

The Sociology of Entrepreneurship

This is a study in the sociology of entrepreneurship,¹ which takes as its subject matter the relationship between group characteristics and the development of business activity. Because major group characteristics examined revolve around race and ethnicity, this area of inquiry shares some of the same concerns as the study of race and ethnic relations. But the traditional field of race and ethnic relations concentrates on conceptualizing and measuring processes such as assimilation, colonialism, discrimination, racism, and prejudice. Indeed, the sociology of race and ethnic relations has produced one of the most massive and systematic research traditions within academia precisely by concentrating on these important topics.²

A general proposition which emerges from this massive effort is that, the more a group is assimilated into a society, the higher the probability of economic stability for that group. This research tradition assumes that economic opportunities are provided by the host society. As groups move into the society and years increase, they move up the economic ladder of success.

The sociology of entrepreneurship moves the analysis from a complete emphasis on topics such as assimilation and prejudice to the development of ethnic enterprises which generates economic stability for ethnic groups. Such an approach means that there is a concentration on the process by which ethnic groups develop, maintain, and expand business enterprises within the economic structure. In a real sense, it is the sociology of self-help, recognizing that groups develop economic stability as a result of entrepreneurship.

Sometimes, self-help means owning a pushcart, a small shop, or a small farm in a community. The emphasis is not on the prestige of the enterprise, but

rather it is on simply owning an enterprise that will bring about economic stability. Indeed, entrepreneurial professionals, such as doctors and lawyers, because of the same ethnic experience of others in the group, find solidarity with the pushcart owner or the owner of a fruit stand in community organizations.

Because of economic stability, parents of self-help groups are more able to launch their children into professional occupations within the larger economic sector because of the importance that the group places on education.

Very often, offspring of these groups find themselves in the most prestigious occupations of American life. Thus, this field of inquiry is not only concerned with business activity, but the sociological outcomes that develop as a result of the ownership of enterprise. The developing literature has shown that members of some ethnic groups appear to generate business enterprises much better than others do. Thus, the documentation of business activity by ethnicity becomes a concern of the sociology of entrepreneurship. Sometimes, this field of inquiry is called the sociology of ethnic enterprise.

Although this approach appears to be relatively new, it is simply the restatement of an old issue using ethnic and racial groups rather than religious groups. Max Weber posed a similar question around the turn of the century.

A glance at the occupational statistics of any country of mixed religious composition brings to light with remarkable frequency a situation which has several times provoked discussion in the Catholic press and literature, and in Catholic congresses in Germany, namely, the fact that business leaders and owners of capital, as well as the higher grades of skilled labor, and even more the higher technically and commercially trained personnel of modern enterprises, are overwhelmingly Protestant. This is true not only in cases where the difference in religion coincides with one of nationality, and thus, of cultural development, as in Eastern Germany between Germans and Poles. The same thing is shown in the figures of religious affiliation almost wherever capitalism . . . has had a free hand to alter the social distribution of the population in accordance with its needs, and to determine its occupational structure.³

Weber was perplexed by the fact that Catholics, a traditionally oppressed religious group, had not started a strong tradition of business enterprise. Laying the foundation for what I call the sociology of entrepreneurship. Weber noted that:

The smaller participation of Catholics in the modern business life of Germany is all the more striking because it runs counter to a tendency which has been observed at all times, including the present. National or religious minorities which are in a position of subordina-

tion to a group of rulers are likely, through their voluntary or involuntary exclusion from positions of political influence, to be driven with peculiar force into economic activity. Their ablest members seek to satisfy the desire for recognition of their abilities in this field, since there is no opportunity in the service of the State. This has undoubtedly been true of the Poles in Russia and Eastern Prussia, who have without question been undergoing a more rapid economic advance than in Galicia, where they have been in the ascendant. It has in earlier times been true of the Huguenots in France under Louis XIV, the Nonconformists and Quakers in England, and, last but not least, the Jews for two thousand years. But the Catholics in Germany have shown no striking evidence of such a result of their position. In the past they have, unlike the Protestants, undergone no particularly prominent economic development in the times when they were persecuted or only tolerated, either in Holland or in England.⁴

Weber solved his problem by positing a relationship between the "Spirit of Capitalism," as measured by the will to take risk and enter the economic world, and the ideas of Protestant thinkers such as Luther and Calvin. As Weber noted, the explanation for this anomaly must be sought in the permanent intrinsic character of religious beliefs rather than in any historicopolitical situation.

Almost fifty years later, Werner Sombart entered the picture by arguing for the primacy of religious ideas found in Judaism rather than Protestantism. Building on Weber's statement that entrepreneurship had been a characteristic of the Jewish population because of oppression for thousands of years, Sombart posited the following:

One of the most important facts in the growth of modern economic life is the removal of the center of economic activity from the nations of Southern Europe . . . to those of the North-West . . . Cannot we bring into connection the shifting of the economic center from Southern to Northern Europe with the wanderings of the Jews? . . . Israel passes over Europe like the sun: at its coming new life bursts forth; at its going all falls into decay. . . . My own view is . . . that the importance of the Jews was twofold. On the one hand, they influenced the outward form of modern capitalism; on the other, they gave expression to its inward spirit. Under the first heading, the Jews contributed no small share in giving to economic relations the international aspect they bear today; in helping the modern state, that framework of capitalism, to become what it is; and lastly, in giving the capitalistic organizations its peculiar features. . . . Under the second heading, the importance of the Jews is so enormous because

they, above all others, endowed economic life with its modern spirit; they seized upon the essential idea of capitalism and carried it to its fullest development.⁵

Sombart, in a controversial and almost forgotten work, solved the issue by showing how major components of capitalism can be grounded in the old writings and teachings of Judaism. With respect to Weber's solution to the puzzle, Sombart notes that, in terms of religious ideas, Protestantism is Judaism.

Since the writings of Weber and Sombart, there have been advances in the conceptualization and specification of the relationship between economic activity and group characteristics. In a very real sense, these advances constitute the subject matter of the sociology of entrepreneurship. Also, in a very real sense, the inquiry remains the same while the groups change:

Why should some foreign groups have higher rates of business enterprise than others, and why should the foreign born in general have much higher rates of business proprietorship than Mexicans and especially Blacks, the more disadvantaged of all?⁶

Thus, the question posed by Weber arises in America with the reemergence of the sociology of entrepreneurship. In order to solve the puzzle, scholars have developed a number of theoretical perspectives which serve as a guiding light for research. Although perspectives overlap considerably, they appear in the literature as distinct theoretical orientations. This chapter reviews these perspectives so that the reader can have an understanding of this subfield of sociology. In doing so, case studies which are a mixture of ethnic history and business activity are blended together. Such blending—a trademark of this research—allows the reader to capture the historical situations in which different ethnic groups developed business activity. Business activity in the early years is seen as a particular type of the adjustment to American life which leads to the development of an economic security, or what some call a *middle class*.⁷ Although the literature is rich, for matters of exposition, the experiences of Japanese-Americans, Jewish-Americans, Greek-Americans, Amish Americans, and Pakistani Americans are presented.

I

The study of ethnicity and entrepreneurship in America was given life by a number of scholars. Edna Bonacich developed a "Theory of Middleman Minorities" which has served as the theoretical guide for many studies in this area. The theory began to take form in the work of Turner and Bonacich.⁸ The

major question is how ethnic groups succeed in America in the face of systematic discrimination and prejudice.

How is a degree of economic security carved out of a society which is hostile to the group?⁹ Bonacich took the idea of middleman minorities from the theoretical shelf of sociological theory where it had lain dormant in the works of scholars such as Becker, Blalock, Schermerhorn, and Stryker.¹⁰ These earlier works show that, in the international arena of race and ethnic relations, some groups play an interesting part in the economic structure. Unlike most ethnic groups and minorities who sink to the bottom of the economic structure within a society, these groups develop economic security by playing the middleman position within the structure of capitalism. As such, they are to be found in occupations such as labor contractor, rent collector, money lender, and broker. Playing the middleman position means that they negotiate products between producer and consumer, owner and renter, elite and masses, and employer and employee.¹¹

European Jews, the Asians in East Africa, Japanese in the United States in the early 1900s, and Chinese in Southeast Asia are examples of middlemen in capitalist societies. Although trade and commerce are their "bread and butter," they are also found in bureaucratic organizations. Bonacich notes that, even here, they act as middlemen, interposed as they are between the consumer and his economic purpose. Put simply, minorities conceptualized as middlemen are less likely to be primary producers of goods and services. Their major purpose is to generate the flow of goods and services throughout the economy.¹² Because of this, middlemen minorities are viewed as *petit bourgeoisie* rather than members of the classic capitalist class.

Bonacich notes that early treatment of middleman minorities in the literature has produced two significant themes. The first emphasis is on the relationship between hostility directed toward the middleman minority and the loss of occupations and economic security, as they are pushed out of good occupations and are forced to develop economic security on the fringes of the economic system.

Another theme of the early sociological literature stresses the relationship between elites, masses, and middleman minorities. Here the concentration is on the types of society in which middlemen are found. Where there is a significant gap between elites and masses, middleman minorities plug this status gap by acting as go-betweens. Because elites feel that they may lose status by dealing with the masses, middleman minorities do it for them. These minorities are not concerned with status considerations, and they feel free to trade with anyone. Thus, they negotiate the economic relationships between elites and masses.¹³

Although the early literature on middleman minorities provided Bonacich with a concept which captured the economic relationship of minorities of host societies, it did not provide all of the answers. By concentrating solely on discrimination, prejudice, and hostility, Bonacich reasoned that only one side of

the equation had been tapped. If these variables were so important, why is it that middleman groups create degrees of success from apparent failure? Bonacich explains:

The prevalent themes are found to be inadequate for two chief reasons. First, discrimination and hostility against minorities usually have the effect of hurting group solidarity and pride, driving a group to the bottom rather than the middle of the social structure. How then can we explain the closing of ranks reaction of these particular groups, and their peculiar ability to create success out of hatred?¹⁴

In order to solve this puzzle, Bonacich retained the concept of middleman minorities but added a new twist, known as “A Theory of Middleman Minorities,” to the old sociological concept.

Central to the understanding of middleman minority theory is the concept of sojourning, which is designed to capture the migration patterns of groups from a homeland to other parts of the world in their search for economic stability. Although people who sojourn can be classified as immigrants, they do not plan to stay permanently in a chosen land. Instead, the major goal is to engage in business enterprise, develop a pattern of systematic thrift or saving, and send money back to the original homeland.

As Bonacich notes, sojourners are interested in making money, not spending it. This orientation allows them to generate capital and build significant savings. In so doing, the group experiences deprivation and sacrifices tastes of the “good life.” This approach to life is in marked contrast to other immigrant groups around the world who are interested in settling, becoming a permanent part of the new country, and enjoying prosperity. The Chinese in Indonesia, Indians in Malaya and Burma, and Indians in Central Africa have played the role of middleman minorities well.¹⁵

Because middleman groups sojourn from country to country, the problem of host hostility is also important in Bonacich’s scheme. Hostility between middleman minorities and the host society revolves around economics and issues of solidarity. Economic issues are measured by concentrating on conflicts between clients, business, and labor.

For example, there has been systematic conflict—most recently in 1985 between Indians in South Africa and the native black population. The former can be conceptualized as a middleman minority because they serve as a buffer zone between the native black population and the white population.

Another example of conflict with members of the host business community is seen in the Japanese experience on the West Coast of the United States. White businessmen experience systematic business conflict with the Japanese because the latter price their products below market standards. This can also be seen in Jamaica, where the same activity was done by the Chinese; and in

Southeast Asia, where Chinese also conflict with the host business population over the pricing of goods.

Bonacich notes that this conflict has increased significantly with the emergence of nationalism throughout the world. Consider her analysis of the relationship between middleman minorities, business activity, and nationalism:

Business conflict with emerging subordinate groups has increased in post-colonial times. As liberated nations try to gain control of their economies, they come into conflict with middleman groups. In Southeast Asia and East Africa attempts have been made to curb Chinese and Indian business, to establish native peoples in lines long dominated by these groups. The efficient organization of the middleman economy makes it virtually impossible for the native population to compete in the open market; hence, discriminatory government measures (restrictions on the issuance of business licenses, special taxes, and the like) have been widely introduced.¹⁶

The final dimension of host conflict is related to labor relations. Because middleman minorities create their own firms and depend on immediate family or group members, the price of labor can be reduced significantly, and the workforce is very loyal, identifying with the ethnic labor force rather than the host labor force. As a result, the overall price of labor is reduced within a community, and conflict arises between host labor and the labor of middlemen. As noted by Bonacich, Modell describes a 1973 attempt by the Retail Food Clerks, Local 770, in Los Angeles to organize the sales force in the grocery business. Since white-run concerns could not concede a substantial advantage in labor costs to their Japanese competitors without suffering losses in trade, Local 770 believed that, if it was to organize the white portion of the industry, it could not ignore the Japanese. The Local 770 appealed to Japanese workers to stand up to their employers and fight for the American standard of living, but the appeal was rejected, and Japanese-owned farms were black-listed and picketed by organized labor.¹⁷

In addition to labor conflict, Bonacich's theory notes that the host society develops anti-middleman plans in order to decrease their economic impact. For example, because the middleman minority moves from country to country, the label of disloyalty to the host country has been placed on them. This can be seen in the cases of Jews in Europe, Chinese in Southeast Asia, and Indians in East Africa. In essence, Bonacich's ideas center around groups which travel from country to country in search of economic security. Because they are strangers in societies which essentially put up with them, they develop economic security but pay the price of discrimination and other forms of hostility. As Bonacich's ideas formed a basic theory, research began to concentrate on the American experience, paying particular attention to people of color.

II

The Japanese experience jumps to the forefront as an ethnic group which could be utilized as a case study for middleman theory. Despite their non-European origin, members of the group have been successful within the American economy. Unable to change their names, change their accents, dye their hair, and assimilate, nevertheless they have been able to snatch economic security out of the jaws of a hostile society. Since the sociology of entrepreneurship by definition must interact strongly with ethnic history, after reviewing briefly the history of the Japanese, we can then turn to research which places the group in the middleman tradition of the sociology of ethnic enclaves.

The search for a "better way of life" has always been the ultimate motivating factor for groups to leave a country. In the classic concepts of sociology, push and pull factors interact to create migration. Push factors may be measured by famine or war, while indicators of pull factors can be opportunities, land, minerals, and occupations perceived to exist in another land. Unlike many groups who decided to leave a country of their own volition, the Japanese were forbidden by their government to leave Japan. It was not until 1853, when Japan dropped a policy of isolation which had been in effect for three and one-half centuries, that Japanese were able to migrate to search for economic security. In that year, U.S. Navy Commodore Matthew C. Perry sailed to Japan. A year later, he returned to sign a treaty which officially ended Japanese isolation. The signing of the treaty brought Japan into the arena of the Western World and signaled the search for economic stability in countries other than Japan.

But, unlike other groups who migrated independently of their government, Japanese migration in its early stages was supervised by the government. The first immigrants from Japan were contract laborers sent to Hawaii. Thus, began a tradition which would last for years to come. The Japanese abroad should not be treated simply as "another immigrant group." They were proud people with an outstanding historical experience. Their government played a major role in the protection of their rights as they migrated from the homeland. Consider the following quotation:

The first emigration was in the year "Meiji One," or 1868, when 148 contract laborers went to Hawaii. Their experiences left an aftertaste of bitterness and distrust. Within a month of when they started work, complaints came to Hawaii's Board of Immigration both from them and from their employers, and reports of the trouble, considerably magnified, found their way back to Tokyo. An agent of the Japanese government, sent to investigate, arranged to have the most dissatisfied returned home at Hawaii's expense. The proud new regime was

determined that its country should not be regarded as another China, one more storehouse of coolie labor to be maltreated by foreign overseers. For seventeen years no more contract laborers were sent to Hawaii; and the emigration of Japanese to any destination was placed firmly under the control of a government bureau or, later, government-sponsored emigration companies, whose ostensible purpose it was to protect even humble workers abroad from any indignities. Often this protection was at best nominal, but the supervision by agents of the Japanese government set some of the conditions of acculturation.¹⁸

This relationship between Japanese abroad and the Japanese government would continue as emigration from Japan to other parts of the world increased over the years.

Because of the growing need for labor in the sugar plantations of Hawaii, Japan again allowed its citizens to migrate. In 1884, when there was an announcement for contract laborers in Hawaii, almost twenty-eight thousand people applied from all parts of Japan. However, only six hundred were allowed to go in the first wave. But, for the next ten years, about thirty thousand Japanese went to Hawaii in order to engage in contract labor. The stage was now set for systematic migration to the United States mainland.¹⁹

When one thinks of ethnic migration to America in the European tradition, what comes to mind is the idea of masses of immigrants showing up on the shores. For example, between 1820 and 1920, more than four million Italians migrated to the United States. Between 1881 to 1920, more than two million Jewish immigrants from Eastern Europe came to this country.²⁰ Japanese immigration to the U.S. mainland does not even begin to approach the numbers of Europeans who migrated here. As shown in Table 1.1, during the period between 1861 and 1870, Japanese made up only 0.01 percent of all immigrants to the United States. The largest percentage, during the period of 1915 to 1924, is 2.16. But the problems which they encountered in the process of developing economic security in America were gigantic. Because they concentrated on the West Coast, they became the ultimate “California problem.”

Because of a practice called *primogeniture* in early Japan—the inheritance of the total estate by the oldest son—the search for a better way of life in America was spearheaded by second and third sons of Japanese families.²¹ It is quite interesting that research has shown that most Japanese, who originally came to the U.S. mainland, came from more economically stable backgrounds and higher social classes than those who went to Hawaii and other areas, such as Latin America and the Philippines.

For example, Peterson presents data which show that, of the males who migrated from a village in Hawaii, almost half reported their occupations in Japan to be related to fishing, seamanship, casual labor, or agriculture. By

TABLE 1.1
Japanese "Immigrants" to Mainland United States* 1861–1940

<i>Period</i>	<i>Number</i>	<i>Percent of All Immigrants</i>
1861–1870	218	0.01
1871–1880	149	0.02
1881–1890	2,270	0.04
1891–1900	27,270	0.77
1901–1907	108,163	1.74
1908–1914	74,478	1.11
1915–1924	85,197	2.16
1925–1940	6,156	0.03

Sources: Calculated from U.S. Bureau of Census, Historical Statistics of the United States. Washington, D.C.: U.S. Government Printing Office, 1960. Series C-88, C-104; and Yamato Ichihashi, *Japanese Immigration: Its Status in California*. San Francisco: Marshall Press, 1915.9. Table adopted from William Peterson, *Japanese Americans*. New York: Random House, 1971:15.

*Not included migrants from Hawaii after its annexation.

contrast, those who applied to go to the mainland United States reported their occupations as merchants, students, and laborers. Each of these categories comprised more than 20 percent of the total. Agriculturalists and fishermen combined accounted for only 14.1 percent of those going to the U.S. mainland. But, as Peterson notes, there was not necessarily a relationship between occupational categories and economic stability. For, by American standards, Japanese immigrants were relatively poor.²² But these occupational categories reflect the stratification which was present in Japan before the migration to America.

When the Japanese began to arrive in California, they found themselves in the midst of an anti-Chinese campaign. After the Civil War, more than a quarter of a million of Chinese nationals immigrated to the West Coast and worked in mining and service industries as well as in building railroads. As the percentage of Chinese immigrants increased and a certain amount of success came to the group, anti-Chinese sentiment began to emerge. They were viewed as inferior to white Americans, and vigilante groups emerged, posing a threat to life and civil rights.

By 1882, the government responded with the Chinese Exclusion Act which put an end to immigration of this group to the United States. But, in an interesting twist in Asian response, the first Japanese who arrived were separated from the Chinese. Just as the first Europeans were welcomed by native-Americans, the first Japanese, who formed the Wakamatsu colony, were welcomed. Consider the following analysis by the Sacramento *Union*, which compared Japanese immigrants to the hated Chinese:

These groups of Japanese are of the "better" class, talk English, and are very anxious to find a permanent home in this State. . . . It is in

the interest of California to welcome and encourage these immigrants. . . . As the Indians learned much from the whites that was useful to them so there is probably much knowledge in the possession of these Asiatics that we could profit from, to compensate us in some measure from the very enlightened prejudice against their coppery color. They will at all events teach us how to produce teas and silk, some useful lessons in frugality, industry, and possibly in politeness.²³

After the Japanese began to gain economic stability and compete with white labor, the positive attitudes of acceptance would turn to negative attitudes of rejection.

Japan continued the practice of looking out for its emigrants, handpicking those who left and supervising them once they reached their place of migration. This practice gave individuals leaving home for a strange place a sense of security. The Japanese Parliament, in 1896, passed an immigrants' protection law which required each laborer who was leaving the country to present evidence that someone would provide funds to care for him if he developed illness while in the United States. These "sponsors" would be responsible for returning the ill worker to Japan.²⁴ By 1940, there were about 6,156 Japanese immigrants in the United States (see Table 1.1).

The first generation of Japanese Americans, called the Issei, found employment in agriculture or established small businesses of their own. As a general observation, there was more of a tendency toward self-employment and interdependency within the group. But the second generation, the Nisei, took advantage of the American educational system and became more saturated in Americanism than did their parents. The third generation, or Sansei were born right after World War II. This group is now almost totally acculturated, with the exception of certain distinctions of religion and ethnic organizations which can be attributed to most ethnic groups.²⁵

The road toward economic stability and general peace of mind for the Japanese was paved with systematic discrimination and constant struggle. Because of growing competition with Euro-Americans in the labor sector where Japanese-Americans would work for lower wages, hostility and racist ideology became a component part of the West Coast arena.

In 1890, members of the shoemaker's union assaulted Japanese cobblers. In 1892, members of the union for cooks and waiters attacked Japanese restaurateurs. Because the Japanese possessed exceptional skills in the cultivation of land, they found themselves in competition with Euro-American farmers. To remedy this situation, the California Legislature passed an alien landholding law in 1913, prohibiting persons who were ineligible for citizenship from owning land, but permitting them to lease it for only three years. This law derived its power from the U.S. Naturalization Act of 1790, which was still applicable at the time and which stipulated that citizenship was available to

any alien, providing that he or she was a free white person. This, of course, excluded the Japanese. However, in a fascinating case, *Ozawa v. United States*, 1921, the Japanese claimed to be Caucasoid, but the case was not won, and the California law remained in effect.²⁶

In order to place a cap on the “Japanese problem,” the American Federation of Labor and the California Farm Bureau Associated fought for exclusion of the Japanese. In 1924, Congress granted the wishes of its citizens to exclude all undesirable immigrants by passing the 1924 Immigration Act. This Act gave preference to Northern European immigration to the United States, thus excluding the Japanese from entering the country.

Such policies satisfied the anti-Japanese groups which had emerged on the West Coast. The Mayor of San Francisco had campaigned against the “yellow peril.” The California Legislature passed a resolution calling for exclusion of the Japanese on the grounds that they could not be assimilated. President Theodore Roosevelt developed a government prohibition on Japanese migrants coming in from Hawaii, Mexico, and Canada. In essence, this “gentleman’s agreement” noted that no passports would be issued by the Japanese Government to workers except to those who had already been in the United States and to close relatives of those already here.²⁷

Pearl Harbor and World War II served as the events which saw the ultimate solution to the “Japanese problem.” When Japan attacked Pearl Harbor in 1941, there were approximately 127,000 Japanese in America, 94,000 of these in California. Since the individuals piloting the planes which bombed Pearl Harbor looked like the Japanese in California, more than 110,000 Japanese-Americans were taken to concentration camps. The camps were located in Arizona, Arkansas, California, Colorado, Utah, and Wyoming. During the evacuation, all liberal groups basically agreed with the program. For example, the Japanese-American Committee of New York, which had supported the Japanese in earlier conflicts, in 1942 stated:

The Evacuation . . . may have seemed harsh. But we of the Japanese community must realize once and for all that this is a total war. . . . Surely it is not too much to ask the Japanese community to sacrifice, for the duration, some small portion of their civil rights . . . We realize that the evacuation is not foolproof or perfect, nor is it the complete solution to the Japanese problem.²⁸

However, the Japanese-Americans in California and their “fellow Americans” suffered the full force of the experience:

The evacuees loaded their possessions onto trucks . . . Neighbors and teachers were on hand to see their friends off. Members of other minority groups wept. One old Mexican woman wept, saying, “Me

next. Me next.” . . . People were starting off to 7 o'clock jobs, watering their gardens, sweeping their pavements. Passers-by invariably stopped to stare in amazement, perhaps in horror, that this could happen in the United States. People soon became accustomed to the idea, however, and many profited from the evacuation. Japanese mortgages were foreclosed and their properties attached. They were forced to sell property such as cars and refrigerators at bargain prices.²⁹

The Japanese-Americans lost almost everything during this experience, except the most minimal of possessions.

This experience represents the building blocks for the study of Japanese-Americans in the sociology of entrepreneurship. As noted earlier, the field does not question traditional discrimination and prejudice, but concentrates on the development of business activity which produces economic security in the face of such historical experiences. After the war with Japan, scholars began to notice the remarkable success of Japanese-Americans. William Peterson noted that:

Barely more than twenty years after the end of the wartime camps, this is a minority that has risen above even prejudiced criticism. By any criterion of good citizenship that we choose, the Japanese Americans are better than any other group in our society, including native-born whites. They have established this remarkable record, moreover, by their own almost totally unaided effort. Every attempt to hamper their progress resulted only in enhancing their determination to succeed. Even in a country whose patron saint is the Horatio Alger hero, there is no parallel to this success story.³⁰

Edna Bonacich argues that this success can be explained by concentrating on the Japanese as a middleman minority. Their historical experiences in the United States fit well into her theory. Their solidarity as a group was strong. They had an orientation at one time which concentrated on a return to the homeland. They engaged in small businesses and faced hostility. Bonacich's ideas are developed in a work with John Modell entitled *The Economic Basis of Ethnic Solidarity: Small Business in the Japanese-American Community*.

Despite all of the problems discussed earlier, by 1909, there were about 3,500 Japanese businesses in the western states. They were created as a result of hard work within communities. The majority of these businesses were in the cities of Seattle, San Francisco, and Los Angeles. In the tradition of middleman minorities, these businesses tended to concentrate on service, including hotels, restaurants, barber shops, pool rooms, supply stores, cobbler and shoe shops and laundries. Of all Japanese on the West Coast, about 15 percent were

engaged in small businesses.³¹ These types of businesses grew so rapidly that, by the outbreak of World War II, the majority of Japanese who resided in cities were engaged in small business activities, which brought about economic stability.³²

Agriculture was a major mode of entrepreneurship for Japanese in rural areas. The literature shows that there was a movement from labor contracting or providing workers to other farmers, share tenancy or sharecropping, and leasing of the land, to ownership of the land.³³ Whether in the city or on the farm, businesses run by the Japanese provided economic security. As befitting the theory of middleman minorities, Japanese firms were family-oriented, depending on members for labor, and they were very small. Though grounded in the ethnic economy, they catered to the general market once the firms were established.

But as did all ethnic groups, the Japanese developed aspirations of upward mobility which would lead them out of their ethnic enterprises to prestigious positions in the larger society. This was especially true of the second generation—those who were coming of age during the pre-World-War-II period. However, the mental image of the American dream conflicted with the reality of the California experience.

Extensive evidence suggests that the Nisei were dissatisfied with their role in the ethnic economy. Indeed, their dissatisfaction is what the prewar Nisei meant when they talked and wrote for the “Nisei problem.” The picture was drawn as follows: The Nisei were highly motivated to obtain college education, and they hoped, after thus training themselves, to secure white-collar positions, particularly in the professions and at managerial levels in general community concerns. On attempting to gain employment in the non-ethnic world, however, they faced racism and discrimination. Consequently, they were forced back into seeking work in the firms run by their parents and their parents’ colleagues. Now, not only were they over-educated for the menial jobs available, but they were forced to remain in unfortunate dependency to the same people upon whom they had always before been dependent. The paternalistic labor relations of the ethnic firm, its low pay, long hours, and expectations of loyalty, would seem suffocating to a western-educated young person who hoped to become a doctor or an engineer. It was only because they had no choice—or so the argument ran—that the Nisei entered the ethnic economy.³⁴

Even with all of their business stability and educational status, the Japanese found that elements of the “American dream” were reserved only for individuals with certain racial characteristics.

Of course, the evacuation mentioned earlier destroyed the Japanese ethnic economy. The hardships experienced by the Japanese faded into a new beginning after 1944. But, nested within the new beginning, were harsh realities of property and dreams lost forever. Farm lands which had been owned by Japanese families could not be reclaimed. In urban areas, Euro-American businessmen did not have to worry about competing with the Japanese. For example, before the evacuation, Japanese-Americans in the city of Seattle owned 206 hotels, 140 groceries, 67 market stands, 94 cleaning establishments, and 57 wholesale produce houses. Only a handful of these enterprises were re-established in that city after the war.³⁵

One of the most interesting and ironic findings by Bonacich and Modell relates to the impact of education on the decline of the Japanese as a middleman minority. As the experiences of World War II faded, the Japanese who did try to maintain the ethnic economy sent their children to institutions of higher education so that their lives could be improved within that economy. Indeed, the ultimate goal was to have their sons return to run the family business or farm with improved techniques. In fact, the opposite effect was generated. As hostility decreased against the Japanese, opportunities within the larger society became a reality, and, instead of realizing the wishes of their parents, Japanese began to enter the larger "American" labor force.³⁶

As years passed, Japanese-Americans would serve as a model of success for ethnic and racial America. Perhaps the building blocks of this success lay in the "can-do" attitude of an early Japanese economy. Economic stability brings with it stable family relations, an appreciation for education, and the passing of these attributes to future generations.

III

Throughout work on the sociology of entrepreneurship, constant reference to the Jewish group is made along certain dimensions. This is especially true of the work of Bonacich and Modell, who utilize the experiences of Jews in the "Old World" in order to develop the middleman minority theory. Underlying the assumptions of middleman theory is the idea that the Jewish group only traded as they sojourned around the world. Historical accounts note, however, that the Jewish group not only participated in capitalism as a middleman minority, but they indeed helped to start it. Given this historical observation, middleman minority theory has shortchanged the Jewish contribution to the development of capitalism. The Jewish experience in America is not the same as that of other middleman groups nor does it begin with Jewish immigration at the turn of the century. The Jews simply are not another ethnic group which migrated to America and raised itself up by its boot straps. They are

too intertwined with the development of America and the Old World. Historical considerations will allow us to discuss the literature on Jews in the sociology of entrepreneurship.

Ever since the exodus from Egypt in the thirteenth century, and the settlement of the Twelve Tribes in Canaan, Jewish history has been punctuated by economic success and group suffering. This dichotomy was repeated in a number of civilizations.

In the ancient city of Alexandria, Jews were prosperous artisans, forming a middle class between the Egyptians, who were regarded as a subject people, and the Greeks, who enjoyed all of the privileges of citizenship. In 33 B.C., a clash among the population—sometimes called the first pogrom—saw the destruction of property, synagogues, and the loss of life. The estimated eight million Jews who were part of the Roman Empire repeatedly suffered under the reign of Hadrian. Because Hadrian banned the practice of Judaism under penalty of death, Jewish martyrdom—as a result of defiance of the law—increased.

The fall of Rome saw the development of Christianity and systematic anti-Semitism. As the Crusaders travelled across Europe, they left a trail of Jewish blood.³⁷ Ironically, Christianity, which emerged from the rich writing traditions of Judaism, was associated with anti-Semitism throughout the European continent. Consider the following, which captures the dichotomy of suffering and the economic success of the Jews:

Spanish Jews had also suffered their tribulations, especially under the Almohades, a fanatical Moslem sect which invaded Spain in the twelfth century; but on the whole, Moslem rule tended to be enlightened and tolerant. Jews were able to prosper and rise to the highest offices of state and there was a flowering of Jewish culture such as had not been known in any of the previous centuries of exile. But as Christianity spread southwards across the face of the peninsula, their day darkened, their culture atrophied, their horizons narrowed. Persecution elsewhere in Europe had been arbitrary and sporadic; in Spain it became systematic and formed part of an attempt to force them into the Church. Elsewhere in Europe most Jews killed themselves rather than embrace the cross. In Spain, . . . entire congregations opted for baptism. . . . The Crown yearned to witness the complete Christianization of Spain. . . . In 1492 the Jewish community, numbering some two hundred thousand souls, was expelled.³⁸

This experience was repeated throughout European history. For our purposes, it is important to realize that, nested within this historical suffering, were periods of economic success. The experience in Hitler's Germany, or the

final solution to the Jewish problem, must be seen as a modern-day phenomenon which has its analog, albeit different, in earlier parts of European history. As Bermant notes, "It is good to be a Jew, which is a somewhat un-Jewish thing to say, for Jews are rather more accustomed to hugging their wounds than counting their blessings and are nervous of suggesting that things may be going well in case they should start going badly." Not every Jew is superstitious, but almost all are familiar with the Yiddish expression, *Kein-ein bor*. "Let not the evil eye behold it."³⁹

The Jewish experience in America cannot be compared to the ugly experience in Europe. This has been recognized by scholars of the Jewish saga.⁴⁰

The general idea is to view the evolution of American Jewish history within a general American framework. Such an approach has meant discarding the idea of the Jewish experience as a specialized case of suffering, and concentrating on the richness of the experience.⁴¹

Although most works on Jewish history place the beginning of their community in the United States in 1654, when twenty-three Jews of Dutch origin arrived in the harbor of New Amsterdam, in reality Jews were in the colonies as early as 1621. The arrival of the twenty-three Sephardic and Marranos Jews⁴² received a welcome after leaving Recife, Brazil, where they unsuccessfully helped to defend Dutch possessions from Portuguese attack. When Portugal was successful in reconquering Brazil, the twenty-three Jews fled the territory because it had come under the jurisdiction of the Inquisition.⁴³

Upon arrival in the colonies, Peter Stuyvesant, the governor of the New Netherlands, tried to prohibit their entrance. Even before the twenty-three had arrived, Stuyvesant had complained to his employers in Amsterdam (the Dutch West India Company) about Jewish competitors in the British colony. Within the protest, Stuyvesant argued that the settlement of a "deceitful race" who had an "abominable religion" would threaten and reduce the profit of loyal subjects of the company.⁴⁴ He noted that he had asked these "blasphemers of the name of Christ" to depart, but they had refused. He thought that their settlement would infect and trouble the new colony of New Amsterdam.⁴⁵

But to Stuyvesant's surprise, a number of important stockholders of the Dutch West India Company were of the Jewish faith. In addition, the Jews sent their own petition to the Company, noting their loyalty to the Dutch in Brazil. In the final analysis, the Company allowed the Jews to stay, not deviating from their policy of fairness in the Netherlands. Thus, the early resistance by the governor was overruled by his employer, the Dutch West India Company.⁴⁶

In 1664, the province of New Netherlands was conquered by the English, and renamed New York. By 1700, there were approximately three hundred Jews in the colonies, but they were beginning to gain economic security through commerce and were systematically involved in the developing prosperity of the English colonies.

Jews helped develop the country's colonial prosperity, largely as shopkeepers, traders, and merchants. The Trade and Navigation Acts limited colonial trade primarily to the British Empire, so the Jewish merchant exchanged local raw materials . . . for English consumer wares, hardware, textiles, and commodities such as rum, wines, . . . and sugar. . . . Jewish traders were among the first to introduce cocoa and chocolate to England, and at times they had a virtual monopoly in the ginger trade. . . . The typical Jew of this period lived in tidewater commercial and shipping centers like New York, Newport, Philadelphia, Charleston, Savannah, and Montreal. He was a small shopkeeper, or a merchant or merchant shipper who engaged in retailing, wholesaling, commission sales, importing, and exporting. . . . A number . . . were engaged in the slave trade on the North American mainland, participating in the infamous triangular trade which brought slaves from Africa to the West Indies, where they were exchanged for molasses, which was in turn taken to New England and converted to rum for sale in Africa.⁴⁷

In addition, the group was involved in fur trading and land speculation as the new territory moved westward.

The Jewish experience in colonial America did not differ significantly from other groups. As Dimont notes:

Because the Jews in Colonial America, like their Christian brethren, were pioneers who grew up with the country, they learned how to innovate. Like the Puritans, the first Jews to arrive in Colonial America showed a willingness to amend the nonessentials in their Judaism but to hold on to the nonnegotiable items. . . . The same forces that created the Christian colonist also created the Jewish colonist, making him unique in the history of Judaism—a Jew differing as much from the European Jew as the European Jew differed from the biblical. Just as this frontier culture stripped the European Christian of his cultural vestments, so it stripped the European Jew of his. In the same way that the Christian colonist emerged from the wilderness not as a European but as an “American,” so the Jewish colonist emerged not as a European Jew but as a distinctly “American Jew.” Thus, for both, the frontier meant a steady turning away from the influences of Europe.⁴⁸

Dimont also discusses reasons why American Judaism developed differently from the Judaism in Europe. For example, the twenty-three Sephardic Jews who arrived in the colonies were very different than those in Europe. They had no tradition of the ghetto, for there was never a place in Spain or

Portugal set aside exclusively for Jews. Sephardic Jews did not migrate to those countries—such as Germany, Eastern Europe, or Russia—which had ghetto traditions. Thus, these Jews in early colonial America wore the same clothes as others and were indistinguishable from them.

They were not as orthodox as European Jews; they would not die in order to worship at the synagogue three times a day. These Jews also brought with them a tradition of independence and a heritage of cosmopolitan life. They understood all kinds of religions and adapted to the influence of all. Quite interesting is the fact that the Puritans, which would eventually form, according to Dimont:

the core culture of the developing country, followed a religious tradition which was basically Hebraic in nature. They followed the teaching of Moses, or the Ten Commandments, and called themselves Christian Israelites rather than British Christians. Thus, the continent of the Americans to the colonists was as much the Promised Land as Canaan was to the old Israelites.⁴⁹

Another reason Dimont gives as to why American Judaism developed differently from its European counterpart has to do with the fact that there were no ordained rabbis serving permanently in America, and the European tradition never was systematically established. In Colonial America, being of the Jewish faith did not interfere significantly with the day-to-day lives of individuals, and Jews were accepted simply as colonists. Consider this letter written in 1791 by a Jewish immigrant who had settled in Virginia.

One can make a good living here, and all live in peace. Anyone can do what he wants. There is no rabbi in all America to excommunicate anyone. This is a blessing here. Jew and Gentile are one. There is not galut [separation] here.⁵⁰

From a sociological point of view, the colonial experience of Jews was one of assimilation. Studies of Jewish patterns of marriage show that, during this period, at least one in seven Jews and their descendants married Christians. Due to intermarriage, by the eve of the American Revolution, the pioneer Jewish families of New York had almost disappeared. Almost every Jew who settled in Connecticut married out of the religion and, thus, was completely assimilated.

This phenomenon was not the result of conscious assimilation on part of Jews, but rather reflected the fact that the Jewish population was small, had more men than women, and that the society was totally open to them. The typical American Jew, at this point in history, dressed, acted, and looked like their Gentile neighbors. They were more likely to be of German origin, and

were very enterprising shopkeepers.⁵¹ Although Jews played significant roles in the American Revolution, in the aftermath, a struggle began for civil liberties. As late as 1820, only seven of the thirteen original states recognized the Jews politically, although they continued to prosper economically. By the early nineteenth century, however, all traces of inequality in law had disappeared. Jews were elected or appointed as judges of lower courts, state legislatures, and town councils.⁵²

Between 1820 and 1860, economic progress and social acceptance continued. During the Civil War, Jews generally sided with the region in which they lived. Like other Americans, some supported slavery and others were abolitionists. For example, Rabbi Morris J. Raphall of New York supported slavery on a national level, arguing that it was legitimated by the Bible. Rabbi David Einhorn of Baltimore upheld his abolitionist stand in a state which utilized slaves. About seven thousand Jews served with the Union Army and about three thousand served with the Southern rebels.⁵³

During the 1870s, systematic anti-Semitism began. As exclusive social clubs began to form among the Protestant population, Jews were excluded. This was quite a reversal from the early experience:

It appears that during the early development of American cities, Jews had the broadest opportunities for social mingling and political advancement. It was quite usual for a Jew, as one of the few literate, stable settlers, to become a mayor or a leading official of a frontier town. However, once these pioneer years ended and more fixed social groupings were formed, a tendency to exclude Jews from the elite social circles became evident.⁵⁴

As the eighteenth century turned into the nineteenth century, the background of Jews coming to America changed significantly. As the population increased, and being Jewish became a visible characteristic, the entire relationship between Protestant and Jew altered.

In an article written in 1908, Alfred Stone noted that race relations were simply a matter of racial distribution.⁵⁵ As the number of minorities within a population increased, discrimination against the minority also increased. Between 1881 and 1914, Eastern European Jews came by the thousands to the shores of America. By 1918, there were almost three million Eastern European Jews in the United States, ten times the number of assimilated Jews of German origin.

Although of the same religion, according to Dimont:

The German Jews in America watched with incredulity as the Russian Jews stepped off the boats. Were they apparitions from the middle-ages, these wild-bearded, earlocked, blackhatted caftaned,