

Small Transnational Family Enterprises and Wholesale Marketing in Los Angeles, California¹

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Abstract

The present article deals with two related issues, one being the development of Mexican markets in Los Angeles as a local response to the globalization process, and the second to the capacity of Mexican immigrants of becoming entrepreneurs in the US. It takes as case study the fruit and vegetable wholesale marketing, using as a case the 7th street market in Los Angeles, where small and medium-sized Mexican transnational family firms have been able to become successful enterprises. It also analyses the important role that gender relations play in the development of these firms.

Resumen

El presente artículo trata dos problemáticas relacionadas: una, el desarrollo de mercados mexicanos en Los Ángeles como respuesta local al proceso de globalización, y la segunda analiza la capacidad empresarial de los migrantes mexicanos en Estados Unidos. Se basa en un estudio de caso acerca de la comercialización al mayoreo de frutas y verduras, tomando como caso el mercado de la Calle 7 en Los Ángeles, donde pequeñas y medianas compañías familiares transnacionales mexicanas han podido desarrollar empresas exitosas. También analiza la importancia que tienen las relaciones de género en el desarrollo de estas empresas familiares.

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Introduction

One of the main characteristics of globalization is the increasing movement of people from one place to another. Migration flows have also meant the moving and mixing of commodities, consumption patterns, tastes, goods and values. The presence of Mexicans and Latin Americans in general in the US, and Los Angeles in particular, has created a demand for produce such as, chilies, cactus leaves and flowers, green tomatoes, maize husks, epazote, etc. used in Mexican cuisine. On the other hand, migration has given way to the creation of transnational social networks that play an important role in the integration of transnational spaces. The development of a community with specific tastes, desires and necessities, has opened spaces in the US and Mexico for men and women to produce, pack, market and consume these commodities. In the case of the fruit and vegetable business, we find commodities that are typical of Mexican cuisine, they comply with specific tastes and desires of consumers. The development of markets where Mexican produce is bought and sold is a local response to globalization processes.

There are many definitions of globalization. It is a concept used by neo-liberals to denote a process of modernization and homogenization of production, distribution and consumption of commodities around the world. It is an abstraction that has been used by social actors such as the World Bank and IMF to represent what they would like the outcome of their efforts since World War II to be. However social scientists have ventured into deconstructing the concept of globalization and give it a different meaning that would more adequately explain contemporary development. These new efforts attempt to use globalization to define a two way process, where not only the wider economic and political tendencies influence development processes but also local happenings, either economic, political, social or cultural, influence the globalization process. For example, Giddens defines globalization 'as the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa' (1990, p. 64). Here globalization encompasses a variety of processes and social actors, and therefore relates directly to local transformations.

Globalization, as used in this article, is treated directly in relation to localization processes. It makes room and accounts for heterogeneity in an attempt to analyze and explain the actual trends in food production, marketing and consumption in the international and local spheres. This approach emphasizes 'spatial and social viability as major characteristics of globalization' in food production and consumption (Arce and Marsden, 1993). The term locality refers to the social space where entrepreneurs of Mexican origin in Los Angeles, implement a series of strategies and negotiations and interpret and respond to the globalization process; to the ways in which traders interact with other social actors involved in the marketing of fruit and vegetables at different levels.

This study is based on the case of the Seventh Street Wholesale Produce Market in Los Angeles,² California, US, where mainly produce used in the Mexican cuis-

² This paper is based on ethnographic research carried out in 1997 in the Seventh Street Market of Los Angeles, California, US.

ne is bought and sold. The Seventh Street Market is a manifestation of how local processes affect global trends in wholesale produce markets, and how Mexicans are able to enter the US, take advantage of this demand and develop their enterprises. The market is a space where social actors interact creating local processes while participating in the social construction of the market. Actors from different origins and culture interface on a daily basis and create specific cultural settings. I center the analysis on transnational family enterprises of Mexican origin in the US, and in the possibility and ability of Mexican immigrants of becoming entrepreneurs in the US.

This article analyses the development of the Seventh Street Market, and the historical conditions that allowed the emergence of an specific market-space where an exchange of commodities, information, and values take place among Mexican co-nationals, members of other ethnic groups and the host country in which they work and live. Contrary to the conclusion that several authors have posed concerning the low rates of entrepreneurship among the population of Mexican origin (see Waldinger *et al.*, 1990), where Mexican migrants are commonly viewed as participating in the peripheral sectors of the economy, the Seventh Street Market shows the entrepreneurial capacity and possibilities of the Mexican population in the US. Álvarez (1990) has argued that the Seventh Street Market forms part of a wider Mexican enclave in the area formed by several wholesale markets, satellite markets and supermarkets. This paper agrees with his view and continues the discussion on the integration and development of transnational family enterprises and the role that gender relations play in their development.

I analyze the strategies followed by the different actors in their attempt to enter the market and build a prosperous business. Strategies emerge from everyday practical consciousness. They enable social actors to cope with unforeseen events and changing circumstances. Strategies are the ways in which people attempt to resolve their livelihood problems and organize their resources. Migrants face a new world and even though, as we will see, many of them already had certain experience in trade, which provides them with basic skills and knowledge, still they have to learn the specificity of wholesale marketing in the US. Thus, actors devise strategies that are based on their previous knowledge and experiences in Mexico and add the experiences and knowledge acquired in the US. Strategies are socially constructed and are shaped by the context in which they are to be implemented, they consist of a wide range of activities that entail the use of all sorts of resources and endowments.

Culture plays an important role in the ways in which different social actors conduct their business and how they interact among each other. Men and women in their daily lives and actions, draw upon social norms and traditional frameworks, but they do so in this new, changing social environment. As Hondagneu-Sotelo writes:

‘Immigrants arrive with cultural and ideological baggage, but in the new society, as they unpack and rearrange it, they discard elements and adopt new ones; ... traditional social relations and cultural resources neither disintegrate nor continue intact, but are reshaped through processes of migration and resettlement (1994, p. 15).

I first give a general overview of the migration pattern of Mexicans to the US and the development of the Seventh Street Wholesale Market, discussing the historical conditions that allowed the emergence of an specific market-space. Then I discuss different kinds of family enterprises, the problems they face, their social networks

and the strategies they implement in order to increase their room for maneuver in the market.

Mexican Immigration in the US, An Overview

According to the US Bureau of Census, by 1997 out of 28,438 million people of Hispanic origin in the US, 63.43% were of Mexican origin (18 039 000). They reside mainly in five southern states: Arizona, California, Colorado, New Mexico and Texas. From this, California, and specially Los Angeles county, provides residence to more than 2.5 million individuals of Mexican origin (Mexican-Americans and Mexican immigrants) (1990 US Census). The Mexican population has grown rapidly in recent years. Mexicans come to the US taking advantage of the quotas set aside for the reunification of families and as undocumented immigrants (Waldinger *et al.*, 1990, p. 74).

It is important to mention several changes in migration patterns that researchers have found among the population of Mexican origin. These changes have to do with macro-structural conditions in the US and Mexico, as well as changes in the individual expectations and possibilities of the actors concerned.

During the Two World Wars Mexican migration increased steadily, interrupted by the Great Depression period. War time labor shortages prompted the elaboration of contract-labor programs. Mexicans were mainly found working in agriculture. The Mexican Revolution (1910-17) and Cristero Rebellion in central western Mexico (1926-1929) motivated many families to migrate north and many of these settled in the already growing barrios of Los Angeles, El Paso and San Antonio. Some members of firms I found in the market such as Jack, arrived during this period to the US, indicating a long term period in the market.

Between 1942 and 1964 the US government started the Bracero program and nearly 5 million temporary labor contracts were issued to Mexican citizens and over 5 million Mexicans without documents were found and deported (Samora, 1971, p. 57). It was during the post-Korean war recession that Operation Wetback was set in motion and over one million Mexicans were deported (Bustamante, 1975). Yet, migration resumed and many Mexicans entered once again through the Bracero program in the late fifties. The Bracero contracts were directed to men, it required a seasonal flexible migration that could be co-ordinated with agricultural fluctuations and that would externalize labor reproduction costs to Mexico.

Macro structural transformations in both Mexico and the US allowed for changes in migration patterns. Concerning the US, the explanation has to do with labor-market segmentation and what has been called dual economy: global fragmentation of production processes, income polarization and the expanding role of producer services in the economy (Hondagneu-Sotelo, 1994, p. 27; Portes & Bach, 1985). On the side of Mexico we find that an increasing debt and unemployment and the deepening of the economic crisis, led many Mexican men and women to leave their homes and migrate to the US.

Although most of these Mexicans started working in the rural areas, by the end of the 1960s a great proportion of Mexican immigrants had found their way into the urban areas and were increasingly working in plant nurseries, construction firms, markets, shipyards, restaurants, hotels, motels and car washes. This is the case of Pepe who migrated illegally to the US in 1967, he comes from Michoacán. His family had a small shop in Michoacán. He

says he arrived to Los Angeles at noon and at twelve midnight he was already working loading and unloading trucks in the market, his uncle had come with the Bracero program and first worked in agriculture where he met a broker that introduced him to the wholesale market in Los Angeles. Pepe worked in the market for over twenty years before being able to start his own business.

It is estimated that today only 10 to 15 per cent of Mexican immigrants and undocumented Mexicans work in agriculture in the states of California, Texas and Arizona (Wallace, 1988, p. 664 in Hondagneu-Sotelo, 1994, p. 25). Contemporary Mexican immigrants are characterized by a significant presence of women and entire families, increasing integration into permanent settlement communities and employment in diverse sectors of the economy (Hondagneu-Sotelo, 1994; Bustamante & Cornelius, 1989). This is the case of Susy, a single women from Michoacán who came to visit her sister in 1985 and decided to stay. Her sister and brother in-law had a small shop of Mexican products in East Los Angeles, they bought their fresh produce from the Seventh Street Market, after some years they decided to put a stall in the market and try their luck in the wholesale business. Susy is in charge of the stall, while her sister is in charge of the supermarket and her brother and brother-in-law are in charge of buying the produce for the two businesses.

The increasing change from seasonal migration to actual settlement, has led to a serious xenophobic sentiment against Mexicans in the US. A result of this has been the Immigration Reform and Control Act of 1986 (IRCA) and proposition 187. As Hondagneu-Sotelo mentions, 'the xenophobia of this period ...represented less a response to undocumented migration per se than to undocumented immigrant settlement.

While many US citizens welcomed the labor services performed by immigrants, they remained more apprehensive about the permanent incorporation of Asian and Latin American immigrants and refugees in the United States' (1994, p. XV). Migrants documented or undocumented, became more integrated into the economic, social and cultural life of the US (Massey *et al.*, 1987).

The 1986 Immigration Reform and Control Act, was intended to curve undocumented immigration by imposing sanctions (civil and criminal penalties) on employers who knowingly hired undocumented immigrant workers. It also included provisions for an amnesty-legislation program, for undocumented immigrants who could prove continuous residence in the US since January 1982 and for those who could prove they had worked in agriculture in the US for 90 days during specific periods: 2.3 million Mexicans applied. As Hondagneu-Sotelo comments, among other researchers, by granting legal status, the legislation recognized and accelerated the further integration and permanence of long-staying, previously undocumented immigrants in the US. (1994:26). This is the case of many people in the market, who obtained their nationality through the amnesty law.

This change in immigration patterns has also changed the expectations and aspirations of immigrants concerning their stay in the US and their entrepreneurship. It is no longer a place to migrate, get a temporary job and go back to Mexico as soon as possible as their fathers did. Now, they are searching for more stable jobs and the wholesale market has opened possibilities of acquiring an economic independence from US institutions. For example, Kiko arrived to the US 20 years ago, first he only wanted to work, get money and go back to Mexico, he came illegally and was depor-

ted several times until finally he got a job in the market and was able to stay for longer periods. However, he mentions that the laws became so strict that he decided to take advantage of the 1986 amnesty and became a citizen of the US. That is when he started thinking seriously in trying to open his own business in the wholesale market. He mentions that he did not want to stay in the US but now that he is a citizen and has a business, he has to stay. His expectations have changed and he sees his life in the US as permanent.

Wholesale Marketing in Los Angeles California and the 7th Street Market

Several historical conditions have developed that opened opportunities for Mexican entrepreneurs. Los Angeles has been, since the beginning of the century, an important agricultural commercial centre. Jack's uncle remembers when he first came to Los Angeles fleeing from the Revolution, his third job was in the market, then the produce was brought on carts mainly pulled by horses. He remembers how great quantities of produce were bought and sold. The wholesale market culture existed in Los Angeles decades ago. Mexicans started infiltrating this market, mainly through entry-level jobs since, at least, the 1920s. Los Angeles has become one of the largest wholesale produce markets in the world (Álvarez, 1990). There are three main wholesale markets: The Los Angeles Wholesale Produce Terminal, the Seventh Street Market and the Ninth Street Market; around these there are several satellite markets, storehouses, supermarkets and shops.³

In 1986 the Wholesale Terminal Market was constructed. This event brought important changes. The construction of the new market, better adapted to the technological necessities of modern wholesale marketing, changed the market structure and character, specially to the Seventh Street Market. Once this market was constructed, large firms from the Seventh Street Market and Ninth Street Market moved in. This left vacant considerable amount of space in both markets for new entrepreneurs in the industry. Thus, the Ninth Street Market became occupied mainly by Asian firms and the Seventh Street Market by Mexicans firms.⁴

The high concentration of Mexicans, and Latinos in general, in Los Angeles, allowed for the development of a Mexican market around the Wholesale Terminal Market, the most important being, the Seventh Street Market (see Álvarez 1990, 1994).

In the Seventh Street Market we mainly find small and medium firms. Two of the medium-sized firms are subsidiaries of the large firms in the Wholesale Terminal Market and the rest are family enterprises. One of the most visible changes that have taken place in the Seventh Street Market, has been the proliferation of small enterprises, for instance Álvarez found in 1988 a total of 36 business (Alvarez, 1990, p. 113), by the summer of 1997 there were 66 businesses, that means that the number of firms almost doubled in 9 years. This growth is not unique of the Seventh Street Market, the number of warehouses located

³ For a comprehensive analysis of Los Angeles wholesale market hierarchy see Alvarez, 1990.

⁴ The New Wholesale Terminal, the Seventh Street Market, the Ninth Street Market, the satellite markets and warehouses outside the main markets are all in an area of about 20 hectares, forming a market area in Central-East Los Angeles.

outside the market has also increased, Álvarez mentions that there are 'a total of some 45 establishments' around the main market (1990, p. 117), by 1997 according to people interviewed and direct research there were around 65, of which the majority were owned by Mexican immigrants. This increase has even attracted the attention of local news papers, where articles on the growth and industrial strength of the area have been published, mentioning the important role that Mexican entrepreneurs have played in this development (Los Angeles Times, Sunday August 3, 1997, p. D12).

After the large firms left, spaces in the market were open for rent for anyone who wanted to venture into the business. Through the years access to spaces has changed. At the beginning there was a fixed size for all, which meant the necessity of certain amount of capital, but with the years the company that owns the market rents smaller spaces and even some firms sub-let part of their space.⁵ This is the case of Susy, who unable to pay the full rent of her stall, rents part of it to an even smaller firm. This has enabled many Mexicans and Latin Americans to try their fortune in the fruit and vegetable business.

The proliferation of small firms has produced important changes in the market, as one stall owner told me in an interview:

Since they built the New Market everything has changed. There are so many new firms of recently immigrated Mexicans that do not know how business is done here. The market has lost its 'code of honor'. The immigrants do not follow the rules, they do not play fair, many come and go, and this is reflected on all of us. This market is a wholesale market and they are converting it in a retail market of small stalls. Clients are not coming as before (meaning mainly the large supermarket chains) because we are losing our reputation as a market.

The market has become a platform for Mexican entrepreneurs to increase their opportunities, such is the case of Pepe. He started carrying and loading trucks, then he rented a small warehouse outside the market. In 1992, with a loan from his brother, he was able to rent a space in the Seventh Street Market. Now he has an enterprise specialized in chilies. At the beginning he sold to the Mexican and Latin American community but soon was able to export his chilies to Europe and Japan, which have become his main clientele. The market provides a mechanisms for effective transmission of skills and a catalyst for entrepreneurial drive.

Many firms acquire a competitive edge by introducing cheaper products from Mexico. The fact that Mexico is so near by, increases the chances of Mexicans to succeed in this business. They can either bring cheaper produce from Mexico by using their networks in Mexico and/or they can bring into the business relatives either from Mexico or the US and reduce their costs. In the market there are other firms that are not Mexican: Chinese, Japanese, Korean, Indian, and these too buy certain produce from Mexico, hire Mexicans for the lower paid jobs, though they hire co-ethnic, who are mainly kin, for the posts of more responsibility and confidentiality.

During the winter season large amounts of fruits and vegetables are imported from Mexico. A primary entry point

⁵ A medium-sized firm has approximately 8 permanent workers and some 9 temporary labourers, two selection bands where they re-pack the produce, one or two coolers, two to four refrigerated trucks. A small firm has one permanent employee, hires temporary labourers as needed, has one truck, some times coolers. Micro-firms, do not hire labourers, have a small van and do not have refrigerators.

has been Tijuana. Tijuana brokers,⁶ buy produce from Mexican farmers and rent warehouses in Tijuana's Market. From there, they export their produce to the US and many of them eventually open a stall of their own in the Seventh Street market. This is the case of Chucho's Produce. Chucho and his family had a warehouse in the market of Tijuana and from there they would export to the US, until Chucho decided to enter the US and explore the market in Los Angeles. In 1984 he came to Los Angeles and in 1994 opened his own business. His brothers take care of the business in Tijuana and he and his aunt the business in Los Angeles.

There has been an increasing demand for Mexican produce by the non-Mexican community. Mexican produce can be now found in most supermarket chains in Southern California. This increased demand for Mexican produce is what many Tijuaneños are counting on, as one of them once told me:

We first started selling all sorts of produce, the government (in Mexico) had told us that what we need to export horticultural produce such as broccoli, asparagus and Brussels sprouts, which are of great value in the US. But we have Los Angeles near-by, and what they want are Mexican produce, they want cactus leaves, they want green tomatoes and chilies, they want to eat Mexican, not fancy horticultural produce that only the rich gringos eat. So we specialize in our produce, Mexican produce.

Transnational Family Enterprises in the Seventh Street Market

To have a business in the Seventh Street Market, is a team effort. The family is crucial in the development of the business. A person without loyal and honest partners and employees can go to ruin. All firms have family members either as partners or as workers. The family is essential from the very beginning, and as the business becomes successful and starts to grow, the owners tend to call their relatives in Mexico to come and work for them and to take care of the areas in which they have expanded. It pulls family members together from both countries.

Because of the very competitive nature of the business there are certain secrets that each business has concerning their buyers and sellers as well as financial means, they require trustworthy personnel. That is why they tend to hire family members for the jobs with responsibility, such as sellers and buyers of produce.

Family is constructed by a wide range of relatives not necessarily close kin, but that form part of the extended family and in-laws. Relations among members do not follow a pattern of patriarchal hierarchy. The position in the family is earned; the person that is better acquainted with the new country, that speaks English and therefore is able to better understand the rules of the new country and make links and social networks in the US, is the one that will lead the family or will have an important role in the decision-making process. This is the case of Chucho, who is the youngest of the family. He comes from Sinaloa. Driven by his youth he went to Tijuana and from there to Los Angeles, and since then has been recruiting his older brothers and extended family into the business. I found several families that even though the father

6 From 32 warehouse owners interviewed between 1997 and 1998, 35 percent had started this way their business in the 7th Street Market. However one has to consider that this is a very flexible business, some years brokers rent a space in the market, others they do not. In the summer of 1998, 20 percent of those interviewed in the summer of 1997 had left the market.

is the owner of the business the sons and daughters, who have studied in American schools and therefore manage the knowledge and discourse necessary to interact with the host country, take care of all the work related to the laws, fiscal and financial systems in the US, which give them an important position in the enterprise.

Entrepreneurs have to learn how to comply with the American legal system which is not the easiest in the world. The entrepreneur is faced with a complicated set of taxes and fees to pay to several government branches for which he/she generally needs the expert help of accountants and tax helpers. This is a step that they all have to take. This takes a long time to adjust to and must be done step by step as their learning of the country they are living in increases. These are special problems that immigrants face caused by the strains of settlement and assimilation, which are aggravated by their inability to speak the language. Lucha narrates her experience:

When me and my brothers decided to start our own firms, we first rented a small room outside the market as we could not pay for a place inside the market. Finally *we* had a good deal with some oranges and got some extra money which we decided to use to rent one month a stall in the market and see if we could sustain it. When we entered no-one told us that there were taxes and licenses to pay, and *Virgen Purisima*, every week there was a new tax to pay, a license to pay, a permit to pay. We had no idea. In my country we are not so bureaucratic, who wants to sell, just sells.

Information on produce in the US is also obtained from a series of specialized publications which I found in all the medium-sized firms in the Seventh Street Market. These newspapers and magazines give information on produce, producers, shippers, broker companies, export-import and all sorts of information on people in the business. It is a good way of learning and knowing people. Also, they advertise all sorts of things needed in the business. Of course to have access to these means of communication one has to read English, be able to pay a subscription and see the relevance of them for their business.

Women in the family enterprises

Gender needs to be seen as a set of social relations that affect the organization of the firm. I found that most small firms and many of the medium-sized have women working and their participation is crucial for the development of the enterprise. The role that women play has to be seen in relation to the needs of this kind of business as well as with changes in gender relations provoked by migration. Gender relations permeate the whole business. Most small business have wives, mothers, sisters, sisterers-in law, working in the stall, they attend the stall while the men go around California and Mexico finding produce or in Los Angeles taking care of local businesses. Without the women in the business helping watch over the produce, laborers and consumers the business would not run. For example, Kiko decided to open his own business when he got married. He and his wife Marcela (who he met at the market) planned to open their own firm. She would take care of the stall, look after the produce, customers and laborers, while he would go around taking care of buying produce. This was an agreed division of labor without which Kiko would have not been able to open his stand. Now that Marcela has children, they brought her sister from Guatemala, to help in child caring. Chucho brought his aunt from Mexico to

watch over the business and clients and Pepe's sister works side by side with him, taking care of the administration of the firm and looking after the warehouse. The case of Susy is self evident for she runs the business in the market. Women take an active role in the business, they study the legal and financial system, they integrate themselves to the business and interact with all the actors involved.

There are other cases, such as that of Tony, where the business was created based on his wife's networks. Lucha and her brothers opened a firm in the market and when Lucha met Tony and married, they opened their own firm. Tony then started with the help of Lucha's kin and both families help each other with labor, produce, contacts and information. For them, it is not a Mexican market but a Latin American market, creating a new identity of Latin-Americans.

The market schedule disturbs family life, specially for those couples that have small children. Women have to develop a series of networks and strategies in order to be able to work in the market and at the same time take care of their children. As mentioned before, some bring relatives from their home countries to help with child caring, but others rely on relatives or co-ethnic friends in the US to help them out. For example, Liza, who works with her uncle in the firm, has a six year daughter who she wakes up at three in the morning and takes her to her sister's house where the child goes back to sleep until her aunt wakes her up and takes her to school.

Social Networks

Through out the market we find different arenas where actors are in constant interaction and negotiation over produce, prices and quality. Culture plays an important role in the daily lives of the actors involvement as well as in the ways they develop their businesses. Social networks in the commodity chain are embedded with symbols and values that influence the ways in which people interface, interact and negotiate day to day. For instance, god-parent relations are sometimes used to reinforce ties with people in the network.

An immigrant that has not been able to secure his/her stay in the US, tends to go to places where other co-nationals already are and if possible work with them. This leads to clientelism. Precisely the need for legal security and trust on those surrounding lead many migrants towards economic enclaves. The access to cheap labor reduces costs for the firms and makes it less difficult to start their business in the US. The workers of only three firms are members of trade unions, which means higher salaries and other benefits that most laborers in the market do not obtain. This, of course, increases the costs for the medium-sized firms and makes competition even more harsh.

Immigrants try to learn about America, about its ways, make friends and relations that will last and result in profitable ventures. They will take advantage of their learning process in the US as well as on their relations and knowledge on Mexico. Through social networks, knowledge, information, resources and produce are mobilized. We are talking here about transnational networks, around which the business is arranged and networks are interlaced with positions in the commodity chain. At the beginning, when the enterprise is just starting, these networks are interlock by a sense of ethnicity that identifies its members with a common origin, the frequent interaction among the members in a country different from the one

where they were born, promotes a sense of commonality and identification within its members, of being part of and identified with a series of cultural traits different from other groups, creating a common identity. In this sense social networks become ethnic networks the moment they become transnational networks. I agree with Waldinger et al., and Bustamante in that this sense of ethnicity is only acquired 'when the social connections among ethnic group members help to establish distinct occupational, industrial, or spatial concentrations' (Waldinger et al., 1990, p. 34). The entry to a new country, with a different culture already hastens ethnic group formation. Because immigrants make use of very scarce and valued resources, they tend to make use of kin and co-ethnic networks.

Networks are crucial and people spend quite a bit of time servicing them, constructing them and maintaining them. They are their way into the US and their way into the business. Actors use informal occasions to further their networks and acquire information, for example brief gatherings in the market when the days work is finished, when someone's birthday is celebrated. This functions as means of networking, not only between the people from the Seventh Street Market but also from the other markets. These occasions, when food is served and drinks taken, are moments in which all kinds of information is shared. Many of these gatherings end up in some other place where margaritas are served and where further networking takes place among closer friends or contacts.

All entrepreneurs try to build personal relations with clients. For newcomers this is best done with co-ethnic buyers. As Tony says:

I prefer to buy and sell from Mexicans, they are easier to work with, we understand each other and I know what they want. When the Armenians come, we do sell to them, but they are very tricky people and I do not know the rules of their game.

With time these firms tend to expand their networks into the host country. It is common to find that those that have been in the market the longest have more networks in the host country. For instance Jack, Pepe and Kiko that have been longer than two decades have more contacts in the US, they have gone through the market's job hierarchy and have learned the skill of the job and met all the actors involved in their previous boss's networks, which they contacted when building their own networks when they decided to go independent. Often enough the owner of a firm will go bankrupt and his closest workers will take over his contacts. Chucho's main networks are still Mexican, as he brings most of his produce from Mexico. Susy is another case, her brother who has been in the US for 30 years has been able to follow the onion harvests all around Mexico and the US, part of this knowledge comes from his previous work as a Bracero and the many years he spent working in the trade business.

As the firms develop, in order to become successful, their networks need to be expanded into the host country. For example, Jack's family have diversified selling produce to other ethnic minorities and to American supermarkets in general. Smaller firms at one time or another see also the necessity to expand their networks not only of buyers but also suppliers of produce. During summer it is cheaper to buy from California's growers than to bring them from Mexico. This economic reality forces them to enter new networks in the host country.

As said before, the market is a hierarchy of skills, that goes from being a carrier and loader of trucks and lorries, to becoming a seller and buyer and then if possible an

owner of a stand. Crucial to the development of the business is the capacity of the employee to pick up the know-how of the business and build up a network of possible buyers and sellers while still an employee. Most of the business is done by credit, so actually good connections is more important than capital saved. This is a kind of business that does not require initial capital if one is going to start small. Most men and women started selling and buying produce outside the market, then rented a store-room in the nearby streets and then eventually entered the market. Chucho narrates how he first started:

I would go from one shop to the other asking the owners what they needed, what ever they wanted I brought it to them. I would go to the wholesale market or to Tijuana, and buy what I had been ordered and then bring it to the shops. The shops would pay me and then I would go back and repay the firm owners and would earn some money from the transaction. This way they got to know me at the wholesale market. Then they would ask me to place some produce that they had not been able to sell, and I would take it in my combi around Los Angeles selling it in the streets. This way I started having some capital and contacts.

The initial capital used to rent a space in the market usually comes from personal savings or relatives. Pepe was able to rent a stall in the market thanks to his brother-in-law who loaned him the necessary money. In the cases that they sub-let a space⁷ from another firm, they even sometimes get the produce on consignment from them. In these cases they advance part of the money and the rest comes as they sell. To rent a space in the market, with a refrigerator and warehouse, costs around 3,000 dollars a month, though the price varies according to size and infrastructure.

The new conditions of the Seventh Street Market has lead to proliferation of small units, The kind of business allows immigrants to start a business with small amounts of capital, where entry costs are low. This proliferation of firms has provoked high competition and high failure rate. This has meant lower returns for those who managed to stay in the market. It has also led to temporal businesses, that only rent a space for a short period of time (that can go from weeks, to a season, to half a year). These small businesses usually hire cheap undocumented labor; when needed they can hire laborers for a day, or half a day or a few hours depending on the work to be done. Since they have not integrated themselves to the tax fiscal system, they can afford to sell their products cheaper as their overhead expenses are lower than established enterprises, provoking a harsh competition in the market and exploitation of the labor force. These enterprise keep low economies of scale and they can reach high levels of efficiency by engaging in self-exploitation. The use of family labor is often used to lower costs. The fact that family laborers are willing to take lower salaries and work for longer period of time, enables the firm to cope better with regular market fluctuations. Small businesses sell to all kind of clients, from a truck load to a couple of boxes and even just a few watermelons in an attempt to keep their clients.

They also buy cheaper produce of lower quality and produce brought from Mexico when possible: Pepe, Chucho and Susy bring most of their products from Mexico. Some specialize in products that do

⁷ This can be a few meter or a 3 X 3 meter room.

not need refrigeration, for example Susy sells only onions and oranges. This produce can spend a long time without refrigeration, which she, as many small firms, do not have. She tells how at the beginning she tried a variety of produce until she found those that suited her the best, however even oranges can rot before she is able to sell them. Last year she bought a shipment of mangoes and in three days they were all rotten. These are risks all firms face, but small firms lack the basic technology.

An important strategy used by medium-sized firms, that have better infrastructure, has been to diversify their production and enter other markets. Medium businesses complain that their overhead expenses are much higher than those of smaller firms and therefore competition harder. Medium firms can offer good quality produce and good prices, they are able to give good loans; they always deliver, even if they have to buy produce from other firms. They try to distinguish themselves from small firms and create an identity as reliable, trustworthy enterprises in order to keep their buyers and suppliers.

Concluding Remarks

The development of the Seventh Street Market is an example of how global flows of people can produce unique local responses. The migration of Mexicans into the US has created a demand for commodities that satisfy their needs and tastes. The Seventh Street Market is a response to this demand. Mexican Immigrants have been able to open a business in the market and have been able to increase their room for maneuver and take advantage of the transnational economic and social space that has been opened in the region.

This has brought changes in the market's economic performance and in the internal codes, rules and symbolic boundaries, which result from actors struggles to increase their room for maneuver and from the transformation of values and expectations when actors past experiences and culture mesh with the new culture, experiences and possibilities.

Mexican immigrants have been able to become entrepreneurs in the market. One of their main strategies has been the creation of transnational family enterprises, where family work and participation in both countries, is crucial for the development of the business, where firm owners have expanded their networks into Mexico and into the US in order to be successful in the business. Women play an important role in the business and participate actively in the creation and development of the firms. I want to stress the role of women in the entrepreneurial capacity of Mexican-Americans and Mexican immigrants in the market. The presence of women in the market differentiate the Seventh Street Market from the Wholesale Terminal where women are not seen.

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