Advancing U.S. Latino Entrepreneurship

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CHAPTER 2

Entrepreneurs from the Beginning: Latino Business and Commerce since the Sixteenth Century

Geraldo L. Cadava

For 500 years, from the earliest Spanish explorers to the growing league of twenty-first-century entrepreneurs, Latino business and commerce in the United States has encompassed the activities of ranchers, farmers, land colonizers, general store operators, street vendors, corporate executives, real estate developers, entertainment industry mavens, self-employed domestics, and barbers. They have run businesses small and large, with zero to thousands of employees, and have served Latino and non-Latino communities all around the world. Latino businesses were at first concentrated in the southwestern portion of the United States as well as in Louisiana, Florida, and New York. By the twentieth century, however, they had spread across the United States and beyond as Latino culture, music, food, and styles became popular and widespread commodities. The Latino population in the United States increased from the late nineteenth century onward, leading to the expansion of Latino markets. Latino-owned and non-Latino businesses focused on cultivating as clients this growing group of consumers. Altogether, Latino business and commercial activities have constituted an important aspect of Latino ethnicity, politics, and community formation in the United States.

The growth of Latino-owned enterprises and of data collected by U.S. government agencies about them has led to a wave of scholarship that has characterized Latino entrepreneurs as centrally important though under-studied members of their communities. As a country, we have focused on the heated debates over Latin American labor migration rather than the entrepreneurs who have created markets, played pivotal roles in the development of their communities, and emerged as political organizers and leaders.

Commemorating the long history of Latino business and commercial activities—through their designation as historically significant or simply through greater awareness of them—poses several challenges. Such a process might entail the acknowledgment that already-recognized establishments, such as the religious missions of the Spanish colonial period, had broader business and commercial significance. Alternatively, the process could involve figuring out how to locate the precise corners and parking lots where self-employed day laborers gather to find work. Even more broadly, designating such sites, since many of those who gather at them are not U.S. citizens, would require the recognition that noncitizens are capable of productive economic activity that is historically significant. Likewise, even though Latino entrepreneurship often has involved temporary activities or extremely small operations, only long-lasting and larger businesses have received recognition for their historical significance. Finally, how would one go about claiming the historical significance of businesses started by return migrants who saved money in the United States and learned successful business practices here that enabled them to engage in entrepreneurial activities in their Latin American home countries? While these issues pose certain challenges to the project of designating historically significant Latino business and commercial activities, finding ways to recognize appropriately those endeavors would promote a richer understanding of the role Latinos have played in the history of American business and economics.

The establishment and growth of Latino business and commerce has mirrored the expansion of the Latino population itself. Until the late nineteenth century, the vast majority of such activities took place among Mexicans and Mexican Americans in the U.S. Southwest, the area of the United States that, until after the Mexican-American War (1848) and the Gadsden Purchase (1854), formed part of the Spanish Empire and Mexico. Other Latin American merchants conducted business during
this period elsewhere in the United States in such places as Louisiana, Florida, and New York. For the most part their stay in these places was temporary, and their dealings did not contribute to the formation, settlement, or advancement of Latino communities. Rather, they were confined to trading and other mercantile activities. Then during the late nineteenth and early twentieth centuries, the immigration of Latinos to the United States and their exile from American independence movements as well as international conflicts such as the Spanish-American War and the Mexican Revolution led to the growth and diversification of Latino businesses including groceries, clothiers, and medical practices that served these new communities. By the end of World War II, Latino business and commerce had spread across the United States from Los Angeles to New York and from Chicago to Miami.

While the incorporation of Latino business and commercial activities into broader social, political, and economic patterns of the United States increased after World War II, most Latino businesses still catered primarily to Latino communities. Then from 1965 forward—after the Immigration and Nationality Act of 1965 (Hart-Celler Act), the Cuban Revolution of 1959, and violent antidemocratic repressions in Central and South American countries during the 1970s and 1980s led to the dramatic increase of U.S. Latino populations—Latino business and commerce exploded, becoming the fastest-growing sector of the U.S. small business community. Most Latino businesses still served local Latino communities, but others reached broader non-Latino communities across the United States. By the late twentieth century, thousands of businesses opened by recent Latin American immigrants joined those opened by earlier generations of Latinos in the United States, and many immigrants eventually returned to their home countries to establish their businesses there. Their activities represented the hemispheric and global reach of Latino business and commerce during the twenty-first century.

THE ECONOMIES OF NORTHERN NEW SPAIN

From its very beginning, Spanish imperial expansion in the Americas was a business venture. Spaniards mapped the land and exploited the indigenous labor that made it productive. They also extracted minerals that they sent back to the Crown, which increased their own wealth as well. From Florida
to California, they established missions and ranches that became extremely profitable, as Spanish missionaries, soldiers, ordinary citizens, and indigenous peoples raised cattle and crops and then sold their meat, hides, tallow, grains, and vegetables both locally and throughout the empire. Among these men were the first Latino entrepreneurs.

Spaniards established cattle ranches as early as the sixteenth century, first near St. Augustine and Tallahassee, Florida. Tomás Menéndez Márquez owned the La Chua Ranch, which stretched thousands of square miles from the St. John’s River in East Florida to the Gulf of Mexico and produced more than a third of Florida’s cattle during the seventeenth century. Márquez provided hides, dried meat, and tallow to Florida’s Spanish colonies as well as to Havana, demonstrating how Latino business and commercial activities reached distant markets from their earliest days. Once Márquez established his cattle business, he branched out into other commercial activities, traveling by boat to Havana and returning with goods that he traded in Florida (Bushnell 1978). Francisco Javier Sánchez became his successor, owning and operating stores, plantations, and ranches in Florida that supplied Spanish and British officials. Following paths first carved and traveled by indigenous communities, men such as Márquez and Sánchez established some of Florida’s earliest commercial trading routes, trading posts, and stores, much like other Spaniards did elsewhere across the Spanish Empire’s northern frontier.

If large-scale cattle ranching began in Florida, it became iconic in the Southwest. Juan de Oñate introduced cattle in New Mexico during the late sixteenth century, Captain Alonso de León and Eusebio Francisco Kino introduced cattle to Texas and Arizona during the seventeenth century, and Junipero Serra and Juan Bautista de Anza introduced cattle to California during the eighteenth century. Across the Southwest, livestock industries supplied nascent agricultural and mining operations, producing tallow for candles and hides for clothing, harnesses, and bags that carried mineral ores and water. Ranches throughout the region relied on the labor of indigenous populations, which herded cattle and sheep, slaughtered the animals, and made clothing and other goods from them. By the early nineteenth century, cattle from Spain’s northern frontier were shipped to South America, leading to the rise of cattle industries there and again demonstrating early connections among distant markets. The cattle industries of northern New Spain also spawned some of the frontier’s first illicit economic enterprises as cattle rustlers illegally drove cattle across imperial and national borders.
OPPORTUNITY AND CONSEQUENCE
ON MEXICAN AND U.S. FRONTIERS

Throughout the Spanish colonial period, land grants awarded by the Spanish Crown provided the grounds for business and commercial activities. After 1821, when Mexico won independence from Spain, the Mexican government continued the practice of granting lands on the country’s northern frontier, particularly through the secularization of mission lands that were converted into ranchlands. From the 1820s through the 1840s, the Mexican government issued hundreds of land grants, with parcels that ranged from 4,000 to 100,000 acres each. By the time of the Mexican-American War, 800 ranchers owned more than 8 million acres of land. Some entrepreneurs divided their land for distribution among colonists and their families, who were then able to grow crops and raise animals. Other entrepreneurs developed ranches, many of which remained in operation decades after the Mexican-American War. In 1760, for example, Captain Blas María de la Garza Falcón received from the Spanish Crown a 975,000-acre land grant in Texas, which he called Rancho Real de Santa Petronila. Much of it later became the King Ranch, which at half a million acres was the largest ranch in the United States (Montejano 1987). In Arizona, Toribio Otero received a 400-acre land grant that his great-grandson, Sabino Otero, the so-called Cattle King of Tubac, expanded to include lands from Tucson to the U.S.-Mexican border city of Nogales (Sheridan 1992; Chávez-García 2004). While men received the majority of Spanish and Mexican land grants, some women became property owners as well, allowing them to achieve a measure of independence from patriarchal Mexican societies during the early nineteenth century.

The Southwest’s agricultural, ranching, and mineral goods reached markets via shipping and trading networks including the 900-mile-long Santa Fe Trail and other routes connecting San Antonio with El Paso and connecting Tucson with the Mexican port town of Guaymas, Sonora. Through the mid-nineteenth century, the bulk of profits earned by Mexican-owned businesses stemmed from this trade in agricultural, ranching, and mining products. These goods were sold in small general stores, by street vendors, and by merchants who shipped them throughout the United States and Mexico. Such business ventures laid the groundwork for Latino business and commerce in later periods of American history and
cemented relationships that increasingly pulled northern Mexico into the economic orb of the United States (Reséndez 2004).

During the mid-nineteenth century, the Mexican-American War and the annexation of Mexican land by the United States transformed the social, political, and economic conditions of Mexican business and commercial activities in the southwestern United States. Mexican American ranchers remained some of the wealthiest and most powerful businessmen into the 1880s, when U.S. railroad companies came to control most of their vast landholdings. Famously, California landowners, including Pio Pico and Mariano Guadalupe Vallejo, lost thousands of acres of land. In some cases, railroad, mining, ranching, and agricultural interests purchased the land, or it was claimed by squatters. In many cases, Mexican American ranchers, called Californios, offered up their land to pay legal fees incurred as part of their effort to defend their properties against encroachment. In bitterly ironic ends, the Americans facilitated the industrial growth of the U.S. Southwest with devastating consequences for Mexican Americans of all class backgrounds (Pitt 1999).

The shift from Mexican to U.S. economic and political control negatively affected many Mexican Americans living in the Southwest, but a few individuals capitalized on the new national context to develop their own business empires. Brothers Bernabé and Jesús Robles took advantage of the federal Homestead Act of 1862, which offered western land for cheap to those who would make it productive, claiming two 160-acre parcels of land that eventually became Three Points Ranch in southern Arizona. Their cattle and land made them wealthy, enabling them to purchase additional landholdings that eventually totaled 1 million acres between Florence, Arizona, and the U.S.- Mexican border, an expanse of land 134 miles long from north to south. Bernabé Robles later diversified his businesses, investing in Tucson real estate and general stores that he left to his children (Sheridan 1992).

In addition to ranches, Mexican American entrepreneurs owned wagon-based freighting businesses that moved goods across the Southwest and between the United States and Mexico. In 1856, Joaquin Quiroga established a business that hauled goods between Yuma and Tucson, Arizona, thus becoming a pioneer of the freighting industry. But by the 1870s, Tucson’s Estevan Ocho (1831–1888) operated a business—Tully, Ochoa & Company—that shipped goods east as far as St. Louis, Missouri, and south as far as Guaymas, Sonora. He later opened several mercantile
businesses, small mining companies, and sheep ranches that depended on his freight company to market their goods beyond Tucson. Freighting companies such as Tully, Ochoa & Company generally went out of business after the arrival of railroads, which could carry goods farther, faster, and for less money, though several other freighting businesses remained competitive by operating routes not serviced by trains.

BUSINESS AND COMMERCE IN URBANIZING LATINO COMMUNITIES AND BEYOND

While vast ranchlands and transportation industries provided the foundations of Mexican American entrepreneurship into the late nineteenth century, with their decline many Mexican Americans moved into the growing cities of the Southwest, including San Francisco, Los Angeles, Tucson, El Paso, Denver, Albuquerque, and San Antonio. White settlers arrived in these burgeoning metropolises as well and within a couple of decades played an increasingly dominant role in the social, political, and economic histories of these places. As the influence and status of Mexican Americans waned, they increasingly became seen as members of a regional working class, and the vast majority of them lived substantially segregated lives within barrios. These neighborhoods became the strongholds of Mexican American business and commerce. Tucson’s Federico Ronstadt, an immigrant from Sonora, established the city’s biggest carriage-building business as well as a successful hardware store. Leopoldo Carrillo, also from Tucson, became one of the city’s largest real estate holders. According to the 1870 census, he was Tucson’s wealthiest individual, owning almost 100 homes, ice cream parlors, and saloons and the city’s first bowling alley. Because of the impressive array of his business interests, the *Tucson City Directory* simply called him a “capitalist.” While Mexican entrepreneurs in these communities marketed their goods locally, they also developed commerce between the United States and Latin America. As part of his carriage business and hardware store in Tucson, for example, Ronstadt kept agents south of the border in Cananea, Nogales, Hermosillo, and Guaymas, Sonora (Sheridan 2012).

Emerging Latino communities elsewhere in the United States, especially Florida and New York, also demonstrated vibrant patterns of trade between the United States and Latin America. Cubans and Puerto Ricans
first settled in Tampa and New York City as exiles from Latin America’s wars for independence against Spain. They formed some of the first Caribbean Latino communities in the United States and opened a diverse array of businesses shortly after their arrival. By the late nineteenth century, Caribbean merchants had traded in U.S. ports for more than 100 years, but they did not establish communities. From the 1880s forward, though, Cuban and Puerto Rican exiles increasingly settled in southern and eastern U.S. cities.

Most famously, Cuban émigrés established cigar factories outside of Tampa. Caribbean revolutions had disrupted the business of these factories in Cuba. Furthermore, high import taxes on cigars entering the United States had curtailed their sales, a problem solved by opening cigar factories on the mainland. Vicente Martínez Ybor was the most famous proprietor of these cigar factories. Ybor and his partner Ignacio Haya created a company town—later known as Ybor City—with mutual aid societies, theaters, schools, and printing presses that grew up around the factories, which led to the rapid growth of the area as a whole (Mormino and Pozzetta 1998; Hewitt 2001).

A leader of the independence movement, the Cuban exile José Martí moved between Florida and New York during the 1880s and early 1890s and in those places became a unifying force for Caribbean Latino communities. Sotero Figueroa, a Puerto Rican exile who moved to New York City in 1889, developed a close friendship with Martí. Figueroa opened the print shop Imprenta América, from which he published several Spanish-language papers, including _El Americano_ (The American) and _El Porvenir_ (The Future). His press also printed Martí’s paper, _Patria_ (Nation). Figueroa moved to Cuba after the Spanish-American War and eventually became the director of _La Gaceta Oficial_, the newspaper of the new Cuban government. In addition to Figueroa’s print shops, other Latino businesses located in New York as well, including small grocery stores, restaurants, and health centers such as the Midwife Clinic of Havana in New York City, owned and operated by the Cuban woman Gertrudis Heredia de Serra. These businesses in the urban Southwest, Florida, and New York laid the foundations of Latino business and commerce during the early twentieth century, when the U.S. Latino population increased in the aftermath of the Spanish-American War and during the Mexican Revolution.

During the late nineteenth and early twentieth centuries, wars and revolutions throughout Latin America caused Mexican, Cuban, and Puerto
Rican migrants to seek new livelihoods in the United States. Production demands in mining and agricultural industries during the World War I era held forth the promise of jobs upon arrival. Latinos settled in such cities as Los Angeles, Phoenix, Tucson, El Paso, Chicago, Detroit, Miami, and New York, generally in barrios established during the late nineteenth century.

After the Mexican Revolution, following a decade of migration and settlement, the economist Paul Taylor and the sociologists Manuel Gamio and Emory Bogardus conducted some of the first studies of Mexican communities in the United States, which offered brief references to the Mexican entrepreneurs who met the needs of their growing communities. While a few owned land and operated their own agricultural businesses, many recent Mexican immigrants joined more established community members in opening small businesses, such as bakeries, barbershops, billiards halls, and pharmacies, as well as larger ones, such as Mexican cinemas, hotels, and printing shops. Taylor concluded that despite these ventures, by the end of the 1920s Mexican business owners had not for the most part advanced economically in the United States (Taylor 1930; Gamio 1930; Valenzuela and Pinedo 2009).

The growth of Latino communities created new markets for goods, services, and information, which led many Latinos—longtime community members and immigrants alike—to open businesses in barrios that remained segregated from other areas of the city and served a primarily Latino clientele. Only a few non-Latino businesses during the early twentieth century sought Latino patronage or stocked goods that Latinos desired. Doctors in Los Angeles, for example, such as the “Doctora” Augusta Stone and Dr. Chee, the “Doctor Chino,” claimed to speak Spanish and advertised their services to Mexican immigrants and Mexican Americans. Nevertheless, the segregation of Latino communities created business opportunities for aspiring Latino entrepreneurs (Sánchez 1993).

Most Latino-owned businesses were small family-owned operations that met the basic food, clothing, health, and everyday life (and death) needs of growing U.S. Latino communities. They included birthing and funeral services, tortilla factories, money transfer agencies, auto repair shops, bakeries, barbershops, and beauty salons. Demonstrating how Latino-owned businesses concentrated in barrios, the Mexican American neighborhoods of Corpus Christi, Texas, were home to stores named Loa’s Shoe Shop, Juán González Funeral Home, Estrada Motor Sales, and La Farmácia Gómez, while those in Los Angeles were home to stores such as
PART I
An Introduction to Latino Entrepreneurship—Historical Perspectives and Data Sources

Farmácia Hidalgo and Farmácia Ruíz. In addition, several Latinos were self-employed as lawyers, doctors, or dentists even though their numbers paled in comparison to their white counterparts. Only rarely did Latino-owned businesses operate outside of Latino ethnic enclaves or serve broader non-Latino communities. Jácome’s Department Store and Federico Ronstadt’s hardware and general store—both established during the late nineteenth century and located in Tucson’s central business district—served a mixed clientele including Mexican Americans, Native Americans, and white settlers who moved to the city in growing numbers from the 1880s forward (Villarreal 2009; Sánchez 1993).

While most Latino businesses met basic needs, others that created cultural and leisure opportunities also increased during the early twentieth century. For example, in 1927 Rafael and Victoria Hernández, a husband and wife who immigrated to New York from Puerto Rico, opened Almacenes Hernández, which is widely regarded as the first Puerto Rican–owned record store in New York. Later during the twentieth century under new ownership the store’s name changed to Casa Amadeo, and in 2001 it was listed in the National Register of Historic Places for its role in the development of New York’s Latin American music scene. Musicians looking for work gathered at the store. Victor and Columbia records relied on the store owners to help them locate new talent and keep them abreast of new trends, and more generally, the store kept New York’s Latino communities in tune with music from their home country. Similar stores served Latino communities elsewhere in the United States, such as the Repertorio Musical Mexicana in Los Angeles owned by Mexican immigrant Mauricio Calderón, who claimed that his store was “the only Mexican house of Mexican music for Mexicans” (Sánchez 1993).

In addition to record stores and other music industries, Latino-owned cultural and leisure enterprises including restaurants, dance halls, theaters, vaudeville houses, movie houses, bars, and cafés catered to Latino communities across the country. El Progreso Restaurant in Los Angeles enticed Mexican American customers with food prepared in a “truly Mexican style,” and theaters such as Teatro Novel and Teatro Hidalgo entertained Mexican immigrants with live entertainment and films imported from Mexico. Such Latino-owned businesses often shaped the social and political relationships of their owners, who became important community leaders. For example, as the owner of Club Sofia, a popular nightclub
Entrepreneurs from the Beginning

CHAPTER 2

in Corpus Christi during the 1940s, Sofía Rodríguez gained a seat on the Texas Alcohol Beverage Commission, which put her in contact with politicians who expected her to deliver Mexican American votes. Other businesses also developed political inroads among Latinos by making financial contributions to Latino civil rights and social organizations such as the Alianza Hispano Americana, founded in Tucson in 1894, and the League of United Latin American Citizens, founded in Corpus Christi in 1929 (Sánchez 1993; Villarreal 2009).

The growth of Latino businesses during the early twentieth century therefore demonstrated the role of Latinos not only as economic and cultural consumers but also as engaged social and political actors. They fought anti-Latino discrimination, debated the merits of candidates for office, and organized various community events. The immigrants among them also followed from afar the politics of their home countries, taking sides, for example, in the wars and revolutions that reshaped Latin American societies. Latinos formed several new social, political, and economic groups to engage these local and international issues, such as the Alianza Hispano Americana and the League of United Latin American Citizens and their women auxiliaries. Latino-owned businesses, especially Spanish-language newspapers and radio stations, both shaped and reflected the activities of these groups.

Print shops were some of the earliest Latino-owned businesses in the United States, dating back to the late eighteenth century, but a growing number of them were established during the early twentieth century as a result of expanded Latino communities that demanded news both from their new cities and their Latin American homelands. Several Spanish-language newspapers founded between 1910 and 1930 kept Latino communities informed, such as Ignacio Lozano’s San Antonio paper La Prensa and his Los Angeles paper La Opinion and Arturo Moreno’s Tucson paper, El Tucsonense. Lozano shipped La Prensa to the West and the Midwest, making it something like a national Spanish-language daily. He used the profits from his newspapers to diversify his businesses, which eventually included a publishing company, a bookstore in Los Angeles called Librería Lozano, and real estate holdings throughout the city. Moreover, printing presses such as Lozano’s were precursors to Spanish-language radio and television media pioneered by such individuals as San Antonio’s Raoul Cortez and Tucson’s Ernesto Portillo.
EXPANDING POPULATIONS, EXPANDING MARKETS

The children of Latin American migrants who arrived between 1900 and 1930 came of age in the United States during the mid-twentieth century. New waves of migrants joined them, compelled to leave their home countries because of poor economic conditions caused by the global depression of the 1930s and also because of civil wars aggravated by U.S. military interventions. World War II was a critical turning point for U.S. Latinos and Latin American migrants alike. Latinos joined the U.S. military and returned from service, articulating new claims to citizenship and belonging bolstered by federal programs such as the G.I. Bill. These new programs enabled many of the returning servicemen to pursue higher education and move out of barrios and into areas of their cities that were more affluent. Meanwhile, Mexican and Puerto Rican migrants met U.S. labor demands as participants in guest worker programs, and other Caribbean and Central American migrants—namely Guatemalans, Cubans, and residents of the Dominican Republic—moved to the United States in increasing numbers. As during earlier periods, demographic changes within U.S. Latino communities led to new business and commercial practices.

Many Latino-owned businesses established during the late nineteenth and early twentieth centuries continued to serve Latino communities into the late twentieth century. Tampa’s cigar factories operated into the 1950s; New York’s Latino music and entertainment industries boomed between 1940 and 1970, eclipsing their success in earlier decades; and retail businesses such as Jácome’s Department Store remained open until 1980. These businesses relied on Latino clientele who had lived in the United States for a generation or more and on trade with international markets throughout Latin America. Nevertheless, they also served new consumer markets in the United States, including recent Latin American immigrants and non-Latino consumers increasingly interested in the goods and services provided by Latino-owned businesses.

Small businesses remained the cornerstone of Latino entrepreneurial activity into the post–World War II period, and Latino consumers were still their targeted clients. During a period generally defined as an economic boom time, second- and third-generation Latinos—descendants of Latino families that had lived in the United States since the nineteenth century or the children of Latin American immigrants who had arrived during
the early twentieth century—started more businesses than any previous generation of Latinos (Valenzuela and Pinedo 2009).

Entertainment industries established during the early twentieth century grew along with U.S. Latino communities. After the mass migration of Puerto Ricans to New York, the Forum Theater, which first opened its doors in 1917 to entertain Greek immigrant audiences, was renamed the Teatro Puerto Rico in 1948. Until the 1970s, the theater provided live entertainment for members of New York’s Latino communities, including Puerto Rican musicians such as José Feliciano and Mexican actors such as Mario “Cantinflas” Moreno, Jorge Negrete, and Pedro Infante. New York’s Palmieri family opened a corner store in the Bronx known as the Mambo Candy Shop. It became a hangout for the city’s Latino musicians. Eddie and Charlie Palmieri, whose parents owned the store, themselves became famous musicians. At the same time, on the other side of the continent the Mexican American composer/musician Eduardo “Lalo” Guerrero entertained audiences in his Los Angeles nightclub, Lalo’s (Singer and Martínez 2004).

Latino-owned businesses during the mid-twentieth century increasingly found markets for their goods and services beyond the Latino community because Latinos began to move out of barrios after World War II and also because of the increasing commoditization of all things Latino, especially food and music. Goya Foods, for example, began in 1936 as a small family-owned business that marketed its goods only within New York’s Latino communities. Into the postwar period, non-Latino-owned chains including Safeway refused to sell Goya products. But under the leadership of Joseph A. Unanue, the U.S.-born son of Puerto Rican immigrant and company founder Prudencio Unanue, Goya Foods became the largest Latino-owned food distributor in the United States and also shipped its goods around the world, particularly to Latin America and Spain as well as other European countries. La Preferida, a Mexican-owned food company established in Chicago during the late nineteenth century, also started as a small enterprise that then expanded to market its products nationally and internationally (Valenzuela and Pinedo 2009).

New groups of Latin American migrants reinvigorated Latino business and commercial activities during the mid-twentieth century. Guatemalans fled their home country after the 1954 coup d’état that replaced the leftist leader Jacobo Árbenz Guzmán with the U.S.-backed conservative military
leader Carlos Castillo Armas. Residents of the Dominican Republic fled their home country following the 1961 assassination of Rafael Trujillo, which unleashed more than a decade of social, political, and economic instability. Cubans fled their island following the Cuban Revolution through which Fidel Castro claimed power. As they settled in the United States, these new groups of Latino migrants opened businesses that served their migrant communities, including bodegas, restaurants, music clubs, and other operations.

Since the earliest years of their migration to New York, Illinois, and Florida, Cuban migrants—especially the first wave of exiles to arrive in the United States right after the Cuban Revolution, which included in general more educated and affluent exiles compared with later waves—have been regarded as a particularly entrepreneurial group of Latinos. Because Castro had limited their ability to open businesses in Cuba, many entrepreneurs were eager to flee the island. But even more than the supposed entrepreneurial orientation of early Cuban migrants, the Cold War policies of the United States aided Cubans who aspired to pursue careers in business, offering them financial aid, scholarships, and business loans. During the 1960s, Miami quickly became the hub of Cuban American business activity, especially the neighborhood that became known as Little Havana. Restaurants, clothing stores, pharmacies, fruit stands, cafés, medical centers, and service-oriented businesses such as locksmiths defined the business landscape of Miami’s largest Cuban neighborhood (Valdez 2011; García 1997; Alberts 2006).

**BUSINESS BOOMS AND THE GLOBALIZATION OF LATINO CULTURE**

As the U.S. Latino population expanded dramatically after 1965, so did the number of Latino-owned businesses. The 1965 Immigration and Nationality Act replaced national origins quotas with a visa-granting system that extended opportunities for settlement to migrants from previously restricted countries yet continued to limit their number. Because the approximately 100,000 available visas numbered less than the millions of migrants who sought work in the United States, an increasing number of migrants, particularly from Latin America, Asia, and Africa, entered the United States without documentation from the late 1960s forward. During the 1970s and 1980s, streams of Central American refugees from civil wars
in Guatemala, Nicaragua, and El Salvador also settled in the United States. Latinos from all ethnic backgrounds, especially from the 1990s onward, settled across the United States, most rapidly in the U.S. South, Northeast, and Great Plains. The overall growth of the Latino population during the late nineteenth century provided opportunities for profit both for longtime Latino business owners and new migrant entrepreneurs.

As Latino business and commercial activities increased, the U.S. government paid increasing attention to U.S. Latinos as consumers and entrepreneurs. In 1972, the U.S. government published its first “Survey of Minority-Owned Business Enterprises” and then repeated this exercise every few years, in 1982, 1987, 1992, 1997, 2002, and 2007. The 1972 survey revealed that there were about 81,000 Mexican-owned businesses in the United States. By 1987 the number of Mexican-owned businesses had jumped by almost 230 percent, to 267,000. The 1992 survey, because the 1986 Immigration Reform and Control Act had led many Latin American migrants to regularize their citizenship status, revealed another dramatic increase in Mexican business ownership: the number of Mexican-owned businesses grew by 42 percent, to 379,000. A decade later in 2002, there were more than 700,000 Mexican-owned businesses in the United States. The increase in business ownership was as dramatic among other Latino groups as it was among Mexicans. According to the U.S. Census Bureau, in 1977 there were 248,000 Latino-owned businesses, by 1987 there were 422,000, and by 1997 there were 1.2 million. By 2002 Latinos owned 1.6 million businesses, and their rate of business ownership was growing faster than the rate of ownership by any other ethnic or racial group in the United States. Acknowledging the astounding growth of Latino business and commercial activities, the U.S. Hispanic Chamber of Commerce was established in 1979 to represent the Latino business community (Valenzuela and Pinedo 2009).

The geographic distribution of Latino-owned businesses followed the residence patterns of U.S. Latino populations as a whole. Most Mexican-owned businesses were in the U.S. Southwest, though their number had grown in other areas as well such as the U.S. South, New York, and Illinois. In 1997, California and Texas alone were home to 75 percent of all Mexican-owned businesses. Meanwhile, 70 percent of Cuban-owned businesses were located in Florida; most Puerto Rican–owned businesses were in Florida, New York, and Illinois; and most businesses owned by individuals from the Dominican Republic were located in New York. After California, Texas, Florida, and New York, most other Latino-owned businesses could be found
in New Jersey, Illinois, Arizona, New Mexico, Colorado, and Virginia. As Latino communities moved into suburbs, Latino-owned businesses quickly followed. For example, the Phoenix suburbs of Glendale and Mesa, which had few Latino residents in 1990, by the early twenty-first century were home to thriving butcheries, bakeries, tire shops, ice cream stores, western wear outlets, and beauty salons. Their names often invoked the Mexican states of Sinaloa, Michoacán, Chihuahua, or Sonora. The stores displayed images of Emiliano Zapata or the Virgen de Guadalupe, hung advertisements for van rides to Mexico, wired money to Latin American countries, and sold international phone cards and newspapers from Mexican border cities. As such, they helped Latino immigrants maintain connections with their home countries and served as primary points of entry into their new communities in the United States. Nevertheless, despite the suburbanization of the U.S. Latino population, most Latino businesses located in cities and five metropolitan areas alone—Los Angeles, Miami, New York City, Houston, and San Antonio—were home to more than a third of all Latino businesses in the United States (Oberle 2006).

Into the twenty-first century, the vast majority of Latino-owned businesses were still small operations that served Latino communities across the United States. Latino-owned restaurants, grocery stores, barbershops, movie houses, concert venues, publishing companies, and doctors’ offices still catered to U.S. and foreign-born Latinos. Latinos also operated small businesses that served non-Latino communities, such as landscaping and housecleaning services. Latino entrepreneurs tended to be younger than non-Latino entrepreneurs. Latino-owned businesses concentrated in the retail, service, and construction sectors of the U.S. economy. Most self-employed Latinos—those who claimed to run their own business—had no paid employees and often relied on the unpaid labor of family members. Some held salaried positions but also cleaned houses, did yard work or maintenance work, or sold baked goods such as sweet bread, burritos, and tamales in their neighborhoods or at their places of employment. Sometimes Latinos borrowed money from family members, joined groups that pooled their resources, or successfully procured small business loans that enabled them to convert these side businesses into more profitable full-time occupations (Valenzuela and Pinedo 2009).

Nevertheless, despite these general trends, many differences existed among Latino business owners from different ethnic, class, and gender backgrounds. While Mexicans owned more businesses than any other
Entrepreneurs from the Beginning  CHAPTER 2  31

Latino group, businesses owned by Cubans were in general more profitable. Stereotypes held by Latinos and non-Latinos alike said that Cubans were the most entrepreneurially successful of all Latino groups or, conversely, that Mexicans lacked business savvy. In fact, differences resulted from the historical circumstances that would-be Mexican and Cuban entrepreneurs have encountered in the United States, namely that the anti-Castro policies of the United States have resulted in greater opportunities for Cubans. While all Latinos had difficulty securing bank loans to finance startup costs and therefore had to rely on personal savings, small loans from family members, government programs, or high-interest loans from banks that exploited ethnic communities, aspiring Latino business owners from middle-class backgrounds fared better than poor Latinos and recent immigrants. Their higher levels of education, wealthier relatives, and greater familiarity with U.S. business practices tended to give Cuban immigrants an advantage over these others.

Additionally, Latinos of particular ethnic backgrounds tended to loan money only to Latinos from similar backgrounds. When they opened their businesses, 18 percent of Latinos relied on coethnic sources of capital (i.e., Cuban, Mexican, or Nicaraguan), and only 6 percent benefited from coracical capital (i.e., Latino). Likewise, Mexicans were more likely to shop at stores owned by other Mexicans, Cubans at stores owned by Cubans, and Puerto Ricans at stores owned by Puerto Ricans. Finally, the number of Latina-owned businesses has increased faster than all other Latino-owned businesses. Nevertheless, Latina business owners have even less access to bank financing than their male counterparts, their businesses tend to be less profitable, and they concentrate disproportionally in food industries and domestic services (Li et al. 2006; Valdez 2011).

Differences among Latino entrepreneurs have resulted in highly segmented Latino business and commercial activities. In short, larger Latino-owned businesses have fared better than the small primarily sole-proprietor operations that constitute the vast majority of Latino-owned companies. Only 6.5 percent of Latino-owned businesses were large corporations, but these accounted for 40 percent of the total revenues of all Latino-owned businesses. Meanwhile, 85 percent of Latino-owned businesses were sole proprietorships, but these firms accounted for only 22 percent of total sales income.

The rise of Latino business and commerce has created opportunities for a few Latino entrepreneurs to become some of the most successful business
leaders of the United States. Roberto Goizueta served as the CEO of the Coca-Cola Company for almost two decades. Arturo Moreno, owner of the Los Angeles Angels baseball team and son of the Mexican American owner of Tucson’s Spanish-language newspaper *El Tucsonense*, became the first Latino to own a major U.S. sports franchise. Angel Ramos founded Telemundo, the first television station in Puerto Rico, which eventually moved to the Miami suburb of Hialeah and became the second-largest Spanish-language network in the United States.

Most Latino entrepreneurs experienced vastly different career trajectories. Surveys of Latino business owners revealed that many of them earned less than Latinos who worked in low-wage salaried positions. These business owners maintained their businesses only in order to remain autonomous from discriminatory labor markets, despite their lack of financial success. Furthermore, many Latino entrepreneurs who achieved financial success were financially successful only in relation to other Latinos, not in relation to white entrepreneurs. In general, Latino-owned businesses earned less than white-owned businesses. By the end of the twentieth century, 21 million U.S. companies generated more than $18 trillion in revenues, or almost $900,000 per company. However, 1.2 million Latino-owned businesses generated sales of $187 billion, or only $155,000 per company. Meanwhile, 40 percent of Latino-owned businesses had annual revenue of $10,000 or less. Latino-owned businesses therefore accounted for almost 6 percent of all U.S. businesses but only 1 percent of sales revenues. Moreover, comparatively few Latino entrepreneurs were included at the highest levels of corporate management. During the late 1990s, the magazine *Hispanic Business* revealed that there were only 217 executives at 118 Fortune 1,000 companies. In 2002, the number had risen to 928 executives at 162 Fortune 1,000 companies, still an extremely small number (Valdez 2011).

Despite different economic outcomes among Latino entrepreneurs and between Latino and white entrepreneurs, Texas A&M University sociologist Zulema Valdez (2011:97) has found that all Latino entrepreneurs share a “universal belief in their success.” Their claims to success in some cases were linked to financial earnings but in many instances stemmed from establishing their own business, enabling them to leave behind “dirty, dangerous, or difficult” jobs or jobs where they experienced “verbal abuse, anti-immigrant sentiment, or racial or ethnic discrimination” (Valdez
Others defined success in noneconomic terms, particularly women and recent immigrants who cited their mere survival, or their ability to help others.

Their universal belief in success through business ownership, despite unequal levels of economic success, highlights a central paradox in the history of Latino business and commerce and Latino history more broadly. Namely, Latino entrepreneurs, like many Latinos in general, continue to believe that progress and better lives are possible in the United States. This is why many of the immigrants among them have taken great risks to leave their home countries for the United States and continue to build lives in the United States even though they have experienced discrimination and economic inequalities here. In fact, many Latino migrants increasingly question this wisdom, saving only enough money in the United States to establish businesses in their Latin American home countries. Official recognition of Latino business and commercial activities, through their designation as historically significant, will acknowledge this paradox that has been central to not only Latino history but also U.S. history more broadly. Such recognition will acknowledge the many ways that Latinos and others have found success in the United States and also the structural inequalities that continue to prevent it from being the best country that it can be.

NOTE

1. *Note from the editors:* The establishment and growth of Latino business and commerce has mirrored the expansion of the Latino population itself. This chapter charts this growth since the sixteenth century to the nineteenth century and provides a comprehensive overview of the changing populations and conditions that inform the data presented in the subsequent chapters. For a more contemporary overview, see Chapter 3.

REFERENCES


