

INTRODUCTION

The economic impact of September 11th continues to unfold in communities across New York City. In the aftermath of the tragedy, Chinatown in particular, suffered severe economic consequences due to its proximity to Ground Zero. An active commercial and industrial center consisting of almost 34,000 workers and 3,855 businesses that are Chinese-owned and operated,¹ Chinatown occupies an important, though often overlooked, position within the larger New York City economy. While the Fiscal Policy Institute, the New York City Partnership and Chamber of Commerce, and the City's Comptroller's Office have each issued reports assessing the economic consequences of September 11th on the city overall, a more focused inquiry into the effects at the neighborhood level has not yet been conducted.

In this context, the Asian American Federation of New York, a public policy leadership organization of 36 health and human services agencies serving the Asian American community, launched a comprehensive study of the economic impact of September 11th on Chinatown in mid-December 2001. Working under the direction of an advisory committee consisting of economists and researchers from the Center for Urban Research of the Graduate School of the City University of New York; the Federal Reserve Bank of New York; the Fiscal Policy Institute; the Ralph and Goldy Lewis Center for Regional Policy Studies at the University of California, Los Angeles; the New York City Partnership and Chamber of Commerce; and the Taub Urban Research Center of New York University; the research team examined the economic effects of September 11th on Chinatown. This report serves to: 1) document the tragedy's effects on Chinatown's businesses and workforce, including estimates of job losses, underemployment, and wage losses; and 2) inform future public policy making in the planning, recovery, and revitalization of Chinatown's economy.

The area of concern, defined as the region within the Manhattan ZIP codes 10002, 10012, 10013, and 10038, has a high concentration of Chinese workers and businesses that are Chinese-owned and -operated. More than just a geographic location, the idea of Chinatown as a community of Chinese businesses and residents was emphasized in the delineation of its physical boundaries. A total of 55,864 Asians² reside within this area, with 54% living south of Canal Street, where the "frozen zone" was imposed for more than a week following September 11th. A demographic analysis revealed a residential population consisting largely of Chinese immigrants with limited English skills and low educational attainment (see Appendix A).

Chinatown's economic downturn is significant not only in terms of its ramifications for community members, but also as it affects the larger city economy. Chinatown's importance to New York City's economy is evidenced by its four key economic roles: (1) as an active commercial hub, (2) as an apparel manufacturing center, (3) as a major New York City tourist attraction, and (4) as an immigrant enclave with ties to other Chinese communities (see Appendix A).

¹ Based on a door-to-door survey of Chinatown's businesses and an examination of the Chinese Business Telephone Directory.

² Data Source: Census 2000 Redistricting Data (Public Law 94-171) Summary File. Asian alone or in combination with one or more other race categories, and with one or more Asian groups; People who reported entirely or partially as Asian. The Census 2000 data has not been statistically adjusted to compensate for any undercount.

Supporting these links is a vast transportation network that connects this vital economic center to the larger city and to other areas where its workers and patrons live.

- **An active commercial hub.** Chinatown is a place where Chinese residents and nonresidents alike conduct their daily personal and business affairs. Less expensive retail goods and an abundance of professional and personal services that are linguistically accessible, culturally familiar, and conveniently located within close proximity to each other account for Chinatown's regional popularity.

Within the relatively small area that Chinatown covers, there are 3,855 businesses that are Chinese-owned and -operated. Of these, the retail trade (38% of all businesses); manufacturing (10%); accommodation and food services (7%); health care and social assistance (8%); professional, scientific, and technical services (7%); and wholesale trade (6%) constitute the largest sectors (see Appendix A).

In addition, there are 35 bank branches in Chinatown with an aggregated deposit level exceeding \$5.44 billion.³

- **An apparel manufacturing center.** Apparel manufacturing is one segment of the fashion industry that has helped to build New York City's reputation as a world fashion capital. Considered to be the backbone of the city's industrial base, the apparel business is the largest employer in New York City's manufacturing and wholesale sectors.⁴ One-fifth of Manhattan's garment factories are based in Chinatown.
- **A major New York City tourist attraction.** Chinatown's dining and shopping establishments are the primary draw for visitors, many of whom come from Europe, Asia, and Canada. In addition, an established system of tour businesses and commuter vans frequently transport thousands of visitors from the Atlantic region.
- **A vibrant immigrant enclave with links to other Chinese communities.** Chinatown maintains close ties to an extended Chinese American community beyond Manhattan. More than half of the neighborhood's workers live in other boroughs and commute to their jobs in Chinatown each day. In addition, residents from other boroughs and the rest of the tri-state area are regularly drawn to Chinatown by family ties, shopping and dining, and community events.

To assess the economic impact of September 11th on Chinatown, this study utilizes government, private, and community-sponsored business surveys; business loan files; aggregated and individual-level data from relief agencies; a door-to-door survey of Chinatown's businesses; the Chinese language business directory; interviews with Chinatown's major trade, labor, and industry associations; and an analysis of Chinese language newspaper coverage (see Appendix B). Using these data sources, the research team defined the study area, developed baseline data of Chinatown's businesses, synthesized aggregated findings, analyzed available individual-level data, and developed estimates on 1) employment levels in Chinatown (see Appendix C), 2) immediate wage losses, and 3) unemployment and underemployment among Chinatown workers (see Appendix D).

³ Figure includes only FDIC (Federal Deposit Insurance Corporation) insured financial institutions. Source: <http://www3.fdic.gov/sod>.

⁴ New York City Partnership, *Working Together to Accelerate New York's Recovery*, (November 15, 2001), p. 61.

Specific challenges that arose in conducting this study included the short timeframe of three months allotted to this project, the inaccessibility of data from some public and private sources, and the difficulty in obtaining data within the geographic boundary given the constraints imposed by the study population criteria for Chinatown. As such, the research team provides estimates, rather than exact figures, on employment levels and on job and wage losses for the entire Chinatown community. These estimates are based on actual data collected from available sources.

The report is structured as follows:

- The first chapter assesses the consequences of September 11th that affected Chinatown's community infrastructure, such as zone and street closings, the blockage of key entry points into the city, disruptions in subway and other transportation services, and the severing of basic telephone and power lines.
- The second chapter examines the impact of September 11th on businesses in Chinatown. Using various community-wide and industry-specific surveys and impacted business data from government and community sources, this report presents an in-depth analysis of immediate (i.e., within the first two weeks following September 11th) and short-term effects (i.e., up to six months after September 25th).
- The third chapter utilizes data from various relief agencies and government and community organizations to study the profile of affected workers in Chinatown. Based on available quantitative and qualitative evidence, the study then develops estimates of immediate wage losses and unemployment, and it documents the multiplier effect of these losses on Chinatown's economy.
- The fourth chapter presents short-term public and private financial relief and recovery assistance efforts within Chinatown in order to demonstrate the economic challenges faced by businesses and workers.
- The fifth chapter offers a set of public policy recommendations, appealing for a public policy leadership to garner private and public resources that address the challenges of unemployment and underemployment resulting from the tragedy.