

**ETHNIC ENCLAVES: SANCTUARY OR IMPEDIMENT?**

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## **Abstract**

Ethnic Enclaves are a controversial topic amongst economists, sociologists, and planners alike as an important factor in immigrant integration. Alejandro Portes first theorized in the 1980s that living in ethnic enclaves gave new immigrants a distinct advantage over those who dispersed immediately into the mainstream economy and the city at large. Since his initial development of the ethnic enclave theory, other academics have both upheld and disputed the theory. This paper explores the literature on ethnic enclaves and ethnic networks, to see how they both help and hinder the lives of new immigrants to the United States.

## **Introduction**

Academic literature on ethnic enclaves is robust and growing. This paper will explore the cannon by (1) establishing the origins of the theory and the evolution of the discussion, (2) describing notable case studies, and (3) reporting on current themes and debates within the writing.

## **Background**

Alejandro Portes was one of the first—and remains one of the most prolific—scholars of ethnic enclaves. He and Kenneth Wilson (1980) formed the ethnic enclave theory while observing Cuban immigrants in Miami. They concluded that immigrants did not immediately assimilate into the “peripheral economy” (the mainstream economy of a city) and were instead aided by the existence of an enclave economy (a sub-economy of immigrants who share common businesses, spaces, and networks). Immigrants gained a special advantage in their cultural knowledge, affording them access to a specific market from which others were excluded (Portes and Wilson 1980). Portes and Bach (1985) explain how in contrast to previous theories that immigrants come empty handed to the United States, they actually come with access to an entire network of immigrants and the resources accessible to that group. They theorized that their findings in Cuban Miami could be replicated in other immigrant enclaves despite the unique circumstances of these immigrants (Wilson & Portes, 1980). Portes (1987; 2000) and various colleagues further develop and expound on the theory in several articles in the following years, and subsequent papers by others site and critique these articles extensively.

Stephanie Bohon (2001) defines ethnic enclaves as “a metropolitan area characterized by a concentration of businesses owned and operated by immigrants from the same country of origin, or their direct descendants.” She succinctly explains the four underlying points behind Portes and Wilson’s theory for greater success in ethnic enclaves: (1) English fluency is not necessary for employment and native language skills may actually improve employment chances, (2) “bounded solidarity” and “enforceable trust” create a sense of camaraderie that encourages employers to hire more co-national employees and spurs employees to work harder for their employers, (3) cultural differences that would impede workforce integration into the mainstream economy are dampened, and (4) immigrants’ skills will be in high demand because the enclaves “trade in ethnically-defined goods” (Bohon, 2001).

Rodger Waldinger (1993) critiqued the theory, calling it a “result in search of an explanation.” He contends that Portes and Bach were trying to explain an increase in the proportion of self employment in Cuban immigrants and a higher wage for Cubans employed by Cuban firms than in other firms, but show no evidence that ethnic solidarity was the source of these phenomena (Waldinger, 1993). Several others have challenged the enclave theory, but the debate remains unresolved. Portes goes on to study non-Cuban enclaves and later concludes that different enclaves produce different outcomes but always have some impact (Portes and MacLeod, 1996). This paper will further discuss the ongoing arguments about immigrant theory after describing three case studies.

## Case Studies

### *Miami: Cuban Immigrants*

The Cuban enclave in Miami is particularly important because of its inspiration for Portes and Wilson's (1980) enclave hypothesis. The enclave first formed in 1959 after the Cuban Socialist Revolution that brought Fidel Castro to power. A large exodus of refugees fled to Miami, most of whom were educated and well-to-do, but they did not speak English and had lost most of their wealth in their sudden departure from Cuba (Bohon, 2001). Some refugees were able to find jobs with South American banks, which already did business in Miami, and find loans for their comrades, enabling a cycle of business ownership and employment to prop up the Cuban community. The following years saw steady Cuban immigration that supplied labor for the enclave businesses (Bohon, 2001).

Portes describes some of the specific factors at play in the Cuban Miami enclave. Miami is home to only five per cent of the "Spanish-origin population of the United States" but contains almost half of the largest "Hispanic-owned firms" (Portes, 1987). He believes that part of the decision to locate there is the large supply of educated Cuban immigrants that came in the Mariel boatlift of 1979 and the post-revolutionary Cuban exodus of 1959. Miami's Little Havana is one of the most insular enclaves in the country. Portes (1987) cites a survey of Mariel boatlift refugees which found that 86% lived in Cuban neighborhoods, 75% shopped mostly at Cuban stores, and 82% read Spanish-language newspapers suggesting a high degree of social cohesion and loyalty to the nationality. The Cuban enclave is a more unique case than Portes originally imagined. It has many advantages that cannot be replicated in every enclave.

### *Los Angeles: Mexican and Central American Immigrants*

On the opposite coast, another Spanish-speaking immigrant stream exists in a very different reality. Almost half of all Los Angeles immigrants come from Mexico with the second largest group coming from Central American countries (Bohon, 2001). The groups lack a central physical enclave, despite their presence in low-skilled jobs throughout the entire city. Stephanie Bohon (2001) points out the stark differences between the Cuban enclaves in Miami and the Mexican and Central American enclaves Los Angeles. Los Angeles receives 44 per cent of its immigrants from Mexico alone, which is one of the least skilled and least educated immigrant populations (Bohon, 2001; Waldinger, 1999; Aguilera, 2009)—in sharp contrast to the mostly skilled and educated Cuban immigrants that have flooded Miami. Los Angeles's Hispanic immigrants are more geographically dispersed than the Cubans in Miami, and Cubans are much more likely to own businesses or be employed by co-nationals than their Mexican and Central American counterparts. Mexican and Central American immigrants do find jobs and Mexican men enjoy lower unemployment rates than white Angelino men, but the jobs rarely offer upward mobility (Waldinger, 1999).

Aguilera (2009) studied Cuban and Mexican immigrants and echoes these findings. He found that Cubans have more human capital than Mexicans, and therefore the percentage of Cubans in professional jobs is three times the percentage of Mexicans in the same types of jobs. Mexicans mostly work in, production and service jobs in Los Angeles because of their lower amounts of human capital, and therefore have lower wages (Aguilera, 2009).

Waldinger (1999) explains that Los Angeles has become home to many skilled immigrants who have a large presence in the suburbs and universities. However, Mexicans are much more likely to be part of the lowest skilled immigrants who come to Los Angeles, and they are more disadvantaged in Los Angeles than other cities (Waldinger, 1999). Meanwhile, they are often competing with each other for the same jobs and drag wages down by offering such a large supply of labor (Waldinger, 1999). LA's low skilled immigrants are further hurt by the city's divestment in education, which is keeping uneducated laborers and their children from advancing over time (Waldinger, 1999). Waldinger (1999) argues that Mexican and Central American Angelino immigrants are hindered by the changing face of the economy may inhibit them from upward mobility within the economy in the long term.

### *New York: Chinatown*

New York's Chinatown is a long-standing ethnic enclave that conjures up dichotomous images of illicit activity in decaying infrastructure and also an exotic enclave of tourist amusement (Li, 1998). It began as a bachelor society in the exclusionary era when the Chinese Exclusion Act of 1882 kept Chinese families from immigrating, or men from gaining legal status. United States immigration liberalization in 1965 opened the doors to Chinese families who began to settle in the previously bachelor dominated area (Li, 1998).

Social cohesion within Chinatown has been an economic benefit for its residents both historically and today. In the era of bachelor Chinatowns, men participated in informal credit unions called *hui*. Weekly or monthly meetings were held, and ten to fifty dollars of capital was put forth by each member to amass enough money for one business loan. Repayment was enforced by social connections and the threat of family disgrace (Li, 1998).

When exclusionary immigration dissolved and Chinatowns expanded, so did the Chinese firms within them. Labor-intensive firms such as restaurants, garment factories and street vendors thrived in the area, creating an extensive, interconnected economy within Chinatown (Li, 1998). This interconnected economy created "linkages and multipliers" that circulated money within the enclave economy. Chinese income was spent at co-national businesses, so money was circulated and multiplied within the enclave, upholding the neighborhood economy instead of escaping to the greater metropolitan economy (Li, 1998). The strong reinvestment patterns additionally keep unemployment low within the enclave (Li, 1998). New York's Chinatown shares many of the characteristics that Portes (1980) attributes to Little Havana, particularly the gains made by intra-enclave expenditures and economic multipliers, advantages that Los Angeles's Mexican and Central American immigrants do not enjoy.

### **Current Debate**

These case studies exist within the landscape of several ongoing discussions within the literature. Researchers are discussing (1) Does place matter? - How important are spatial considerations in ethnic economies? (2) How does social capital affect enclaves? and (3) Does the enclave ultimately help or hinder new immigrants in assimilating and increasing their economic status?

### *Enclave vs. Economy: Does Place Matter?*

Waldinger (1993) admits that agglomeration may help increase traffic to ethnic businesses, but he believes that the theory is limited by the word enclave and that spatial considerations are largely irrelevant. Instead he describes an “ethnic economy” as opposed to an “ethnic enclave economy.” Ethnic economic networks can share the same advantages of ethnic enclaves without proximity (Waldinger, 1993). For example, Korean entrepreneurs sell in non-Korean neighborhoods, but are united by a social network and flow of new entrepreneurs (Waldinger, 1993). Bohon (2001) observes this phenomenon as well noting that Dominicans own 70 per cent of all bodegas in New York taking advantage of social networks and access to capital from Santo Domingo. To Waldinger (1993), these are the same elements Portes observed in the enclave economies, but spread across the city.

Maude Toussaint-Comeau (2008) studies the effect of immigrant enclaves on immigrant self-employment and has a similar point of view. She observes that ethnic enclaves enable immigrants to capture niche markets for ethnic goods, but that for immigrant groups with very high levels of self-employment, these niche markets cannot explain all of the self-employment. She also notes that both Cuban and Indian immigrants are groups with high self-employment rates, but that Cubans are very geographically concentrated while Indians tend to be much more spatially dispersed. She concludes that geographic ethnic enclaves do not play a significant role in determining self-employment, but that immigrant networks do positively influence self-employment. Self-employment has the potential to increase socioeconomic mobility so immigrant networks may be more important to evaluate than enclaves (Toussaint-Comeau, 2008).

### *Social Capital: can it help?*

Social capital is increasingly part of the enclave debate. Robert Putnam identifies social capital as networks between people, collective groups of people, and trust and reciprocity within a community, which lead to more civic engagement and better political outcomes (Putnam, 1999). In the case of ethnic enclaves, social capital is the social network and ethnic connections within the community, which Portes (1980) argues is a particular asset of enclave communities (Portes calls it “bounded solidarity and enforceable trust” not social capital, but Putnam and Light would argue they are the same phenomenon). Ivan Light (2004) argues that social capital can be transformed into human capital, cultural capital and eventually physical and financial capital. He calls social capital “a philosopher’s stone...available to the most humble” (Light, 2004). Social capital can therefore be very helpful for poor but socially united groups, like some ethnic enclaves. Portes (2000) takes up the topic, but decides that the observed effects of social capital are largely spurious. He believes that higher levels of income and education create better “civicness” or social capital as well as better political outcomes, not that social capital would beget better education and political outcomes (Portes 2000). Hutchinson (2004) describes an unfortunate irony in the Social Capital argument. She observes that in crime-ridden enclaves (specifically Pico-Union, a Central-American neighborhood in Los Angeles) social capital does not accrue because of a “chronic state of emergency.” In these areas, enclosing immigrants in a social capital-poor enclave actually hurts their chances for advancement (Hutchinson, 2004).

### *Economic Mobility: Does the enclave help or hinder?*

Hutchinson's (2004) observation brings up an essential question about ethnic enclaves; are they a benefit to immigrants or not? Scholars debate whether or not enclaves are important in helping immigrants find and maintain employment and grow their earnings and education over time (Bohon, 2001). Michael Bernabé Aguilera (2009) studied Cuban and Mexican immigrants and discovered findings contrary to the ethnic enclave hypothesis. He set forth two opposing hypotheses: (1) that self-employment in an ethnic enclave offered structural advantages due to vertical integration with more cooperative co-ethnics, and (2) that locating businesses in more concentrated ethnic areas had a negative effect on earnings because of business competition and a less affluent clientele. His results found the later hypothesis to be true in Mexican communities in Texas and California. Meanwhile, he found that Cubans in Florida made comparable earnings inside and out of the enclave, which implies that the enclave does not influence their earnings (Aguilera, 2009). While he found that self-employed Hispanic immigrants in the United States made more money if they left the ethnic enclave, he notes that Mexicans may have limited opportunities outside the enclave, and may be taking advantage of non-economic benefits (such as social and psychological benefits) within the enclave (Aguilera, 2009).

Immigration economist, George Borjas (2006) also believes that the enclave does not have a strong influence on economic success. He finds that income and educational attainment of the children of immigrants are most strongly determined by the education and income of their immigrant parents (Borjas, 2006). While we tend to believe that children of immigrants will far outperform their parents as they have in the past, unskilled immigrants are facing a far different economic situation today than they were historically. Borjas (2006) observes that immigrant children will usually make about 5 to 10 per cent more than their parents and it is not apparent that enclave residence can dramatically change that. He sees that "ethnic skill differences" persist for multiple generations, noting that third generation Mexican immigrants (who are largely uneducated and unskilled) made 45 per cent less than the baseline for third generation immigrants (Borjas, 2006).

Portes and MacLeod (1996) discuss the educational progress of children of immigrants and found that while socioeconomic status influenced the educational attainment of children, effects of the ethnic community were still significant. For example, Haitian parents who tried to move their children from inner city schools to private or charter schools were unable to do so because of the lack of power and influence in their ethnic network (Portes & MacLeod, 1996). Meanwhile, Cubans were so confident of their successful future, that despite socioeconomic disadvantages, they were determined to send their children to college. The study found a similar dichotomy in California between Mexican and Vietnamese immigrants. They conclude that these differences stem from disparities in the amount of human capital that immigrants bring with them along with "social context that receives them and shapes their adaptation in the United States" (Portes & MacLeod, 1996). In the end, they come close to agreeing with Borjas (2006), but conclude that regardless of your own human capital, you can be helped or hindered by the capital or lack of capital of your ethnic group (Portes & MacLeod, 1996).

## Conclusion

One important topic missing from the enclave discussion is the role of enclave as an information conduit to sending countries. Most immigrants come to the United States in search of work and most do in-deed find jobs (Borjas, 2006). Immigration has dropped off in recent years as the economy has contracted and jobs have been less plentiful. This implies that accurate information is being relayed to labor pools in sending countries. How crucial is the enclave in communicating information about labor markets to sending countries? This question should be further explored in subsequent research.

As evidenced by the range of findings and theories on the economic success of ethnic enclaves (Bohon, 2001), it is clear that different enclaves offer different results for immigrants and their children (Portes & MacLeod, 1996). Some enclaves have more capital and can provide greater advantages for their residents (Portes and MacLeod 1996) while other enclaves can keep immigrant earnings down (Waldinger, 1999; Aguilera, 2009). Regardless of the economic influence of enclaves, there are also psychological and social benefits to living in enclave, like family connections and the hope of fitting in- to which Aguilera (2009) alludes. Enclave living may also be the only option for immigrants, not a conscious choice (Aguilera, 2009). Several theoretical advantages of enclaves are difficult to quantify and study, but probably contribute to immigrants' decisions to live in enclaves. Borjas (1998) finds that ethnic agglomeration is not random and that immigrants and ethnic groups make a specific decision to locate near one another. Immeasurable (or at least yet-to-be measured) considerations (family and friends, safety in numbers) may be a large part the decision to locate in enclave communities.



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