," *Phylon* 30 (summer 1969): 160-69.



TABLE 2

*Japanese and Chinese in the United States and in California, and Percentage Urban, 1910-1930*

	1910		1920		1930	
	Population	% Urban	Population	% Urban	Population	% Urban
<i>Japanese</i>						
United States	72,157	46.7	111,010	48.5	138,834	53.8
California	41,356	45.0	71,952	45.6	97,456	54.6
<i>Chinese</i>						
United States	71,531	76.5	61,639	81.1	74,954	87.3
California	36,248	66.9	28,812	72.5	37,361	80.9

SOURCE: Stanford M. Lyman, *The Asian in the West*, pp. 71-72.

migrants began as wage earners and gravitated thereafter into self-employment. One of the earliest pursuits of Japanese immigrants was strikebreaking in coal mines of Colorado and Utah where "they replaced Greeks striking for higher wages in 1907."<sup>13</sup> In the early period, Japanese were, however, principally occupied as agricultural laborers in California, a task for which the resident Chinese population had become too old and infirm. Other Japanese were employed as railroad and construction workers, cannery hands, lumber mill and logging laborers, and domestic servants.<sup>14</sup>

So long as the Japanese remained willing to perform agricultural labor at low wages, they remained popular with California ranchers. But even before 1910, the Japanese farmhands began to demand higher wages and to employ what the ranchers regarded as unscrupulous tactics in order to obtain them. Worse, many Japanese began to lease and buy agricultural land for farming on their own account. This enterprise had the twofold result of creating Japanese competition in the produce field and decreasing the number of Japanese farmhands available to perform wage labor. California's Alien Land Laws attempted to prevent the Japanese from acquiring land on their own account. The first of these laws was passed in 1913. By 1921 the Alien Land Laws had been perfected, and they began to interfere seriously with Japanese agriculture.

The land laws tended to drive the Japanese into urban areas

<sup>13</sup> Minako Kurokawa, "Social Mobility Among Japanese Businessmen in San Francisco" (M.A. thesis, University of California, Berkeley, 1962), p. 34.

<sup>14</sup> Masakazu Iwata, "The Japanese Immigrants in California Agriculture," p. 27; Harry H. L. Kitano, *Japanese Americans*, p. 15.