

# CHAPTER ONE

## Community Economic Development for Asian Americans

Once the site of unmatched economic growth and opportunity and heralded for its multicultural diversity, Los Angeles is now in the midst of a political-economic crisis. Global economic restructuring and capital flight have led to the closing of heavy manufacturing plants, once the backbone of the region's economy, and their relocation to other states and the Third World. Selective deindustrialization has been further accelerated by the cuts in federal defense spending, which have devastated the region's once proud and highly profitable aerospace industry. As the victim of disinvestment, deteriorating infrastructure and governmental neglect, the inner city has endured the brunt of these changes, with poverty, unemployment and homelessness rates rivaling those in the Third World.

This economic decline has occurred during a period of increased immigration, including the arrival of low-skilled workers and political refugees from Asia. These people play an important role in the local economy by supplying labor for the growing sectors in retailing, light manufacturing and service industries. These immigrants are part of the working poor, or those who are unable to escape poverty despite full time and year-round employment. This dilemma is the primary issue facing low-income Asian communities in Los Angeles.

The solution to this political-economic crisis is not a moratorium on legal immigration, as suggested by the xenophobic Orange County Grand Jury which conveniently confuses the impact of illegal and legal aliens. The overwhelming majority of Asian immigrants are in this country legally. Their presence is testimony to the passage of the 1965 Immigration Act, and the solution must be finding ways to ensure that all Asian immigrants have the opportunities to become productive members of our society. This is in keeping with this country's historical commitment to being a nation of many people.

The civil unrest in the Spring of 1992 brought much attention to economic problems in Los Angeles and demonstrated the need for immediate and comprehensive social action. Policy-makers, academics, community activists, advocates and service providers have attempted to respond to this crisis with various strategies, the most visible of these being "Rebuild LA" (RLA). On a more local scale, one strategy that holds great potential is Community Economic Development (CED). CED is generally defined as the process by which a community increases, controls and organizes its resources so it can channel them toward its greatest needs. It focuses economic development efforts on the neighborhood and on the particular needs of a community.

However, the particular needs of low-income Asian communities require a unique approach to CED. These communities require a strategy that effectively deals with immediate employment, small business and housing needs but which also fosters political empowerment and recognizes the responsibilities associated with being members of a larger, multicultural and ethnically diverse society. Thus, we refine this general definition of CED to develop a model that addresses the specific needs of these communities. However, before discussing this CED model, it is necessary to understand how we define economic development, what makes our CED approach different from other approaches and why we feel it is an appropriate strategy for low-income Asian communities.

## **Development vs. Growth**

We view economic development as a process of increasing a society's overall wealth as well as ensuring its equitable distribution. This means all society's members, particularly low-income and working sectors, receive tangible benefits from expanded economic activity. These benefits may include better housing conditions, higher wages, more meaningful employment opportunities, quality education and health care or other gains that do not always "trickle down" to whole communities.

This is different from general economic growth, which traditional economists associate with Gross National Product (GNP), increased productivity, higher profits and rising real estate values. These indicators do not guarantee that all members of society reap benefits. In fact, the 1980s saw record economic growth and profits under corporate restructuring and the policies of conservative administrations,

while at the same time, an increase of those living in poverty. This transformation is probably best described in *The Great U-Turn*:

Profits rebounded indeed, but the costs to American society have been—and continue to be—enormous. These public and private policies have led to a great U-turn in the American standard of living. After improving steadily for a generation, average wages have fallen, family incomes have stagnated, and wages, incomes and wealth have become increasingly polarized (Harrison and Bluestone, 1988, p. viii).

Between 1980 and 1990, the increase in the income of the richest one percent of Americans equaled that of the total income of the bottom 20 percent (Greenstein and Barancik, 1990, pp. 8-9). For Los Angeles in the same period, the disparity between the "have" and "have nots" increased more rapidly than for the U.S. as a whole (Ong et al., 1989).

Given the gross lack of "trickle down" from economic growth, the principle of fairness requires strategies that directly benefit those who are particularly disadvantaged. Traditional approaches to economic development for low-income populations have focused on business development and capital investment. While such activities are crucial, we view economic development as encompassing broader strategies that target and involve the working poor, unemployed, welfare dependent and others for whom small business development may not be a viable option.

## **The Role of Community in Economic Development**

The concept of a "community" is difficult to operationalize because it means different things to different people. For the purpose of this book, we define community as a geographic area smaller than most cities but larger than a neighborhood block or census tract. The factors distinguishing a community are common social characteristics such as ethnicity, language or the existence of commonly shared cultural and religious institutions. Concentrations of ethnic small businesses and economic characteristics provide another identifier of a community.

Although economic development can be implemented at the regional, county, or city level, we believe that economic development must also be implemented at the community level. This is particularly true for low-income communities. Too often these areas are viewed as "ghettoes" and "slums" beyond repair. For those individuals who

achieve some success, upward mobility means outward mobility, an exodus that saps the community of valuable human resources. Those less fortunate are trapped in deteriorating neighborhoods that become increasingly isolated from the rest of society. The goal of CED is to reverse this process. Though strategic long-term investment and development, residents can have decent and enjoyable places to live and meaningful employment opportunities. This not only help those who would otherwise be trapped in poverty, but it also gives upwardly mobile residents the option of remaining rather than having to move out to access better jobs and housing.

It is at the community level that economic development strategies are often most effective. Communities have well-developed social networks, organizations and cultural/religious institutions. These institutions create avenues through which large numbers of disadvantaged people can be reached and where, to some degree, they are already organized. This makes service delivery and other work associated with CED easier and more effective.

It is important to understand that Community Economic Development is one of many strategies which seek to address poverty and unemployment. Other strategies include relocating low-income people from areas of concentrated poverty, usually the inner-city, to areas where they are better absorbed by the local economy. This often manifests itself through the building of affordable housing in more affluent suburbs or through the resettlement of people to other states. These approaches are not in conflict with CED strategies.

## **Community Economic Development Principles**

CED must be approached strategically and comprehensively. We feel that the complexity of the problems facing low-income communities requires a multi-faceted strategy which recognizes the need for broad economic and political change. Thus, rather than just attacking social problems such as juvenile delinquency, substance abuse and domestic violence, CED seeks to address the roots of these problems through the integration of service delivery with "bricks and mortar" development, community organizing and political empowerment.

This approach means identifying and prioritizing the community's most pressing needs, which we do in the first part of this book. This should be an on-going process, as the specific needs of a community are seldom static, but are affected by changes in immigration patterns,

the local economy and housing market and are impacted by a community's cultural, religious and political institutions.

Next, CED work should be done by residents in low-income communities. This departs from traditional service-oriented approaches because in addition to providing needed services and facilities, the ultimate goal of CED is to organize these communities so that they can control and conduct their own development. However, CED differs from some traditional self-help strategies because it calls for greater government and private sector responsibility and attempts to empower low-income communities so that they can have an impact on public policy.

Of course, Community Economic Development cannot be a panacea for impoverished communities. CED has limitations primarily because it is a community-based approach to what are larger structural problems in the region's and nation's economy, particularly in this period of recession, capital flight and global economic restructuring. Thus, it is equally important for those using a CED strategy to complement their work with advocacy and organizing to promote changes in the larger society. CED can have significant impacts if it follows these principles, which are closely related to the building of institutions that provide a voice for the disadvantaged and the resources to carry out service provision, development work and organizing.

There are examples of how Community Economic Development can be implemented. Los Angeles' network of Community Development Corporations (CDCs) have over two decades of experience in this area. Among these is the Drew Economic Development Corporation, an extension of the Martin Luther King Hospital/Drew Medical School in the Watts/Willowbrook community. Drew EDC has developed several affordable housing projects and a child care center. It also provides small business development training and assistance to local residents.

Two of the oldest and largest CDCs in Los Angeles are The East Los Angeles Community Union (TELACU) and the Watts Labor Community Action Committee (WLCAC). Founded in 1965, these institutions have developed hundreds of affordable housing units, industrial parks and shopping centers and community/recreational facilities. They also operate job creation and training programs, often employing homeless and other unemployed individuals.

These types of institutions are greatly needed in Los Angeles' Asian community, yet only a few fledgling organizations have the

capacity to carry out this type of work. Thus, the building and expansion of Asian CDCs are an integral part of our CED model.

### **Unique Features of Asian Communities**

Community Economic Development holds much promise for low-income Asian communities, if it is approached strategically, comprehensively and involves, organizes and empowers the most disadvantaged members of the community. Asian American CED advocates can learn from existing strategies rather than reinventing the wheel. Other communities of color face similar sets of problems: poor employment opportunities, substandard housing and governmental neglect. However, CED efforts for Asian communities should not simply replicate those operating in African American and Latino neighborhoods. As we argue above, CED strategies must be responsive to the specific needs of each population. Low-income Asian communities have unique characteristics that require major modifications in CED approaches.

Among the unique characteristics of Asian communities are the large numbers of newer immigrants and refugees who, besides being poor, face a multitude of cultural and linguistic barriers. The problem is even more complex because low-income Asians are a culturally diverse population that does not share a common history, language, or social and religious institutions.

Another important feature is that many Asian communities have sizeable ethnic economies; thus they do not face the problem of disinvestment that adversely affects other minority communities. Self-employment and entrepreneurship rates are very high in most Asian communities. Consequently, the traditional approach of CED of increasing the level of economic activity through investment for new businesses is less relevant for Asian communities.

However, the Asian subeconomy is not without its problems. Many of the businesses are micro-sized "mom and pop"-type enterprises with marginal profitability. The employment that these small businesses create are often low-wage jobs with few benefits. Thus, critical issues center on the quality of jobs available and the viability of existing businesses, rather than generating new economic activity for the area.

Finally, Asians do not live or work in racially homogenous communities. Those residing in the inner-city live along side low-income Latinos, African Americans and whites -- a factor which needs

to be considered in organizing and advocacy work. Moreover, many Asian small businesses operate in other low-income communities, and they are often embroiled in inter-ethnic conflict, as illustrated by tensions between Korean merchants and African American residents in South Central L.A.

## **A CED Model for Low-Income Asian Communities**

Our model of Community Economic Development has five components:

1. Employment
2. Small Business Development/Improvement
3. Housing
4. Internal Capacity Building
5. External Political Linkages

The first three components of this model are "goals" of CED, or areas of work where concrete improvements can be gained in people's lives. The last two components are tools communities can use to carry out the work needed to achieve these gains.

Creating and improving employment opportunities in disadvantaged communities are fundamental elements of any CED strategy. This means providing opportunities so people can access jobs with decent wages, work in safe and secure environments and enjoy health benefits and chances for advancement.

These goals can be achieved by focusing efforts on job training and education to help workers gain higher paying jobs, as well as improving work conditions and pay for those at the lower end of the job market. In the area of job training, our focus is on the effectiveness of various government programs, with special attention given to English as a Second Language (ESL) programs. Of course, job training without the availability of jobs is of little use, so we also examine advocacy in the areas of job creation and economic development policy (which is discussed in Chapter Nine: External Political Linkages).

Additionally, our examination of various Asian community organizations indicates that the most organized and empowered sectors of the community tend to be professionals and business persons. As a result, most discussions about employment focus on the "glass ceiling" or the ability of Asians to move into upper management and

administrative positions. In contrast, our concern is with raising the "floor." More attention needs to be given to the equally pressing needs of the working poor, who are concerned with issues such as minimum wage, workers benefits and workplace safety.

As stated earlier, small business development should be viewed as just one of a broad range of strategies aimed at improving conditions in low-income Asian communities. Given the existence of ethnic subeconomies with a relatively large number of existing firms, policies and programs should not focus on the creation of new businesses. Instead, the focus should be on improving existing businesses and diversifying the economic base. This means: 1) securing their long-term viability and competitiveness; 2) addressing the needs of workers in these businesses; and 3) promoting social responsibility among Asian business owners toward both their employees and the communities in which they operate.

Housing has long been recognized as a fundamental element in the well-being of a community. In low-income Asian communities, the lack of quality and affordable housing compounds already harsh economic conditions. Without adequate housing, residents are unable to stabilize their lives and focus on school, employment and social relationships. Thus, improving housing conditions must be part of any overall CED strategy.

While housing for all income levels should be developed, our focus is on affordable housing, as this appears to be the greatest need. This includes increasing the housing stock by preserving and improving existing stock, advocating for long-term affordability and ownership programs and increasing tenant involvement and organization.

Carrying out the service delivery, development work, advocacy and organizing needed to truly improve conditions in the Asian community requires expanding existing and creating new community-based organizations. As discussed earlier, development work is a relatively new phenomena in Asian communities in comparison to other communities. Likewise, organizing and advocacy work which specifically targets Asian workers, tenants, immigrants and other disadvantaged sectors is not well developed. Thus, Chapter Eight of this book examines how such institutions and "capacities" can be built to meet these needs, including how community development corporations can play a role.

Finally, a CED strategy needs to recognize that the future of LA's Asian American community is inextricably tied to its ability to impact political institutions (city councils, government agencies, individual



policy-makers, etc.) and to build linkages with other communities of color. Having an impact means pursuing traditional electoral work, fighting for better representation and holding elected officials accountable. It also requires forming coalitions and alliances with other ethnic communities. However, building coalition and improving inter-ethnic relations should not be viewed simply strategies; they are responsibilities that Asians have as part of a multiethnic society. Chapter Nine discusses the process of building these linkages, and presents a policy framework to guide community advocacy efforts.

### **Organization of this Book and Explanation of Methodology**

This book is organized into three parts. The three chapters in Part I document the needs and conditions of Asians in low-income communities and the ethnic enclave economy, including political refugees and the working poor. We found that substantial numbers of Asians lack English fluency and job skills and access to culturally sensitive services. As a result, many are locked in poverty. Part II examines the three substantial areas of CED: business development, employment, and housing. The chapters provide an analysis of existing policies and programs, along with recommendations for both public policy and community action. Part III examines the tools needed to carry out CED work. These tools include the organizational capacity of Asian community-based organizations and the need for external political linkages. Finally, the book ends by outlining the steps to turn this CED strategy into action.

The data for our analysis comes from various sources. The needs assesment is based on four sources: 1) a Survey of Asians in Low Income Communities (SALIC), conducted by UCLA students in early 1993, which included over 300 face-to-face interviews with low-income households; 2) the 1990 U.S. Census Summary Tape Files (STFs); 3) a 5 percent sampling of resident characteristics from the Public Use Micro Sample (PUMS); and 4) a Survey of Minority-Owned businesses conducted by the U.S. Department of Commerce.

SALIC covered three geographic areas in Los Angeles. These areas not only met our definition of community, but were the sites of high concentrations of low-income Asians. The three communities which we identified are Chinatown/Echo Park/Lincoln Heights, Koreatown/Westlake and South Long Beach. An appendix on SALIC is included.

The PUMS data describes Asian residents living in the City of Los Angeles and the City of Long Beach. Unless otherwise specified, "Los Angeles" and "Long Beach" refer to those cities.

The analysis of policies and programs is based on a review of laws and programs, secondary material from published literature, and interviews with community leaders and program personnel.