New York: Gateway City to the Global Economy

T. R. LAKSHMANAN and LATA CHATTERJEE

(e-mail: laksh@bu.edu; and lata@crsa.bu.edu)

Center for Transportation Studies
Boston University, Boston, MA 02215

Paper Prepared for the Book on

Gateways to Global Economy
(Eds) Åke & David Andersson
# Table of Contents

*Working Paper Series*.................................................................................................................. 1

I. Introduction and Overview ........................................................................................................... 4

II. Globalization, Mobility of Capital and Labor, and the Centrality of Place........... 6

III. A Profile of New York as Global City....................................................................................... 10

IV. The New Immigration: Mirror and Shaper of New York City’s Evolution ..... 15

   *Demographic Dimensions of the New Immigration*................................................................. 15

   *The New Immigrants and New York’s Economic Evolution*............................................... 19

   *The New Immigrants and Cultural Production in New York*.............................................. 20

V. The Role of Immigrant Institutions and Social Networks in New York .......... 21

   *Institutions and Social Networks: Traditional Forms*............................................................. 24

   *New Immigration and Social Networks: Emergent Forms*............................................... 26

VI. Concluding Comments............................................................................................................... 29
“What is barely hinted in other cities is condensed and enlarged in New York”
Saul Bellow

I. Introduction and Overview

New York is the global gateway city *par excellence*. Since around 1810, New York has risen rapidly to its incomparable position as America’s gateway, playing an increasingly important role in national economic growth, and social and cultural evolution; By 1850, it was leading the nation in every major type of economic activity save agriculture and mining (Lichtenberg, 1960). Thanks to the natural advantages of the port, and the strategic actions and social innovations of its business and political communities (and a little luck), the city in the 19th century emerged dominant nationally in foreign trade, wholesaling, and in financial and related services. In the century following the Civil War, the New York Metropolitan Region has served as a powerful magnet for many of the nation’s national-market activities--relating to strategic positioning, management, control, and financing--in the form of central offices, of money-market specialists, of manufactured goods sold to the nation, and some highly specialized services. Again in the last three decades or so, the city is reinventing itself in the emerging era of ‘Knowledge Societies’, characterized by complex economic, political, and cultural dimensions of globalization. Engaging in social learning, adaptation and strategic activities, New York has emerged at the head of a set of major international financial and business centers or ‘global cities’. These global cities form a new geography of centrality and agglomeration in today’s distributed global economy and culture (Sassen, 1997, 1998; Crahan and Vourvoulos-Bush, 1997; Castells, 1996).

This recurrent ability of New York to remain an economic leader over two centuries reflects both its capacity to exploit technological advances and its ‘Social capability’, comprising of its capacity to create the institutions, the policy-making, and the incentives that promote continual learning and adaptation in a rapidly evolving context. Such a combination of technical ‘know-how’ and organizational knowledge and creativity is successful in New York in the contemporary era as the city develops and
uses the diverse networks through which the world economy is constituted. Such (global city) networks of economic globalization pertain to a) the internationalization of capital, b) the organization of command and control centers able to innovate, manage and coordinate the linked activities of transnational firms, c) the innovation and production of urban activities, which not only promote the emerging dynamic sectors (of finance, information technologies, and advanced business services) but also facilitate social learning and adaptation in the city, and d) the acquisition and maintenance of the diverse urban human capital equal to the tasks at hand in the new global cities. New York has indeed developed these dense multi-faceted networks which underlie its current dynamism and its strategic role in the global economy and the international social and cultural realms (Mollenkopf and Castells, 1991; Sassen, 1998; Drennen, 1991; Castells, 1996).

This paper surveys broadly the recent transformation of New York into a strategic pole of the international economic system, marked by the new mobility of money, people, and production. It focuses in particular on one less noted aspect of the many rich networks mentioned above, namely the diversified laborforce networks of New York. The City’s rich and varied labor force has facilitated the ongoing structural change in New York-- from its recent status as a declining center managing national economic production to its current booming presence in managing international production. We will argue that the diverse migrants (domestic and foreign) attracted to the city in the last two decades have endowed it with not only the economic flexibility and rapid adaptation to the ‘flexible mode of production’ characteristic of knowledge economies (Piore and Sabel, 1984), but also the human capital resources to continue to operate as a ‘learning environment’ locale for the creation of technical and social innovations that facilitate New York’s command and control of the world economy.

The paper opens with a brief description of a) the spatially distributed global economic system, and the technical infrastructure and the ‘social infrastructure’ which knit this system, and b) the radical concentration of financial, management and strategic resources in a set of cities such as New York, that act as centers of coordination and control for the global system. It proceeds to a discussion of the new New York immigrants and how their diverse knowledge, competencies, and organizational
capacities have facilitated new economic activities and cultural production, and adaptation to changing circumstances. Then the paper outlines the operation of social and economic networks which help and sustain the immigrant labor force in New York in its production activities and in the production of cultural goods and services -- in the context of New York’s historical cultural hegemony and the more recent brisk cultural exchange between the mainstream city and the new immigrants. Finally, the paper explores the role of New York institutions in determining the quality and experience of the new immigrant social and economic networks, which underlie a significant part of the dynamism of New York’s economic and cultural realms.

II. Globalization, Mobility of Capital and Labor, and the Centrality of Place

The contemporary phase of the world economy is characterized by the ascendance of Knowledge technologies, the accompanying increase of mobility and liquidity of capital, and the associated regulatory and liberalization reforms of large economic sectors that have dynamic international markets -- in particular in finance, in advanced business services, and in transportation and information industries. In this economy, technical advances and institutional innovations in transport and communications are shrinking distance, eroding time and borders, and creating a knowledge-rich global production system. Global markets with extensive outsourcing and ‘just-in-time’ deliveries are requiring ever increasing on-time shipments of semi-manufactured products, components, spare parts, and final goods between production and assembly centers scattered all over the globe. As the ‘half life’ of many new products in this knowledge economy becomes shorter and shorter, and the spatial distribution of supply and demand points is changing rapidly in such a system, what is transported, how it is transported, and to where and from where --are all rapidly changing.

This emerging global knowledge economy is thus a distributed system with a vast array of geographically dispersed economic operations. All the value-adding components of a global corporation’s activities--from R&D, strategic control to production, post-sale services, etc.-- can be and are globally located (Porter, 1990). People, capital, goods, and
services are increasingly mobile, and powerful trends of decentralization are afoot. Decentralization and denationalization are radically altering the way business gets done. Ideas, goods and services, and people from ‘elsewhere’ are today more presents in most locales than they have been anytime in the past. There is increasingly in this economy a wide variety in the types of firms, types of workers, types of work cultures, and types of residential milieu for the mobile transnational workers.

This enhanced mobility (indeed the hyper- mobility) of capital, of goods and production, and the new mobility of people and two types of innovative processes and human capital enable human capital and their efficient fusion into a dynamic global economy. First, there are the innovations associated with technical infrastructure of globalization--embodied for example in the transport and complementary information technologies -- which permit this globally distributed economic system to function at its current fast and increasing pace and efficiency. Second, there are innovations associated with the social infrastructure of globalization-as embodied in an organizational structure that creates dynamic ‘learning environments’. (Lakshmanan, 1992, 1987). Such learning environments provide two critical functions: a) they are locales for the innovation and production of new activities necessary for financial control, management, strategic control and coordination of the spatially far flung activities of the global economy. Such new activities are being spawned continually in the dynamic finance, advanced business services, and information industries; and b) they create the ‘mileaux’ for continual adaptation to changing circumstances (Aydalot, 1985), and a locale for ‘social learning’ and evolution in the economic/social/cultural realms.

The creation, application, and diffusion of these two types of innovations undergirding the global economy requires a workforce that has the requisite technical knowledge or ‘know-how’ and the organizational knowledge and creativity. This workforce must also be able to continually monitor, analyze, report on, and act to sustain the efficient performance of the various dimensions of the rapidly evolving economy. Such attributes in the workforce--high levels of knowledge and competencies, willingness to experiment, and flexibility--and the learning environments or locales where the innovations are produced, are not ubiquitous. Indeed they are limited to a few large cities.
Thus these few large cities (described as global gateways or the geographic foci of the spatially dispersed global economy) serve as locales for creating and sustaining the new ideas, relationships, conventions, and other social innovations which motivate these cities’ activities pertaining to financial control, management, and strategic positioning and coordination of the global economy. The essential feature of the global economy is thus an ever-growing economic concentration and differentiation between financial control, strategic planning and, information management on the one hand and manufacturing and service delivery on the other. In this scheme the global gateway cities represent the new geographies of centrality complementing the oft noted geography of the distributed global production system.

The extensive literature on the economic, political, and cultural dimensions of globalization views a few large global gateway cities such as New York, London, and Tokyo dominating a larger set of international financial and business centers, which are sites for large concentrations of economic power and command and control centers in a global economy (Sassen 1998, 1999; Castells, 1996; Storper, 1997). The larger network of these financial and gateway centers includes not only Frankfurt, Zürich, Paris, Amsterdam, Los Angeles, Sydney, Singapore, and Hong Kong, but also Sao Paulo, Taipei, Bombay and Mexico City (Sassen, 1998). This is a new global network of strategic places constituting a new geography of economic centrality, that cuts across national frontiers and the old North-South divide. Indeed, in an economy where there is rapidly increasing production of cultural goods and services, this new centrality is economic and cultural.

The scope and intensity of transactions--through investment, financial markets, and services trade-- among these cities has grown explosively. At the same time, the strategic resources and activities are becoming disproportionately concentrated in the relatively larger global cities. Sassen (1999) notes that in the financial industry, 25 cities controlled 83% of the world’s equities under institutional management and accounted for approximately half of the global market capitalization ($20.9 trillion) in 1997; London, New York, and Tokyo together account for 58% of the global foreign exchange market. Again, among the 50 biggest financial service firms in the world in 1997, the top ten carried out 72% of all transactions; eight of these were American and New York with its
continual market innovations and new financial products dominates this field (Sassen, 1999).

This notion of a strategic place as central to a global market system and spatial division of labor is not new. It is a critical part of Braudel’s (1977) conception of the three facets to a world economy: a) a given geographic space with limits to mark it off.....b) a pole or a center represented by one dominant city......and c) every world economy is divided into successive zones. The contemporary variation of the Braudel view is that not one central place (e.g. Amsterdam or London or New York, as in the past) but a small number of gateway cities that jointly play the strategic pole role in today’s world economy.

However, there are different theoretical conceptions of how and why these cities function as geographical foci of global economic activity at a time when the constraints of what Braudel called the ‘tyranny of distance’ seem to be disappearing. One view holds the global cities as agglomerations of internationally-oriented financial and business services which are critical to the governance of the global economy (Sassen, 1998). These cities a) concentrate command functions in the global economy; b) are production sites for leading financial and business services firms; and c) are transnational market places where firms and governments can buy financial instruments and specialized services (Sassen, 1997). A second idea is that in an economy where most activities can be reduced to knowledge generation and information flows regarding ever-changing linkages, these cities are the poles of the ‘Informational Economy’ (Castells, 1989). A third approach is to think of these cities as locales offering a flexible pool of labor and industries in an era when the focus is more towards to economies of scope and away from economies of scale, and achieving this flexibility through agglomeration (Scott, 1988). Krugman’s work (1992, 1995) is reviving this emphasis on urban agglomeration economies that was evident in the much richer and earlier (1950’s) analysis of economic role of large cities, in particular New York Region’s economic governance of the national economy in an earlier time (Lichtenberg, 1960; Vernon, 1960; Hoover and Vernon, 1959; Pred, 1977).

While these alternative explanations account for many observed activities of global gateway cities, they do not offer any clues to the urban processes underlying
global economic governance. Our view of these processes and their dynamics, as noted above, derives from the notion of urban learning environments that incubate continually the innovative activities which enable a city like New York to continue to serve as a strategic pole of global economic governance. A dynamic social entity such as New York not only acquires and deploys the knowledge necessary for its development but also the social capacity to monitor, analyze and guide the efficient performance of various dimensions of the global economy. These activities constitute social learning and require the creation of institutions, policy-making and incentives for continual learning and adaptation to changing circumstances.

The delineation of the social learning activities is clearly a large project, far beyond the scope of this paper. We limit ourselves in the rest of the paper to exploring one critical aspect of New York’s ability in this regard. We focus on the new migrants in New York--outlining the multiplicities of the economies and work cultures they represent, the flexibility and adaptability they provide to a restructuring metropolitan economy, the endogenous urban growth generated by the application of their physical and human capital, and the multiple networks and institutions they develop and adapt in New York. We precede this discussion by a brief profile of New York and its recent evolution as a global gateway.

III. A Profile of New York as Global City

New York is both a metaphor for the on-going vast and rich postindustrial transformation and an epicenter of global trends. The contemporary experience of New York illuminates not just one global city or all global cities but the various forces that drive the on-going transformation--a major technological revolution, the emergence of a new international division of labor, the growing relative power of finance over production, and the migration from the industrializing Third World countries to the core cities of the affluent North.

Over the last two decades, New York has been central to these transformation processes, redefining international trade, global financial markets, patterns of global
investment in production and information technologies, marketing, and media, and serving as the primary destination of immigrants in the United States. Between 1980 and 1992, sales of the world’s transnational corporations (TNCs) more than doubled from $2.4 trillion to $5.5 trillion (Crahan and Vouroulias-Bush, 1997). By mid-1990s, these TNCs controlled 33% of the world’s productive assets, integrating production of goods and services, and deploying an increasingly dispersed and mobile workforce. As the major commercial and financial city in the world’s largest national economy, New York has been well positioned to benefit from this global interdependence.

New York (which accounts for 3% of the nation’s non-farm employment, 4.5% of its output, and 5% of payrolls) has a disproportionate share of the U.S. finance, insurance, and real estate (FIRE), and business services—with 43% of the national payroll in the securities industry, 24% of advertising, 14% of the banking, 10% of the legal service, and 5% of the accounting and managerial consulting national payrolls (Cleireacain, 1997). New York’s financial institutions are dominant globally, offering unparalleled depth, with twice London’s number of financial specialists and related business professionals, and dwarfing Tokyo in the expertise in Anglo-Saxon law under which most international transactions are negotiated (Rosen and Murray, 1997).

An idea of the magnitude of these and other services that New York ‘exports’ to the rest of the world can be gained from Table 1. The FIRE sector, business and professional services, culture and media production, tourism and most manufacturing comprise the New York export sector. Business services sector is now larger than manufacturing, which employed 4 times more people in 1950. While new information technologies have moved backroom activities in the FIRE sector out of New York, the city plays host to a new high-tech sector—Silicon Alley, a collection of firms that develop multimedia software, web sites, on-line entertainment, and related goods and services (Roche, 1997). In this new sector, employment rose in Metropolitan New York from 28,500 in 1992 to 71,500 in 1995, with income estimated at $3.8 billion (Crahan and A. V-Bush, 1997).
Table 1. Employment by Sector in New York City, Dec. 1995 (In thousands)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Private Export</td>
<td>1,285.5</td>
</tr>
<tr>
<td>Securities</td>
<td>144.9</td>
</tr>
<tr>
<td>Hotels</td>
<td>34.1</td>
</tr>
<tr>
<td>Culture and Media*</td>
<td>170.5</td>
</tr>
<tr>
<td>Banking, Insurance, and Real Estate</td>
<td>325.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>216.0</td>
</tr>
<tr>
<td>Business Services</td>
<td>231.4</td>
</tr>
<tr>
<td>Professional Services</td>
<td>163.1</td>
</tr>
<tr>
<td>Total Government</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>1,503.7</td>
</tr>
<tr>
<td>Health Services</td>
<td>308.0</td>
</tr>
<tr>
<td>Social Services</td>
<td>152.8</td>
</tr>
<tr>
<td>Construction</td>
<td>87.6</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>365.1</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>194.6</td>
</tr>
<tr>
<td>Transportation</td>
<td>125.3</td>
</tr>
<tr>
<td>Other Services</td>
<td>218.0</td>
</tr>
<tr>
<td>Utilities</td>
<td>52.3</td>
</tr>
<tr>
<td>Total Local</td>
<td>415.5</td>
</tr>
<tr>
<td>Total State</td>
<td>51.8</td>
</tr>
<tr>
<td>Total Federal</td>
<td>67.4</td>
</tr>
<tr>
<td>Total Employment</td>
<td>3,323.9</td>
</tr>
</tbody>
</table>

(Source: Cleireacain, 1997)

There is growing internationalization of the above activities in New York. Of the 100 largest multinational corporations in the U.S. in 1986, 24 had their headquarters in New York City with almost half their revenues from foreign operations, and 16 in New York suburbs with a third of their revenues from abroad (Drennen, 1987). The region’s share of foreign revenues of its multinational corporations is 55% (Table 2). Six of the 10 largest U.S. banks with foreign deposits are in New York, and together they had 85% of these foreign deposits (Drennen 1991). Six of the ‘Big 8’ accounting firms (which have twice as many branch offices abroad as they have in U.S.), are headquartered in New York.

The broad growth in service sector jobs in New York noted in Table 1 has led to both high wage (FIRE, legal, medical. accounting, etc.) and low wage (personal and hotel services) jobs. The Fire sector provides some of the highest paid work in the city; Medical, legal, accounting, and other professional and business services offer other high
remuneration; personal services, hotels and some low end manufacturing provide the low wages. The middle is largely missing.

This restructuring of New York as a ‘hour-glass’ labor market is a departure from the city’s historical identification as a middle class city, albeit with a considerable working class. The expansion throughout the 20th century of a large urban middle class was linked to the growth of the manufacturing industry. That expansion went hand in hand with rising wages, strong worker organization, suburban growth, and greater government services. Till recently, this middle class had great capacity for enlargement (facilitating the assimilation of immigrants and fostering social mobility). The last two decades or more have been harsh on the middle income population in New York City. This situation has led to much discussion of polarization of growth and ‘dual city’ development based on differentiations of race, class, ethnicity, gender and geography. Mollenkoff and Castells (1991) decry such simple dichotomies pointing out the complex ways in which race and other differences interact with income inequality. They point out (Figure 1) that while black median income fell slightly relative to whites between 1977 and 1980, it recovered by 1986. Instead of lagging uniformly behind whites many blacks gained ground--leading to greater inequality among blacks. On the other hand, Latinos, particularly Puerto Ricans dropped further behind whites and blacks.
The observed bimodal pattern of labor demand in New York reflects the convergence of two broad developments; first the loss over the last three decades in New York (in common with other Northeast cities) of medium wage jobs in the production and movement of goods; and second, the emergence of a new ‘dualistic’ pattern in labor demand in the new economy. We pursue in the next section the latter issue of dualistic labor demand in the context of the new transnational migration process (in which this labor demand is embedded) into New York.

Table 2. Total and Foreign Revenues of U.S. Multinational Corporations, 1986.

<table>
<thead>
<tr>
<th>Headquarters Location</th>
<th>Number of Firms</th>
<th>Foreign Revenues</th>
<th>Total Revenues</th>
<th>Foreign Revenues as Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater New York Area</td>
<td>40</td>
<td>$212</td>
<td>$515</td>
<td>41.2</td>
</tr>
<tr>
<td>New York City</td>
<td>24</td>
<td>$137</td>
<td>$293</td>
<td>46.8</td>
</tr>
<tr>
<td>New York City</td>
<td>16</td>
<td>$75</td>
<td>$222</td>
<td>33.8</td>
</tr>
<tr>
<td>Suburbs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elsewhere U.S.</td>
<td>60</td>
<td>$172</td>
<td>$704</td>
<td>24.4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>$384</td>
<td>$1,219</td>
<td>31.5</td>
</tr>
</tbody>
</table>

(Source: Drennen, 1991)
While the service sectors dominate the region’s economy and manufacturing has declined sharply in employment, it is worth noting that New York Metropolitan Area currently leads all U.S. metro areas in merchandise exports to the World (Table 3).

Table 3. Merchandise Exports To the World by the Top 12 Metropolitan Areas, 1997

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Merchandise Exports to the World (in billions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New York, NY</td>
<td>29.083</td>
</tr>
<tr>
<td>2. San Jose, CA</td>
<td>29.057</td>
</tr>
<tr>
<td>3. Seattle-Bellevue-Everett, WA</td>
<td>27.006</td>
</tr>
<tr>
<td>4. Detroit, MI</td>
<td>25.967</td>
</tr>
<tr>
<td>5. L. A.-Long Beach, CA</td>
<td>25.816</td>
</tr>
<tr>
<td>6. Chicago, IL</td>
<td>23.210</td>
</tr>
<tr>
<td>7. Houston, TX</td>
<td>18.596</td>
</tr>
<tr>
<td>8. Miami, FL</td>
<td>12.692</td>
</tr>
<tr>
<td>9. Minneapolis-St. Paul, MI-WI</td>
<td>12.007</td>
</tr>
<tr>
<td>10. Phoenix-Mesa, AZ</td>
<td>11.108</td>
</tr>
<tr>
<td>11. San Francisco, CA</td>
<td>9.979</td>
</tr>
</tbody>
</table>

(Source: U.S. Census Bureau).

IV. The New Immigration: Mirror and Shaper of New York City’s Evolution

Demographic Dimensions of the New Immigration

The vast flow of migrants has shaped New York City throughout its history -- in terms of its demography, economy, politics, and culture. The geographic sources and the ethnic composition of this migration into New York have changed over time, yielding a diverse demographic and economic mosaic. For much of the city’s history, people of European and African origin dominated these immigrant streams. Recently, Third World migration has made the city’s population truly global in character, with persons of European background becoming a minority. These migrants drawn largely from Latin America, the Caribbean Basin and Asia are described as constituting the new immigration. In every era over the last two centuries, new groups of people have brought new competencies and entrepreneurial energy to the city, helping it to reinvent itself
economically, socially, and culturally—in the process periodically reorienting the city to the nation and the world.

The ethnic diversity of New York has been evident in the bustling vitality and varied national origins of the founding Dutch settlement (Binder and Reimers, 1995). While the British guided the city’s rise as a commercial hub, the big push for the city’s growth came in the early 19th century. The deep port provided the great stimulus, which was exploited by many bold city business and political initiatives. In short order, the city achieved dominance in textile imports, and in Southern plantation cotton exports; the launching of the first transatlantic packet ships, and the building of the Erie Canal to reach out to the Great Lakes made New York the American gateway (eclipsing Boston and Philadelphia) -- accounting by the Civil War for over half the nation’s foreign trade (1960).

The relationship between the growth of the New York Region and the flow of migrants is strong in this era. Two types of migrants shaped this stage of New York’s evolution (Lichtenberg, 1960): those that arrived with capital and knowledge, principally from New England, and those that came just with their labor power. The former, sensing the greater opportunities in the New York port, took over much of New York’s commercial activity. Other New Englanders came to invest in the better opportunities New York offered, or to work as clerks in the mercantile houses. The second group of immigrants—Irish, Germans, and Scandinavians—in 1830s and later constructed and worked in the manufacturing establishments, creating the craft guilds.

Figure 2 shows the net migration into the United States in the century since 1870. The volume of immigration has varied considerably, and the pattern has been further upwards since 1970, following the liberalization of the 1965 Immigration Act. Since the majority of the nation’s immigrants entered through the port of New York (many of them establishing initial residence) till recently, the city continued to grow well into this century becoming the country’s premier city. The internal migration from other states and Puerto Rico to New York City in the 1930s and 1940s was a growth factor as foreign immigration cooled in the U.S. (Figure 2). The suburbanization of New York’s population since the 1950s would have depleted the city’s population seriously but for the immigrant flows into New York.
The recent immigration flows set in motion by the 1965 Immigration Law have led to a marked increase in the number of immigrants entering the U.S. in general and New York in particular. Average annual migration to the city climbed from 47,000 in 1950s to 85,600 in 1980s, and to 112,598 during 1999-94 (Salvo and Lobo, 1997). This increasing immigration has offset the population losses due to suburban outmigration; the city’s population grew 4% in the 1980s largely due to the 856,000 immigrants in that decade; 55% of New Yorkers are first and second generation immigrants (Salvo and Lobo, 1997).

Another aspect of the post-1965 immigration is their difference from earlier immigrant streams in their geographical origins and ethnic composition. The migrants from Latin America, the Caribbean, and Asia, dominate the flow. The city’s non-Hispanic whites are expected to drop from 5 million (63% of total population) in 1970 to 2.6 million (35% of total population) by year 2000 (Figure 3). In the same period, Hispanics would increase their share of total population from 16% to 29%, the Asians from 2% to 10%, and the Non-Hispanic Blacks from 19% to 26% (Salvo and Lobo, 1997). Within each racial/ethnic group, the differential rates of natural increase and
migration are causing significant change, so that as the city is growing more racially/ethnically diverse, there is increasing diversity within groups (See Figure 4 ).

Figure 3. Racial and Ethnic Composition, New York City, 1970-2000.

(Source: Salvo and Lobo 1997, pp.103)
The New Immigrants and New York’s Economic Evolution

Today’s immigrants into New York City have a comparable role in shaping the city’s economy, polity and culture as their counterparts had a century and a half ago, as noted earlier. This role is best described in the context of the emerging patterns of labor demand in the global economy and its strategic gateway cities like New York.

The major reason for the continuation in last quarter century of large inflows of migrants from Asian and the Caribbean basin countries into New York City (at a time of sharp losses in manufacturing and goods handling jobs) lies in the rapid expansion of the supply of low wage jobs and the casualization of the labor market associated with the new growth industries (Sassen, 1998). Sassen persuasively argues that the globalization of the economy has contributed to the initiation of the labor migration to New York and other cities and their continuation at high and growing levels is traceable to the economic restructuring in the U.S. and other advanced industrial economies. The growth of low wage jobs in New York and other cities is partly the result of the global organization that has channeled investment and manufacturing jobs to low-wage countries. The traditional manufacturing sector in the U.S. is eroded in this process, leaving behind low wage,
semi-skilled production jobs in cities like New York. Cities like New York also have a rapidly growing number of low wage service sector jobs (in addition to the well-known high income jobs in the financial services and management sectors). Sassen (1998) notes that in addition to using such low wage workers directly, the service sector generates indirectly demand for workers for servicing the lifestyles and consumption patterns of the growing affluent managerial and financial class in New York. The demand created by this affluent class for residential and commercial gentrification leads to an army of low wage workers--as building attendants, child care providers, food preparation and restaurant workers, etc.. These are the kinds of jobs that immigrants rather than U.S. citizens take and where the informal economy grows. Thus it is at this intersection of ongoing internationalization of economic processes and a bimodal labor market evolution in advanced industrial economies that immigrants from low wage countries to New York and other cities play a key economic facilitative role.

The New Immigrants and Cultural Production in New York

New York City has been for a long time dominant in the national production of cultural goods and services. It built its primacy as a cultural center on it being the most important port linking Europe and North America and a transshipment point between Europe and the Caribbean. The interaction in a commercial city between diverse people and ideas, and the hybrid ambiance were powerful sources of creativity. Kaplan (1997) notes that the ideas, values, and creativity of New York’s diverse residents found expression in cultural production for the market as well as for non-commercial channels--clubs, lyceums, and cafes. New York’s ideas, popular entertainment, and high culture--reflecting the vibrant connections among its people, place, and time -- led in turn to cultural tourism and a cultural ‘export’ economy (vaudeville circuit, Theater tours, etc. Kaplan, 1997). The market position that New York enjoyed in cultural products derived from the strong local relationship between cultural production and consumption.

Recent technologies--films, audio and video recordings, jet travel, etc.-- have undermined the geographical and temporal linkages between cultural production and consumption--making possible assembling, financing and marketing of performances (e.g. The Three Tenors, Rock Bands, etc.) to global audiences. Kaplan notes that in this
era of broad cultural diffusion, New York is reinventing itself so as to retain its cultural hegemony. While New York remains powerful as a cultural producer and a center of consumption, it provides direction to the cultural enterprise in two ways. First, by establishing aesthetic standards, offering criticism and consumer advice, launching styles, etc.—through media, marketing, journalism, advertising; second, by the exercise of cultural control by New York persons and institutions that affect cultural market decisions (e.g. which books, plays, and films to back) or what non-profit cultural activities to support (Kaplan, 1997).

New York also plays an important role in the cultural dimension of globalization. The frequent observation that New York with its rich and complex cultural infrastructure has a central role in directing cultural globalization and that this is unidirectional—only center to periphery cultural flows—is only part of the story.

New York’s large and only partially assimilated foreign-born residents today have as rich and vibrant interactions and a hybrid ambiance as earlier groups and are creating cultural crossover products. Orlando Patterson (1994) indicates that reggae, drawing upon indigenous Jamaican musical traditions, evolved into an original form in response to American rhythm-and-blues, bluegrass, and cowboy music. This music form brought to New York by poor Kingston immigrants stimulated in turn the development of African American Rap. Patterson’s example illustrates the contributions of today’s immigrant groups in New York to the cultural life and to the production of cultural goods and services.

V. The Role of Immigrant Institutions and Social Networks in New York

The economic productivity of the migrants and their contribution to the continuing vitality of New York depends on their ability to draw on their own resources—finance and human capital—and their social networks. Social Networks, and institutions fostering these networks, affect economic productivity of migrants in a variety of ways. They play crucial roles in their a) assimilation process, b) labor market absorption, c) entrepreneurial development, d) access to external sources of legal, capital and other
financial services and e) identity formation through cultural production. These institutions and networks have played formative roles in the continual evolution of New York as a gateway city since the 17th Century. As successive new immigrant groups entered New York’s economy, institutions that had their roots in the culture of the originating country were initially transplanted, and eventually transformed, to address the social and economic needs of the new group in the host city.

New York, relative to most other gateway cities in the world, has a long history of fostering institutions to help the economic productivity of successive waves of immigrants, initially from Europe and from every continent and region, if not every country in the world, in the twentieth century. Helped by commercially minded social leaders, New York became a multiethnic city because social networks aided the assimilation of the migrants into the local economy so that, in turn, they enriched the culture and economic productivity of the city they settled in. For example, the recent resurgence of New York after it’s fiscal crisis in the 1970’s, was partly fueled by the attractiveness, to upper income groups, of an increasingly cosmopolitan city with new immigrants from various countries of Asia, Africa, the Caribbean, Middle East and South America (Berrol, 1997). The process of gentrification, which reversed the tide of outmigration of the affluent, and the resultant erosion of the basic and nonbasic economic activities, can be partially attributed to the cultural capital invested by the immigrants in New York City and the inner suburbs. The cosmopolitan atmosphere added to the vibrancy of urban life which then attracted the younger, upwardly mobile professional classes to the city. Both groups - the lower income immigrants and the upper income migrants - invested their capital and labor, thereby, turning around the fortunes of a declining urban fabric.

Social networks and support institutions reinforce a migrant’s sense of ethnic distinctiveness and provide emotional support systems. For example, Foner (1987) in her analysis of Jamaican immigrants found that 80% of her respondents saw or phoned relatives in New York at least once a week and 69% had relatives living in the same neighborhood. Seventy percent of her sample gave only the names of other Jamaicans as friends. Cultural institutions among the Indian, Polish, Irish, Italian and Greek to name a few, perform similar roles in fostering group pride and identity.
Such close ties within the community have important economic spillovers. Community ties help job search through information flows from personal networks, thereby, providing employment opportunities often in immigrant owned enterprises. For example, 75% of Koreans in the New York metropolitan area are employed in Korean owned businesses. Waldinger (1989) found that relatives and friends made up the entire labor force of several Dominican garment factories. Similar patterns exist in the Chinese commercial establishments or Bangladeshi restaurants. The rules of behavior and expectation are more readily understood in languages, and the cultural contexts, common to employers and employees.

The majority of immigrants, moreover, have high rates of savings even though the wages are often exploitative in immigrant enterprises employing insecure and captive labor. A frequent path to higher earnings, and occasionally, to affluence lies in establishing small enterprises such as groceries, laundries, tailoring shops and like. The new immigrants, like the Irish, Italians and Jews of a previous immigration phase, operate these small businesses hiring family members and friends as employees. Korean grocers accounted for a third of the 15,000 Korean business enterprises in the city; they accounted for 90% of the greengrocers in the city (Kim, 1987). By 1990, Dominicans controlled more than 70% of Hispanic businesses, such as Bodega’s catering to the Hispanic population (Binder and Reimars, 1995). A small group of Asian Indians controlled the newspaper kiosks. The Chinese and Dominicans controlled the garment industry, replacing the earlier control by Jewish immigrants (Kwong, 1987). The diamond and precious gem industry is controlled by the Jewish jewelers with Asian Indians as new entrants. All ethnic groups are in the restaurant and ethnic crafts industries.

Consequently, these start up or expanding enterprises need access to capital. Social networks aid in capital generation and access through savings associations, rotating credit societies and ethnic banks - some federally chartered. For example, in the 1990’s scholars noticed that West Indians were economically more successful relative to the African Americans. The West Indians from Trinidad, Jamaica, Barbados and Haiti financed their upward mobility through rotating credit unions which provided funds for homeownership, business enterprises and education. These immigrants, in turn, rescued
declining neighborhoods in Brooklyn and Bronx (Berrol, 1997). Such voluntary organizations and mutual help societies are extremely important in many immigrant communities (Basch, 1987). Capital access and know-how are transmitted through personal connections, guarantees and peer counseling found in self help community based institutions among immigrants. These informal institutions have different eligibility standards (such as peer referral or personal guarantees) that make access to capital possible for groups with weak formal forms of collateral.

While the importance of social institutions in fostering economic development of an immigrant community has not declined in the last one hundred years, the character of these institutions appear to be changing. We can broadly identify two types of community institutions that influence immigrant economic welfare: the traditional and the emergent. The traditional forms cater to the less educated and/or the more tradition bound immigrants; their objective is to provide cultural continuity and a familiar urban environment in the alien society. The emergent institutions reflect the attributes of the new immigrants - often well educated, professional and self confident who are eager to assimilate and carve positions in the new society. While both types respond to the information needs of the immigrants, the latter focus on providing information that permit these immigrants to more fully access the benefits and services available in the host country.

In the following subsections some illustrative examples, drawn from various communities, of these two types of institutions that differ in function and form are provided. By no means do they exhaust the range and richness of the existing institutions in the New York Metropolitan area.

Institutions and Social Networks: Traditional Forms

The traditional ethnic associations are based on subregional identities, such as Cantonese from China, Gujeratis from India, Jamaicans from the Caribbean or Syelhetis from Bangladesh to name a few. These network institutions provide information and contact on employment opportunities and business capital for the self employed. The experience of prior entrepreneurs and the overall protection of the members in times of crisis are invaluable for the success of small enterprises in an alien environment. They
are characterized by strong patron-client relations; assistance to their own ethnic groups is contingent on political and social loyalty to the key members and leaders. Consequently there may be competing groups, in the same community, vying for the loyalty of its members in return for valuable service provision. The Italian and Irish bosses, the Chinese and Japanese clans, and the more contemporary Russian associations are examples of this type. While some may have criminal and illegal elements, the majority are legal, socially conscious and philanthropic entities.

A prime example - the Chinese Consolidated Benevolent Association (CCBA) - illustrates the characteristics of these types, and shows the competition these traditional forms face from the more modern emergent institutions, such as the Chinatown Planning Council (CCP), with their different strategies and values. The hierarchical structure of CCBA’s social organization, transplanted from mainland China, includes several tiers with district associations in the middle and clan organizations at lower levels (Hsiang–Shui, 1992). The clan organizations are formed by those with similar family names. The clan organizations provide new arrivals with temporary lodging, job search and so on. For example in the 1970’s, the Lee clan in New York’s Chinatown had more than 10,000 members and operated their own federally chartered credit union with more than $2m for mutual benefit. The district associations based on common dialect or district of origin, such as Cantonese, Hakka, Sechwanise, Fukienese and so on, primarily focus on religious, adjudicative, cultural and charitable functions. They also operate registered credit societies and employment agencies. They differ from the clan organizations in scale, type of function and level of formal registration in the host society.

In its period of greatest influence, the CCBA was the semiofficial government in Chinatown. It was traditionalist and focussed on the preservation of Chinese interests in New York and spoke for the interests of the Chinese community as a whole irrespective of regional identity or dialect. They were the powerful decisionmakers in the Chinese subeconomy of the city. Rarely did the Chinese seek arbitration in the New York institutions such as the police or courts, against the judgements of wrongdoings perpetrated by the Chinese in their own community against other Chinese. This semiautonomous and autocratic power of the CCBA began to be challenged, particularly in the post war years, due to the changing pattern of chinese immigration, as well as, the
greater exposure to western values that proficiency in English provided the second and third generations in the community. While still dominant politically in the Chinese community, the CCBA is declining in importance relative to the Chinatown Planning Council (CPC). The CPC can be viewed as an example of the modern form of ethnic institution also seeking to aid the assimilation and upward mobility of the community members. Others include the Chinatown Health Clinic, the Organization of Chinese Americans, Chinese Immigrant Service, Inc., the Chinese American Voters Association, to represent Chinese positions in electoral politics, Chinese American Women's Association, Taiwan Merchants Association (Wong, 1987).

These two forms - the earlier/traditional and the emergent/modern reflect, to a large extent, the changing nature of the immigrants and the maturation of the immigration process.

New Immigration and Social Networks: Emergent Forms

Approximately, 50% of the foreign born population of New York in 1980 arrived only after 1965 (Binder and Reimars, 1995). In 1970, only 18% of the population of New York City were foreign born. However, liberalization of immigration policies caused profound changes as noted earlier. In the nineties, one in three of New York’s residents could be considered to be foreign born if illegal immigrants were taken into account. Persons of European origin accounted for 95% of New York’s residents in 1940; by 1990 they constituted less than 48%. This increasing scale and complexity of immigration patterns demanded new forms of institutional support and alternative approaches to network strategies.

Modern venues for information flows and networking are churches and temples, civic clubs, planning associations, newspapers and sports clubs, professional associations and like. In the Korean community the emergent institutions are based in churches and the media. In the Indian community, they are the business and professional institutions. These newer institutions act as bridges between the ethnic enclave culture and the larger society in which the immigrants seek to assimilate. Thus they can be contrasted to the traditional forms that drew their strengths and ethnic base from community segregation.
and ghettoization. The newer forms also help in the assimilation process and provision of basic service, however, they tap into external resources such as public funds, police, courts, social welfare agencies that belong to the city, state and federal agencies. They encourage the learning of English, the customs and mores of the host society and, thus, facilitate more efficient integration with the host community.

The new institutions have some attributes of U.S. institutions in that their social services are provided by bilingual social workers, lawyers and other trained professionals. They cooperate with U.S. institutions such as the police to establish law and order. They are willing to adopt confrontational tactics and help unionize low paid workers to fight for better worker’s rights and wages. Most importantly, they participate in the political process, through the Organization of Chinese Americans, to diligently pursue their community interests by influencing immigration, small business, civil rights and other policies of the U.S. government. The impact of new immigration has been to change the neighborhood and city politics in fundamental ways (Sanjek, 1998). In these attributes they are very different from the traditional associations depending on traditional power structures and and “within community” authority. Since the new immigrants, who are frequently highly educated, intend to assimilate into the U.S. mainstream their needs cannot by these earlier forms of institutions.

The churches are modern ethnic institutions influenced by U.S. institutions. Though the majority of Koreans are Buddhist, Koreans overwhelmingly belong to Protestant churches. Korean Protestant churches have increased to 285 in 1986 from 6 in 1971 (Kim, 1987). Churches not only perform religious functions, they provide cultural and secular services for families that do not live in ethnic enclaves. They are centers for business negotiations, rotating credit societies, job searches, political information and a whole range of cultural activities such as marriage matchmaking by parents. The ethnic infrastructure of the Indian immigrants is described in considerable detail by Lessinger (1995). The Hindu temples, Muslim mosques, Indian Christian churches, the Sikh Gurudwaras, the Jain and Parsi places of worship all perform roles, similar to the Korean churches, for educated immigrants that are geographically dispersed within the city.

A distinguishing characteristic is their flexibility. They adapt to their environment as they reach beyond the ethnic enclave culture while retaining their ethnic
base. For example, the same Methodist Church in Queens offers services in Korean, Chinese, Spanish and English (Berrol, 1997). When East Harlem began to lose its Italian population, the Haitians breathed life into Mt. Carmel Church and both ethnic groups share the same physical premises even though services are conducted in Italian, Creole and English languages. The Buddhist temple in Flushing conducts services in Chinese and English.

The newspapers and ethnic media are also important institutions for dissemination of business, political and cultural news. Nearly 50% of the city’s 80 foreign language and ethnic newspapers were established between 1970-90 (Binder and Reimars, 1995). There are nine dailies in Chinese alone. The circulation of Carib News, founded by island immigrants in the 1980’s increased it’s circulation to more than 60,000 within a few years (Kaisinetz, 1992). These newspapers not only provide networking services in the city, they assure a cultural and political continuity with the homeland. Indian english language newspapers have advertisements for brides and grooms available from India, capital for joint ventures in India and brokerage services for the Bombay stock exchange. They also permit intervention in political events in the country of origin. The Haitians were influential in the removal of Duvalier, the Chinese in getting U.S. support in favor of the Democracy movement.

Another major institutional form are the sports clubs. There were Polish, Italian, Turkish, Yugoslavian, Irish and Ukrainians soccer teams to mention a few. The Albanians fielded five teams. The Indians, Pakistanis, West Indians have cricket teams. Not only do they provide recreation and networking within the ethnic community, they reflect the interethnic nature of the emergent forms. Currently, there are interethnic contacts through Sports. For example, the expanding Cosmopolitan Soccer League, founded by Germans in 1923, does not have a single German team in the 1980’s, yet has members from scores of European, Latin American and African nations. Such inter ethnic contacts through cultural festivals and parades is increasing the contact between ethnic groups and adding to the vibrant recovery of the city and it’s inhabitants - ethnic and U.S. networks play a vital role in this expanding economic growth and attractiveness of New York.
Network institutions play vital roles in providing a foothold for immigrants in an alien environment. For example, 20,000 Vietnamese, Laotian and Cambodian refugees settled in New York after the Indochina war. These groups had a difficult adjustment process as they were new immigrant groups without prior social networks. Moreover, the majority had been farmers and the adjustment to an urban life was difficult. Often they were powerful elites in their country of origin reduced to penury and powerlessness in the host country. The interethnic nature of the networking process was demonstrated in their case as U.S. and ethnic institutions of these emergent forms helped through English language classes, provision of economic aid and like support.

In conclusion, ethnic identity is shaped by institutions through which cultural continuity and innovative adaptation are critical. Both types of institutions - the traditional and the emergent - perform useful roles in the assimilation of and enhancing the economic productivity of immigrants since the immigrants do not belong to a homogenous group. The new immigrants belong to the upwardly mobile educated groups as well as to the less skilled, non English speaking groups. For example, in the 1990 Census, 25% of all Chinese families in Chinatown were below the U.S. poverty line and the proportion of Chinese living below the poverty line exceeded the city average. This occurs in other Asian, African and Latin American communities. The dual nature of the immigrants supports the varying social networking institutions. Both address the nonmaterial needs - such as information requirements about the unfamiliar host environment- as well as the material needs such as the supply of temporary housing, food, clothing and other forms of private economic assistance even though their strategies, tactics and modalities differ institutionally. The traditional ones draw solely from the similar ethnic group while the more modern forms like churches draw on the support of both U.S. and several ethnic groups.

**VI. Concluding Comments**

The continued preeminence of New York City in the national economy and life in the 19th and 20th centuries, and more recently, as a global metropolis represents the
triumph of a community which, confronted periodically with major exogenous changes, reinvents itself in every era engaging in social learning, adaptation and strategic activities, and retaining a leadership position. In the first half of the 19th century, New York surged ahead of cities like Boston and Philadelphia as the premier national center through a skillful combination of natural advantages, bold city business and political initiatives, major physical infrastructure investments, and the uncanny ability to attract, process, and maintain the variety of human capital necessary to create a leading edge commercial and industrial economy. The initial stimulus was offered by the deep port, whose reach and capacity were soon extended by many imaginative business and political initiatives. In short order, the city began to dominate national textile imports, Southern Plantation cotton exports, and launched the first transatlantic packet ships. The building of the Erie Canal to reach out to the Great Lakes made New York the American gateway—eclipsing Boston and Philadelphia. Further in this era, two types of migrants were attracted and shaped New York’s economic evolution—migrants with capital and knowledge (mainly from New England) who built the commercial enterprises and infrastructure, and the immigrants (Irish, German, and Scandinavians) who constructed and worked in the manufacturing plants.

Contemporary New York is reinventing itself again in today’s knowledge-driven dynamic economy with its vast array of globally distributed economic operations. The city has emerged as one of the more dominant world centers for the innovation and production of new activities necessary for financial control, management, strategic control and coordination of the global economy. Such activities—continually spawned in the dynamic finance, advanced business services, and information industries, etc.—enable New York to embrace, develop, and sustain the diverse knowledge networks that constitute the world economy. The activities in these various networks provide New York with the social capacity to monitor, analyze, and guide the efficient performance of various dimensions of the global economy, and thereby serve as a strategic pole of global economic governance.

One of the less noted but crucial aspects of New York’s many rich networks is its diversified labor force networks that have facilitated the ongoing structural transformation in New York. The diverse migrants (domestic and from around the
world) attracted to the city in the last two decades have endowed it not only with the economic flexibility and rapid adaptation to the ‘flexible mode of production’, but also with the knowledge, competencies, and organizational capacities which have facilitated new economic activities and cultural production, and adaptation to changing circumstances. The many social and economic networks and institutions that have helped and sustained immigrant labor force in New York in the past are being reinvented to suit the needs of today’s economy, society, and polity and enable the immigrants in their economic and cultural production. The evolution of the relevant New York’s institutions influences the quality and experience of the new immigrant social and economic networks, which underlie a significant part of the dynamism of New York’s economic and cultural realms. This brief review of the economic and cultural dimensions of the new immigration from around the world to New York, and its consequences on the city’s dynamism hopefully drives home a major theme of this paper namely: *the economic and social innovations and challenges of tomorrow’s world are created, experienced and evolved in New York today.*
References


Lessinger, Johanna 1995 *From the Ganges to the Hudson* MA Allyn and Bacon


