

**The Informal Food Industry in Chelsea, Massachusetts:
An Overlooked Resource for Local Economic Development**

by

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B.A. International Studies
Kenyon College, 1988

Submitted to the Department of
Urban Studies and Planning in Partial Fulfillment of
The Requirements for the Degree of

Master in City Planning

at the
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Abstract

The goal of this thesis is to understand the role of the informal food industry in both the lives of Chelsea residents and the economy of the city of Chelsea, Massachusetts. My point of departure is a concern for the growing number of people who earn their incomes, and meet their needs for goods and services by participating in economic activities that are neither documented nor regulated in the public arena. I seek to find out what these activities mean to the people who participate in them, and what they imply about the structure of the economy and the strategies that we choose to foster economic development.

This thesis is structured around conversations with five people who cook and serve food informally from their homes in Chelsea. Their stories help to identify the range of businesses that exist, the spectrum of forces in people's lives that lead them to create their businesses, the goals that people in the industry have for their futures, and some of the local and/or regional socio-economic forces that play a role in the industry's existence.

The results suggest that informal activities are a part of people's everyday lives in at least some of Chelsea's neighborhoods. The businesses provide income to people who could not find jobs in the mainstream labor market that offer similar flexibility and income opportunities. Informal food establishments also provide affordable goods and services to community residents. For these reasons, the businesses of Chelsea's informal food industry contribute to the vitality of the neighborhood economy.

The research demonstrates that economic development policy in Chelsea must build upon the success of existing informal food businesses. This thesis concludes with a range of local economic development strategies. The strategies are designed to tap the potential of the informal food industry to maximize its contribution to the vitality of Chelsea's neighborhoods.

Thesis Supervisor: Lisa R. Peattie
Title: Professor Emeritus in Urban Studies and Planning

Acknowledgments

I'm unable to list the names of many of the people that I interviewed due to issues of confidentiality. I believe that the best way to acknowledge them is to ask that others realize that the residents of Chelsea are an invaluable resource for truly understanding the city's needs. However a particular thanks needs to go to Tito Rosa, Juan Vega, Rosa Imbacuan, Gladys Vega and Ann Richman for taking time out of their busy schedules to discuss the topic of this research and to introduce me to the residents of the city.

Thank you, Lisa Peattie and Richard Schramm for helping me to sift through my thoughts and focus on the important issues..

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Introduction

This thesis, designed to understand the role of the informal food industry in both the lives of five Chelsea residents and the economy of a city, is written out of concern for the growing number of people who earn their incomes, and meet their needs for goods and services by participating in economic activities that are neither documented nor regulate in the public arenas. I would like to know what these activities mean to the people who participate in them, and what they imply about the structure of the economy and the strategies that we choose to foster economic development. In more straightforward terms I would like to know why people live in shanty homes along New York's East River and in Miami's parks and not in public housing, why others buy and sell watches, fruit and Guatemalan sweaters from unlicensed instead of licensed vending stalls on the streets of many of this country's major cities and why people agree to clean homes and care for children without receiving social security and/or health benefits.

The fact that these activities are so common demonstrates that a significant number of economic activities do not receive any state sponsored support while similar economic activities, that are defined as "formal", benefit from state programs and/or policies for economic development. Consequently, people who participate in licit informal activities are not able to access state sponsored support for developing the activities which they depend upon for their family's income. In my view, this means that people with valuable skills are not appropriately accounted for in state programs for economic development and that activities which represent resources for local economic developed are overlooked by public development strategies.

I The focus

My hope is that conversations with participants in the informal food industry will reveal the spectrum of local and/or regional forces that determine the nature of the industry. Once these forces are identified I will be able to understand if and how the state might address these informal activities in such a way that might improve the living standards of those who participate in them and strengthen local economic development.

Before presenting the study and its conclusions I believe that the reader might be curious to know why he or she is reading about Chelsea, Massachusetts and its informal food industry and not, for instance, the informal child care industry in De Moines or Atlanta. The answer is simple. I am a student in Cambridge, Massachusetts with a few months to explore a very large phenomenon. The logical step was to choose a nearby city and one particular type of informal economic activity. Knowing little about the Boston area someone suggested that I go to Chelsea, a small city within the Boston Metropolitan area, whose residents are relatively poor and whose municipal government is in the midst of working very hard to develop the city's economic base.

Conversations with leaders of some of Chelsea's local community based organizations revealed that there was in fact a very active informal economy in the city. Of the many informal industries, the stories about people cooking and serving food in their homes seemed intriguing so I decided to focus my study on the informal food industry. The city's Office of Economic Development agreed to support the study and asked that the work include suggestions as to how the city might address the issue.

Given that my interest lies in understanding the meaning of these activities in people's lives, this thesis is structured around conversations with five people who cook and serve food informally from their homes in Chelsea. These conversations will allow me to identify the spectrum of forces in each person's life which influence their decisions to participate in the informal food industry and consequently determine the nature of their

businesses. Once these forces are identified an effort will be made to identify characteristics of the industry which might be addressed through public initiatives.

The first chapter focuses on understanding Chelsea's informal formal food industry from two complimentary perspectives. The first, and most significant, perspective will come from interviews with five Chelsea residents who generate income by cooking and selling food informally from their homes. The conclusions from the interviews will be complimented by economic theories that help to identify macro economic forces effecting Chelsea's informal food industry and by case studies of informal economies in US urban areas which may help structure the information gathered in the interviews. A detailed descriptions of the economic theories and the case studies can be found in Appendix One. The following chapter will be the practical one -- the one where an attempt is made to identify the types of intervention which best address the informal food industry in Chelsea, Massachusetts. The chapter will end with suggestions for municipal strategies designed to develop the city's informal food industry. The thesis will conclude with suggestions for additional research and broader comments on informal industries in the United States.

II Methodology

The process through which this thesis was produced has influenced its outcome. It is therefore important for the reader to be aware of that process and the biases that might have influenced the findings.

My internship with Chelsea's office of Economic Development

The study of Chelsea's informal food industry was conducted and written during the time that I was an intern with the city's Office of Economic Development -- October 1993 through May 1994. This position has had two overt impacts on the study. One,

given the current illegal nature of the informal sector, my being closely associated with the government limited both the number of city residents who agreed to speak with me and it might have altered the way in which they told me their stories. Two, as a paid intern in Chelsea's Office of Economic Development I believed that the thesis should be useful to my employers and/or other city departments.

Interviewing techniques

The interviews of those in the informal food industry were composed of very open ended questions with two main goals in mind. The first goal was to find out as much as possible about the person's lives of the five people who generate income in the informal food industry. This included the events that led up to their business, how the business operated, and above all any aspects of their lives that they believed I should be aware of in order to gain an accurate understanding of the spectrum of forces which led them to develop an informal food business. Second, I always asked the person if they thought the city could play any constructive role in the development of their present or future business. However, the success of this method of gathering information is contingent on how honest and open the interviewee is with interviewer. I only had the opportunity to meet with four of the five interviewee once -- I met with the fifth many times over the course of my internship in Chelsea. Consequently, I suggest that the strategies developed in the last chapter of this document, if ever implemented, be designed with input from the appropriate members of the Chelsea community so as to make sure that the strategies account for any aspects of the city's informal food industry which are not identified through my research.

Sources of information

This study depends on three main sources for understanding the informal food industry in Chelsea. All specific information on the informal food industry in Chelsea

came from interviews with people who own and run their own unregistered food business in Chelsea. Background information on Chelsea's informal economy, its community and residents came from city residents who were familiar with the communities in Chelsea in which informal income generation took place. Information on the significant factors influencing the industry that derive from forces outside of Chelsea was found in the literature on the informal sector and labor markets in the United States. The overall hope was that a variety of perspectives on the informal food industry would help to identify one or more ways in which the public sector might address the phenomenon.

Chapter One: The informal economy in Chelsea Massachusetts

I About Chelsea Massachusetts

Chelsea is a city of approximately 29,000 residents on 1.9 square miles of land. It is separated from Boston by the Chelsea river and is adjacent to the cities of Everett and Revere. As a city within the limits of the Boston Metropolitan Area Chelsea not only shares public transportation and utilities with the City of Boston but many of Chelsea's residents work and shop and play in nearby cities. The interaction between the cities in the region will be an important factor to consider when developing strategies for Chelsea's informal food industry.

Chelsea's ethnic and racial composition has and is changing. A city which used to be predominantly Anglo is becoming increasingly diversified and the proportion of city residents of Latino and Asian origin is increasing at a relatively high rate. Though these populations trends mirror most other urban areas in the state, Chelsea has the seventh largest absolute number of Latinos in Massachusetts, and its Latino population, as a proportion of the total population of the city, ranked second in the Commonwealth where Latinos are the fastest growing racial/ethnic group.

The Latino population itself is diversifying. In 1980, Puerto Ricans, traditionally the largest Latino subgroup in the Commonwealth, made up 73% of the city's Latino population while in 1990 they were only 50.8%.¹ The difference has been made by the influx of people from the Dominican Republic, Central and South America (mostly includes: Hondurans, Salvadorans and Columbians). However, it is important to note that, though the absolute estimates vary, most agree that the census data misrepresents the size of Chelsea's true population given that there are many undocumented Central and

¹All census data on Chelsea from The Mauricio Gaston Institute for Latino Community Development and Public Policy, University of Massachusetts, 100 Morrissey Boulevard, Boston, MA 02125

South Americans living in the city -- estimates vary between 2000 and 7000.

The increase in both the number of Asian and Latino residents is visible around the city. Chelsea's main commercial streets are lined with storefront whose signs are written in a combination of English, Vietnamese, Cambodian and Spanish. The city is home to a number of Latino and one Cambodian community based organizations. Not only has the city's non-profit employment agency has hired South-East Asians as well as South and Central Americans to cater to its clientele but the city government is making a habit of printing its public announcements in four different languages

The visible characteristics of the city do not tell all that is important to know when trying to understand the city's economic activities. The following data provides insight into some of these less visible, yet significant factors in the city's recent development.

Chelsea: Total population by race and ethnicity for 1980 and 1990					
	1980	1980	1990	1990	
	Number of persons	% of total population	Number of persons	% of total population	1980-1990 % change
Non-Latino pop.*	21,880	86.0	19,692	68.6	- 10.0
White	21,047	82.8	16,930	59.0	- 19.6
Black	535	2.1	1,140	4.0	113.1
Asian**	174	0.7	1,435	5.0	724.7
Other	124	0.5	187	0.7	50.8
Latino pop.	3,551	14.0	9,018	31.4	154.0
Total	25,431	100.0	28,710	100.0	12.9

* Mutually exclusive categories

**This count of Non-Latino Asians includes Latinos who are Asians.

Source: U.S. Bureau of the Census 1980. Census of Population and Housing: Summary Population and Housing Characteristics: Massachusetts. Washington, D.C. U.S. Bureau of the Census 1990. Census of Population and Housing, Massachusetts. Massachusetts Summary Tape File 1A.

Chelsea: Poverty Rates by Race and Ethnicity in 1989

Persons below poverty	Total*	Latino**	White	Black	Asian
Total below poverty level	24.1%	43.4%	15.4%	33.7%	47.9%
Under 18 years old	23.9%	56.8%	25.4%	42.4%	61.5%
Single female household	n/a	71.6%	34.9%	49.1%	67.6%
Total population	27,919	8,457	19,309	1,509	1,387

Universe: Persons for whom poverty is determined

* Total includes Native Americans and Other races

** Latino may be of any race

Source: Washington, D.C. U.S. Bureau of the Census 1990. Census of Population and Housing, Massachusetts. Massachusetts Summary Tape File 1A.

Chelsea: Educational Attainment by Race and Ethnicity in 1990

Educational Attainment	Total**	Latino*	White	Black	Asian
Less than 9th grade	3,022	1,492	1,827	123	167
9th-10th grade, no diploma	3,557	793	2,704	148	145
High School Graduate	5,987	889	5,113	172	55
Some college, no degree	2,220	333	1,738	157	104
Associate degree	952	107	729	56	70
Bachelor's degree	1,367	129	1,160	73	66
Graduate or professional	781	39	680	31	37
Total	17,886	3,782	13,951	760	644

Universe: Persons 25 years old and over.

* Latino may be of any race.

** Total includes Native Americans and Other Races.

Source: Washington, D.C. U.S. Bureau of the Census 1990. Census of Population and Housing, Massachusetts. Massachusetts Summary Tape File 1A.

Chelsea: Employment Status by Race and Ethnicity in 1990

Persons	Total	Latino	White	Black	Asian
Employed	11,981	2,995	9,031	585	353
Unemployed	1,645	748	977	144	33
Armed Forces	0	0	0	0	0
Not in labor force	8,309	1,833	6,333	264	476
Participation rate	62.1%	67.2%	61.2%	73.4%	44.8%
Unemployment rate	12.1%	20.0%	9.8%	19.8%	8.5%
Total	21,935	5,576	16,341	993	862

Universe: Persons 25 years old and over.

* Latino may be of any race.

** Total includes Native Americans and Other Races.

Source: Washington, D.C. U.S. Bureau of the Census 1990. Census of Population and Housing, Massachusetts. Massachusetts Summary Tape File 1A.

Overall the data reveals low educational attainment, a relatively high unemployment rate, and a city with a quarter of its population living below the poverty rate. Not only are the low rates of educational attainment startling but, according to the state Department of Education, they represent the highest high school drop out rate in the state. This is reflected in the high demand for Graduate Equivalency Diploma courses and English as a Second Language courses are in high demand by Chelsea residents.

Politically the city provides an extremely interesting history. In 1983, when Anheuser-Bush Inc. and McDonald's Corp. abruptly abandoned plans to build large facilities in Chelsea because city officials sought kickbacks and bribes from the companies, the FBI initiated a full investigation of the city's municipal political and financial corruption. The investigation reported, not only that the city was on the brink of bankruptcy and had been running annual deficits as high as \$10 million, but that three mayors and numerous police officials had been involved in a gambling and money laundering scheme. Though many officials and a few city residents were convicted some were pardoned by President Ronald Reagan in 1984.

The consequences of the corruption were varied. Not only had it prevented any public investment from trickling down to improving schools and sidewalks but it had also discouraged private sector enterprises from locating and investing in the city and thereby providing employment to city residents.

By September 1991, the city was in state imposed receivership, whereby the Governor and the state Legislature stripped local officials of their authority and put into place a single receiver with the power to oversee schools, city zoning, and virtually every function of City Hall. The receivership balanced the city's budget in six months and has since been working very hard to rebuild the city's economic base and develop a foundation for Chelsea's sound social and political development.²

² Information on Chelsea's recent political history are from articles in *The Boston Globe* listed in the bibliography.

II An overview of Chelsea's informal industries³:

In addition to the variety of businesses that line the streets of Chelsea's commercial areas are an array of unregistered enterprises which span the service, manufacturing and retail industries that function -- hidden from the public at large -- out of people's homes. Of the many industries categorized "informal," food is only one. Chelsea's informal economy is composed of residents who produce and/or sell goods and services, and others who buy and consume them. It is the interdependency between the two that gives value to a neighborhood's informal economy. Though I cannot estimate the volume of goods and services that are exchanged in this economy it seems, through conversations with city residents, as though the informal economy is a varied and regular part of people's lives in the city.

There is an active retail portion of the informal economy where people buy goods for resale. I have been told that some of the goods for resale originate in New York City and Central America. In order to get goods from New York City, people will take day trips down to the city to buy either jewelry and/or clothing (mainly trousers). These trips are facilitated by bus companies that specialize in making one day, round trips to and from the Boston area and New York City. To get products from Guatemala and/or Honduras, people depend on agents to transport the goods up to Chelsea from Central America. For instance, these agents bring shoes to Chelsea then sell them in large quantities to Chelsea residents who in turn sell them from their homes. One Chelsea resident said that she is able to make a one hundred percent profit from selling these shoes door to door in her neighborhood.

There are also people who manufacture goods in their homes for local sale. This

³ All information on the overall informal economy comes from interviews with Chelsea residents. For purposes of confidentiality, I have agreed not to reveal their names.

group may represent the largest category of informal sector participants in Chelsea. Many of these people make their products to order while others distribute their goods to formal retail stores. The products vary enormously and include small porcelain hand made figurines (made in a kiln) made to order for special events such as sweet sixteens and baptisms, tailored to order wedding dresses, and four foot piñatas of Disney characters which can be bought for \$15 a piece. While some of these producers aspire to developing formal business others are quite content to do it informally in order to supplement another source of income.

Services are also a major element of the informal economy. Of these various services the auto repair industry is considered to be a big business -- for men of all ethnic backgrounds -- in Chelsea. The activity is so widespread that people tell stories of parking lots littered with spare parts left over from repair work. Often Vietnamese and/or Cambodian men who come to this country with mechanics skills work in formal garages during the week and then fix cars informally for Chelsea residents over the week ends. Adam⁴, a Latino, has a full-time job in the service department of a car retail store but on weekends he too is often busy fixing people's cars in Chelsea. Though Adam could possibly open his own garage he has chosen to hold onto his formal job because it offers him a continuous education on the mechanics of new cars.

The last significant informal industry that I was told about is that of day labor. There are well known corners, and temporary employment agencies, in Chelsea at which men (and some women) wait at early morning hours or during the late afternoon (night shift) for vans to pick them up and take them to a job. Often these people will work the day and receive their pay minus a charge taken by the organizers of the "job placement" activity who operate the vans. Though these day laborers may live in Chelsea most of the work that they do takes place outside of Chelsea in cities in the Boston region.

This introductory look at Chelsea's informal economy provides the setting in which

⁴ Not his real name. Account given by Gladys Vega at the Human Services Collaborative, Chelsea.

we can now look more closely at the city's informal food industry.

III The informal food industry in Chelsea, Massachusetts.

Nancy, Joey, Maria, Angela and Sonia agreed to tell me stories of their lives which would help me to understand how and why they have developed careers in the informal food industry.⁵ My main role was to listen and ask for either additional details or follow-up stories on particular episodes of their lives. Towards the end of our conversations I would always ask them what they wanted to do in the future and what, if anything, they thought the city could do to that might help them improve their businesses.

The rest of this section contains the details of these conversations. The chapter will conclude with an analysis of Chelsea's informal food industry that draws upon these interviews and relevant literature on labor markets and informal economies in other US cities.

1. Interview with Nancy:

Nancy came to the US from Cambodia in 1981 with her husband and daughter. Though she was an elementary school teacher in Cambodia she has only been able to obtain part time low skill employment since her arrival in the US. She explained that she is limited to part time work because she is neither literate nor fluent in English -- she has however been enrolled in one day a week English as a Second Language (ESL) classes at her present place of employment and she hopes to enroll in daily ESL classes given for free at a Chelsea community based organization called Centro Hispánico.

Nancy's first job was as a cook in a Japanese restaurant in Winthrop, Massachusetts (MA) where she worked for two years (1982 - 1984) earning \$3.75 an

⁵ For purposes of privacy I have agreed not to reveal the real names of the Chelsea residents who participate in the city's informal food industry. Nancy, Maria, Angela, Sonia and Joey are names that I made up.

hour plus a portion of the tips that all of the employees pooled. Nancy did not receive health benefits. She eventually quit because she felt that she deserved better wages and should have at least been allowed to keep the tips that customers often gave her directly. Nancy was next employed at a textile manufacturer for seven years. There she made bows for clothing, belts and handbags. Over the seven and a half years her salary went from \$3.77 to \$4.50 an hour. She eventually left the job out of frustration over not being able to become a designer and thus earn a better salary. Nancy then went to a local non-profit employment agency called Employment Connections, Inc. (ECI) in Chelsea. Through the agency she got a job at Cable Systems in Everett, MA where she worked without health benefits for almost three years at \$6.25 an hour. She lost the job during a general lay off.

At around this time Nancy was diagnosed with cancer and soon began treatment. It was during this period that she left her husband (who was abusive), went on unemployment and temporarily moved into a home for women. Once she was strong enough to work, ECI placed her in her current job, cleaning offices and caring for plants part time in the offices of the Boston Globe in Boston. The Globe currently pays her an hourly wage of \$10.37 -- without health benefits.

Starting some time during her recovery from cancer treatment through to the present Nancy has been supplementing her income by catering informally. She explains that she needed to earn an income yet was often too weak to do most work. Cooking, she decided, would not be too strenuous. Though her only formal cooking experience was during her employment at a Japanese restaurant in the US, cooking had played a significant role in her life. When she was very young she would help the women in her family prepare large meals. It was from these women that she first learned how to cook Vietnamese, Chinese, Japanese and Cambodian food. In her late teens she received more formal instruction from an aunt who was a cooking teacher. Then, once in the US, Nancy would cook the food for regular business meetings of up to fifteen people that her husband would hold in their home. When she moved into the women's house, Nancy would

occasionally prepare meals for her housemates and occasionally the house would pay her to prepare large meals for special events. At some point one of the house's administrators encouraged Nancy to cater affairs outside of the house -- this same woman, who is also Cambodian, took it upon herself to tell people about Nancy's cooking. People then began to call Nancy asking her to cater events in their homes. That was the beginning of her catering career.

Nancy left the house in 1992 and moved to Revere, MA because she could not find affordable housing in Chelsea. From her one room apartment she continues to cater to a growing clientele that has grown by word of mouth and through Nancy's successful attempts to promote her business to strangers whenever she gets the chance. Though most of her clientele is made up of Cambodian and Vietnamese families many are of other ethnic backgrounds. And though most orders are for family events, some have been for office events AT community based organizationS (CBO) in Chelsea and The Boston Globe.

Nancy receives catering orders on an irregular basis. They vary from two calls a months to being very busy during holidays. When she gets an order she proceeds in various ways to fill it. Though some of her customers bring her the ingredients needed to make their orders while mostl give her money in advance to buy the necessary ingredients for their order or expect her to cover the expenses until they pay her whne they receive the food. Concequently, her first step in filling an order is finding the ingredients. She used to get her vegetables for a reasonable price from a friend who worked at the wholesale produce market in Chelsea but since her friend no longer works there, she often has no alternative than to buy fresh produce from retail markets in Revere. To avoid the high priced produce in Revere, Nancy needs a car -- which she does not have. When she can she goes to Boston's Chinatown for her ingredients. Each time she buys ingredients she only buys what is needed for that order. This, she regrets, prevents her from buying at a bulk rate. The cooking often takes place in her apartment though she prefers to use her

friends' kitchens which are bigger and better equipped. Nancy explains that her greatest concern is that one day a fire will start in her home as she is preparing food, given that her apartment is very small and gets extremely hot when she cooks. Sometimes Nancy cooks alone and sometimes, usually when she has big orders, she will pay a few friends to come over and help her prepare the food.

Nancy says that she has relatively standard rates and payment requirements. For the most part people will pay her when they get the food. Though on occasion, as mentioned earlier, people pay her a portion of the total cost in advance so that she can purchase the ingredients. The cost of her food, she explains, really depends on the cost of the ingredients. For example she will charge more for lobster, shrimp and beef than she would vegetable dishes. She generally figures the cost of her food by the amount of people that she is asked to cook for. So, food for one person can vary from \$5 to \$10 although a meat curry for ten people would cost \$30 and a vegetarian curry even less. She uses the income earned from catering to pay her utility bills and buy small things for her children who live with her husband.

Nancy would ultimately like to open her own restaurant in either Revere or Chelsea where she believes there would be a demand for Asian cooking. However she says that she neither has the money nor the know-how to start a formal business. She no longer has a savings account nor does she have any money to deposit in such an account. She earns @\$140 to \$170 a week at the Globe and says that she barely covers her expenses and is thus not able to save. But I think it is worth noting that she has managed to keep up her Visa payments which suggests that she is able to save at least \$50 a month. Nancy explains that she does not know how the American "System" works. To find out she once went to the Revere City Hall to ask about getting a license to cook in her home. She says that the only thing that she learned was that a license would cost \$2,000 -- she still does not know the procedure for acquiring the license. When asked whether or not she would consider taking out a bank loan she says that she would not know how to and

she says that her credit history might be unacceptable given a mistake that she made with her credit card company⁶.

2. *Interview with Maria*⁷:

This next story is that of Maria one of four members of a catering cooperative called Splash of Color which was initiated by two community development organizations Centro Hispaño of Chelsea and Women for Economic Justice (WEJ) in Boston as part of an initiative to help women get off of public assistance.

Maria came to the US when she was sixteen years old to stay with her older sister. However, soon after she got here she dropped out of high school and was placed in foster care. Since that time she has been active in a community based organization for young urban adults. She eventually became a leader in the organization, received awards, and was written about in the "Chelsea Record", Chelsea's local newspaper. Today, at twenty three years old, she is an undocumented resident and receives public assistance for her children because they were born in the US. Though all three of her children used to be in foster care two of them are back home with her and she hopes to soon regain custody of the third. Though she is separated from her husband, the father of all her children, she remains on good terms with both him and his family who live close to her in Chelsea.

The cooperative formally started in April 1993 with four women of various ethnic backgrounds. Since the cooperative was initiated by development organizations its members receive continuous support from the CBOs. A woman from Centro Hispaño meets with the women every Thursday evening in a Chelsea church. At these meetings the women of *Splash of Color* receive professional training and discuss issues that might

⁶ Her Visa credit card account was terminated for non payment of a \$1600 bill. Nancy explained that the bill was not paid because she never thought of informing the credit card company that she had moving. Though she has worked out a payment schedule of \$50 a month with credit card company she is afraid that her credit history will prevent her from being eligible for a loan.

⁷ All information on Maria is from an interview in her apartment on Friday, February 25th, 1994. Interview was conducted with the help of Peg McCoy who would translate when necessary and help move the conversation along.

pertain to the co-op. Their training has included, amongst other things, cooking lessons from a professional chef once information on where they might buy ingredients at good prices. They have also learned to ask their clients for half of the payment in advance so that they can use that money for purchasing the ingredients for the order.

Given ties between some of Chelsea's CBOs. The co-op women get a fair amount of support from CBOs. For instance they often have access to vans owned by the city's CBOs. The vans allow them to shop for cheap ingredients and deliver the food to their customers -- Maria drives. Furthermore, WEJ takes care of the co-op's marketing -- though *Splash of Color* is allowed to advertise itself as well. In return for the technical assistance and marketing the coop shares its income from its catering jobs with WEJ. The women of *Splash of Color* decided that they would each earn \$10 an hour for catering and any left over proceeds from an order would go to WEJ. Maria says that this arrangement encourages her to methodically record each hour that she spends working for the coop.

Splash of Color had its first job on Mother's Day, May 5th, 1993 . It was a dinner order for one hundred people at a community organization in Chelsea. Their last job, as of February 25th, was for two hundred and fifty people at a law office in downtown Boston.

The biggest concern of the co-op according to Maria is that they do not have a good kitchen. To get around this problem on their last job, they rented the kitchen in St. John's church in Jamaica Plain and on occasion they have used the kitchen of one of Maria's friends in Everett. However, much of the time they resort to using Maria's kitchen which is very small and open to the rest of her small two bedroom apartment. To prepare the food they have to convert her dinning room table into a counter space.

Maria says that the income from *Splash of Color* has made a significant difference in her life. Before joining the co-op her income depended entirely on the \$138.00 she gets every two weeks from the state for child support, food stamps and the half of her \$450.00 rent from her husband. Before the co-op formed she would run out of money on a regular basis and would have to ask her husband or her mother-in-law for money to buy food and

at times she would go to the Salvation Army for supplies. Maria says that she was always nervous about not having enough money for necessities. So, though the income from the co-op goes towards everyday purchases and utility payments, it has given her greater peace of mind and self-satisfaction.

It is also interesting to note that Maria will get her High School diploma this Spring. This year she enrolled in a special program at the Chelsea High School in which she takes classes from 2 pm to 9 pm five days a week. She would like to go on to college but must wait to gain legal status in the US before doing so. Eventually Maria would like to become a lawyer. Though she enjoys being apart of the co-op very much, she regards her membership as a temporary means of earning additional income

When speaking about other women in the neighborhood Maria says that though many of them think highly of her work with the co-op, most of the women do not want to participate because they do not believe that they have the energy to do it. Maria has a difficult time understanding why many of the women do not try to make their lives better. She laments that many of them just hang out with their boyfriends and often get abused. She explains that it was difficult for her to go to all of the meetings, and that at times she was very bored, but that she stuck with it because she was determined to improve her life.

3. Interview with Angela: ⁸

The third Chelsea resident to grant me an interview was Angela who came to the US from the city of San Vincente, El Salvador in 1987 to join her husband who had gone to Los Angeles a few years earlier. The two soon moved to East Boston, where Angela's sisters lived, when they heard that there were better job opportunities than in LA. The couple soon moved to Revere and then to Chelsea where they have lived for the past three years. At present Angela cooks pupusas and tamales in her home which people either eat

⁸ All information on Angela is from an interview in her home on Wednesday March 9th, 1994, 3:00 pm to @5:00pm. Karen Lado conducted most of the interview with Angela in Spanish.

there, take-out or have delivered to their home by Angela's husband. Though Angela would like to supplement the income she earns from her food business with income from a formal job, probably in the cleaning industry, she cannot because she is undocumented. She is especially cautious because she hopes to get US citizenship through her husband who became documented through Immigration Reform and Control Act (IRCA). Meanwhile the family income depends on her business and her husband's job removing asbestos at the Prudential Center five days a week from 6 pm to 2 am.

When Angela was eight years old she would go to market to sell the tortillas that her mother would make. Once she finished school she went to work as a secretary in San Vincente. However, after work Angela spent her afternoons managing her small outdoor food stand from which she cooked and served pupusas.

When Angela first came to the Boston area she got a job, through a friend of her sister, cooking at a fairly successful Mexican restaurant in Quincy -- after working there for five years Angela was temporarily laid off. When she realized that the restaurant was not going to rehire her she decided that she would earn an income by cooking and selling food from her home. This was in the year 1990.

That year she established her cooking business and set down the rules under which it would function. She decided that she would only serve food Fridays from 6 pm to 12 am or 2 am, Saturdays from 2 pm to 12 am or 2 am and Sundays from 2 pm to 10 pm. The main rules were that there would be no alcohol, loud music or smoking. She knew from others who had restaurants in their homes in Chelsea that drunks made noise and started fights which ultimately brought the police. Angela also has a good landlord and good neighbors and she does not want to jeopardize either relationship, for that in turn, might jeopardize her business.

The business has grown over the years. Her first customers were her friends who would stop by the house and eat at her kitchen table. But their demand was irregular so consequently, there were some weekends that Angela would not sell a single pupusas or

tamale. But as her friends told their friends word got around and Angela's clientele grew and she diversified her business so that people could eat in her home, stop by and take their food out, call for deliveries and/or call for parties to be catered. There was even a hotel in Cambridge that would order her food for their guests. To allow for more people to eat at the house Angela turned a bedroom into a dinning room. However, this renovation could still not always accommodate her clientele so that there were times that she would have to let customers eat in her living room because the tables were full. On a good evening Angela would have approximately twenty five people eating in the apartment, make eight deliveries and sell orders for take-out. Thanks to the growth of her clientele Angela has gone from buying one pound of pork per weekend to buying forty pounds a weekend. Furthermore the expansion of the take-out and deliveries has recently allowed her to stop catering which she considered to be too much work since it required making many different sorts of foods other than just tamales and pupusas.

Today, her clientele consists mainly of Latino families and couples that enjoy coming over to her home to eat and socialize because, says Angela, at a dollar a pupusa, "it's a cheap place to hang out". Angela explained that the precedent for this behavior was set in El Salvador where it is customary to go out to eat pupusas. Her home has become a place for Salvadorans from all over to socialize -- people come from New Hampshire and many cities in the Boston area. Her clientele is not all Salvadoran, some are Puerto Rican, Dominican, Brazilian and Anglos married to Latinas/os. She also has an "Anglo" couple from Jamaica Plain that stop by regularly. She, or more specifically her husband, delivers to Everett, East Boston and Revere in a car which they had purchased before they started their food business.

Angela is also pleased with way that she has organized and thus facilitated her business. She has arranged her kitchen to further the efficiency of the business. She keeps all of her business utensils and ingredients separate from the food and utensils that her family uses. She has a small pantry where she keeps the dry ingredients and another where

she stores wicker plate holders and paper plates -- Angela does not have a washing machine so she serves her food on disposable paper plates. She has also devised a practical schedule to prepare for the weekend. On Wednesday her husband goes to the Haymarket in Boston to buy a leg of pork (approximately forty pounds of meat) and vegetables. Meanwhile Angela gets other ingredients such as corn flour from a local grocery store owned by Latinos that stocks Latin American products. The owners allow her to buy in bulk at a reduced sales price. Angela spends on average \$250 a week on all of her groceries given that one week she will spend \$300 and then have some left over for the next week when she will only need to spend about \$200. Thursday is spent cutting vegetables, making the salsa and cooking the pork. Friday she chops the pork, prepares the cheese, and makes the tamales which she wraps in aluminum foil and stores in the freezer. By Friday evening she is ready to make the pupusas on order -- unlike tamales, pupusas need to be eaten as soon as they are cooked.

She says that customers do not usually show up till around 9 pm or 10 pm on Fridays because people usually work until that time. Saturdays are usually busiest but, she says, sometimes Sundays are busier. Sundays, if business has gone well, Angela and her husband will close early and go out dancing. It is not uncommon that she runs out of food early Sunday evening and has to turn away customers. When asked if she thinks that she should prepare more to fill the demand she says "no" because she is often tired and does not mind closing early. She has thought about sharing the business with friends but decided that keeping accounts would be too complicated given that the equipment and the premises are hers. Winters are busier than summers because, her husband thinks, people leave town for the weekends during the summer. The last weekend of the month is usually the slowest because that is the time that people pay their bills and therefore have less to spend on going out.

Angela says that she makes, on average, \$500.00 every two weeks. Thereby making a one hundred percent profit on the ingredients that she buys. However when she

estimates her profits she does not include the expenses accrued from additional electrical power, gas, the use of the car, and her and her husband's labor. Over time Angela has saved earnings from the business and bought things to improve her business. One of her first purchases was a Kitchen Aid⁹ mixer which she uses to mix dough -- before she used to do it all by hand with a wooden spoon. She has also had to buy a new dining room table and chairs to replace the old ones that were frequently ruined from the everyday wear and tear of the business.

Angela wants to, and plans to, open a small restaurant in either Chelsea or back home in El Salvador where she would serve typical Salvadoran food. She believes that Chelsea, as opposed to other places in the Boston area, is a good place for such her restaurant because there is a large Latino clientele in Chelsea who like her cooking.

There are two major obstacles preventing her from opening a storefront restaurant. One she hasn't got enough savings, especially given that the family recently had to spend \$6000.00 to get her and her eldest son back to Boston from El Salvador. Two, Angela is not legally in this country. Though her husband became a legal resident under IRCA Angela had not because she arrived in the US after the amnesty date. Though she had a visa to be in the US when she first arrived it expired and she therefore has absolutely no legal status here. She hopes to get legal residency but must wait for the immigration authorities to confirm that her husband is the natural father of her three children.

9 A heavy duty -- top of the line -- mixer that costs a couple of hundred dollars.

4. Interview with Sonia¹⁰

In the city of San Vicente, El Salvador, Sonia managed her own small, yet successful, store from which she sold bread, beer, soda as well as a large variety of fruit from which she would make various kinds of drinks, ice cream and popsicles for her customers. In 1977-78 she and her husband decided to go to the US. With the help of money sent to her by her sister (one of seven siblings all of whom now live in the United States) Sonia and her husband made the trip to East Boston.

Though she was pregnant with her first child, she and her husband got jobs in a sportswear manufacturing company as soon as they arrived in East Boston -- to get the job Sonia wore girdle so that no one would know that she was pregnant. They both worked five to six days a week. Sonia made \$2.90 an hour and would average \$120.00 a week while her husband who, unlike Sonia, did piecework made on average \$200.00 a week.

In 1979, Sonia and her husband moved to Chelsea where they both found employment at a local fish processing plant. Sonia worked at the plant until it went bankrupt seven and half years later. Over the seven and half years her wages went from \$3.00 an hour to \$7.50 an hour and she was provided with health benefits for the family (during this time Sonia had two more daughters).

By the time the fish plant closed Sonia had made her mind that she would no longer work for someone else because she resented others making a profit from her labor. She decided that she would build her own cooking business. This decision was made for a few reasons besides wanting to work for herself. She and her husband were concerned about their children being home alone and thought it would be better if Sonia were there to look after them. Another, and possibly the strongest driving force behind many of Sonia's decisions, is that Sonia has always wanted to be sure that she was able to meet all

¹⁰ All information on Sonia (not the person's real name) is from an interview with her in her home in Chelsea on the afternoon of Tuesday April 12th, 1994.

of her children's needs -- she was not about to allow having to stay at home to watch her daughters prevent her from earning additional income.

So she decided to develop up a food business that she had created in the early 1980's. Meanwhile her husband joined the local construction union, and has had relatively steady employment at \$18.00 an hour and received health benefits for the family. What follows is the story of Sonia's food enterprises.

Sonia started the business to supplement the income that she earned at the fish processing plant. During this period Sonia and her husband would take meat, vegetables, beer, soda to Franklin Field in Dorchester (a section of Boston). There, she would set up her grill and sell barbecued meat and drinks. Her customers where mainly Central Americans that gathered in the park to play regular soccer games. When Sonia started this business they had a small Toyota to transport the food and grill but by 1980 the demand for her food was so large that they decided to bought a used van. In 1988 the van was destroyed in an accident so Sonia and her husband put a down payment on a new Blazer van. By that point Sonia was selling approximately \$1500.00 worth of food and drinks (a can of beer at a soccer game usually goes for \$3.00) over the span of a weekend, of which around half would be profit.¹¹

A typical weekend would be as follows. Towards the end of the week Sonia would buy the meat at a wholesale butcher in Dorchester that a friend had told her about (this is the same butcher that supplies many of the Latino owned grocery stores in Chelsea). Then at home she would prepare the meat, cook the rice and clean the vegetables. On Saturday morning she and her husband would load the van with the food, soda, thirty to forty boxes of beer and a big grill. At Franklin Field she would set up the barbecue and sell a plate of food for four dollars (and she would be sure to give very healthy portions). Sonia estimates that she would sell about one hundred and fifty plates

¹¹ In this case profit equals the difference between the cost of the ingredients and the price at which the food and drinks are sold. Sonia does not account for such costs as labor and transport.

on a good day. Most of customers were Guatemalan and Honduran.

In 1986 Sonia began having trouble with people in her community. At one point the neighbors called the police and reported that she was selling drugs. When the police showed up at her home they found 32 cases of beer and no drugs. The beer was confiscated and her husband was taken to jail. Though Sonia was able to make bail she stopped going to Franklin Field and altered the nature of her food business.

Since then Sonia the food business functions entirely from her home. She caters, offers take-out and has a room adjacent to her kitchen where up to approximately eight people can sit and eat all day Fridays, Saturdays and Sundays. Sonia offers her customers Central American food such as pupusas, soup, chicken sandwiches, soda, beer, and cigarettes. Her customers are well screened so that she does not let anyone in that she suspects might tell the police about her business.

Her clientele are all of Latino origin. However, few are Salvadoran because Sonia says that she is on relatively bad terms with the Salvadorans in Chelsea so they do not like to go to her house. Most of her customers are therefore Guatemalan and Honduran and not all live in Chelsea. One of her regular customers is a very large Guatemalan family from Lawrence that will call her and order one hundred pupusas, come to her home, eat about forty of them and take the rest home. However, most of her customers are young single men who would prefer to eat her food than the food that is offered in formal restaurants. When asked why she thinks they prefer eating at her place she says that it is because her food is better -- she makes no reference to its being less expensive. Other people, mainly women, come to her restaurant to learn how she runs the business and to find out her recipes so that they can start their own cooking businesses in their homes. However Sonia refuses to give out her recipes because she realizes that many of these women will steal her customers -- when asked she consciously gives out false measurements. Sonia says that there are a lot of people in Chelsea who sell food out of their homes and it is clear that she has no desire to help them improve their businesses.

She says that people from many cities such as Cambridge, Somerville, Malden and Jamaica Plain cook and sell food from their homes.

Sonia also caters large parties. People will call her one to two weeks in advance of the event and let her know the number of people and the type of food that they would like her to make. If Sonia can find the ingredients within a few days she will call them back and agree to cater their event. If she cannot find what she needs then she turns the request down. The size of these events vary and have been as large as a wedding for 200 - 300 people. In order to be able to prepare such large quantities of food Sonia has three refrigerators -- two in the kitchen and one in the basement.

Sonia's biggest problem concerning her business is her relationship with her next door neighbor. For some reason they do not get along. As a consequence her neighbor has a habit of calling the police to complain about Sonia and her family. Though Sonia has been able to avert trouble she is very disturbed by the situation.

Most of all Sonia would like to open her own restaurant though her family is discouraging - her husband thinks that she needs to be at home to watch their teenage daughters. Aside her family's lack of support there are other significant barriers to doing this. First of all she does not have the money and it would be difficult for her to take out a loan now given that they just took out a loan to pay for insulating their house. She realizes that expenses would be significantly higher than those of running a business in her home. She would have to hire a person to wait tables, to mind the cash register and to wash dishes, pots and pans. Other expenses would include various permits for dairy products, soda and cigarettes to say nothing of the added expense of regular taxes. Whereas now she can just go up to New Hampshire and buy cartons of cigarettes and sell them in her home. Second she doesn't know of a commercial space that she could afford to rent. Third, Sonia says that she would need training in all aspects of business management. She would especially like to learn accounting. Meanwhile she is taking daily, two hour morning classes in English as a Second Language at a community based

organization in Chelsea -- at the time of this interview Sonia could neither speak, read or write English.

Meanwhile -- before she reaches her ultimate goal of opening a restaurant -- she needs to decide what to do with her current business. Though business has slowed down a bit recently she would like to keep it going. To improve it she would like to buy a better and bigger stove and rid herself of the trouble with her neighbors and the police. However if she does not continue the cooking business she says that she might go into the clothing business. Sonia says that in the past she has made day trips to New York City where she would buy clothing and bring it up to Chelsea to sell door to door. If she stopped cooking she would make the New York trips more regularly. She could also buy shoes from people traveling to the area from Central America and sell them in Chelsea at one hundred percent profit.

It is difficult to tell what Sonia will decide to do. She has always been concerned with the family's financial circumstances and will do what ever it takes to keep them financially secure. This concern for finances is apparent in many of the decisions that she has made since coming to the States (and one might speculate that coming to the States was itself a decision based on finances and a concern for living standards). She has always made a point of depositing a portion of her and her husband's paycheck in a savings account -- given that her husband doesn't have the same drive to save she often has done it without his knowledge. By 1986 Sonia and her husband had bought a house in Chelsea, and then, in 1988 they bought the three family walk up that they live now. Today they rent the first house that they bought as well as the first floor apartment of the house that they live in. It would seem that such investments bring the family relative financial security but recently their first house was unoccupied for four to six months and this past winter they had to take out a loan in order to insulate the house that they reside in. And although her husband is a member of the construction union through which the family receives health insurance, her husband went four months this winter without work. These

unforseeable events may also encourage Sonia to keep her business going despite her family's desire that she give it up.

5. Interview with Joey the caterer¹²:

Joey is in his late thirties. He grew up in Boston though both his parents were born in Puerto Rico. Today both he and his wife have stable middle income jobs. They own their home and their children attend parochial school. However Joey loves to cook. So, for the past nine years he has managed his own catering business from the basement of his home.

As Nancy, Sonia and Maria, Joey grew up around cooking. When he was young his parents were both cooks in formal restaurants but they did not earn enough to support their family of seven children. To supplement the family income his father would sell tamales and pasteles. Neighbors would place orders with him in the morning to be picked up in the afternoon. Then on weekends Joey's dad would prepare the tamales and/or pasteles at home and pack them all in a large paper bags. Then he'd hand little Joey one of the bags and the two of them would walk half way across Boston, from Dover to Egleston Street -- Joey's dad in front calling out "Tamales, pasteles" and Joey behind handing the food out to the customers.

When Joey was a bit older, and had learned how to cook from his parents, he would cook food for his church's fund raising efforts. In 1978, Joey joined the Army where he served as a cook for four years. There he not only learned to cook in large quantities but he also learned the intricacies of the health codes, details about nutrition and ways of avoiding food poisoning and any other hazards related to food preparation.

Three years later, in 1984, Joey opened a Puerto Rican restaurant in Chelsea. With the help of three employees, Joey cooked and served food. The restaurant stayed

¹² All information on Joey -- this is not his real name -- comes from an interview with him on the morning of Friday April 14th, 1994.

open for two years at which time Joey decided that he wanted a “regular” salaried job -- the restaurant business took up too much time. However, once he had a job for a while he decided he realized that he missed cooking. So he compromised. He decided that in addition to his “regular” salaried job he would cater events on weekends. The catering business has been going ever since.

Joey considers that his catering business has gone well over the past nine years. He averages about three orders a month and has developed a large, mostly Latino, clientele from many of the cities in the area such as Boston, Framingham, Chelsea, Worcester and Brookline. To ensure that the business runs smoothly, and successfully, Joey has created a schedule for himself and a particular way of conducting business. Furthermore, he has built work space for cooking in his basement that is equipped with an array of cooking utensils, large pots and pans, and plenty of cabinet space for dry ingredients.

He asks that orders be placed three months in advance and he will not cater for parties of less than thirty people because the quantity of ingredients needed for smaller parties would not allow him to buy food at wholesale prices. He requires his customers to pay him half the total cost of the order a month in advance of the event so that he can spend that money on purchasing ingredients. He asks for the other half at the time of the event. He refuses to cater during the winter months because he has learned that if it snows heavily on the day that an order is due he might have trouble with the delivery -- he doesn't want to have to worry about such problems. He only accepts orders for weekend events because he wants to avoid any contact with city officials -- since they don't work on weekends (except for one inspections officer) it is less likely that he will run into them.

For a typical order Joey will spend Friday afternoon shopping for ingredients at wholesale markets in Boston. Then at one o'clock on Saturday morning he will start cooking. His family -- sometimes up to four people, (mostly his children) helps to

prepare the ingredients -- chopping vegetables -- while Joey does the actual cooking and generally oversees the entire operation.

When the food is ready he and his kids place it all in his van and drive it to the event. Once there they set up and serve the meal. To set up he places hot dishes on shafing serving plates which he has brought with him to keep the food warm. All the food is put out with esthetics in mind -- Joey is very proud of the food he makes and takes the presentation very seriously. Joey stays at the event until it is over. Serving the food if necessary and making sure that everything is done properly. To top it off, Joey is always sure to leave his business card out on the buffet table for potential clients to pick up. Sundays are reserved for sleeping late.

Joey keeps very detailed accounts for each of his orders. He knows exactly what his expenses are and how much he invests in each order. After each event he is sure to use some of the profits to buy one or more cooking utensil depending on how much he made that weekend -- often he will purchase a shafing dish which cost \$55 new or \$25 used. The rest of the money goes into the family savings account -- though Joey does keep records of how much of the family savings comes from the cooking business. Joey estimates that on average he turns a one hundred and fifteen percent profit on each order -- although he says that he makes less when his customers are social service agencies. When he caters for two hundred people he charges approximately fifteen hundred dollars for smaller events he charges between five and seven dollars per person.

Joey would ultimately like to open a formal catering business and run it from a store front on Chelsea's busiest commercial street. He has done some research and concluded that there are only six formal Latino caterers in the Boston area -- Joey believes that the demand for good catered Latino food is higher than the present supply. However, at this point, he is not ready to make the commitment and take the financial risk. Joey has significant concerns about owning a formal business. A formal business would mean incurring regular overhead costs such as utilities, rent, labor let alone the initial

capital investment of refrigerators, freezers, a new van and all the other cooking equipment. On top of those expenses he would have to pay taxes and a worry about keeping the space in compliance with the legal codes. In order to cover expenses and turn a profit he would have to have two or three large orders a week which would mean that he would have to invest time and money into marketing and advertising. For the moment the mental anxiety and the financial risk (he believes that he could take out a bank loan for the initial investment by using his home as collateral) outweigh the benefits of owning a formal business. He does however acknowledge that there would be benefits to having a formal business. He would be able to advertise publicly, he would be able to buy in bigger quantities because he would have the capacity to store vegetables and, meat and he would be able to handle more orders because he would have the staff to help him. If, and when, he develops a formal business he would take steps to diminish his risks and thereby make his business as successful as possible. He would hire a consultant with experience in catering to help him create a good business plan as well as regular accountant to keep his books.

Joey's business seemed as though it was clearly the most profitable of all the informal caterers that I had met in Chelsea. I asked him what he thought made his business relatively successful. He answered that he served his food warm, that he paid great attention to detail such as presentation, and that he prepared very high quality food.

In our discussion of the city's role in the informal food industry Joey made a few very strong comments. He said that the main issue in the food industry, and that which set it apart from other informal industries, was the health issue. Joey believes that many of the people who cook in their homes do so under conditions which may pose a health risk to the people who eat the food. However he also understands that the people who have these businesses do so in order to survive. Joey's recommendation was that the city implement programs that provide Chelsea residents with skills with which they can develop homebased businesses other than cooking.

III Conclusion: The characteristics of Chelsea's unregistered food economy.

As informants, Nancy, Angela, Maria, Joey and Sonia have provided valuable insight into their lives and thus provided the fodder for an analysis of Chelsea's informal food industry.

The people who own the food businesses are extremely independent, hard working, ambitious self-employed entrepreneurs who are neither extremely poor nor rich. Except for the women in the *Splash of Color* cooperative, they have each initiated their businesses, and work very hard to ensure that the business generates the income that they need to help their family become financially secure. To accomplish this, many of the business owners spend well over forty hours a week on their food business. The rest of their week is spent taking care of their family, working in another job (either formal or informal), and/or taking some sort of formal class such as English as a Second Language or a high school courses. And though such lives are exhausting few, if any, would consider inviting a friend to share the business with them, given that they neither want to share their profits nor complicate the business.

These hard working, ambitious people choose to invest their energy in the informal food industry for a variety of reasons. Homebased, self-employment allows them to generate needed additional household income while taking care of other responsibilities such as caring for a family and working for another employer. Each person can decide how many days a week they will work, how many hours they will stay open for business and which months of the year they will be open. For those who are undocumented or on public assistance it allows them to generate needed family income while running little risk of being detected out by government authorities. Furthermore, the businesses are both practical, affordable and financially feasible. The entrepreneur already has the necessary skills to cook the food and at least the basic equipment needed to start the business -- i.e.

a stove, a refrigerator and a sink -- and therefore do not need to take out loans to start generating income. However, the industry is such that as a person slowly invests in his or her business both the clientele and the profits increase. In addition to adapting well to the owner's schedule and financial assets these businesses provide the cooking entrepreneurs with personal satisfaction that they would not often get in other jobs for which they would be eligible in the formal labor market.

The environment is another critical component to the success, feasibility and character of these businesses and the industry as a whole. The physical location of the business is such that the majority of both the informal industry's clientele and inputs are in the entrepreneur's neighborhood. The authorities, such as the city inspectors, generally turn a blind eye to the activities as long as they do not disturb the neighborhood. It is Chelsea's dense and highly populated Hispanic population that creates a demand for Latin American food delivered by Spanish speaking people. Consequently, a large number of small formal stores provide Central and Latin American products. These stores not only sell the necessary ingredients for pupusas and tamales in bulk at reduced rates but they also attract Central American non-Chelsea residents to the area, along with the low-income Central and South Americans, many of whom are men who have come to alone to Chelsea to work so that they can send money home to their families, make up the clientele for Chelsea's informal food industry.

The industry is accessible to a wide variety of participants. People of different income groups, with different levels of education and various levels of English fluency can enter the industry. These people can create an affordable business through which they can generate a higher income, with more flexible hours than any other form of employment that most of them (all except Joey who is an exception) would be eligible for in the formal labor market.

This comparison to other jobs in the labor market is particularly important because it places additional value on the informal food industry.

Given this analysis, Chelsea's informal food industry can be described as a food manufacturing and service industry which requires little or no initial capital investment, that adapts easily to the owner's other time constraints, that provides wages and job security that its participants cannot find elsewhere in the formal labor market, and whose clientele is not similarly served anywhere else in the food industry.

Such a definition suggests that the nature of the region's labor market and the character of a neighborhood define the nature of Chelsea's informal food industry. Chelsea's informal food industry is in part a reaction to the structure of the country's labor market markets and is facilitated by the structure of the city's neighborhoods.

The labor markets play two roles. First, the businesses offer perhaps the only, alternative to low-wage insecure employment in which a laborer has little, if any, chance to be creative and/or gain any self-satisfaction. Second, those that are employed in the secondary labor market need to find inexpensive food and entertainment. Those that are Hispanic generally go to informal food establishments that serve food native to Latin and Central American food, while Asians generally frequent establishments that serve Cambodian and/or Vietnamese food. In both cases, people get the food they like in their neighborhood at affordable prices. The formal, secondary labor markets are a force driving Chelsea's informal food industry. As such, these labor markets often referred to as the secondary labor markets, need to be understood and accounted for when developing strategies to target the industry in Chelsea.¹³

The structure of Chelsea's neighborhoods provides the setting for the critical and interdependent relationships between informal business owners, their clientele and their suppliers. In Chelsea the informal food industry contributes to an economic (and social) neighborhood based structure which raises the standard of living for neighborhood residents who are forced to work in low wage, unstable labor markets.

These relationships exist in other urban neighborhoods where they also contribute

¹³ For a more detailed explanation of labor markets please refer to Appendix One of this thesis.

to the foundation of local economic structures. The most striking account of a neighborhood economy -- striking because of its relevance to Chelsea's informal food sector and the character of the city's informal sector as a whole -- is Alex Stepick's study of the informal economy in Miami's Haitian community ¹⁴. The neighborhood is called Little Haiti and is characterized as a community which, much like Chelsea, provides its residents with affordable goods and services. The neighborhood is full of residents who supplement the wages they earn in firms outside the neighborhood with income from their small entrepreneurial businesses in Little Haiti. The small businesses of Little Haiti include dressmaking, tailoring, commerce, child care, transportation, construction work, auto repair, electronic repair and food preparation.

Little Haiti's informal food industry is very diverse. It includes women who sell prepared "Haitian" foods such as yams and spiced pickled cabbage, as well as a other non-food products, from makeshift stands on the street or in local flea markets that cannot be found elsewhere the mainstream economy. Other women prepare food in their kitchens and serve it either in their homes or outside in their backyards. Much of the demand for this food comes from the large number of single men in the community who do not cook for themselves and thus depend almost entirely on prepared food. The informal restaurants charge on average \$1 to \$2 less than the regular restaurants. Women who run these restaurants estimate that they average about \$500.00 a month.

This, and similar descriptions, of neighborhood economies help to understand the role that they play in people's lives and consequently in the vitality of the local economy. Furthermore, analysis of these local neighborhood economies provides ideas of how a municipal government might be able to increase the benefits that sub-neighborhood economies bring to a city and its residents.

¹⁴ Stepick, Alex "Miami's Two Informal Sectors", in The Informal Economy: Studies in Advanced and Less Developed Countries Edited by Alejandro Portes, Manuel Castells, and Lauren Benton, The John Hopkin's University Press, Baltimore, 1989.

Chapter Two: Municipal Strategies for Chelsea's Informal Food Industry

Nancy, Angela, Sonia, Maria and Joey have created ways to generate income for themselves while providing affordable and desirable food as well as a social setting for people who cannot afford to find similar goods and services in the mainstream formal economy. Their businesses, presently classified as “informal” or “illegal,” contribute to the local generation of income, the demand of goods and services from other local firms as well as the creation of local social institutions in the city of Chelsea. These businesses might have the potential to grow if given the appropriate support. Without support these activities represent untapped local resources for the city’s socio-economic development. With the appropriate support, these businesses may broaden, strengthen and increase the city’s economic base. The municipal government of Chelsea is in the best position to provide the appropriate support to these businesses. I believe that the municipal government of Chelsea is in a position to support these businesses in any way that they can. City agencies are in a particularly advantageous position because they have access to the necessary resources and authority to address the industry's needs appropriately.

However, the current categorization of these businesses as "informal" or "illegal" makes it impossible to create public strategies that involve them in economic development. This categorization stunts Chelsea's economic development by ignoring local economic activities that have the potential to make significant contributions to the economic and social growth of Chelsea, particularly in its poorer neighborhoods. I propose that these economic activities be seen as an integral part of the city’s economic base -- that instead of dividing the food industry into “formal” and “informal” industries the city look upon the industry as a *single* entity made up of many businesses, each of which has its particular characteristics.

Admittedly, developing a means for the municipal government to incorporate the city's informal food industry into its strategies for economic development will not be easy,

given that many of the characteristics which define the illegality of the businesses are outside the jurisdiction, and therefore the control, of the municipal government. Such complicated issues relate to undocumented city residents, commercial regulations, welfare restrictions, and tax regulations as well as traditional state and federal approaches to economic development. However the interviews with our informants have allowed me to identify strategies for supporting the informal food industry that can be developed by the municipal government. Concentrating on these strategies will allow the city to take some specific steps to begin to incorporate some of these “informal” businesses into the city’s development strategies.

This chapter will present ways for the municipal government might incorporate the informal food industry into its strategies for economic development by concentrating on those characteristics for the industry over which local government has jurisdiction. The chapter will first address the assumptions and general approach to the role of the informal sector in the city’s economy. Second, it will suggest specific strategies designed to target specific types of businesses within the informal food industry. This will include strategies targeting business people who want to move their food business out of their home to a separate location, as well as strategies targeted to business people who would like to improve their homebased food business. The third and last section will present strategies for targeting, and thus improving, the food industry as a whole.

I Establishing the appropriate public mindset/attitude.

Making a commitment to supporting the informal food industry requires approaching the development of public economic strategies with two critical principles. First, the strategies must be based on the understanding that informal food businesses exist because they are affordable, convenient, and profitable. Any strategy which is not sensitive to this and thus destroys the affordability, convenience and/or profitability might either be ignored by the very people for whom the strategy was created or in the worse case scenario might destroy their ability to generate income.

Second, the businesses in the industry are heterogeneous. The industry is composed of many types of businesses each of which needs a particular type of attention in order to grow and increase its contributions to the economic development of the city. Consequently it is highly unlikely that a single program and/or strategy will provide the appropriate support to all members of the industry.

The next section will detail some of these strategies that are designed to meet the particular needs of the businesses which make up the informal food industry. The detailed strategies of this next section are designed to respond to just a few of the present needs of the industry. Since the industry and the city's economy are constantly changing long-term support of the informal food industry requires that each decision making process concerned with the city's economic development account for concerns related to informal and home based economic activities and their participants.

II Strategies designed to target specific and immediate needs of Chelsea's informal food industry.

As stated earlier, the heterogeneity of the informal food industry means that various strategies and programs will be needed to address the diverse needs of those who participate in the industry. Given that this paper is only concerned with the city of Chelsea's informal food industry, the programs described in the rest of this chapter have sought to match the needs of the sector with the capacity of the city government to meet those needs.

The strategies presented in this section are designed to respond to the fact that the industry may be divided between members who want to eventually establish their business outside of their home and those who want their business located at home.

A. Targeting business that want to leave the home

Those people who want to open food businesses in sites outside of their homes can be placed on a spectrum which stretches from those like Joey who need periodical help with accounting and planning to those like Nancy who need constant guidance to make their businesses viable. The following four strategies are designed to meet the needs of people and businesses at different points along the spectrum.

Technical assistance at the Hispanic Commission designed for start up food businesses:

Joey would like to open a catering and take-out business in a store front in Chelsea's busiest commercial district. Of all the informants he is the most likely to develop a viable storefront business on his own. He has had his own restaurant, he is US citizen, and has collateral for a loan. Nonetheless Joey himself said that he would need the help of

an account to keep his books and a business planner to help him develop a viable business.

This type of occasional yet on going assistance is presently being provided through weekly classes providing technical assistance to Chelsea's minority business owners at Chelsea's Hispanic Commission. Though the program is designed for existing businesses it might be adapted and expanded to meet the needs of people like Joey who want to start small food businesses. If it turns out that the Hispanic commission does not have the capacity to expand the municipal government should provide it or assist with both the technical and the financial support needed for such expansion.

Loan program for small start up food businesses

Angela and Nancy each of whom wants to open a food business out of her home, state that they believe that they would have difficulty gaining access to the necessary start up capital. Recently Chelsea's Office of Economic Development received a grant to establish a loan program for the city's minority businesses. Though this money is not likely to go to start up businesses the program might have the capacity to grow either within the Office of Economic development or in partnership with a local CBO that has the capacity to take on such a task. The expansion of the loan program could include loans to start up food businesses. Given the high risk involved in providing loans to start-up companies the loans might be given on the condition that the business owner participate in a technical assistance program designed to meet the needs of small start-up food businesses such as Angela's or Nancy's. Furthermore, the conditions of the loans would have to allow the business to be profitable and thereby contribute to the owners family income. As stated earlier, if the business could not help the owner meet his or her family's financial need the owner would have very little reason to move his or her business from home -- where it is profitable -- to a commercial space.

Another possibility would be for the city to develop a formal relationship with Boston's Urban Initiatives through the Massachusetts Community Development Finance

Corporation (CDFC)¹⁵. The Urban Initiative program at CDFC includes a small loans program for minority owned businesses located in low income areas in the state of Massachusetts, Non-profit agencies and real estate development are also eligible for CDFC loans. Anyone who is a minority and lives in one of the districts that CDFC deems "low income" can apply directly to CDFC. The loans are available to start-up businesses as well as existing enterprises. They can take the form of working capital loans but cannot finance debt. The applicant must give a detailed report of his or her financial history as well as a business plan. Though CDFC provides technical assistance to borrowers once they receive a loan, there is no assistance during the application process. In the past, CDFC has created a working relationship with at least one municipal government. This relationship consists of the city government acting as a liaison between residents of the city and CDFC, with the municipal government sending people to CDFC. Since people like Nancy would have trouble filling out a CDFC application. The city might therefore provide Chelsea applicants with assistance in applying for the CDFC loans. If the city does not have the capacity to help borrowers they might facilitate a relationship with local CBO that could help the CDFC loan applicant fill out the application. Again, this program might be coordinated with other technical assistance programs thereby increasing the chances that the food business remain viable and lowering the risk of the owner defaulting on the loan.

Small business incubator for people who need constant contact with technical advisors:

For those business whose owners are like the members of Splash of Color the city might want to support or initiate an incubator where the businesses can get both constant quality technical assistance and affordable space. The Brewery incubator in Jamaica Plain, Boston provides a model which could be adapted to meet the specific needs of an incubator in Chelsea.

¹⁵ Information of CDFC from a phone interview with someone on its staff.

The Jamaica Plain Neighborhood Development Corporation has developed an incubator called The Brewery, which houses 27 small and one large manufacturing businesses -- one of which is a catering business called Carmencita which (I believe) started in the owners home. Though the NDC provides an accountant, other forms of technical assistance, and affordable rental space for these businesses it has only allowed "viable" businesses to move in to incubator. The Brewery is located on land zoned for manufacturing businesses, so that none of its businesses are retail.

Given that the Brewery businesses were all "viable" to begin with, the NDC does not need to provide a high level of technical assistance to Brewery businesses. The NDC model would therefore need to be adapted to meet the relatively high level of technical assistance needed by Chelsea's informal food businesses. An important aspect of the Brewery is that it houses the Samuel Adams brewery which acts as an anchor tenant thereby making the incubator as a whole affordable. Given that overhead costs of running an incubator will be relatively high the incubator's design must account for the need to cover costs that small start up food businesses might not be able to cover in their beginning years. For this reason, Chelsea's Office of Economic Development should consider placing such an incubator in the industrial park which it is planning to develop. In addition to meeting the costs the design of the incubator would have to consider the market for which the food is produced For catering and/or delivery the incubator can be located anywhere in Chelsea. However, if the food businesses will serve food on the premises and/or provide take-out services the incubator would have to be in a convenient place for customers. Furthermore, if the businesses were restaurants they might all be competing for the same customers. The design of the incubator would have to account for this in order to ensure that there were enough customers for all of the businesses to remain profitable. There are two ways of approaching these concerns.

One is to design a scattered site incubator (much like the model for scattered site affordable housing developed by Community Development Corporations). Such a design

would allow small food businesses to locate in different parts of the city and thereby not compete for the same customers while receiving constant technical support from the agency responsible for the incubator.

The second design is based on an idea which came out of a city planning meeting in Chelsea. Members of the meeting suggested developing a large indoor food court where small food businesses could sell their products. However, such a design would depend on having a regular stream of customers concentrated in a single area. People would need a reason to frequent the food court. Therefore a design might work well if it was apart of a larger strategy for bringing customers to Chelsea. One such strategy is currently being developed by the city. This strategy is to bring industries to the city. Such industries would bring employees all of whom would need lunch. The food court could be located in an area that would be convenient for these employees. A second strategy, which could compliment the first, would be to encourage people in the region to shop in Chelsea. Please refer to the section of this chapter titled "marketing Chelsea's ethnic assets" for a more in depth description of this strategy.

A community kitchen for people who just want to move the cooking out of their home:

Two people who are familiar with the needs of small informal food businesses stated that a community kitchen, which was built to the specifications of the official health codes, would be extremely beneficial to the informal food industry¹⁶. Both Nancy and Maria stated that they would both like to have access to a large kitchen. Such a kitchen might be created in a local church or on the site of the incubator -- if it was built. The city might participate in the construction by providing the services of the city's office of inspection to oversee the kitchen's construction. The city might help a local CBO, such as Centro Hispánico which currently supports *Splash of Color*.

¹⁶ Information of community kitchens are from interviews with Anne Richman, the coordinator of Splash of Color and Kim Wilson, Boston coordinator of Working Capital.

B. Targeting businesses that want to stay at home

Though Angela and Nancy would eventually like to open store front restaurants neither are in a position to do so immediately. Strategies therefore need to be developed for people who want to keep running their food businesses from their homes. The following section presents three/four strategies for providing support to these homebased food businesses. Strategies for solving both the problems created by current regulations and the concerns over public health, then it presents strategies aimed at helping the businesses increase their incomes.

Regulations and addressing public health concerns

Bringing a kitchen into compliance with current regulations would, from the perspective of our informants, be too expensive and possibly not feasible given the size and physical design of some of their kitchens. The fact that the kitchens are not in compliance with current health codes is one reason that informal business owners might not enter relationships with city officials. This raises two concerns. One that these people may not take advantage of programs that could help them increase their incomes. And second, it means that the city has no real way of assuring that the food served in these homes is safe for consumption. This section presents strategies for addressing these concerns which center around official health code regulation.

The first strategy should be to create technology and cooking regulations that can ensure that adequate health precautions are taken in such a way that is affordable for the owners of the businesses. Affordable and safe cooking regulations can be created through the implementation of two complimentary efforts. One would include to create cooking technology which is both affordable and appropriate to the kitchens in people's homes.

The other would include efforts to reevaluate current regulations. Such efforts would very similar to the steps taken in urban squatter settlements in developing countries where construction standards are changed and appropriate construction technology is developed so that affordable and legal housing might be developed for low income populations.

Reevaluating the health regulations might begin by questioning the value and purpose of each regulation then one would identify those regulations that are necessary and exploring whether or not there are some aspects of the rules which may be adapted and made more affordable and/or feasible. For example, let us say that the current regulations state that a person can only cook catered meals in their homes if they have three sinks and we find someone who is catering from their home but only has one sink. We must decide if cooking with one sink is a danger to society, if it is "why" and how can the hygiene risk be tackled in way which is both affordable and practical from the standpoint of the business owner. This process might require creating new technology. For example if the health inspector decides that a cook absolutely needs three separate water receptacles then maybe he or she can create a plastic divider which can be lowered into a sink to create three compartments (sort of like the plastic dividers that go into ice cube trays).

I suggest that the government take two approaches to dealing with this concern. One is to give people the opportunity to develop a homebased business other than food. The second is to establish a system which can monitor and improve the conditions under which people cook in their homes.

Changes in the health regulations might be complemented with public education initiatives designed to encourage hygienic cooking practices. Such initiatives might include radio announcements and/or adds in the local newspapers which both explain the importance of safe and healthy cooking practices and which present ideas of how a low income person may improve his/her cooking practices in affordable ways. Such efforts may provoke the cooks themselves to adopt better practices and/or provoke their

customers to encourage the cooks to practice "good" cooking.

Another valuable resource are the Chelsea health inspectors. A Chelsea health inspector¹⁷ has offered to conduct classes on cooking hygiene and explain the city health codes to city residents. He might also be the person to turn to when trying to identify which of the codes are appropriate and which could be adapted to be affordable and convenient to the city residents who have limited space and finances.

Technical assistance:

Interviews with owners of informal food businesses demonstrate that some practice better management than others. The difference in these practices is reflected in the profitability of the businesses. This means that homebased food businesses might benefit from the appropriate technical assistance. Such assistance might be provided through expansion of the current minority business program at the Hispanic Commission mentioned earlier in this chapter.

III Strategies for improving the food industry as a whole

One of the first suggestions was that the informal food industry be considered an integral part of the entire food industry. Consequently strategies which increase the demand for food in the city might, if done with small businesses in mind, benefit the city's small food businesses that are located either in storefronts, food courts and/or people's homes. Both Angela and Maria said that they have Hispanic customers who come to Chelsea to buy Latin American products and then stop by their homes for pupusas. This story suggests that if people come to Chelsea for goods and/or services other than food, restaurants might receive more customers. This section first suggests that the city should

¹⁷ Interview with Inspector Richard Zullo, Chelsea City Hall.

develop and implement strategies to bring people to Chelsea who would like to eat the food that is currently made in the city's small food businesses. Then the section suggests that street vending be made legal in the city so that food business owners have increased access to potential customers.

Marketing Chelsea's "ethnic" economy:

The Office of Economic Development recently developed a pamphlet marketing the city of Chelsea to industrial developers a parallel initiative can be implemented to market Chelsea as a hub for Latino and/or Asian businesses and as a place to go to get Latino and/or Asian consumer goods. Such a strategy might attract Latino and Asian businesses to the area. The increased concentration of similar businesses might attract non-Chelsea residents to shop in the city and demand for Central American and Asian food might increase. As demand for food increased people with homebased businesses might decide that it would be profitable to move to store fronts.

Legalizing street food vendors and creating space for outdoor markets:

Though none of the five informal business owners interviewed mentioned the desire to vend their food on the street I will propose that the city of Chelsea adopt new regulations that allow people to vend food and other goods on the street and in open other public spaces. Such a strategy may have several positive consequences. It may give those informal food business owners who do not feel capable of opening a business outside of their home an additional choice as to how they conduct their business. Street vending might be advantageous from the public standpoint for it puts the food out in the view of public officials and is therefore accessible to the scrutiny of health inspectors. And as in other cities, Chelsea might require that vendors purchase licenses. Though the cost of these licenses must not be prohibitive they may nonetheless provide the city with additional income with which to finance its strategies targeting informal businesses.

Conclusion

As stated earlier, developing strategies for what are now informal food businesses is not, for reasons previously described, a simple task. However, the strategies presented in this chapter demonstrate that the task is feasible. Many of the strategies are complimentary and many do not require the city to develop new institutions. In fact most of the strategies presented in this chapter depend on taking advantage of existing public, non-profit institutions and private sector institutions. The inclusion of non-municipal institutions may in fact turn out to be a good way to pursue future strategies for the development of informal food businesses. Community based organizations (CBOs) can play a significant role in the development of what are now considered to be informal economic activities for a few significant reasons. The first being that CBOs do not present a threat to Chelsea residents who are either undocumented or on public assistance which prohibits them from working. A perfect example of this is the work conducted by a collaboration between Women for Economic Justice and Centro Hispánico. These CBOs were able to implement projects, from which *Splash of Color* grew, to help women on welfare gain the self-confidence and technical ability to ultimately get themselves and their families off of public assistance. Given the present legislation that prohibits recipients of welfare to work the municipal government might of had an extremely difficult time implementing such a project.

Other reasons for allocating responsibility to CBOs is that it releases some of the responsibility from a municipal government that may not have the capacity to implement all the various strategies on its own. A precedent for this has already be set by the support which the city gave the Hispanic Commission in developing a program to provide technical assistance and loans to the city's minority owned businesses. If the city were to

decide to help what are now "informal" businesses it might choose to increase its support of the Hispanic Commissions current program so that it could expand its capacity to support homebased and/or start up businesses.

CONCLUSION

The structure of the labor market is such that, at least for the foreseeable future, low wage, unstable, part time jobs will represent a significant portion of all job opportunities for people who fit the profile of the participants of Chelsea's informal food industry. These people have had little formal education, do not have High School diplomas, are not fluent in English, and do not have permits to work in the US. To supplement their household incomes so as to be able to cover their basic household expenses they participate in their neighborhood's informal economic activities. Some create relatively inexpensive goods and services while others consume them while many probably do both. Both activities are able to exist because these people, who are of the same ethnic background, live in the same neighborhood. The neighborhood and many informal economic activities are therefore interdependent and their relationship seems to raise the living standards of the neighborhood's residents. So that, as in Houston, "this social isolation [...] is not detrimental, but functional and apparently highly positive" (Rodriguez in Moore and Pinderhughes: 1993).

So, "in an urban economy that contains populations and areas with high levels of unemployment and poverty, the possibility of semi formal neighborhood economies should be regarded with interest [for they...] serve to stabilize low income communities and generate internal resources that can be recirculated inside these areas" (Sassen: 1989, p.74). Rodriguez finds the same phenomena to be true in Houston where he says that "In many of the city's low income Latino areas, it is the emerging ethnic enterprises that are revitalizing neighborhoods that were devastated by the recession" (Rodriguez in Moore and Pinderhughes: 1993 p.124). Such informal economic activities which contribute to the economic vitality of the city and raise the living standards of the city's residents, I believe, are worthy of public investment.

Moreover, for cities like Chelsea with a combination of low skilled residents with a

low level of educational attainment, and a relatively high unemployment rate, the informal food industry offers viable employment alternatives for residents who might otherwise be unemployed or entirely dependent on low-wage, unstable jobs. Therefore, it is important for the City of Chelsea to consider informal food businesses as an integral part of its local economic development policy. Since public support for the industry would allow some residents to maximize the potential of their businesses. This might ultimately allow some to leave the low-wage, unstable labor market entirely to develop a food business that could generate enough income to support a family. Furthermore, municipal support could help increase the number of small Chelsea-owned businesses in the city. However, any municipal support would have to be designed so that the businesses could retain the characteristics which make them valuable. The success and the value of these informal industry's businesses are found in the fact that they provide goods and services that are cheaper than anywhere else in the mainstream economy. The food businesses must therefore continue to provide their goods and services at rates that are affordable to Chelsea's low-income residents. Several other needs complicate the issue further, owners need to run their businesses in away that allows them to fulfill their family responsibilities, they need to be able to conduct their business with minimal fluency in English, and the support must not penalize those who are either receiving public assistance or undocumented residents.

In this thesis, I have outlined a number of strategies for integrating the informal food industry's businesses into the development of Chelsea's economy which, I hope will allow the municipal government to help maximize the potential of the industry while retaining the value of the businesses for the city's low income residents.

Although this thesis focuses entirely on the informal food industry, I believe that the conclusions found in this research indicate that there is value in exploring the contributions that other informal industries make to the vitality of Chelsea's neighborhoods. During my research I have learned that there are other informal industries

within the same community that support the informal food industry. People are known for the exquisite work they do on wedding gowns, others are called upon by their neighbors for repairing cars while other neighbors are known for fixing cabinets. If, like the owners of informal food businesses, the participants of other informal industries are in need of better and/or additional sources of employment, if the other informal industries supply affordable goods and services to low income residents and/or if these other industries improve the standard of living of some of Chelsea's residents then they too deserve the attention of researchers and of Chelsea's economic development strategists.

On a final note that, this research provides evidence that focus on development of the informal food industry can respond to a gap in current economic development policy. While it is important to address the need to expand Chelsea's industrial base, the stories told by Nancy, Joey, Angela, Maria and Sonia demonstrate that it is equally important to create economic development strategies that are consistent with the quality of life in Chelsea's residential communities.

Appendix One:

How the literature sheds light on Chelsea's informal food industry.

Much of the literature on the informal economy in the US describes the structural forces in the country's economy play a significant role in determining the character and existence of informal activities. An overview of this literature has allowed me to identify the structural forces in the economy which have, in part, determined the creation and the nature of Chelsea's informal food industry. Identifying these forces allows one to make distinctions between those forces that stem from the environment of the municipality and those that may have their origins elsewhere. This then allows one to recognize the degree to which these forces can be addressed locally and/or federally -- through the public and/or private sector -- as well as the degree to which they are rooted in structural components of today's economy.

Following an overview of the macro economic structural forces will be a general account of informal economic activities in different US cities. Exposure to these specific cases will help to identify additional productive, and possibly destructive, forces that have significant impacts on the character of informal economic activities at the local level. Identifying the roots, nature, role and consequences of both the macro and local forces connected to informal economic activities may help to create a framework in which one can isolate those forces which the municipal government of Chelsea has the capacity to address.

I The structural macroeconomic factors which influence the nature of US informal economies

Both the structure of the labor markets and the internal structure of many firms in the country determine the job opportunities for Chelsea residents and subsequently

encourage the creation and nature of Chelsea's informal food industry. United States labor markets are said to be characterized by polarization and by a mismatch between skills offered by labor and skills demanded by firms. Though each of these theories have their own names they are by no means mutually exclusive. In fact, it seems that they are complimentary in that they each describe distinct characteristics of the same labor market of which participants of Chelsea's informal sector are members.

Polarization is the word used to describe a labor market which is dominated by two types of jobs -- those that are unstable and offer very low wages and those that might also be unstable but that offer high wages (Sassen in Portes, Castells, Benton: 1989). Where the high wage relatively secure jobs, when available, are available only to those with high level of skills while low- and semi-skilled members of the labor pool are forced to choose between one low wage part time job or another.

The labor market's mismatch theory contends that a significant portion of the people in today's labor market are not equipped with the skills that are needed for the market's relatively better paid jobs. Those with unwanted skills therefore join the ranks of the low wage earners.

Furthermore the new structure of many manufacturing now mirrors that of most service firms in which vertical movement for employees within the firm is very difficult. Such a structure means that low wage workers have very little chance of being promoted to higher wage jobs within the firm. These three characteristics of the labor markets paint a grim picture of the employment opportunities for low and semi- skilled people. Not only are stable jobs scarce but once they get a job there is rarely a structure which will provide them with the opportunity to develop skills and be promoted within a firm.

The discrepancy between skills of those in the labor pool and the skills demanded by employers is said to be large all over the country. The discrepancy is referred to as a skills "mismatch" and helps to explain why so many people in today's economy work in part time low wage jobs. Studies show that there is a significant gap between the wages

earned by those with a high school diploma and those who did not finish secondary schooling. Significant difference in wages also exists between those with a college degree and those without a college degree (Katz and Murphy: 1992). Though both the polarization and the mismatch theory acknowledge that there is an widening income gap in the US, the polarization theory argues that the cause for the increased inequality in income is structural and is not likely to change whereas the mismatch theory would claim that the wage gap might be remedied, in part, through education and or job training that would provide people with the skills demanded by the employers offering higher wages.

The phenomenon of low wage labor markets was, in the past, identified as a characteristic of the immigrant labor market. Studies by, among others, Michael Piore in 1973 and Bonacich in 1978 recognized that there was a "secondary labor market" which absorbed recent immigrants to the United States. This labor market was characterized by low-wage unstable occupations in the peripheral economy. Where "past occupational experience and other investments in human capital count very little for these immigrants because, unlike workers in the primary sector, they are hired primarily because of their vulnerability rather than their skills". However immigrants in certain situations have been able to escape these secondary labor markets. Koreans, Japanese and the many of the Cubans in Miami are the most recent immigrant groups well known for having prospered. It is important to note that these groups all shared at least one common characteristic which separates them from both Afro-Americans and Puerto Ricans as well as the poorer immigrant groups such as the Salvadorans, Dominicans, Guatemalans and Hondurans. The first group had access to capital and the second group did not. (Portes and Wilson: 1980). A second and important phenomenon which characterized the relative prosperity of Cubans in Miami was that of the Cuban ethnic enclave.

The polarization, the mismatch and often the internal structure of firms and labor markets within sectors (segmented labor markets) theories strongly suggest that people of low skill, little formal education and little command of the English language are relegated

to a job market that more often than not offers them low wage part time employment without health insurance or pension plans. Given the interviews recounted in the previous chapter and Chelsea's 1990 census data a large portion of Chelsea's population are and/or will be members of the low end of the labor pole or the secondary labor market.

Though these macro theories help to clarify the nature of the labor market of which many Chelsea residents are a member they do not explain the choice of these residents to participate in unregistered food related economic activities. The following section will review the findings of particular neighborhoods or cities where the informal sector has been studied in the US.

Accounts of employment opportunities from experts in Chelsea echo this national phenomena. Employees at Chelsea's Employment Connections Inc. (ECI) state it has become increasingly difficult to find "good jobs" for their clients. The director has gone as far as saying that he no longer focuses on finding middle wage jobs for their clients. A large portion of ECI's South-East Asian and Latino clients find part time employment in manufacturing and retail firms such as Parker Brother's. Nancy's history of part time employment seems to exemplify this phenomena.

II Informal economies in different US neighborhoods.

If there is one thing that the following studies make evident it is that informal economic activities are a daily part of many people's lives in US urban areas -- and thus not isolated in Chelsea, Massachusetts. Studies have been done of informal industries in various cities in the United States including New York, Miami, Los Angeles and Houston... Though the character of the sector often varies in that it is dominated by the garment industry in one city and by construction in another studies do reveal some common findings -- the extent that findings vary the studies as a whole provide evidence of the heterogeneity of the phenomenon.

The factors that surface among the strongest forces determining the character of an area's informal economy might be those of space and common ethnicity (Sassen: 1991; Castells and Mollenkopf: 1991). Though there are other significant forces I believe a focus on these two will provide insight into the informal sector which will be particularly productive when attempting to formulate municipal policy and/or programs which address the informal economy in Chelsea.

It seems that the studies done of the informal economy all take place where there is a high concentration of people of the same ethnicity living in a geographical "neighborhood". A visible outcome of these this phenomena is that businesses develop that respond to the consumer needs of the neighborhood's residents -- and in many cases wholesale manufacturing firms surface in the area in part in order to take advantage of the concentration of "cheap hardworking labor" in the area (Sassen: 1989) .

Though informal economies are found in neighborhoods where there is a high concentration of people of similar ethnic backgrounds, the economic structures in which these informal industries exist, in neighborhoods of Houston, Los Angeles, New York and Miami, are not the same. The economy of the Cuban neighborhood in Miami is referred to as an "integrated informal sector" because its activities such as construction, restaurants, and garment industry are closely integrated with the broader mainstream Miami economy (Stepick: 1989). Other's refer to Miami's Cuban neighborhood as an ethnic enclave precisely because of its ability to provide significant employment and a large variety of consumer goods and services to its members. another characteristic specific to the Cuban ethnic enclave in Miami is the labor market in which residents of the enclave are participate. Immigrant workers in the Cuban ethnic enclave are therefore distinguishable from workers in the secondary labor market because:

Enclave workers will share with those in the primary sector a significant economic return to past human capital investments. Such a return will be absent among those in the 'open' secondary labor market. (Wilson and Portes: 1980, p.302)

The Cuban ethnic enclave in Miami is characterized by a defined geographical area in which economic enterprises are controlled and owned by Cubans. To illustrate in 1976 Cuban owned eight thousand firms and by 1977 they controlled 20% of the local commercial banks. The enclave therefore creates an area where the "numerical concentration and the diversity of economic activities allow many immigrants to lead lives restricted almost completely to the enclave" (Wilson and Portes: 1980, p.304)

The ethnic enclave therefore represents a potential model for helping recent immigrants, or groups of people who find themselves in the secondary labor market, move into jobs with more stability and higher wages. However Chelsea does not have the numerical concentration and the diversity of immigrant owned enterprises that exist in the Cuban ethnic enclave in Miami. Nonetheless it is important to note that the combination of capital, geographical concentration, ethnically owned businesses can create an environment in which immigrants can avoid a destiny of low wage unstable employment.

In contrast Miami's Haitian economy is referred to as "the isolated informal sector" because it is distinct from the mainstream economy. Though it is also an ethnic economy it is not defined as an "enclave" for it is characterized by businesses which exist to meet the need of the poorer Haitian residents of the area where the informal enterprises are marginal and fueled by survival strategies (Stepick: 1989; Wilson and Portes: 1980).

Stepick says that the difference between the two stems from the history of immigration and racism in Miami. The first wave of Cubans to come to Miami were well educated, arrived with capital, were given a great deal of support from the US government and settled together in one area. The Cuban economy also grew over time as its population increased and continued to supply itself with relatively cheap labor. Haitians, whose community is relatively small when compared to the city's Cuban population, were not welcomed by the US government and did not have access to large amounts of capital. The community faced discrimination from both the Cubans, who supplied/controlled much of Miami's unskilled employment opportunities and by mainstream America -- this was in

large part a response to the rumor/claim (which has been proven false) that a large percentage of Haitians carried the AIDS virus (Stepick: 1989). The rest of the ethnic economies that have been written about seem to similar to the description of Miami's Haitian ethnic economy. The informal economies of Houston (Nestor P. Rodriguez, in Moore and Pinderhughes: 1993) and Los Angeles (Chinchilla, Hamilton and Loucky, in Moore and Pinderhughes: 1993) are both described as being responses to survival strategies.

Sassen uses the term "Neighborhood sub-economies" (Sassen: 1989) to describe the economies of geographically distinct neighborhoods within larger cities. These neighborhood sub-economies are composed of both formal and informal business enterprises. As opposed to ethnic enclaves which have a high level of economic autonomy sub-neighborhood economies are not self-sufficient. They depend on incomes as well as goods and services flowing in and out of the area. The locally owned businesses and especially the informal activities meet the local demands for various goods and services. These activities not only meet the needs of the residents of the neighborhood but also the needs of people of similar ethnic backgrounds who live outside the geographic area. The sub-economy fills a need in the city for it provides goods and services which are either not provided any where else in the city, are too expensive elsewhere or at too far of a distance from the neighborhood. Though the basis of this phenomena stems from a study of New York City it seems to mirror the findings of the studies done of informal economies in Miami (Stepick in Portes, Castells and Benton: 1989) -- and Chelsea where the unregistered food businesses, according to their owners, provide cheap familiar food to the Latinos of the city and the surrounding area. Furthermore, as Angela said, people come to Chelsea because they can buy the ingredients for South and Central American dishes and they can sit around with people from their country and comfortably discuss common interests.

It seems that Sassen's term "sub-neighborhood economy", Stepick's "isolated

informal sector" and Rodriguez's account of Houston's Latino barrios might accurately describe the environment in which Chelsea's unregistered food economy functions. A significant portion of the clientele of the formal businesses that were interviewed in Chelsea were made up of people of the same ethnic group as the owner who lived in Chelsea. Word of mouth is the way through which, at least the vast majority of the time, people hear about the informal food businesses. One person interviewed said that Salvadorans from other cities come to shop in Chelsea because of the variety of retail establishments selling Central American products in a concentrated area. These people, once they are in Chelsea, will go to an informal food establishment to eat the food that they like and talk with people from their country of origin. The businesses themselves are able to get their supplies because they in areas which have enough of a demand for Central American food produce and products that retail stores selling such products exist in Chelsea. Space enables an informal food business -- whether it serves as a catalyst for the creation of these businesses remains unclear. The value of identifying the role that space plays is that it shows that a concentration of Central American businesses attracts customers and therefore provides an area through which cash can flow to residents of Chelsea who own these businesses. This phenomenon is probably much like that of a mall -- the mall developer figures that people will be attracted to an area where they can get a variety of goods.¹⁸ Relevant questions may be those which search to identify the forces which create concentrations of ethnic groups in urban areas (this has been addressed in the literature) -- however, identifying the concentration as a productive phenomena is most relevant for the goal of this thesis. The location of the neighborhood in relation to other areas is also relevant to the study of the informal food activities in Chelsea. Central Americans can live in Chelsea because it is located within commuting distance of places which provide opportunities for employment. Interviews with job placement workers in

¹⁸ For further discussion of the role of clustering please refer to K.A Tucker and B.S. Yamey in the bibliography.

Chelsea reveal that the majority of the Latinos and Southeast Asians get temporary work in cities surrounding Chelsea.

Interviews

Saskia Sassen, Professor, Department of Urban Studies, Columbia University, NY, NY.

Ann Richman, Centro Hispano de Chelsea, Chelsea MA.

Tito Rosa, The Hispanic Commission Chelsea. MA.

Gladys Vega, The Human Services Collaborative, Chelsea, MA.

Juan Vega, Alderman, Chelsea, MA.

Kim Wilson, Coordinator of Working Capital, Boston, MA.

Richard Zullo, Inspectional Services, City Hall, Chelsea City Hall.

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