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BONNETT, Aubrey Wendell, 1942-
ROTATING CREDIT ASSOCIATIONS AMONG
BLACK WEST INDIAN IMMIGRANTS IN
BROOKLYN: AN EXPLORATORY STUDY.

The City University of New York, Ph.D.,
1976
Sociology, race question

Xerox University Microfilms, Ann Arbor, Michigan 48106

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ROTATING CREDIT ASSOCIATIONS AMONG BLACK
WEST INDIAN IMMIGRANTS IN BROOKLYN:
AN EXPLORATORY STUDY

by

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A dissertation submitted to the Graduate Faculty in Sociology in
partial fulfillment of the requirement for the degree of Doctor
of Philosophy, The City University of New York.

1976

This manuscript has been read and accepted for the Graduate Faculty in Sociology in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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Abstract

Rotating Credit Associations among Black
West Indian Immigrants in Brooklyn:
An Exploratory Study

by

Aubrey W. Bonnett

Adviser: Professor Hugh H. Smythe.

Rotating credit associations are defined as associations formed by a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation. Although the origin of these types of organizations are lost in the past, they are thought to have originated in South China, Japan and West Africa where they served many functions. In some parts of the non-western world they performed the functions of western banks and more important in small-scale capital formation among immigrants.

Immigrants to the United States from Southern China and Japan employed traditional rotating credit associations as their principal device for capitalizing small business. West Indian black immigrants brought this West African practice to the United States where it was reported they generally used it, especially in the 1930s, to finance small businesses, buy houses, operate grocery stores and finance real estate operations.

This exploratory study is an attempt to assess the current importance of these associations through an analysis of a segment of black West Indian immigrants in Brooklyn, New York. While making a rounded perspective, it is particularly interested in examining the manner in which these associations in the black West Indian community may have changed over time.

We found these associations to be a generational adaptive mechanism primarily for the first generation with decreasing participation among the second generation. Prior parental participation, especially among the first generation, is an important indicator of participation. The money from these associations is used to cope with basic urban necessities among the first generation, with the second tending to use the funds more for investment purposes. There is also an overlap in usage among the first generation between the rotating credit association and the credit and savings institutions of the larger society.

Sociologically they can be viewed as informal voluntary associations performing value-expressive, instrumental and facilitative functions for the black immigrants in Brooklyn. For these immigrants, alien in a highly urbanized society, these associations served as an adaptive mechanism uniting the primary integral and sentimental ties of the traditional social order from whence they came.

As presently constituted, these associations have minimal effect on the U.S. economy. We assert that if they are to have a greater impact they must be modified to take maximum advantage of appropriate programs of

U.S. financial institutions. Our proposal would have members leave their money for a longer period with the organizers who would then be motivated to invest in one or more of the numerous existing plans of the various banks.

ACKNOWLEDGEMENTS

After all, the thing about a sou-sou is that it gives each saver the right to borrow the savings of all others for a certain time. The thing about these metropolitan branch banks is that they accept savings from all of us but they do not lend to any and everyone of us... Sou-sous ensure two-way trust but they are not big enough; and their savings and investments are not varied enough. So we have one popular and one elite banking system, neither adequate.

Lloyd Best, TAPIA

This study could not have been undertaken without the co-operation of many persons within the West Indian ethnic community in Brooklyn, New York. My debt to these unnamed persons extends beyond their help in sharpening my focus and understanding of these associations.

I feel especially obliged to the many members of the Social Science Computer facilities at Hunter College who assisted me in the technical analysis. Peter Tuckel, Naomi Kroeger (colleagues at Hunter), Russ Matteson, James Rivers, Leonard Cummings of AT and T, and my cousin, Dr. Frank Douglas of Cornell Medical School, are names that come immediately to mind.

In addition, I wish to express my thanks to the other members of my dissertation committee, Professors Ben Ringer, Hylan Lewis and Tilden Le Melle, for their overall helpfulness and guidance. More specifically, I want to thank Professor Hugh H. Smythe, my mentor and dissertation

adviser, who provided many constructive suggestions and gave me words of encouragement when the going was rough.

Professor Nelson Foote was also a source of constant inspiration and very accommodating in arranging a teaching program for me at Hunter that was not overly onerous.

For their infinite patience, help, and encouragement, I would like to thank the members of my nuclear and extended family. They seldom complained when household routines were interrupted and were always supportive and desirous of my success.

I must also thank the typists, Mrs. Pat Tillie, Mrs. Carmen Vincenty, Mrs. Blance Eifferman, and more importantly, Mrs. Virginia Aquino who completed the dissertation.

Without the assistance of all these persons this dissertation could not have been completed. But the author alone bears final responsibility for its contents.

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CHAPTER I

INTRODUCTION

General background information

The islands in the West Indies can be considered as migration-oriented societies, since migration always has been an important feature of the economic, social and political history of these countries. In the early part of this century, West Indians migrated in large numbers to Panama to help build the Panama Canal as well as to other parts of Latin America, especially Cuba. Then, after World War II, another wave of migration began with the migrants going mainly to the United Kingdom, and this reached its peak in the 1950s. Most of these migrants, who were mainly Jamaicans, freely migrated to Britain, regardless of their skill, because they were British citizens.

Although in 1962 Britain enacted an immigration law which virtually choked off the flow of West Indians to that country, another escape valve opened for them in 1965 when amendments to the United States Immigration and Nationality Act eliminated the national origins quota system and granted Western Hemisphere countries, including the West Indies, non quota status. Thus, West Indian migration to the United States increased from 4,000 in 1962 to over 20,000 in 1971.²

Despite this migration there has been very little sociological research done on the black immigrant in the United States. Aside from work done by the late black sociologist, Ira De A. Reid (1939), black immigrants as a subject of serious study have hitherto escaped the concerns of the large majority of mainstream social scientists and historians, even those who

consider the topics of immigration and ethnic relations their special fields of interest.³ One commentator has even equated their position to one of double invisibility, as blacks and as black foreigners.⁴ Quite recently the situation has been changing somewhat with some serious efforts at journalistic assessments of the position of black immigrants.⁵ From a more sociological perspective a few more doctoral dissertations and books by sociologists have also attempted to assess the situation of the black immigrant.⁶

A noteworthy feature of the character of the post-1965 migration is that it differed from that of past migration to Britain. Under the changed United States immigration policy, preference is given to professional and skilled workers thereby attracting migrants from the West Indies with generally more education and training.⁷ In general now, it is not the unemployed, unskilled West Indian who migrates to the United States but one who is likely to have some skill and to have been employed.⁸ Yet, this high status of the black immigrant to the U.S.A. was not always the case. In the West Indian migration to the U.S.A. that commenced around 1900 and continued until around the 1930s, many were low status immigrants of rural origins and it was they who attracted attention because of their extraordinary frugality.⁹ It was these immigrants who aggressively used rotating credit associations to improve their status and it is these associations we shall concern ourselves with in more detail. In several studies of these black minority communities, increasing concern has been focused on rotating credit associations and the way in which they may have contributed to the economic improvement in the black minority community.¹⁰

Thought to have originated in South China, Japan and West Africa, these associations frequently differed with regard to membership, size and criteria of membership, type of funds, sanctions imposed on members, etc. Despite this element of variability, they have been regarded as a genuine type of cooperative financial institution.

In many parts of the non-western world, this type of association served the functions of western banks and more importantly served to assist in "small-scale capital formation" among immigrants.¹¹ Immigrants to the United States from Southern China and Japan employed traditional rotating credit associations as their principal device for capitalizing small business. West Indian black immigrants brought the West African trait, which has survived in their native lands, to the United States and England where they used it to finance small business, to buy houses, to operate grocery stores, tailor shops, jewelry stores, real estate operations in some instances, undertaking direct competition with whites doing business in the ghetto.¹² Bryce-La Porte states that some of these black immigrants of the first generation believed that within a decade or two, if they were enterprising and willing to engage in some form of self-denial, they would move from their lowly stratum to reasonable prominence as professional local leaders, small property owners, small businessmen, or landlords.¹³ So, it was reported, these immigrants used rotating credit associations as a means to amass the capital to realize their dreams.¹⁴ The rotating credit association can thus be seen as a functional and instrumental institution serving socio-economic functions in this immigrant community.

Purpose of the study

So far as can be determined, there has been no research on the adaptation of black West Indian immigrants to rotating credit associations. This study is not of black immigrants but rather a study of a specific institution found in the countries of origin which has been transplanted. It is a study of the survival capacity of these associations and their transformation in a new environmental situation.

It is proposed to examine the current importance of rotating credit associations of a segment of black West Indian immigrants in Brooklyn, New York. Specifically, this study will attempt to answer the following questions:

- (1) Are there any generational changes in usage and function of these associations, and if so, what are they?
- (2) What are the relations of these associations to the larger credit and banking system? Are they used independently or in conjunction with credit institutions of a similar nature?
- (3) How important are they when viewed within the larger framework of a race and ethnic relations context?

Research design

The methodology employed involved a number of techniques--published material, a mailed survey and finally some unstructured in depth interviews.¹⁵ The techniques used and the objectives they served are described below.

Brooklyn has the highest number of first and second generation black West Indian immigrants and this weighed heavily on the choice of Brooklyn as the area for study.¹⁶ Rotating credit associations are informal voluntary associations. They are not formally listed or registered anywhere nor are they advertised publicly, but are known on the basis of primary group contact. In short, there is no way of gauging how many associations there are in a given area nor of determining the total membership.

West Indian beauty parlors, some social clubs with West Indian clientele, barber shops owned by West Indians and food markets catering to West Indians were contacted in order to try to ascertain who were some of the organizers of these associations. Of the ten organizers named, all were contacted in order to ascertain past and current members. From these organizers a list of 100 names were compiled, each of whom was contacted, 55 responded to a mailed questionnaire or answered questions from an interview schedule.

In order to have some basis for comparison, we also drew a random sample from West Indian social clubs in the area in order to get a pool of non-users. Of the 90 persons contacted, 48 responded. For each individual selected, available data of relevance were recorded and this included information on:

- (a) occupation
- (b) education
- (c) socio-economic status
- (d) sex
- (e) membership in ethnic associations
- (f) use or non-use of rotating credit associations

- (g) life styles
- (h) feeling of awareness of discrimination, etc.

In-depth interviews were also done with the ten organizers of rotating credit associations. Some of the information obtained related to:

- (a) membership
- (b) organization
- (c) contributions
- (d) transferability of funds
- (e) order of rotation
- (f) form of interest paid (if any) and manner of determination
- (g) sanctions
- (h) extent of diffusion to other ethnic groups.¹⁷

In conclusion, some of the data are quantitative in nature and some qualitative. In total, it is felt that this several pronged approach yielded substantial information which met the specified purposes of the study.

Limitations of the study

This study is exploratory in nature and we are aware of the difficulty in getting precise, exact population figures about first or second generation immigrants who are members of rotating credit associations. This difficulty was compounded by the general hostile climate of the mass media at the time this research was done about the heavy influx of illegal aliens and their detriment to the native black and white labor force.¹⁸ As a result, some black immigrants who hitherto might have "opened up" to the

researcher felt compelled to suspect any and every attempt at eliciting information from them. There were those who refused to be interviewed even with the usual assurances of anonymity. Therefore, we were forced to rely on a mailed questionnaire which has its own methodological limitations.¹⁹ The fact that the researcher was an insider of sorts in this ethnic community proved of questionable value. For even though his motives were at best not overtly questioned, people in this era of Watergate felt that any information given might eventually fall in the wrong hands of a snooping big government.

No pretense is made that our sample represents a cross-section of the entire black immigrant universe who use rotating credit associations. Consequently, rather than lying in generalizations related to the patterns of all users, this study finds its usefulness elsewhere. It should provide some illuminating insights into the relationships of these associations with functional equivalents in the larger society. Further, it should throw some light on the adaptation of black immigrants in modern, urban societies. Ultimately, it is expected that a study of this sort can lead to a renewed interest in voluntary associations among black immigrants, thus serving as a stepping stone for further and more comprehensive research in this area.

Definition of terms

In this study, first generation West Indian immigrant refers to natives of the Commonwealth Caribbean, that is, the English-speaking islands of the Caribbean, including the mainland nation of Guyana. For easy identification, the first generation is called foreign born. Second generation refers to native-born American children of foreign or mixed parentage.

Rotating credit associations are here defined as "Associations formed upon a core of participants who agree to make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation."²⁰ Rotation and regularity are, therefore, the two essential criteria used to differentiate these associations from similar associations like lodges, mutual benefit clubs, etc. Associations in which contributions are held by an official or bank and are not distributed on a rotary principle are, by this definition, excluded.²¹ Rotating credit associations are also referred to throughout this study as boxes, partners, and susus, the names by which they are familiarly known to black immigrants. Individual contributions of members in these associations are called hands. Fund refers to the total amount of individual hands. If, for example, there are twenty hands in an association, each worth twenty-five dollars, then the fund equals five hundred dollars.

Plan of the thesis

The first chapter describes the background and purpose, introduces the methodology, and states the limitations of the study. Chapter 2 reviews the literature on rotating credit associations, attempts a critical evaluation of these views, and applies the sociological perspective to these associations. Chapter 3 looks at the role and significance of these associations in traditional societies, while Chapter 4 assesses their importation to modern societies like the U.S.A. and the United Kingdom. The fifth chapter analyzes these associations among black immigrants in Brooklyn, New York; Chapter 6 compares them with similar institutions in the host society and tries to assess any overlap with the credit and banking system. The seventh chapter concludes by mentioning the findings of the study.

Footnotes

¹ Ransford W. Palmer, "A Decade of West Indian Migration to the United States, 1962-1972: An Economic Analysis," Social and Economic Studies, XXIII, No. 4 (September 1974), 571-587.

² Ibid.

³ Ira De A. Reid, The Negro Immigrant: His Background, Characteristics and Social Adjustment, 1899-1937. (New York, ARNO PRESS and The New York Times, 1969).

⁴ R. Bryce-La Forte, "Black immigrants: The experience of invisibility and inequality," Journal of Black Studies, III, No. 1 (September 1972), 29-56.

⁵ Among the better of these journalistic accounts are Orde Coombs, "West Indians in New York: Moving Beyond the Limbo Pole," New York, III, No. 28 (July 13, 1970), 28-32; G. Fraser, "Neighborhoods: West Indies Flavor Bedford-Stuyvesant," The New York Times, October 28, 1970, p. 49; P. Marshall, Brown Girl, Brownstone (New York: Avon Books, 1970).

⁶ Among the better of these sociological accounts are Gilbert Osofsky, Harlem: The Making of a Ghetto (New York: Harper and Row, 1966); D. Lowenthal, West Indian Societies (New York: Oxford University Press, 1962); John Spurling, "Social Relations between American Negroes and British West Indian Negroes in Long Island City," (unpublished Ph.D. dissertation, New York University, 1962); L. Raphael, "West Indians and Afro-Americans," Freedomsays, IV, No. 3 (Summer 1964), 438-445.

⁷ Palmer, Social and Economic Studies, XXIII, 572.

⁸ Ibid., 573.

⁹ Ivan H. Light, Ethnic Enterprise in America (Berkeley: University of California Press, 1972), 33;

and

George E. Haynes, The Negro at Work in New York City (New York: Arno Press and The New York Times, 1968), 100-102;

and

Ira De A. Reid, The Negro Immigrant: His Background, Characteristics and Social Adjustment, 1899-1937 (New York: Arno Press and The New York Times, 1969), 118-119.

10 Some of the books mentioned above assert this but the best description is found in Ivan Light, Ethnic Enterprise in America: Business and Welfare among Chinese, Japanese and Blacks. (Berkeley: University of California Press, 1972).

11 R. Firth and B. S. Yamey, Capital, Savings and Credit in Peasant Societies. (Chicago: Aldine Publishing Co., 1964); and M. Herskovits and M. Harwitz, Economic Transition in Africa. (Evanston: Northwestern Univ. Press, 1964); and M. F. Katzin, "Partners: An Informal Savings Institution in Jamaica," Social and Economic Studies, 8 (December 1969), 436-440.

12 Light, Ethnic Enterprise..., 33, and G. Haynes, The Negro at Work in New York City. (New York: The New York Times and Arno Press, 1968), 100-104; and H. Robinson, "The Negro Immigrant in New York," (W/A research paper, Schomburg Collection), 9.

13 Bryce-La Porte, Journal of Black Studies, III, No. 1, 135.

14 Light, Ethnic Enterprise...

15 Aaron V. Cicourel, Method and Measurement in Sociology, (London: Collier-Macmillan Ltd., 1966), pp. 142-143; also see Quentin Gibson, The Logic of Social Enquiry, (London: Routledge and Kegan Paul, 1960), especially Chapter 7 (The Study of History); May Brodbeck, Readings in the Philosophy of the Social Sciences, (New York: The Macmillan Co., 1968), especially Chapters 17, 19 and 20; G. Sjoberg et al., A Methodology for Social Research (New York: Harper and Row, 1968), especially Chapter 9; L. Festinger et al., Research Methods in the Behavioral Sciences (New York: Holt, Rinehart and Winston, 1953); and finally, D. Cartey, "How Black Enterprises Do Their Thing: An Odyssey Through Ghetto Capitalism," in G. Jacobs, The Participant Observer (New York: George Braziller, Inc., 1970), 19-47.

16 The traditional research techniques of the social sciences cannot be used with much success in the study of immigrant social patterns. The compounded difficulties of sampling and interviewing immigrant populations means that research must be based on more indirect methods of data collection. The researcher found that second generation black immigrants could not be easily traced from New York Census Tracts. The category which listed the foreign stock of native Americans did not specifically list the

English-speaking countries of the Caribbean. The researcher was forced to deduce that these countries were listed under the category "Other America".

It was then decided that any figure of 800 or more appearing in the New York Standard Metropolitan Statistical Area would contain significant numbers of second generation West Indians. Brooklyn had the highest indicators for the State.

17 The information for the interview schedule was extrapolated from an earlier study on these associations by S. Ardener, "The Comparative Study of Rotating Credit Associations," Journal of the Royal Anthropological Institute, XLIV, Pt. 2 (July 1964).

18 Various articles in newspapers and magazines, and documentaries on television networks portrayed the 100,000 illegal aliens as robbing the city (The New York Times, December 31, 1974, "Battle expected on tighter laws to curb illegal aliens," M. A. Farber, p. 26; The Daily News, February 3, 1975, "100,000 illegal aliens: job and tax robbers," by J. Martin et al., pp. 5, 17; The New York Times, Sunday, June 8, 1975, "Immigration is at its highest point in half a century," S. Jacoby, p. 7; New York Illustrated, "The hidden aliens," by Edwin Newman, WNBC 1975 documentary; Midday Live had numerous segments chaired by Boggs during 1975 on the problem of illegal aliens. The net result of this unfavorable publicity was that the alien--legal or illegal--began to become even more xenophobic and distrustful of all "others". The second generation immigrants, although citizens, invariably had kin who might have been illegal aliens and they were reluctant to give any information even to someone considered an "insider".

19 For a good discussion of the advantages and disadvantages of a mailed questionnaire, see: W. J. Goode and P. Hatt, Methods in Social Research (New York: McGraw Hill and Co., 1952), especially Chap. 12, and C. A. Moser, Survey Methods in Social Investigation (London: Heinemann, 1967), especially Chap. 12.

20 S. Ardener, "The Comparative Study of Rotating Credit Associations," Journal of the Royal Anthropological Institute, XLIV, Pt. 2 (July 1964), 201-204.

21 Ibid.

CHAPTER II
ROTATING CREDIT ASSOCIATIONS:
A SOCIOLOGICAL APPROACH

Introduction

The necessity for a fundamental change on the part of the people of developing nations in their attitudes toward saving has been a recurrent theme in discussions of their development prospects.¹ In some instances, loans from more highly developed societies may prove very helpful in aiding these nations to meet some of their economic needs. However, except for a few special cases, such as Israel and Puerto Rico, most underdeveloped nations must obtain a large portion of their capital from internal sources. As a result, attention has been turned towards the so-called "primitive sector".² This sector normally consists of peasant agriculturists, who are separated from the small industrial sector not only by the simplicity of their productive techniques, but also by the character of the institutional framework within which their economic activities are carried out.³

Recent anthropological studies on economic development in these societies have generated intense scholarly interest in traditions of informal financial cooperation in many areas of the non-western world.⁴ The key to this cooperation and to the accumulation of savings in these areas are to be found in "rotating credit associations", which in one form or another exist in various parts of Asia, Africa, and the West Indies. Recently, through a process of cultural diffusion these associations are now found in the more developed countries like the United Kingdom and the United

States. Rotating credit associations can be seen as associations which fit in with community patterns and yet aim at planned and "goal-directed" savings. In the sociological literature these associations can be equated with voluntary associations⁵ and more specifically mutual aid societies which existed in many instances among Jews, Blacks, Japanese and other immigrants in the urban societies of the industrialized modern nations.⁶ What follows is a review and critical evaluation of the literature on rotating credit associations.

A. Critical evaluation of major points of views indicating strength and weaknesses of the literature

One of the predominant viewpoints in the literature is that of Geertz. Geertz describes the RCA as a "middle rung" institution. He views it as a product of a "shift from a traditionalist, i.e. agrarian, society to an increasingly fluid commercial one," as an educational mechanism in terms of which peasants learn to be traders not merely in the narrow occupational sense, but in the broader cultural sense.⁷ Enlarging on Eisenstadt's earlier paper, in which he demonstrated that traditional value orientations can be supportive rather than a hindrance in adapting to highly rationalized economies.⁸ Geertz goes even further. He asserts that the RCA acts to change the whole value framework of the immigrant from an emphasis on particularistic, diffuse, effective and ascriptive ties between individuals to one of emphasizing--within economic contexts--universalistic, affectively neutral and achieved ties between them.⁹

Geertz's major contribution to the literature is his assertion that the RCAs, as they occur in urban developed societies, would bring about a

movement toward an increasing segregation of economic activities from non-economic ones, resulting in less stress on ritualistic solidarity--strengthening elements and more concern with financial probity of members, legal enforceability of obligations, and more complex patterns of organizations and commercial calculations.¹⁰ Geertz hypothesizes that the more commercial, rather than social, the motivations of members, the more the RCA will be explicitly economic in aims and modes of operation. He ends on an even more prophetic note, as he sees the RCAs as ultimately self-liquidating, being replaced by banks, cooperatives and other economically more rational type of credit institutions.¹¹

Patterson¹² and Davison¹³ in their research on black immigrants in England state that the association will fade away as the migrants become more familiar with banks and other suitable British institutions. This approach parallels that of Geertz to some extent. Geertz's approach seems questionable, however, on several counts. First, economic or rational motives have not always predominated in the more sophisticated institutions or those with larger memberships. Ardener not only gives evidence of feasting and other ritualistic functions in South Africa and Vietnam,¹⁴ but she contends, classification of associations into rational and irrational economic and non-economic traditionalistic may lead us nowhere.¹⁵

Second, despite Geertz's prophecy, these associations have persisted in communities in which banks and cooperatives exist, and are found in Great Britain, Japan and in the USA. Not only have these organizations shown remarkable powers of survival, indicating that there is still a

place for them alongside other economically more rational types, but also their survival seem to indicate that to comprehend them one must think not only in terms of "economic" motives.

Ivan Light contends that the Chinese, Japanese and black immigrants to the USA have been much more successful in their commercial enterprises because of a suprafamilial social structure and in particular the use of rotating credit associations. Light asserts that the Yoruba esusu existed in the West Indies and was destroyed by the structure of North American slavery. None of the other theorists, save one, attempts to comprehend RCAs from the standpoint of urban poverty and relative deprivation.

The most illustrative explanation of this standpoint, we contend, is that of Donald Kurtz¹⁶ who in his ethnographic studies of the Cundina in Mexico suggests that these associations represent a socio-economic adaptation to a condition of poverty. Kurtz further states that the condition of poverty forces poor people to make alternative adaptations outside of the national institutional matrix in order to ensure their survival. We agree that the condition of poverty does indeed correlate with the existence of the RCAs. Not only do the urban poor have negative attitudes toward banks and other financial institutions but in the case of some black immigrants there is a fear of the use of bank records for immigration purposes. Many of these immigrants would prefer to use the more "informal" RCAs until they are "straight"; that is, until they are permanent residents. Even when they ostensibly have little to fear from banks because of their new legal status, the easy accessibility of rotating credit associations lend much to

their overall attractiveness. We see this perspective as not only illustrative but as shedding considerable light on the strivings of black immigrants in New York City and the use and function of these associations.

Important though the themes of economic development and capital formation are, and while the sociologist may learn a great deal from studies which use these approaches, his own work should have a sociological focus, and this means that the group should be the point of reference. Rotating credit associations represent multifaceted institutions in which the economic and social aspects, the traditional and the modern, the adaptive and the integrative are tightly linked and interdependent. What follows is an attempt at such sociological formulations.

B. Rotating credit associations: sociological perspectives

Of the many sociological issues involved in an analysis of this study, we see two different ones as paramount. The first involves an assessment of the sociological context in which these associations are found and the second, their adaptive function in an urban setting.

Rotating credit associations were originally found in traditional societies but, it should be noted, only in certain types of these societies. They are hardly ever found in those with purely subsistence economies but rather those with a money economy and an emerging form of commercial activity. In the rural segment of these societies, the rotating credit associations becomes a rudimentary type of banking mechanism in an economy where credit is not widely institutionalized or where certain segments of the society (low income and peasants, among others) are excluded from

participation. It then tends to fill the gap between consumption needs and income developed. In the urbanized segments of these societies, their functions are still instrumental but the value-expressive needs also arise. Many detribalized immigrants also use these associations as a mechanism to increase their sociability and to strengthen the bonds of solidarity now weakened by exposure to an impersonal cultural milieu. An important function of these associations in such cities is their capacity at times to maintain a stable base for traditionalistic living in a non-traditional milieu by merging traditional and modern activities, training individuals in skills they can apply more widely in city life, and making the adjustment process from one kind of social universe to another less difficult.¹⁷

However, as these associations emerge in the urban-developed societies of the United Kingdom and the United States, there is, as Geertz observed, an increasing segregation of economic activities from non-economic ones.¹⁸ In these urban settings we find their use is limited to certain segments predominantly those immigrants of the first generation. They tend to focus on their instrumental rather than expressive functions in an effort to cope with the complexities of urban life.

We feel that rotating credit associations can be better understood sociologically when we attempt to functionally analyze their importance especially for new immigrants in a highly impersonal and at times outright hostile climate. To a certain extent one of the manifest functions of rotating credit associations is the provision of mutual aid to their members, especially immigrant to strange environments. This function we tend to see

as instrumental, that is, their orientation is designed towards the attainment of a goal anticipated for the future. Another function of rotating credit association, a latent one, is what we term the value-expressive one. Value-expressive functions we define as those oriented to providing immediate and continuing gratification for a member¹⁹--an opportunity for the members to get together. In several large cities of the United States immigrants have formed such associations. Through the occasional feasting and other unintended social features we see rotating credit associations as performing this value-expressive function.

With regard to their mutual aid function, they are quite similar to other mutual aid societies which existed among Japanese-Americans during the early years of their economic struggle, for Jews soon after their large migration in the 1880s, and for blacks in the United States during the 1790s and 1800.²⁰ Historical records show that 100 mutual-aid societies for blacks were in existence in the city of Philadelphia in 1849.²¹ In 1859 in Boston, it was even noted that blacks were seldom seen in the poor-houses because of the "many" benevolent societies in the local black community.²² In so far as the rotating credit associations attempt to help members of a given group meet the demands of the core society by providing services that facilitate group and individual activities, their adaptive and facilitative function is stressed.

But then the question arises, at what stage does the immigrant leave the rotating credit association, or when does his participation begin to wane? We see these associations as solely a first generational phenomenon

with their use foremost among those of the first generation whose parents had already participated. Their use among the second generation is decreasingly less with zero participation if neither parent had not participated. The second generation, we feel, is more familiar with banks, more oriented towards the use of larger sums of money than the rotating credit can amass, and also sees the necessity of seeking an organizer as an added inconvenience. These factors we contend contribute to his decreasing participation. Further, we would expect the first generation to utilize their funds to cope with the basic necessities of urban life. Among the second generation, however, their greater immersion in the credit system of the larger society would consequently allow them to use their funds more for investment purposes or other such undertakings.

Finally, it is our contention that there are social pressures which influence participation in rotating credit associations. These social pressures can be classified in two categories: (1) the opportunity structure which affects choice by presenting limited alternatives to the group or individual; (2) direct social pressure via interaction with other people.²³ There are two ways in which the opportunity structure affects alternatives: (a) in terms of the number of alternatives presented to the actor, and (b) by limiting the range (variety of alternatives open for the actor to choose from).²⁴ An immigrant who has only a few alternatives open to him to amass capital, for instance, does not have the same degree of choice as if he had numerous possibilities. Also, the variety or degree of differentiation between available alternatives affects choice. If the immigrant's

credit standing is low and the options are between a loan shark and the rotating credit association, or a high-interest charging finance company and a rotating credit association with interest-free loans, then one's choice becomes extremely easy.

With respect to the second type of social pressure, members of groups to which the individual belongs and who are important to the individual may directly influence or even compel him to participate in rotating credit associations. For example, members of the family influence each other to become involved in these associations (wives throw hands for their husbands and their children, ultimately influencing them to join). Friends influence each other to join. New members are often recruited from one's informal work clique or from cliques in civic, political or recreational areas.

Footnotes

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² M. G. Swift, "The Accumulation of Capital in a Peasant Economy," Economic Development and Cultural Change, V (July 1957), 325.

³ Ibid.

⁴ Ivan Light, Ethnic Enterprise in America: Business and Welfare Among Chinese, Japanese and Blacks. (Berkeley: University of California Press, 1972), 22; and R. Firth and B. S. Yamey, Capital Savings and Credit in Peasant Societies (Chicago: Aldine Publishing Co., 1964).

⁵ See David Sills. "Voluntary Associations: Sociological Aspects." International Encyclopedia of the Social Sciences, vol. 16. (New York: Macmillan, 1968), 362-379;

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R. J. Walker. "Urbanism and the Cultural Continuity." In P. Baxter and B. Sansom (eds.). Race and Social Difference. (Baltimore, 1972); and
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⁷ Geertz, Economic Development and Cultural Change, X, No. 3, 260.

⁸ S. N. Eisenstadt, "Sociological Aspects of the Economic Adaptation of Oriental Immigrants in Israel: A Case Study in the Problem of Modernization," Economic Development and Cultural Change, IV (April 1956), 269-278.

⁹ Geertz, Economic Development..., X, No. 3, 260.

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- 19 B. Eugene Griessman, Minorities: A Text with Readings in Inter-group Relations. (Hinsdale, Illinois, 1975), 184-188. Also
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- 20 Sowell, Race and Economies..., 123-124.
- 21 Tomeh, The Community..., 108.
- 22 Abram L. Harris, The Negro as Capitalist. (Philadelphia: American Academy of Political and Social Science, 1936), 6.
- 23 See B. Palisi, "A Critical Analysis of the Voluntary Association Concept," Sociology and Social Research, 52 (July 1968), 398.
- 24 Ibid., 392-405.

CHAPTER III
ROLE AND SIGNIFICANCE OF ROTATING CREDIT ASSOCIATIONS
IN TRADITIONAL SOCIETIES

Introduction

In Asia, Africa, the Middle East and the Caribbean, a voluntary association, generally known as the rotating credit association, has made its appearance. The present chapter has two goals: first, we shall broadly describe these associations in the context of the traditional societies in which they are found. The second aim is to consider their role and significance in these societies in the context of the sociological approaches discussed in the preceding chapter. By traditional societies we refer to less-complex societies and economies often with more personalized and traditional cultures. Societies in which the values and institutions of the past still have a strong grip and the anonymity of urban American society is not as extensive. Further, it should be noted that these societies are by no means those with pristine economies relying only on barter, but those with traditionalistic, agrarian economies in a transition to a commercial one relying on a money economy.

The Rotating Credit Associations in Asia

By the end of the nineteenth century rotating credit associations were well developed in China.¹ The number of members were generally small and the time span to complete a rotation was often long, since meetings were held only once or twice a year.² The long time-spans made these associations especially vulnerable to events such as famine or war which might unbalance the economy and lead to their breakdown by default among members.³ Further, the methods of allocating funds were extremely complex both in the development of methods of calculating interest payments as well as distributing these payments among the members of the association.⁴ Nevertheless, even in China, associations with relatively simple structures were found, one of the most common being the hui. Hui is the generic term for the Cantonese rotating credit associations and means "association" or "club".⁵

A person in need of a lump sum of money would take the initiative in organizing a hui by securing from friends or relatives an agreement to pay a stipulated sum--say \$4 every month into a common pool. In a hui of ten members the organizer himself received the first sum or \$40, which he employed as he pleased. A month later the organizer held a feast in his home for the ten contributors. At this feast the members again contributed \$4 each to create a fund of \$40. A lottery would be used to determine which member (excluding the organizer) could receive the lump sum only once, thus at each subsequent feast the pool of members still in the lottery narrowed until, finally, at the tenth feast the tenth member automatically received the lump sum of \$40.⁶

The organizer never contributed cash to the money pool since each of the ten feasts was supposed to have cost him \$4. Further, the organizer of the hui had received the interest-free use of \$40 when he needed it, eight of the ten members had received an advance on the contribution (credit), and all of the participants had enjoyed ten sumptuous feasts.

As was mentioned earlier, the forms that the hui took varied. At times, instead of a lottery to determine which member of the club would take the fund, each eligible member might submit a sealed bid indicating how much interest he was prepared to pay to have the use of the money.⁷ The highest bidder received the fund. This variation placed a clear premium on not needing the money and as a result can be seen as creating an investing opportunity for the wealthy and enlisting a profit motive in the extending of credit.⁸ Purcell gives evidence of rotating credit associations among

the Chinese in Malaya,⁹ but they were also found among Chinese in Sarawak, the Philippines, and in Hong Kong,¹⁰ as well as among those in Borneo and Nepal. It should be noted that in Indian communities in Malaya, these associations are found among women but not among men.¹¹

In India, a type of rotating credit association, known as Kameti, started among women in urban areas at about the turn of the century and is still found today.¹² Groups of approximately five to fifteen women, living in close proximity, pay small sums monthly, with the first allocations of the fund being made, by general agreement, to those considered to be in greatest need. A more formal type of the rotating credit association, known as "Chit Fund Groups" was started in the Madras area and has spread rapidly over parts of Delhi.¹³ In Hyderabad and the surrounding countryside, they are common in various parts of the society. Unlike those described in some countries, these Indian associations do not have secondary social objectives. Their goals are solely monetary. The objective of the organizer, however, may differ from that of ordinary members. A neighborhood fund, in which the organizer receives no profit, stands in contrast to the commission and business funds in which the organizer may manage funds as a commercial activity.¹⁴ Messerschmidt describes these associations in Nepal as a type of non-kin rotating credit association formed among friends and acquaintances who have similar financial needs and interests.¹⁵ Dhikur, as they are called, are of three types: monetary, grain and livestock. Further, they have been used by the Thakalis in Nepal who have developed them to their highest level of sophistication.¹⁶ This may also account for the historic rise of Thakali

entrepreneurs to economic and political prominence.¹⁷ Further, Dhikurs permit ready access to capital, sometimes in very large amounts; they also foster economic cooperation in the community. Some Dhikurs display sincere egalitarian consideration for, as Messerschmidt states: "In Gurung communities, turns are often allotted solely on the basis of need and not uncommonly a poorer member is encouraged to take the most profitable last turn." Some Dhikurs involve interaction among two or more ethnic groups and in some areas of Nepal they reflect even broader networks of economic, social and political association.¹⁹

In the urban areas of Vietnam, associations like some of the Indian Chit Funds, are organized by commercial managers. Here these associations, called ko, are clearly economic in function. The manager, invariably a woman, takes one third of the funds each time it is constituted, only two thirds being distributed among the members, and she pays nothing.²⁰ Further, at the second meeting, the whole fund goes to her in full without her bidding and she uses same to make loans to members which are paid back in small increments.²¹ The manager is thus seen as a small-scale professional banker at the center of a complex network of credit fees and the association becomes more a matter of a rationalized savings institution managed by a skilled promoter than a simple expression of communal solidarity and mutual aid.²² In Java these associations are called arisans and are found in both urban and rural settings. As Java moved from a gemeinschaft to a gesellschaft relationship, they became more technical and instrumental than symbolic and expressive.²³

Variously called ko, tanomoshi or miyin, the Japanese form of the rotating credit association was probably adapted in the thirteenth century from the Chinese institution. In Japan, ko clubs among rural villagers included from 20 to 50 persons, whereas the Chinese hui normally included a smaller number of from 8 to 14. Also, unlike the hui, the Japanese institutions sometimes included unrelated persons. The ko clubs met monthly and it is reported that the Japanese clubs were carried on as long as 20 years before each participant received his portion. The ko, Kurtz reports, is rooted in the poverty of the peasants and only a few men could afford to belong to an expensive association.²⁴ Both Embree²⁵ and Ardener²⁶ report that the ko functioned primarily among poorer members of a village.

In the Far East the rotating credit association is sometimes called mutual loan association. In Korea, they are specifically called Kyes and are reported by Campbell and Ahn to have gained greatly in popularity since the Korean War.²⁷ A survey of Korean family finances in June 1959 indicated roughly the prevalence of Kyes. Out of 2,691 households sampled, 1603 were liable for debts. Approximately eight per cent of the borrowers obtained their loans from banks. The bulk of the borrowers obtained their loans from "individuals" or "relatives and acquaintances". It is believed that most of these latter loans were obtained through kyes, the members of which are usually relatives and acquaintances.²⁸

Rotating credit associations in the Middle East and Africa

Rotating credit associations have existed in Egypt for almost 70 years and are known as gameya (meaning association). In the rural areas

membership is confined to women, but in urban areas men, women and children are members with membership being limited to from five to 12 persons.²⁹ Rotating credit associations are also known to have existed in the Sudan. Known as sanduk (meaning box), or, especially among women, as khatta (putting down). They were originally started among middle aged women in the central townships who wanted to amass large sums of money to buy gold ornaments for their daughters' weddings.³⁰ Later, these associations spread to more rural areas in the south where they have been limited to the daughters of the first generation that began to use the system. The users of the fund have been more varied and it is not an unexpected occurrence to find men in Khartoum as members.³¹

In South Africa rotating credit associations are found among the Indians of Natal. They are known as chita (Hindi) or chitu (Tamil) and are restricted in membership to a few relatives or friends or both. They are known to have no sociability function but strictly a single specific monetary one.³² Also among the Bantu-speaking peoples, two types of rotating credit associations are found in urban areas. One type, mahodisana, was composed only of women; the name is of Sotho origin and means "make pay back to each other". The second type, Stokfel, was open to both men and women and included feasting and other forms of entertainment as well as doubling up.³³ In Central and East Africa, specifically in the few urban villages in Nyasaland and Northern Rhodesia these associations were also found. In Bulawayo, Southern Rhodesia, it was estimated in 1959 that three quarters of the 60,000 Africans in employment belonged to rotating credit associations.³⁴

Rotating credit associations were also found in various parts of West Africa, in parts of the Cameroons, in Ghana and in Sierra Leone, where defaulting members were sometimes prosecuted by the courts.³⁵ In Ghana the association was named Nanamei Akpee, or "mutual help society", and had its headquarters in Accra and branches in several other towns, including Keta. The association provided funeral benefits, charity, as well as helped its members to save.³⁶

In the Cameroons, they are known simply as savings associations and are found among the Bamileke.³⁷ Soen and Comarmond have stated that the impressive development of these associations coincided with the Bamileke's remarkable economic expansion.³⁸ The associations are of two types: those whose members form a native common clan and where the social and economic functions are of equal importance; and the associations whose members are either wage-earners or merchants from the region regardless of their native clan.³⁹ As Soen and Comarmond report, these associations represent a multifaceted institution in which the economic and social aspects, the traditional and the modern, are tightly linked and interdependent.⁴⁰

The most commonly used term for the rotating credit associations in the literature on Africa is esusu (or its variants), a term generally assumed to be of Yoruba (Nigeria) origin. Among the Yoruba's northern neighbors, the Nupe, the rotating credit association is known as dashi.⁴¹ Although the antiquity of the esusu has not yet been firmly established, some researchers are of the opinion that the custom is indigenously African, and can be traced back to 1843, the date in which it was mentioned in the Yoruba vocabulary.⁴²

In the principle of pooling funds and rotating the pot among the membership, the Yoruba esusu does not differ from its oriental counterparts; however, it does manifest some idiosyncracies as W.R. Bascom observed: "Anyone who wishes to do so may found an esusu group, provided that others are willing to entrust their money to him."⁴³ But the organizer or president of the esusu need not know all of the members personally. Once the organizer has announced his intention to sponsor an esusu, persons willing to entrust their money to him will indicate their willingness to join. These personal acquaintances of the organizer, if accepted, became in turn heads of "roads", and as such were entitled to contact their own friends and kin concerning membership in the esusu.⁴⁴ Heads of the road normally were also responsible for "collecting the contributions and making the disbursements within their subgroups which consisted of members who applied to them rather than to the founder for admission."⁴⁵ In this regard, the Yoruba esusu delegated responsibility for the integrity of all members from the original organizer, to managers known, appointed by and accountable to him.⁴⁶

Rotating credit associations in the West Indies

The history of West Indian blacks, like the history of American blacks, has been largely a history of slavery, a condition of servitude very similar in some respects and yet somewhat different in others. Servitude in the British West Indies was plantation slavery to an even greater extent than in the United States with an even higher incidence of absentee ownership (from England) and involved intense brutality of the slaves.⁴⁷ West Indian

plantations concentrated on one cash crop, usually sugar but also coffee to an even greater extent than in the United States, but because there was no readily available commercial supply of food on the islands the slaves were forced to grow most of their own food on land set aside for this purpose. Thus, even under slavery, West Indian blacks had direct responsibility for an important part of their own well-being, and also acquired experience in economic activity on their own, since they cultivated their own individual plots without supervision and were usually allowed to sell any surplus in the market.⁴⁸ The great population imbalance in the West Indies--90 per cent black, 10 per cent white--also forced the slaveholder to allow the slave some measure of economic autonomy in order to achieve plantation self-sufficiency in food.⁴⁹

In another respect West Indian slavery may have been less onerous than its American counterpart. This was in the case of manumission and the opportunities for economic advancement. West Indian slaves could possibly gain freedom apparently more often than their counterparts in the American South, for the West Indies needed non-white men in occupational niches that whites preempted in the United States.⁵⁰ This self-reliance of blacks in the West Indies, deriving from the economic necessities of the plantation combined with greater prospects of permanent escape and survival away from the plantation, made resistance and rebellion more feasible. Thus it is likely, Sowell contends, that the West Indian setting may have permitted and fostered more self-reliance, more economic experience, and more defiance of whites.⁵¹

It should be noted here that of the freedmen, the self-reliant West Indian blacks were invariably the mixed blood mulatto class and not the African descended black population from which the bulk of early black migrants to the United States came. Most blacks in the West Indies faced dire poverty combined with discrimination by both whites and mulattoes. Partly, however, because of the inability of the few whites and mulattoes there to man all responsible positions, there was less often the completely closed door to improvement which so many black Americans faced in so many occupations.⁵²

It was this element of the black population who used the RCAs in their various islands to purchase consumer goods which they could not get on credit, and in some instances to help them run small petty trade. Feelings of self-sufficiency and independence were of the highest importance to a people just released from the wretched institution of slavery; every effort was made by the black former slaves to avoid working for any master or providing services which were considered to be menial. They avoided plantation labor, some acquired their own plot of land, gained skill in trades, engaged in self-employment and worked to rise through education. In short, social mobility for blacks in the post-emancipation era meant obtaining positions which the mulatto and white members of the society occupied and trying to live in the style that they did.⁵³ Thus the result of this trend was that immigrant groups that entered the West Indies after the slave system had formally ended (East Indians, Chinese, Syrians, Lebanese) engaged in business enterprises at a conspicuously higher level than was the case for local

blacks,⁵⁴ and they soon monopolized the ordinary commercial life of the West Indies. Meanwhile many in the black population began to feel the effects of poverty as they experienced an inability to make ends meet and thus RCAs began to grow in importance.

Generally blacks used the susus, boxes, or partners as they were called to help them adapt to a poverty syndrome. Money from these associations were used to purchase consumer goods, to pay for important festivities such as weddings, to provide money for burial in the case of death, and, in some instances, to set up small businesses, cake shops⁵⁵ as they were called. Numerous persons engaged in these associations to send their children to the best schools in the country in an endeavor to help them achieve greater social mobility.⁵⁶ Some social scientists of the Melville J. Herskovits School even contend that the persistence in the West Indies of the same customs of the descendants of African slaves account for the presence of this association.⁵⁷

In the Trinidad Village studied by Herskovits residents referred to their rotating credit associations as susu.⁵⁸ The Trinidadian susu takes the form of a cooperative pooling of earnings by those in the group so that each member may benefit by obtaining in turn and at one time, all the money paid in by the entire group on a given date. The total of the weekly contribution is called a hand and care is taken to ensure that the contributors are all permanent employees of some organizations, invariably the government. Most rural Trinidadians appeared to have used the fund for consumption purposes.⁵⁹ Levin, in a more recent study, finds the hui existing among the

Chinese immigrant but the chitty (the East Indian rotating credit association) seems to have become anachronistic around the 1940s.⁶⁰ The hui among Chinese in Trinidad differs from the African susu in that the order for receiving the fund is decided by competitive bidding the proceeds of which are redistributed to members as interest payments.⁶¹

Jamaicans refer to their rotating credit associations as partners. The organizations in Jamaica are headed by "bankers" and the members are called throwers. The number of throwers can be of any size but invariably range from ten to 20 members. Both "bankers" and throwers may be either men or women. Katzin describes the partners in this way:

"A partner is initiated by the banker, who must be financially able to see the mutual savings group to a successful conclusion. He must be a trustworthy person with real property, such as a home, and he must have a permanent address where he can always be found. A banker will try to include throwers who work at different occupations as a means of avoiding the possibility of a significant number of throwers simultaneously suffering a sudden reduction of income, and consequent inability to continue in the partners to its conclusion." 62

Normally the partners last the same number of weeks as there are throwers with the amount of the throw varying in different partners but identical for all the members of a given group. It is also common for a thrower to request a hand at a time when he or she must meet some unusually large financial obligation, such as tuition fees for a child in school or a payment on land or a house.⁶³ Further, many petty traders use their hands to restock their stalls with imported goods for which they must pay cash. At times, the banker may get a portion of the hand as a gratuity

because the system does not provide any compensation to the banker for the responsibility which he assumes and for his time. However, the banker does receive psychic income because to be a banker is a mark of prestige and a validation of economic status.⁶⁴

In the Bahamas, rotating credit associations are also known as esu. Membership is often limited to employees of one's business, members of one's lodge or church, or to close friends or relatives so as to ensure both a minimum of defaulting members and strong social pressure on the holder of the money not to abscond.⁶⁵ In the event the holder does abscond, he or she may be prosecuted by the government as a thief. Wealthier Bahamians tend to put their savings in banks or in postal savings. However, poorer people on New Providence Island who fear involvement with the law prefer the esu, where they can be in arrears a few weeks without difficulty and where they can get ready money for any emergency. In the Cut Islands of the Bahamas, where there are no savings facilities except esu, the institution is highly important as a means of buying a share of a fishing boat, building a house, or getting married.⁶⁶ Crowley describes the esu in this manner:

"The originator of the esu takes a small cut out of the funds each week. When a member falls in arrears, the originator is expected to make up the difference from his own resources until the arrears are paid up. If the member falls in arrears before he has received his esu, the amount he owes will be subtracted from his esu. If he defaults, after having received the esu, it is up to the originator to put pressure on him to pay up or return all the money he has received beyond what he has paid in." 67

At times a member who realizes he cannot continue to make weekly payments or who moves away may sell his membership for what it will bring, on the condition that the originator of the esu approves his replacement. It is also reported that a group of Catholics have founded the St. Francis Credit Union in hopes of adding earned interest to the accumulated capital of esu.⁶⁸

Rotating credit associations are also found in Barbados, Guyana, Montserrat, Antigua and other islands in the West Indies. In these societies they are normally called boxes. In Guyana, R.T. Smith found "throwing a box" to be an extremely widespread system of individual savings.⁶⁹ The capital thus accumulated was usually spent on consumer goods, including household furnishings and clothes both of which were generally renewed, or renovated for the big festive season of Christmas. Chronic indebtedness was as rare as affluence among black villagers.⁷⁰ In Guyana, Smith also found that the practice of "throwing a box" was also widespread among East Indians particularly those who earned a monthly or weekly income. It is not known whether this is a result of cultural borrowing from the blacks or a persistence of a trait already existing in parts of India from whence the indentured immigrants came.⁷¹ Finally, in the Dominican Republic, there are two distinct systems of credit, each serving a different social stratum. More affluent groups utilize commercial banks and personal savings while low income groups turn to moneylenders and san which is a traditional Dominican rotating credit association.⁷² San, it is said, exists as a savings institution or a capital mobilizing apparatus in the Dominican Republic because

it satisfies economic, social and psychological needs among the lower classes.⁷³ Workers and small entrepreneurial enclaves, such as shopkeepers or petty speculators, have neither the economic nor the social power to gain access to commercial banks and hence they play *San*.⁷⁴

Significance in traditional societies

What then was the functional importance of these associations in traditional societies? In a rural setting one manifest function, an instrumental one is obvious in that these associations constitute a method of channeling savings in societies characterized by only slightly developed monetary resources. These savings can then be used for episodic events such as the purchase of expensive clothing and other consumer goods, to attend weddings and other festive occasions, or to buy trading stock.⁷⁵ In other rural settings they meet the need for credit in instances where credit institutions are not fully developed. In Guyana,⁷⁶ India,⁷⁷ Africa,⁷⁸ and other such developing societies, their use in the countryside has been reported. Levin describes the situation in one country in this way:

"...Many people do not have the initiative to systematically put aside some money, deposit it, and leave it untouched until the goal has been reached. *Susu* helps to overcome this hindrance in that there are no forms to fill out and no line in which to wait. Since the head of the *susu* is in close proximity to the members, no one has to travel to deposit the money; whereas, many times banks are located at considerable distance from the potential saver."⁷⁹

For many this form of credit is the only way they can narrow the gap between their small incomes and consumption needs. In the urban setting of these societies rotating credit associations assume added importance.

One such manifest functional, an instrumental one is that they fill the need for credit for segments of the population not serviced by the larger credit system. In many of these societies the credit markets are only available to, and utilized by, the more affluent members of the society in which case the rotating credit association assumes an economic rationale based on the lack of other sources of credit.⁸⁰ Since banks and bankers may be inaccessible, distrusted and at times more complicated than these associations, they can be viewed as an uncomplicated way for the urban poor and the small entrepreneurial segments, such as shopkeepers, to obtain money.⁸¹ In some societies, such as India, this monetary factor is the sole reason for the existence of these associations.⁸² These associations can also serve, in an urban setting, to augment savings to such an extent that the maximization of this potential can ultimately lead to capital formation and the eventual investment in business. Levin aptly sums up the situation when he states:

"Another way in which susu exerts pressure to save is by providing a repository for small amounts of money that would be otherwise spent. Illustrative of this is the example of the sixteen salesmen of a local food processing firm. Every lunch-break they gambled. One day they decided to put the money instead into a susu. At the end of four years they had accumulated \$42,000 TT, which they have since invested in a restaurant." 83

Another important latent function which can be classified as expressive is that of sociability. Many migrants to the urban areas of these societies often go through a process of intense estrangement. In some associations wine and other forms of refreshments are regularly given

to members.⁸⁴ Also, people are interested in the meetings of the members of these associations because of the possibility of hearing fresh news from the rural or tribal areas they left, and in order to celebrate some of the members' successes in their new environment.⁸⁵ One commentator describes a typical urban association in this manner:

"Some urban associations are tribally based. All the Bamilekè who live in an urban society are grouped according to their native clan...weekly meetings generally take place on Sunday. One of the influential men of the clan takes the initiative in forming these groups. At the outset, meetings are held purely for entertainment, such as dances, songs and feasts... The older members lecture about morality and remind everyone that a successful Bamilekè never forgets his needful brothers, etc. In fact, the meetings are a powerful means of social integration in the urban society, where traditional solidarity is often weakened." 86

Another latent function of these associations is the mutual aid or insurance function. In some associations, those among the Bamilekè, for instance, the subscription paid for the members' mutual help are used by the members in case of death or of illness of one of their relatives.⁸⁷ In another instance, Levin describes the insurance aspect of the association in this way:

"The insurance aspect of susu not only functions as insurance against the expenses caused by sudden disaster, i.e. death, fire, accidents, etc., but also as unemployment insurance. The sugarcane workers deposit half of their salary into a susu during the harvest so that they have an income during the rest of the year." 88

This is especially crucial for new urban migrants in an environment with few friends or associations to which they can turn for help. Another function of these associations is that they serve to reaffirm the bonds between members of a group or community in an urban setting. In one society, a

multi-ethnic one, it derives its strength from the cultural roots in all three of the largest ethnic groups in that society.⁸⁹ In another society plagued by inter ethnic conflicts, Smith describes it as lending a semblance of interaction among ethnic groups who rarely share much with each other.⁹⁰

Rotating credit associations may also enhance the status of the participants. Sometimes, as in Jamaica, it is the organizer who gains status by demonstrating his powers of financial leadership and administrative ability.⁹¹ On other occasions, it is the members who join an association in order to assist the organizer, who thereby demonstrate their generosity and thus gain some prestige in their respective societies.⁹²

Finally, rotating credit associations may be conceived as one adaptive response to a blatant and at times severe conditions of poverty among poor people. In all of the traditional societies cited, the poorer elements of the population used these associations to help cope. In China, the poverty was so pervasive among the peasants that the association was one of the few means by which they could have acquired funds without selling or mortgaging their lands.⁹³ Further, Fei and Chang state that in Southeast China it was fairly common for the richer members of a clan to bilk their poorer clan brothers out of their land and property.⁹⁴ The rotating credit association among poorer kinsmen served as a protection against such kin exploitation.⁹⁵ In San Ysidro and Tijuana in Mexico, Kurtz described the cundina which served the same adaptive purpose for the poor people in that area.⁹⁶ From the Bahamas in the West Indies to Hyderabad in India, each of the cases cited

described a condition of poverty which correlated with the existence of rotating credit associations. Another factor which further buttresses the relationship between poverty and participation in the rotating credit associations is the explicitly negative attitudes of the poor regarding institutions of finance, such as banks and savings and loan companies.⁹⁷

Footnotes

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³ Ibid.

⁴ Ibid., 203.

⁵ I. Light. Ethnic Enterprise in America: Business and Welfare among Chinese, Japanese and Blacks. (Berkeley: University of California Press, 1972), 23.

⁶ Ibid., 24.

⁷ Ibid.

⁸ Ibid.

⁹ Ardener, Journal of the Royal..., 203.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ R. T. Anderson. "Rotating Credit Associations In India," Economic Development and Cultural Change, XIV, No. 3 (April 1966), 334-339.

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39 Ibid.

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41 Light. Ethnic Enterprise in America..., 30.

42 Ibid.

43 Bascom, Journal of the Royal..., 64.

44 Ibid.

45 Ibid.

46 Ibid., 65.

47 D. Lowenthal, West Indian Societies. (New York: Oxford University Press, 1972), 41.

48 T. Sowell. Race and Economics. (New York: David McKay and Co., Inc., 1975), 98.

49 Ibid., 99; and R. Farley, "The Rise of Village Settlements in British Guiana," Caribbean Quarterly, X, No. 1 (March 1964), 54.

50 Lowenthal, West Indian Societies, 45.

- 51 Sowell, Race and Economics, 100.
- 52 Ibid., 101.
- 53 F. Nunes. "Social Structure, Values and Business Policy in the Caribbean," Caribbean Quarterly, XIX, No. 3 (September 1973), 62-76.
- 54 Lowenthal, West Indian Societies, 193-196, and Nunes, Caribbean Quarterly, 63.
- 55 Cake shops are the West Indian equivalent of Mom and Pop Stores and Bodegas in New York City.
- 56 The top high school in these countries--Queens College in Guyana, Queen's Royal College in Trinidad, Harrison College in Barbados and the numerous boarding schools in Jamaica--all provided free places or scholarships to those of exceptional merit. Other students had to pay fees to attend these schools and since they were the best in their respective countries, parents made exceptional sacrifices to send their "chosen" to these schools.
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- 81 Kurtz, Human Organization; and Levin, Caribbean Review; and Wehrly et al., Caribbean Studies.
- 82 Anderson, Economic Development and Cultural Change.
- 83 Levin, Caribbean Review, 20.
- 84 Ardener, Journal of the Royal...; and Little, American Anthropologist; and Soen et al., American Anthropologist.
- 85 Some informants stated that on delivery of their money to organizers they would often inquire and receive news from their organizers on the state of affairs in their native lands; see Soen, et al., American Anthropologist.
- 86 Soen, et al., American Anthropologist.
- 87 Levin, Caribbean Review, 23.
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- 90 Smith, Capital, Savings and Credit...
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- 92 This was reported to be true among early West Indian immigrants to England. Also see Ardener, Journal of the Royal..., and Katzin, Social and Economic Studies.
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- 94 Ibid.
- 95 Ibid., and Freedman, Lineage Organization in Southeast China. London School of Economics, Monographs on Social Anthropology. (New York: Humanities Press, 1958).
- 96 D. Kurtz. "The Rotating Credit Association: An Adaptation to Poverty." Human Organization, 32, No. 1 (Spring 1973).
- 97 Ibid., and Levin, Caribbean Review; and Katzin, Social and Economic Studies, are but a few of the researchers who state this.

CHAPTER IV

ROTATING CREDIT ASSOCIATIONS; THEIR IMPORTATION
TO THE MODERN SOCIETIES OF THE UNITED KINGDOM AND
THE UNITED STATES OF AMERICA

Introduction

Rotating credit associations were hardly found in the modern industrial nations of North America and Europe. In Scotland and the North of England, savings clubs, called menages, existed in 1825 and these were reported to be rotating credit associations.¹ However, the literature reveals that most of these associations found in Europe and North America exist in England and the United States. In every instance, they were transplanted to these societies by migrants coming from less complex societies and economies, often more personalized and traditional cultures.

A. Rotating credit associations in the United States and the United Kingdom

Broady states that Chinese immigrants in the United Kingdom employed the rotating credit association--hui--as a means of acquiring capital for business purposes.² However, most of these associations reported in the literature exist among black West Indian immigrants in England.

After World War II a massive wave of migration began with the emigrants going mainly to the United Kingdom and this reached its peak in the 1950s. These associations which were found among Montserratians, Guyanese, Trinidadians, Jamaicans and other West Indian immigrants had various names but their features remained rather similar to what they were in the West Indies. Philpott states that among Montserratians a large box would enable an

individual to amass £250 to £300 in a two-week period if he had the last hand in one box and the first hand in another.³ Davison and Patterson came across these associations while conducting research among black immigrants and they both concluded that these associations would fade away as the West Indian migrants became more familiar with banks. West Indians are not, however, ignorant of the workings of banks or post office savings plans; indeed the recipient of a large hand would sometimes deposit the entire sum in the bank.⁶ West Indians in London seem to have the urge to engage in some form of cooperative savings,⁷ remarks Davison and hence the partner is a means of compulsory savings which help these immigrants cope with the financial and other adjustments in an alien society. Another commentator mentioned that these associations, especially among Jamaicans, provided the ability to command large sums of ready cash which were used for the initial payment on a house or to pay passage for a member of the migrant's family.⁸

In the United States this ancient form of mutual aid association was imported by Japanese, Chinese and black West Indian immigrants. Japanese immigrants called these associations ko and their membership were usually composed of immigrants. In Hawaii, Northern California, and the Pacific Northwest Japanese settlers referred to the rotating credit associations as tanomoshi. In Southern California the term mu jin prevailed.¹¹ Exactly how extensively these clubs were used is not known but some commentators agree that it was more popular among the issei or first generation immigrant. The nisei or second generation, especially those with some college education, preferred the impersonal credit union or savings and loan associations.¹²

The point to be made, however, is that the custom survives though its purposes are now social and only small sums are invested. The hui, the generic term for the Cantonese rotating credit association, was employed by Cantonese as a means of acquiring capital for business purposes.¹³ The extent of the practice is impossible to ascertain with precision but the evidence suggests that the traditional hui was widely used and was of some importance in the funding of small business enterprises.¹⁴

Betty Lee Sung has recently described rotating credit associations, called hui, among Chinese in New York.¹⁵ Cather described the existence of these associations in San Francisco's Chinatown,¹⁶ and so did Richard Dare who added that they were frequently used to secure business capital.¹⁷

By far the most extensive use of these associations in the United States was among black West Indian immigrants. Although Americans tended to lump all black immigrants together into a uniform image, it is important to realize that these immigrants represented a diverse group from dozens of different islands in the Caribbean, each with a strong attachment to their respective homelands. It should be remembered, too, that though the black West Indian immigrants differed slightly from each other in origin, in an overall sense they shared general experiences, desires, and mores which set them apart as a group from their black American brethren.¹⁸ Long before coming to the United States, the migrant often goes through various preparatory steps, desparate investment measures, and personal involvements in efforts to pass the consular requirements. Some in the kin network must "chip in" to make the trip to America a reality. The immigrants thus feel on arrival here that

they must create opportunities not only for themselves but for the loved ones left behind. They must acquire money, build up experience, or secure knowledge, and return home a success.¹⁹ It matters little that the immigrant may never return; the important factor is that he or she has defined the situation in this manner and so consequences are indeed very real for the individual.

The development of the Panama Canal and the opening of new travel lanes between the West Indies and the United States were largely responsible for the increasing flow of black immigration to mainland America. As early as 1905 the British West Indian element in the black population here was 5.8 per cent.²⁰ By the 1920s there were ten times as many foreign-born blacks in New York City as in any other American urban area. In 1930, 54,754 foreign-born blacks lived in the City, of whom 39,833 resided in Manhattan. In Miami, the next largest American city in terms of immigrant blacks, there were only 5,500. Boston ranked third with 3,287 West Indians.²¹ About 25 per cent of the population of Harlem, America's largest black melting pot in the 1920s, were foreign-born.²²

During the era of immigration restriction, West Indian blacks came through what was called the "side door". While the emigration laws of the 1920s seriously restricted the migration of certain Europeans and almost totally excluded Orientals, they had little effect on peoples of the Caribbean. At first there were no restrictions on West Indian blacks. After 1924 they could enter this country under quotas set aside for their mother countries. In some instances, however, many black West Indians charged

that while Britain had high quotas which were never filled by the British, her black colonies were experiencing an annual excess of applicants over those issued visas to go to America.²³ However, the Immigration Act of 1965 had the most direct effect on black immigration to the United States for it established parity among independent nations in the hemispheres.

Aside from the unusually sophisticated and those who may have visited the country before, a sizable number of black immigrants are likely to experience shock and anguish upon first reaching the United States. In the 1920s the majority of immigrants came with skills in carpentry, brickmasonry, baking, tailoring, etc., jobs to which they had easy access back home. Once in the United States they discovered these jobs were more difficult to secure and they came into a system where the positions they must accept were in the lowest brackets of economic security and prestige.²⁵ Women worked for \$3.00 a week as experienced cooks, or as sleep-in domestics and maids, who were paid \$3.00 to \$5.00 per week, while male chauffeurs received \$25.00 a week, and elevator operators earned about \$20 a week.²⁶

Except for the black middle class immigrant, most newcomers had not been imbued with the distinctively American penchant for conspicuous consumption. They were accustomed to unemployment without welfare, hard work or underemployment and low pay, and thus relative deprivation of many of the things black and white Americans consider basic necessities.²⁷ The usually agrarian-based status system from which they came to the United States led them to want to own land and other immovable properties, to dislike being kept in a state of perpetual debt. Hence, the average black immigrant, even before he arrives

in this country, is usually highly disposed to be an ardent practitioner of what Americans call the Protestant Ethic and a true tester of the American dream.²⁸

It was in this context that the RCAs became important to the black immigrants. From the daily domestic worker the sleep-in maids, the elevator operator, to the factory worker, from the porter to the government servant, the migrants got together to form their "susus" as they called their RCAs. The money was used to bury the dead and to help form burial societies for their pride would not allow them to let one of theirs be buried in "Potters field" (public burial grounds). Money was sent as remittances to relatives, especially at Christmas, and it was also used to augment family finances, and to help form the nucleus of the benevolent societies which have become so popular today. By far, however, the most important use of "susu" money was to buy houses, set up businesses, and to accumulate relatively large amounts in savings banks.

West Indians would also combine to buy a house. Of the several corporations organized for this purpose the Antillean Realty Company had holdings in excess of \$750,000.²⁹ Haynes states that out of the 309 business enterprises he surveyed in 1909, about 19.7 per cent had owners who were born in the West Indies, or a percentage that was about 103 per cent larger than the West Indian proportion in the total population at the time.³⁰ Haynes also stated that conversations with many of them elicited the information that they had come to this country with the idea of saving money and entering business for themselves.³¹ As they made themselves into stable members of

society and began to be known for their frugality and thrift, they became more reluctant to accept the overt discrimination practiced upon nonwhites.

B. Significance and function in the United Kingdom and the United States of America

One manifest function--an instrumental one--was that these associations provided systematic savings for the thrifty and a source of credit for those who needed a lump sum in cash for business and other reasons. This was especially true for aliens in a strange metropolis who were locked out from the normal avenues of achieving credit and whose sojourning status motivated thrifty behavior.

The economic importance of the hui in the Chinese business community has been described by many commentators both in the United Kingdom and the United States.³² Among the Japanese Matusi states that the tanomoshi was helpful because a merchant without security may thus obtain credit.³³ In the United Kingdom observers noted the extraordinary frugality of West Indians and their tendency to economize to a much greater extent than comparable English income groups.³⁴ Although the extent of business self-employment among West Indians in Britain is not clear, Hyndman reported a few one-man or family businesses.³⁵ Garvey,³⁶ and Haynes³⁷ are among those who reported the overrepresentation of West Indians in business in New York City during the period 1910-1930. Finally, there is the tendency to save. A person can simply be overawed by making so much money for jobs for which one would not have been adequately rewarded at home. So the first impulse is to save some money, no matter how small the amount. It is here that the rotating credit associations became

important for some West Indian immigrants saw them as a form of compulsory savings.³⁸

Another function these associations served was their ability to help the immigrant adapt to a strange environment which at times manifested overt discrimination. Racial discrimination in housing rentals apparently influenced the Jamaicans' schedule of priorities, as West Indians in the United Kingdom scrimped in order to achieve property ownership because of the difficulties experienced in providing adequate accommodation for themselves and their families.³⁹ The rotating credit association--partner--often provided the initial payment on a house. Davison reports that of his sample of Jamaicans in England, 75 per cent were residing in houses as tenants of Jamaican landlords.⁴⁰ In 1922 Schichiro Matusi charged that white-owned banks in California discriminated against Japanese businessmen and farmers and this resulted in the use of the rotating credit association--tanomoshi--to augment capital formation.⁴¹ Among the Chinese the economic importance of the hui was emphasized by Cor Yun Leong, who observed that without such societies very few businesses could have been started.⁴²

Finally, through the mutual aid aspect of these organizations group pride and identity have been maintained. This latent value-expressive function was not only of benefit to the new emigrants but an important investment which would pay off in later generations. The tanomoshi among the Japanese-Americans, especially during their years of economic struggle, spared the members of their group from having to accept help from whites and served to spare the group as a whole the demoralizing consequences.⁴³ Philpott, in

describing the use of these associations among Montserratians in London, observed that there was the notion that by "keeping the money working" rather than putting it in a bank, they felt they helped each other cope.⁴⁷ This may have contributed to the reputation of West Indians in London as rate busters who saved their every cent and who helped their own. Among the West Indians in New York City in the 1920s, it was earlier reported that the money from the association was used to bury the dead and help form burial and other benevolent societies which helped some members of that group to feel a sense of pride.⁴⁵ Overall, it would appear that these associations served an adaptive function helping the various immigrants cope in their own way with the complexity and impersonality of urban societies.

Footnotes

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⁵ S. Patterson. Dark Strangers: A Study of West Indians in London. (London: Pelican Books, 1965).

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¹¹ Ibid.

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¹³ Ibid., 23.

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- 19 R. S. Bryce-La Porte. "Black Immigrants: The Experience of Invisibility and Inequality," Journal of Black Studies, III, No. I. (September 1972), 42.
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- 23 Bryce-La Porte, Journal of Black Studies, 34.
- 24 Ibid.
- 25 Reid. The Negro Immigrant..., 119.
- 26 Personal communication from informant who came to the United States in the 1930s.
- 27 Bryce-La Porte. Journal of Black Studies, 44.
- 28 Ibid.,
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- 30 Haynes. The Negro at Work..., 101.
- 31 Ibid.

- 32 Broady, Colloquium on Overseas Chinese; and Light, Ethnic Enterprise in America.
- 33 Light, Ethnic Enterprise in America..., 29.
- 34 Ibid., 34.
- 35 A. Hyndman, "The West Indian in London," in The West Indian Comes to England. S. K. Ruck (ed.). (London: Routledge and Kegan Paul, 1960), 71-72.
- 36 Light, Ethnic Enterprise in America, 34.
- 37 Haynes, The Negro at Work.
- 38 Davison, West Indian Migrants, 75-96, 102-03.
- 39 Light, Ethnic Enterprise in America, 35.
- 40 Davison, West Indian in America, 35.
- 41 Light, Ethnic Enterprise in America, 29.
- 42 Ibid., 27.
- 43 Ibid., 29.
- 44 S. Philpott, West Indian Migration: The Montserratian Case. (London: The Abalone Press, 1973), 173.
- 45 Personal information from an immigrant who came to the United States in the 1920s and was very active in the formation of these associations in Harlem.

CHAPTER V

ROTATING CREDIT ASSOCIATIONS AMONG BLACK IMMIGRANTS IN BROOKLYN

Introduction

Rotating credit associations among black immigrants in New York City have been around for at least 50 years. Among West Indian blacks their use is surrounded with a certain ambivalence. Some have commented on the manner in which they have been used to help some West Indian immigrants validate their middle class aspirations through initial down payments on homes, purchase of businesses, etc. However, others have seen them as a relic of the past, an anachronistic institution that would surely disappear with the passage of time, especially in a highly urbanized impersonal environment.²

Our position is that these associations are used by the immigrant as a generational adaptive mechanism to cope with the urban complexities of New York. Consequently, we believe their use would be important among first generation immigrants and less so among their second generation. What follows is based on in-depth interviews with ten organizers of these associations, and numerous informants who volunteered the information on the condition of anonymity. Through the use of a mailed questionnaire, we also attempted to increase our comprehension of this phenomenon by sending questionnaires to 100 immigrants reported to have been users and 90 persons reported to be non-users. Fifty-five users and 48 non-users responded.

Rotating credit associations: a generational adaptive mechanism or emblem of West Indian identity

Almost half a century of inquiry and discussion of American immigrant groups have given currency to the idea that the erosion of ethnicity and ethnic identity experienced by most (but not all) American ethnic groups takes place in the course of three generations. It has been stated that this process involves the immigrant parents, their children, and their grandchildren.³

It has also been thought that the generational conflict between immigrant parents and their children represents the first major blow to the continuity of the ethnic groups and their culture in the United States. On the one hand, most of the children of the immigrant parents were found determined to forget everything--the mother tongue that left so many traces in their speech, the "strange" customs that they were forced to practice at home, in church, or even in public places.⁴

On close examination, however, it has been perceived that the process of acculturation is by no means a clear-cut one. Hence, there have arisen important questions concerning the meaning of acculturation and eventual assimilation. Parenti states that on the surface the immigrants may seem to have lost all behavioral and cultural distinctiveness, but on closer examination manifestations of ethnic identity continue to appear.⁵ Parenti continues...

"In the face of widespread acculturation the minority still maintained a social subculture encompassing primary and secondary group relations composed essentially of fellow ethnics... The move to second and third generation settlement areas and

the emergence of American-born generations rather than pre-saging an inevitable process of disintegration has led to new adjustments in minority organization and communication. Even when most of the life styles assume an American middle-class stamp, those in group social patterns reinforce ethnic identifications and seem to give them an enduring nature."^{6/}

In short, the process of acculturation itself is a very multi-faceted one and even as American life styles, practices, languages and values are adopted, certain ethnic values and attitudes may persist as a vital influence. The question then arises: What of the first and second generation black West Indian immigrants in New York City? How do these various approaches illuminate their condition?

One commentator describes the tendency of West Indians--new immigrants and descendants of the old--to refer to other West Indians as "one of us" or "one of them", although very often "one of us" has never seen the West Indies and has no accent.⁷ These first and second generation immigrants, Coombs further states, still eat their meat patties and drink ginger beer while identifying with some aspect of the native American culture.⁸ Bryce-La Porte sees the second generation as having melted rapidly in the black pots and white pots of America, leaving only slight residues.⁹ Ira De A. Reid, as early as the 1930s, supported Bryce-La Porte's view. Reid stated that the second generation black West Indian immigrant reacted against the attitudes, traditions and institutions of their immigrant parents.¹⁰ In short, it was felt by some that the black West Indian immigrants faced the same problem as some white ethnic immigrants as their second generation children sought to become more acculturated and to depart from the ways of their parents.¹¹

What then have these migrants transported to Brooklyn? Are the rotating credit associations still an integral part of the immigrants' cultural baggage or are they confined to the first generation as the second becomes more Americanized? Table 1 indicates that the usage of these associations is strongly tied to the first generation with very little participation by the second generation immigrant.

Table 1
Generation of Immigrants by Participation in RCA

Participation	First Generation N = 60	Second Generation N = 32
Yes	72	25
No	28	75
Total	100	100

$$\chi^2 = 16.55; \text{ df} = 1 \quad p < .00001$$

Even when length of time spent in the United States is controlled, being first generation is still positively related to participation (see Appendix).

Our second major finding indicates that not only is the rotating credit association a generational mechanism, but its pattern of use is strongly influenced by parental use. This finding illustrates the simultaneous effect of two independent factors (generation and parental usage) on participation. Among the first generation, if one or both parents participated, then the likelihood of the immigrant participating is very strong. If neither parent participated, then participation among the immigrants decreased. By the

second generation there is less participation even when the parents had previously participated, with the participation completely disappearing if parents had not participated.

This finding also supports our earlier theoretical position that members of groups to which the individual belongs and who are important to him or her may indirectly influence or even compel participation in these associations. In this instance we believe the parents may have acted as sole models and so these associations became part of the socializing process.

Table 2

Participation in Rotating Credit Association
and Parents' Participation by Generation of Immigrant

Participation	First Generation		Second Generation	
	One or both parents participated N = 34	No parent participated N = 19	One or both parents participated N = 16	No parent participated N = 15
Yes	88	53	50	0
No	12	47	50	100
Total	100	100	100	100

$\chi^2 = 109.69; df = 1, p < .01$ $\chi^2 = 10.88; df = 1, p < .01$

Some 80 per cent of the users felt closer to West Indian culture as compared with 35 per cent of non-users. However, when we control for generation, we find that it is still the generational tie and not the cultural one that is the critical variable.

Table 3

Participation in Rotating Credit Associations and Closeness to Culture by Generation of Immigrant

Participation	First Generation		Second Generation	
	Feels closer to W.I. culture N = 49	Feels closer to USA culture N = 8	Feels closer to W.I. culture N = 14	Feels closer to USA culture N = 16
Yes	71	75	29	25
No	29	25	71	25
Total	100	100	100	100

No statistical significance at $p < .10$.

Further, as Tables 4 through 6 indicate, when we control for other indices of West Indian cultural identification, the generational tie continues to persist as the crucial variable.

Table 4

Participation in Rotating Credit Associations and Frequency of Reading W.I. Newspapers by Generation of Immigrants

Participation	First Generation			Second Generation	
	Read W.I. Newspapers Often N = 23	Read W.I. Newspapers Sometimes N = 25	Never read W.I. Newspapers N = 9	Read W.I. Newspapers Sometimes N = 19	Never read W.I. Newspapers N = 11
Yes	70	76	67	26	18
No	30	24	33	74	82
Total	100	100	100	100	100

No statistical significance at $p < .10$.

Table 5

Participation in Rotating Credit Associations and Preference for Music by Generation of Immigrant

Participation	First Generation		Second Generation	
	Prefer W.I. music N = 42	Prefer Black American music N = 9	Prefer W.I. music N = 13	Prefer Black American music N = 15
Yes	71	67	38	20
No	29	33	62	80
Total	100	100	100	100

No statistical significance at $p < .10$.

Table 6

Participation in Rotating Credit Associations and Transmission of W.I. Culture by Generation of Immigrant

Participation	First Generation		Second Generation	
	Plans to transmit W.I. culture to children N = 43	Do not plan to transmit W.I. culture to children N = 7	Plans to transmit W.I. culture to children N = 25	Do not plan to transmit W.I. culture to children N = 3
Yes	74	71	28	33
No	26	29	72	67
Total	100	100	100	100

No statistical significance at $p < .10$.

Finally, our data seem to suggest that the participants' definition of their working class situation may have contributed to usage of these associations. Among both first and second generation users a substantial majority defined their class position in America as working class.

Table 7
Generation of User of R.C.A. by Reported Class

Class	First Generation N = 43	Second Generation N = 8
Upper	5	-
Middle	30	25
Working	63	75
Lower	2	-
Total	100	100

Practice in Brooklyn

There exist no specific criteria for membership except that the members be "working people". In most instances an organizer would decide that she or he has some specific goal to accomplish and that the association is the best way of reaching this goal. The individual then chooses among various friends those considered to be reliable, trustworthy, and who have regular, steady incomes.

Membership is not limited to black immigrants, either first generation or their second generation offspring among whom there has been some element of cultural assimilation. Native black and white Americans have participated in these associations. In some instances primary relationships on the job, the "informal aspects of bureaucracy" were often the compelling factor in an outsider such as a white American or native black American seeking membership. We even came across some instances where black Americans from the South are not only participating but have begun to organize these associations on slightly different lines than the black immigrants.¹² A process of indirect membership is also noticeable when, for instance, a hand is thrown by a working adult for a younger member. In the West Indies government workers tended to predominate as the government service was seen as very secure employment. In Brooklyn members occupations vary although in quite a number of associations nurses seem to predominate.¹³

The total number of members may vary from approximately 10 to 50 in the larger ones. The number of members is, however, contingent on the size of the "hand". For example, if the organizer decides that a person needs \$500 and that such a sum should be spread over 20 weeks, then he or she would need 20 members throwing \$25 a week. One organizer stated that she tried to get enough members so that the amount would not prove too difficult for anyone, hence lessening the possibility of default. Friends of the organizer can also recommend persons for membership, hence using their friendship as collateral for others.

Organization and practices

There are no elaborate lists of rules and regulations and no written constitution, contract and other paraphernalia that characterize the associations in other countries. There is no advertisement in newspapers, on television or on radio. The only advertisement is by word of mouth and emanates from the informal social relationship that ensues from the social network these immigrants form. This factor limited the researcher's ability to track down how many of these associations are operating in any one block or area of Brooklyn where the fieldwork was done.

The organizers normally stipulate when payment of the "throw" or "hand" is to be made, and then pass on this information to the participants. The throw or hand is normally paid weekly on Sunday, although in some instances allowances are made for monthly employees who pay at the end of the month. No receipts are given when payments are made as there is a large amount of trust involved among the participants. However, records are kept indicating when money was received, and who is the recipient (see Appendix).

The associations have no branches; however, in one instance an informant stated an interesting case of members organized into sub-groups. This particular "box" (synonym for rotating credit association) had a total of twenty members at \$40 a week. One member, however, was unable to meet the \$40 throw and sub-divided it with three other persons, each person throwing \$10 to him and thus sharing in the final hand that he received.

Contributions

All contributions are made in cash and in most instances this requirement is the same for all members. There were a few instances where informants reported that some organizers did not throw any cash but rather were merely responsible for seeing that the associations were properly administered. In these instances the organizers were non-contributing members. The amount of money a member contributes remains constant and members pay the same contribution after as well as before receiving their hand.

The organizer normally determines the amount of the hand but may take into account the ability of the members to make large or small hands. Some form of consensus, however, is necessary for if the amount is excessive, then there would be difficulty in attracting members and, at times, in their meeting payments. Doubling (where one member throws two hands) tripling (where one member throws three hands) does occur. In the case of doubling or tripling, the member does not get the total amount of all the hands simultaneously or even consecutively. Rather, an attempt is made to space the receipt of funds. In the case of doubling a member may receive an early hand and a late hand (see Appendix).

Payment is normally made at the organizer's home or place of work, but it may be collected at a member's place of work or home. The norm, however, is for the member to take the money to the organizer. Only after some delay in receiving the money does the organizer initiate attempts to get same.

Size of the fund

The average amounts of a fund ranges between \$500-\$600. There have been instances reported of funds approximating as much as \$2,000 to \$4,000. Depending upon the size of membership this could necessitate a weekly hand of \$60 and the association would run for the whole year. In those with \$500, the amount of time to complete the fund is approximately 20 weeks. There are no restrictions of the use of the money by a member. Some individuals use it for an initial down payment on a home, while others may apply it to the purchase of clothing for their children, or to meet other basic necessities. There are also other interesting uses of the fund. One member reported that some persons would use the money to open fixed deposit accounts in savings banks, where they accumulate interest. Another informant, referring to the practice, described it in this way:

"My son when you're really hard up and you need money, it is best to be able to say: Here it is than where it is, you know."

In another instance it was reported that some participants would use the fund to deposit in their checking accounts at the commercial banks. This would, of course, reflect large balances on their bank statements, which can then be used to send to the immigration authorities as an indication of their financial status. The whole process ultimately leading to immigration to the United States of immediate family and other relatives. It should be noted that the amount of the fund is predetermined and the money is not transferable.

Order of rotation

Ideally the order of rotation is determined by general agreement among the members. What happens in fact is that the members make their requests known to the organizer who then ultimately makes the determination as to the order of rotation. If, for instance, the organizer is dubious about the reliability of a new member (even though he or she may have been vouched for), then invariably that member gets a hand very near the end of the association.

Further, some organizers have devised an equitable way of ordering the rotation so that over a period of time each member would have an equal chance of drawing an early hand in the rotation schedule. We have called this the "normalizing process" (see Appendix).

Interest

In most instances no interest is paid. One informant responded to the question of interest payments in this way:

"My son, I think it is mean to take out interest. God! is poor people using this 'box' you know. I have seen members take that money--all of it--and go right to purchase something they really need.

"Look as far as I'm concerned I'm doing this to help these people and I'm not looking out for nothing."

The organizer in this case saw herself as performing an altruistic service for members of her ethnic community who needed it. However, in several instances the organizer, despite not charging interest, expected the member to give a small token and most members complied. The responses of an organizer and member are illustrative. The organizer:

"Well, you know it is up to them and their conscience. They know you keep their money safe and that you are helping them save money they would otherwise throw away on cigarettes or women. It's up to their conscience to give you a small piece."

The member:

"Well, I usually give the organizer \$10-\$15 depending on the hand. After all, she is performing a service."

Thus, we see in effect that though no interest is paid, most members do give a small portion of their fund to their organizer as a form of appreciation for their altruistic service. It should be stated that, among some native black Americans who now organize these associations, members are required to give to the organizer a part of their hand. This is stipulated at the beginning of the association.

Sanctions

Organizers reported no instance of default by members. So rare was default that when queried, most organizers did not know how they would have dealt with such a situation. However, despite its practical non-occurrence, most organizers tend to safeguard themselves by taking precautions.

First, if a member is suspect, the organizer makes certain that that person gets his or her money very near the end of the association. In this manner the possibility of that member getting the money early and then failing to continue contributing is minimized. Also, some organizers try to limit membership to people whom they know very well; mainly those who are members of their social network. The strong sense of cohesiveness and group solidarity that results tends to militate against default. Finally, some

organizers keep a hand as a security in the event of any contingency arising which would result in lateness of payment.

Very great importance is placed upon meeting one's payment. In some associations based on kin default may be prevented by the acknowledged social obligations between relatives. In other associations, recruitment is on the basis of island ties. Here the main point is that members who fail to keep up payments are traceable unless those members have left the city. Further, a major implicit sanction lies in the fact that the news of such a misdemeanor would be quickly communicated among black immigrants in New York, London, as well as the home island. This would undoubtedly give the offenders a bad name and would possibly adversely affect their future relations in the community. Reputation and respectability are important elements in the black community and at times a defaulting member can find both severely tested. In one instance it was reported a defaulting member was employed as a nurse at a local hospital in Brooklyn. After several attempts to get her to pay proved unsuccessful, the organizers soon passed the word around that she was financially irresponsible. It is felt that this caused her to be passed over for promotion to the post of a nursing supervisor.¹⁴

Finally, in some instances, the organizer would visit the home of the defaulting member. Once there she or he would proceed to announce to all and sundry in the vicinity what the defaulting member had done. This "cussing out", as it is colloquially called, can keep a member in check for no one likes a public intrusion into one's privacy.

Rotating credit associations: a sociological approach

The sociological relevance of these informal voluntary associations are several. A major manifest function is the adaptive role they play for the first generation immigrants in helping members meet the demands of the core society by providing services that facilitate group and individual activities. These adaptive and facilitative functions are manifested in varied ways.

One adaptive function is that these associations encourage savings or small capital formation. Many first generation members had accounts at local savings institutions but despite this continued to be involved in many of these associations each year. They reportedly saw them as providing short-term savings to help purchase clothing or meet the other basic necessities of urban life in New York. In a sense this is almost a compulsory form of savings, for unlike the voluntary contribution in savings and loan institutions, the contribution to the rotating credit association has to be met. As was mentioned earlier, some organizers felt that by socializing members in the process of compulsory savings they were helping the members to avoid spending on non-necessities.

Further, these associations provide credit on the sort of small-scale sums as small of \$100 in which banks are not normally interested. Moreover, the rates of interest are extremely high at banks and finance companies whereas in these associations no interest is charged. This easy availability of credit goes a long way toward helping the immigrant cope.

Another adaptive function of these agencies is the service they provide for the newly arrived first generation black immigrant, especially the illegal alien. These people are not allowed to work in the United States yet most of them do so thereby incurring the displeasure of citizens in Brooklyn and elsewhere. These aliens are often afraid to open savings accounts at banks where in many instances they have to provide social security numbers, which are becoming increasingly difficult for them to obtain.¹⁵ Moreover, some illegal aliens need large and ready sums of money to pay their attorneys and for American brides to help them "get straight". Through the rotating credit associations they can both save their money and receive credit without fear of their illegality being discovered. One organizer of these associations even reported that on a few occasions she had helped arrange marriages between a few of her members and Southern black Americans whom she knew as friends.

Of the latent functions it was detected that they are value-expressive where they serve as a means of bringing people together and ultimately increasing their sociability. For some members these associations are seen as social networks which provide mutuality, group cohesion, and intense bonds of friendships. Some individuals come to regard themselves as part of a family, hence an altruistic feeling is engendered where members are concerned about the welfare of others. One informant expressed her sentiments in this manner:

"Well, the first time I joined a 'box', I was one of the newest members and, of course, I had to prove myself so I got the next to last hand. But after awhile, me and Mrs. _____ became very friendly. She started advising me on

some personal problems. Soon she was visiting my house, and I hers. Our children are fast friends and now we often go to the same social functions. At times it seems as though I throw the box out of a compulsion to be part of the family, you know."

Another said:

"Well, Mrs. _____ has been throwing a box with me for years. Often she tells me why she needs it and we share our mutual problems. She is like part of my family. For instance, when my mother died, Mrs. _____ felt so concerned that she herself got the girls together at work and they started a box just so I could get some extra money for the funeral expenses. My son, there is much more to this box thing than mere economics. A lot of us immigrants needed it when we came here first. If only to get to see each other on days off and talk about how we doing."

Another latent function is their integrative function as they act to bring together in the same organization immigrant group members with genuine value differences and at times outright animosities. The following statement of one organizer reflects the sentiment we detected when she said:

"Look, this susu is not a Trinidad thing, for Guyanese and Bajans, Jamaicans and small islanders have it too. Of course, they call it by a different name. This is more a West Indian thing that cuts across the island groups. In my susu I have had members from all the islands. I only have to mention I'm starting one and people from all the islands ask me to join up. You would be amazed to know how it has helped us to get ourselves together. Yes, this is really a West Indian thing."

Further, black immigrants from the islands are often perceived and treated by Americans as monoliths--West Indians. This generic categorization often may result in a homogenizing trend among these immigrants causing them to stress the things that are common to them.

Another facilitative function of these associations for some black immigrants is apparent in their use to provide "show money" to immigration officials for the later migration of relatives. Some first generation immigrant users complained of the impersonal anonymous nature of New York and the need to have their relatives near to them was paramount. To the extent that the rotating credit association helped meet this need, it helped facilitate the adjustment process.

Finally, another latent function of these associations that we detected is that the organizers grew in social stature as they were regarded as highly reliable, trustworthy persons to whom one's money could be entrusted. One informant aptly described them as "people who, given a chance, can make a buck work."

Footnotes

¹ Ivan H. Light. Ethnic Enterprise in America. (Berkeley: University of California Press, 1972); and Albert Hyndman, "The West Indian in London." In The West Indian Comes to England. S. K. Ruck (ed.). (London: Routledge and Kegan Paul, 1960).

² R. B. Davison. West Indian Migrants. (London: Oxford University Press, 1962); and S. Patterson, Dark Strangers: A Study of West Indians in London. (London: Pelican Books, 1965).

³ V. C. Nahirny and J. Fishman. "American Immigrant Groups: Ethnic Identification and the Problem of Generations," Sociological Review. November 1965, 311.

⁴ Ibid., 313.

⁵ M. Parenti, "Ethnic Politics and the Persistence of Ethnic Identification," American Political Science Review, Vol. 61, September 1967, 3, 717-726.

⁶ Ibid., 722.

⁷ O. Coombs. "Moving Beyond the Limbo Pole", in Do You See My Love for You Growing. (New York: Dobb, Mead and Co., 1972), 113.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ira De A. Reid. The Negro Immigrant: His Background, Characteristics and Social Adjustment, 1899-1937. (New York: Arno Press and The New York Times, 1969).

¹¹ Ibid.

¹² A true case of cultural diffusion for these native black Americans have modified these associations to the extent that they charge interest to the members who participate. Moreover, most of the black Americans who use these associations were born in the South, especially in the Carolinas.

¹³ This trend was very common in the 1960s, especially after 1965 when large numbers of nurses migrated to the United States. See R. W. Palmer. "A Decade of West Indian Migration to the United States, 1962-1972: An Economic Analysis," Social and Economic Studies, XXIII, 4 (December 1974), 571-587.

¹⁴ Personal communication from informant.

¹⁵ Recent innovations by the Social Security Administration, as a result of prompting from the Immigration and Naturalization Service, now call for the presentation of an alien card or passport before an immigrant is given a Social Security card. Since the illegal alien would have neither, he would be in a dilemma for the use of a fictitious number may someday work to his detriment.

CHAPTER VI
ROTATING CREDIT ASSOCIATIONS AS COMPARED
WITH THE CREDIT AND BANKING SYSTEM OF THE HOST SOCIETY

Introduction

We had also determined to ascertain what, if any, relationship exists between the rotating credit association and the credit and banking systems. To what extent is there any overlap between participation in rotating credit associations and having savings accounts. Are there any similar organizations within the financial institutions of the larger society and how rotating credit associations do compare?

Rotating credit associations--savings or credit?

By its title rotating credit associations are known as credit associations, i.e., a group consisting of borrowers and lenders. The borrowers receive their money (fund) in the first half of the round and the lenders receive theirs in the second (see Appendix). In effect, the lenders do not charge interest and are in effect transferring their potential interest earnings to other members. Economically speaking, the "lenders" had they drawn their fund early in the round, their money would have been worth more. In a sense, they have foregone the opportunity costs of using their money in alternative ways. As one economist states:

"Alternative or opportunity costs represent the cost of an opportunity which is foregone because limited resources are used in the chosen alternative and, therefore, cannot be disposed of or used for other possible income-producing or expense-reducing alternatives. Opportunity costs are not recorded in the books of accounts." 1

More important, however, is the foregoing of interest which the lenders (creditors) subject themselves to. Members are aware of the concept of interest, but despite this, their "definition of the situation" with regard to rotating credit associations is that they are mainly savings associations.² Rotating credit associations are regarded as the poor man's bank. They act as a form of compulsory savings by providing a repository for small amounts of money that would otherwise be spent.³ Illustrative of this are the statements of two respondents:

The first said:

"Look at it this way, every week you throw away \$15-\$20 or more on rum and such stuff and it gets you nowhere. You are always promising to go to the bank but never seem to get there. If you decide to join the susu, the social pressure to pay are great and you know the money is there for you to use at hard times."

The other informant stated:

"Well, I was tired of the neighborhood and decided to purchase a house in Laurelton, Queens. I needed \$8,000 for the down payment. I had \$7,000 drawn from my own sources and loans from commercial banks, but I just couldn't seem to get the other \$1,000 together. Man, the only way I could have topped off the down payment was with a box hand."

In effect, some black immigrants do not have the initiative to systematically put aside some money, to deposit and leave it untouched until their goal has been reached. The rotating credit associations help to overcome this impediment. There are no forms to fill out, no lines on which to wait. Moreover, the organizer is in close proximity to the members and thus no one has to go long distances to deposit money. Thus, the important feature of

rotating credit associations is their ability to exert pressure and release reservoirs of potential savings: As Levin states:

"Susu exerts influence through social pressure. If one quits before receiving the fund, he will inconvenience his fellow members and will gain a reputation of being unable to live up to his financial obligations. If a member quits after he received the fund, it would be the same as defaulting on a loan."⁴

Despite the strong feeling that these associations are more savings associations than credit, there were a few instances in which some members regarded them as credit institutions. One individual summed up the sentiment of the latter group when she stated:

"Look, box is like a loan, interest free to meet short-term commitments. Getting small sums from a bank is a hassle. All 'dem damn questions they ask you."

Thus, the rotating credit associations are an uncomplicated way to obtain credit for some immigrants, especially the recently arrived first generation whose credit references in the United States would not be extensive.

Rotating credit associations as compared with banks and similar instruments

Rotating credit associations are similar in some regard to Christmas Club savings plans of the various banks. In Table 8 we have outlined the attributes of rotating credit associations with savings and commercial banks. For example, the rotating credit association and the Christmas Club both have certain comparable characteristics. In each a predetermined amount of money is set as a goal, a specific amount is deposited at regular intervals, there is the encouragement of the propensity for saving, and ultimately the assurance of receiving back all that one has contributed.

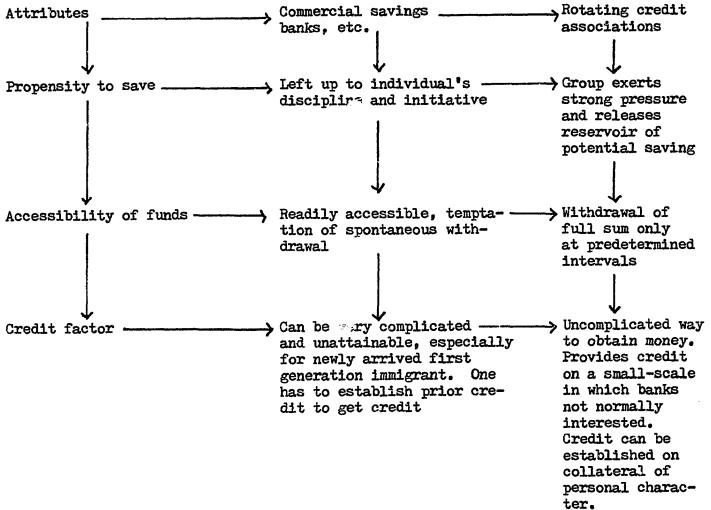
However, there are some differences. The rotating credit associations are informal structures with no interest payments or officially binding fixed rules, only those decided upon by members who are normally friends, relatives or fellow workers. Further, in a Christmas Club which pays interest, one must wait until just before Christmas before money accumulated is received. In rotating credit associations the money can be received at any time between the beginning and end of the association. Finally, while in both contributions are voluntary, with the Christmas Club there is no strong compulsion to save and some members miss payments, but in the rotating credit associations group pressure exerted to save regularly is strong.

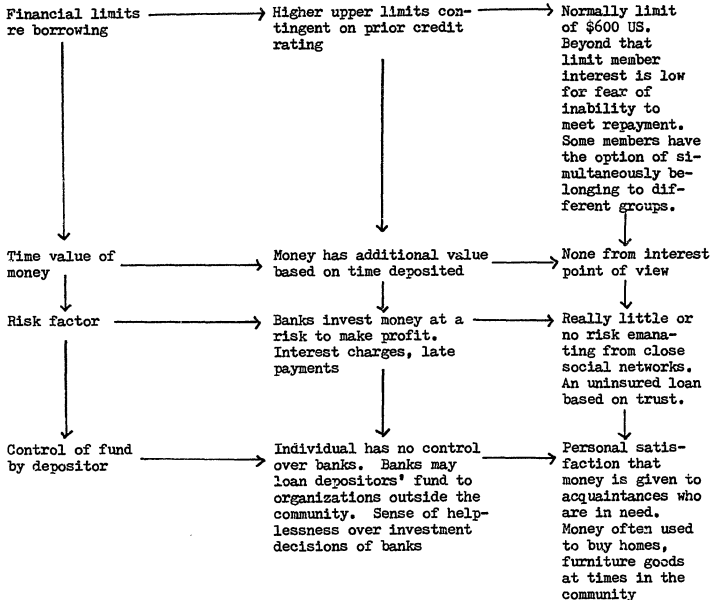
Also, in some banks there is a process whereby compulsory deductions (savings) can be made at specified time from a member's checking account and applied to his or her savings. However, this form of compulsory savings only works for those immigrants who have checking accounts and who can afford to maintain balances to accommodate such an arrangement.

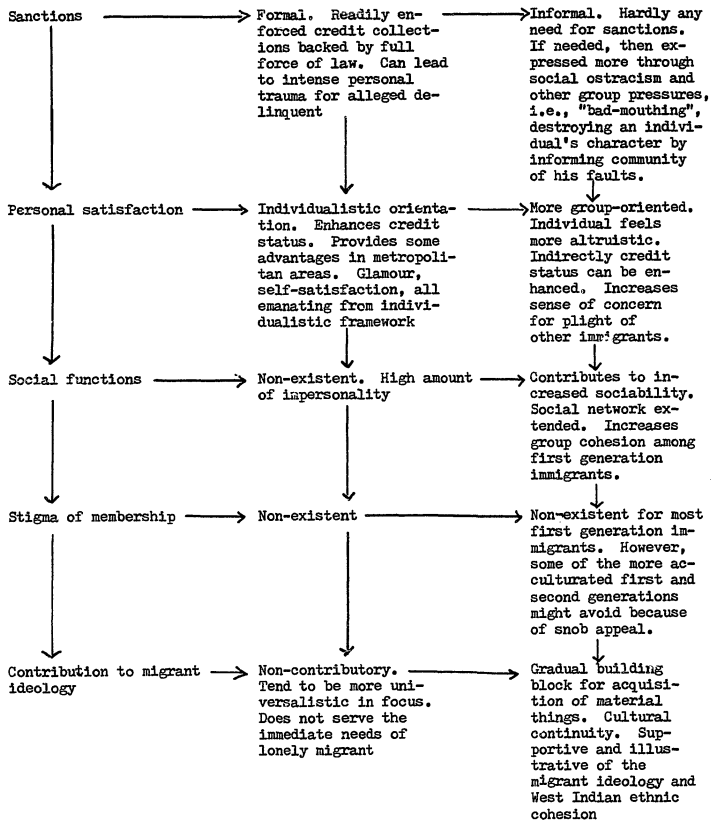
Table 8

FLOW CHART

Comparison of Savings Bank and Allied Institutions
with Rotating Credit Associations







Overlap with larger credit and savings system

Table 9 indicates that the second generation immigrant prefers banks and consequently there is a sharp decline in usage of the rotating credit association. Among the first generation there is a split. There is a strong preference for the rotating credit association. However, even among those oriented toward the use of banks there is still a residual generational tie manifested through participation in the RCA. This, we believe, arises from the lingering distrust of banks and the hesitancy arising from the impersonality of banks among the first generation. This consequently limits self-selection. Among the second generation there is more familiarity with banks, less of a fear to use them and so he or she can be more discriminating.

Table 9

Participation in Rotating Credit Association and Stated Option if in Need of a Loan by Generation of Immigrant

Participation	First Generation		Second Generation	
	Would prefer RCA N = 25	Would prefer bank N = 23	Would prefer RCA N = 7	Would prefer bank N = 14
Yes	100	52	71	14
No	0	48	29	86
Total	100	100	100	100

$\chi^2 = 17.09, df = 1, p < .05$

$\chi^2 = 5.93, df = 1, p < .05$

However, it is in Tables 10 and 11 that we see the overlap of the rotating credit with the savings and credit system of the larger society. namely,

the commercial, savings banks and finance companies which these immigrants utilize.

In Table 10, for instance, 61 per cent of the first generation users had savings accounts and still participated in the rotating credit associations. Among the second generation there is no such generational overlap between the savings institution and these associations for there is a marked tendency to participate only in savings institutions.

Table 10

Overlap between Rotating Credit Associations and Savings Institutions by Generation of User

Use	First Generation N = 56	Second Generation N = 29
Savings only	25	69
Savings and RCA	61	28
RCA only	11	0
Neither savings nor RCA	3	3
T o t a l	100	100

Further, Table 11 shows that even though 17 per cent of the first generation have the requisite collateral to use the credit system solely yet the overlap persists. Fifty-two per cent would have to utilize the rotating credit to augment whatever they may get from the credit facilities in the larger society. Among the second generation the overlap decreases considerably and there is a marked preference for the use of credit facilities

rather than for the rotating credit association. The second generation immigrant is obviously more immersed in the credit institutions of the host society.

Table 11
Overlap Between Rotating Credit Associations and
Larger Credit System by Generation of User

Use	First Generation N = 54	Second Generation N = 29
Credit facilities only (Banks and finance company)	17	45
Credit facilities and RCA	52	24
RCA only	20	3
Neither credit facilities nor RCA	11	28
T o t a l	100	100

Finally, Table 12 indicates the different pattern of use of these associations among generations. The first generation uses the money for basic urban necessities, buying furniture, clothing and other consumer goods. There is little surplus capital for investment. Among the second generation there is a tendency to invest either in a small business or in the purchase of one's home.

Table M2

Frequency Distribution Showing Use to which Rotating
Credit Association was put by Generation of User

Use	First Generation	Second Generation
	N = 43 Frequency of response	N = 8 Frequency of response
Down payment on a house	4	8
Setting up business	2	8
Purchase of consumer goods	22	5
Vacation	20	4
Purchase of clothing	12	3
Internal revenue service payment	3	8
Increasing bank account balance	5	0
Other	2	0

Since respondents could mention more than 1 choice the total frequencies exceed the respective N's.

A possible explanation for the above phenomenon may be that the first generation immigrant is still in the process of adapting to the financial stringencies of a large urban milieu and cut off as he is from the larger credit system, he cannot afford to use his meager resources for capital outlays. The second generation immigrant, however, is more deeply involved with the credit system and consequently can use the rotating credit to "top off" investments.

Footnotes

¹ N. Barish. Economic Analysis for Engineering and Managerial Decision Making. (New York: McGraw Hill, 1962).

² D. Levin, Susu. Caribbean Review, VII, No. 1 (January 1975), 20.

³ Levin also found this to be true in Trinidad and we would suggest that this factor accounts for its success in developing societies.

⁴ Levin. Caribbean Review, 20

CHAPTER VII
GENERAL CONCLUSIONS

We have found rotating credit associations to be still viable in Brooklyn among black West Indian immigrants. These associations are a generational adaptive mechanism for the first generational immigrant and their use is not related to their being a symbol of ethnic identity. This is a major finding for it shows that even though value-expressive and cultural factors are important, it is the instrumental functions that become paramount for immigrants exposed to the complexities of a highly developed urban society.

Further, we found that parents' prior participation is also related to the users' participation especially among the first generation. By the second generation there is absolutely no participation if the parents had themselves never participated. A possible explanation for this phenomenon may be that parents do become positive role models for their children and as such may indirectly influence their participation.

There is also a different usage of these associations among generations. The first generation immigrant uses the funds to cope with the basic necessities of urban life--the purchase of furniture and other consumer goods and also to pay for a vacation. The second generation user, when he or she does participate, tends to use the funds for investment purposes; to "top off" payment on a home or to assist in setting up a small business.

There is also an overlap in usage between rotating credit associations and the larger banking and credit systems. This pattern is clearly more pronounced among the first generation who despite their proclivity for these associations also involve themselves to the extent they can, in savings and loan associations. By the second generation, however, the overlap disappears as they tend to increasingly use the credit institutions of the larger society rather than rotating credit associations. We may conclude from the above phenomenon that there is an increasing pattern of socialization focusing on the use of the larger credit institutions. In short, our data demonstrates the potential of these associations for socializing to commercial modes of behavior.

Despite the changes in these associations over the years, there are other similarities which still remain. Very few organizers charge interest and most members still tend to define them in terms of their compulsory savings effect. Also, we detected that the organizers of these associations grew in social stature, as they were regarded as highly reliable persons to whom one's money could be entrusted.

When viewed within the larger framework of race and ethnic relations, these associations assume even greater functional importance. For some members they serve value-expressive functions stressing greater sociability among immigrants in a large urban environment. We found these associations tend to help develop a network of closeness among their members, so close that default was non-existent among those surveyed. Part of the reason for this may lie in the nature of the migrant experience that draws these migrants

together and acts as a centripetal force instilling stronger altruistic feeling among the participants.

Another major function is the adaptive role of these associations as they provide varied services for the first generation immigrant, illegal alien and permanent resident alike. Some illegal immigrants use the fund to pay their attorney's fees in their endeavor to become permanent residents. Others use the money to gradually accumulate sufficient funds to eventually initiate a business partnership with some entrepreneur in New York. This is another way an illegal alien is allowed to remain, for if it can be proved that one has a substantial investment in a commercial concern, then one's chances of becoming permanent is considerably strong.

Further, illegal aliens cannot obtain social security payments and in most instances are afraid to apply for unemployment insurance. The money from these associations is then used as insurance against unanticipated disaster. Still others use the money to assist relatives to migrate--at times illegally--to the United States. This, it is felt, helps them to adjust to intense feelings of nostalgia which they experience on coming to New York.

Also, both illegal and permanent residents use the money to obtain small amounts of credit--sums such as one hundred and two hundred dollars--in which banks are not normally interested.

Finally, from a sociological perspective these associations are not unique but are similar in function to other such associations among immigrant groups, such as Japanese-Americans, Chinese-Americans, Jewish-Americans,

and others. This type of organization still exists in some black communities in the United States--such as in the form of burial societies--though they seem to be decreasing in number! One of the best known organizations with somewhat similar adaptive and facilitative functions is the National Urban League founded in 1910 to assist rural blacks who had moved to northern cities to find jobs and housing. Urban league workers helped these early migrants--strangers, illiterate and poor--find jobs as well as care for their children.² Today some of its early tasks have been taken over by government agencies, but many resources of the league are still directed toward facilitative activities--"smoothing out wrinkles in the adjustment process", as one member put it.³ We detected no relationships, overt or covert, between rotating credit associations and other similarly related associations.

So far rotating credit associations have little, if any, effect on the overall U.S. economic system. As presently constituted, these associations tend to give the member drawing the first hand an undue advantage over the member who draws the last hand, in that the former can deposit his hand in a bank and accrue a financial advantage. We assert that if these associations are to be made meaningful for the "small man" in American society, they must be modified to take the maximum advantage of financial institutions in the United States while simultaneously passing on more benefits to members than they currently enjoy.

One such approach would be for the organizers to prevail on each member to receive his hand at the end of the association rather than at the end of each period as presently constituted. The organizer can then put

the money collected at each period in one of many special funds available for this purpose in financial banking institutions. At the end of the association each member would generate interest on his money and would receive much more than he now does.

In the Appendix, we speculate upon the use of the money in a sinking fund⁴ which has some similar features to these associations. With an initial sum of \$1,000 each member would receive \$753.30 at the end of the association. Even though the time period in our example seems long, the principle remains the same. The organizer should encourage the members to allow him to utilize the principal for their advantage. This is one way we believe these associations can begin to have even a slight impact on American financial institutions while earning some interest for members.

Footnotes

¹ B. Eugene Griessman. Minorities: A Text with Readings in Inter-group Relations. Minsdale: The Dryden Press, 1975. 189.

² Ibid.

³ Ibid.

⁴ A sinking fund, strictly defined, consists of assets set aside, together with the accumulated earnings thereon, for the payment of an existing liability at its maturity. Like a rotating credit association, the amount of the periodical contribution to the sinking fund is often fixed. Sinking funds, like rotating credit associations, are usually administered by a trustee.

A P P E N D I X

SPECIMEN OF RECORDS KEPT BY ORGANIZER OF RCA

Date started:

Time period in weeks

Names	<u>Time period in weeks</u>																				Signature on being paid
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
1. John Doe																					
2.																					
3.																					
4.																					
5.																					
6.																					
7.																					
8.																					
9.																					
10.																					
11.																					
12.																					
13.																					
14.																					
15.																					
16.																					
17.																					
18.																					
19.																					
20.																					

Note

This susu or RCA ran for 20 weeks and had 20 members each throwing \$25 a week. The total fund (hand) which each member received was \$500. As each member paid the organizer, the sum was recorded under the appropriate week and next to the member's name.

When the member received his fund (hand) he (or she) signed for same and indicated the date of receipt.

MEMBERS DRAWING EARLY FUNDS (HANDS) AND LATE FUNDS (HANDS)

Members	Contributions										Total Paid	Fund Received	
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th			
A	10	10	10	10	10	10	10	10	10	10	100	First	100
B	10	10	10	10	10	10	10	10	10	10	100	Second	100
C	10	10	10	10	10	10	10	10	10	10	100	Third	100
D	10	10	10	10	10	10	10	10	10	10	100	Fourth	100
E	10	10	10	10	10	10	10	10	10	10	100	Fifth	100
F	10	10	10	10	10	10	10	10	10	10	100	Sixth	100
G	10	10	10	10	10	10	10	10	10	10	100	Seventh	100
H	10	10	10	10	10	10	10	10	10	10	100	Eighth	100
I	10	10	10	10	10	10	10	10	10	10	100	Ninth	100
J	10	10	10	10	10	10	10	10	10	10	100	Tenth	100
	100	100	100	100	100	100	100	100	100	100			

Note: Most organizers considered Members A, B and C as receiving early funds (hands) and members H, I, J as receiving late hands.

Also, to protect against default, most new members are allotted funds (hands) H, I, J.

SCHEDULE SHOWING HOW ORDER OF ROTATION CAN BE NORMALIZED

Round 1	=	1	2	3	4	5	6	7	8	9	10
Round 2	=	10	1	2	3	4	5	6	7	8	9
Round 3	=	9	10	1	2	3	4	5	6	7	8
Round 4	=	8	9	10	1	2	3	4	5	6	7
Round 5	=	7	8	9	10	1	2	3	4	5	6
Round 6	=	6	7	8	9	10	1	2	3	4	5
Round 7	=	5	6	7	8	9	10	1	2	3	4
Round 8	=	4	5	6	7	8	9	10	1	2	3
Round 9	=	3	4	5	6	7	8	9	2	1	2
Round 10	=	2	3	4	5	6	7	8	9	10	1

It should be noted that the member who draws the first hand in round 1 would, under this scheme, draw the last hand in round 10.

PARTICIPATION IN ROTATING CREDIT ASSOCIATIONS AND LENGTH OF RESIDENCE BY GENERATION OF IMMIGRANT

Participation	First Generation		Second Generation	
	Lived most of life in the U.S.A. N = 9	Lived most of life in the W.I. N = 50	Lived most of life in the U.S.A. N = 0 *	Lived most of life in the W.I. N = 32
Yes	89	68	0	25
No	11	32		75
Total	100	100	0	100

*No return migration.

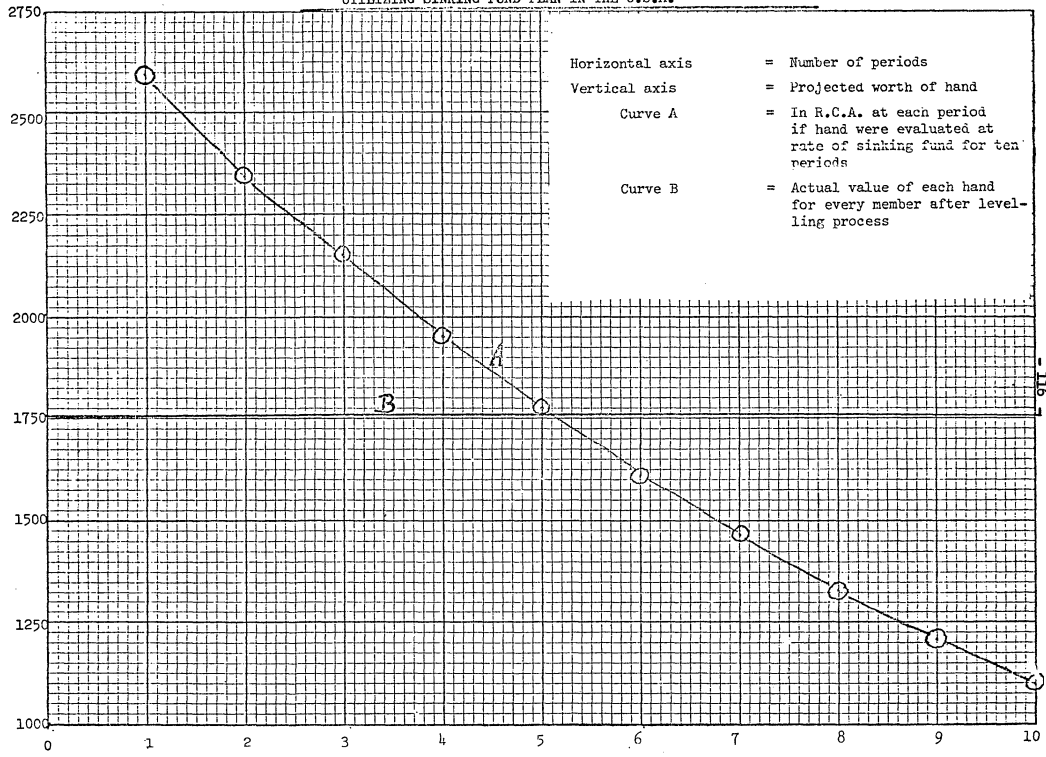
No statistical significance at $p < .10$

MEMBERS WHO ARE BORROWERS AND MEMBERS WHO ARE LENDERS

Members	Contributions										Total Paid	Fund Received
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th		
A	10	10	10	10	10	10	10	10	10	10	100	100
B	10	10	10	10	10	10	10	10	10	10	100	100
C	10	10	10	10	10	10	10	10	10	10	100	100
D	10	10	10	10	10	10	10	10	10	10	100	100
E	10	10	10	10	10	10	10	10	10	10	100	100
F	10	10	10	10	10	10	10	10	10	10	100	100
G	10	10	10	10	10	10	10	10	10	10	100	100
H	10	10	10	10	10	10	10	10	10	10	100	100
I	10	10	10	10	10	10	10	10	10	10	100	100
J	10	10	10	10	10	10	10	10	10	10	100	100
	100	100	100	100	100	100	100	100	100	100		

Note: Technically, members B-J should be considered lenders since they are all receiving their funds after A who draws the first fund (hand) and hence is a true borrower. However, most organizers consider the G-J as lenders and A-F as borrowers.

HYPOTHETICAL PLAN OF MODIFIED R.C.A.
 UTILIZING SINKING FUND PLAN IN THE U.S.A.



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- C = periodic contribution per RCA member = \$100
 P = periodic contribution for RCA = nc = \$1000
 n = number of periods + number of RCA members = 10

$$\text{Sum} = \sum_{j=1}^n 1000(\text{FWF})^{ij};$$

$$\begin{aligned} * \text{Sum} &= \sum_{j=1}^n 1000(\text{FWF})^{ij} = 2.594(1000) + 2.358(1000+2.144(1000)) \\ &\quad + 1.949(1000+1.772(1000)+1.611(1000))+ \\ &\quad 1.464(1000)+1.331(1000)+1.210(1000)+ \\ &\quad 1.100(1000) \end{aligned}$$

Each member shares at $j = 10$

$$= \frac{\text{SUM}}{10} = \$1753 \text{ (levelling process)**}$$

*These amounts are what each \$1000 would be worth to each member in a rotating credit association if on getting his \$1000 he invested same in a sinking fund. The numbers were generated from sinking fund rates currently in existence.

**RCA may use the sinking fund to generate money for each member if instead of giving hands (money) at each period, all members were to receive hand at the end of the 10th period. In this example, the organizer of an RCA at each period can put the hands (money) thenon into a sinking fund and at the end of 10 periods generate a total of \$1753.30. Each member would then receive \$1753.30 instead of the \$1000 under traditional RCA.

Hunter College

OF THE CITY UNIVERSITY OF NEW YORK | 695 PARK AVENUE, NEW YORK, N.Y. 10021 | DEPARTMENT OF SOCIOLOGY

Telephone
360-2404

Dear Friend:

Greetings! As an immigrant who has come to this country from the West Indies, I am interested in the attitudes of other immigrants and their children to life in Brooklyn. I am therefore undertaking a study designed to gauge the ways people have of getting along in this country. In short, how much of the old culture has been retained by West Indian immigrants and their children.

I am an instructor in Sociology at Hunter College and I feel that a study of this sort will help West Indians know more of their subculture in New York. More importantly, this type of study should lead to a better understanding of West Indian culture by various other ethnic groups. I need not stress the importance of this type of intercultural understanding at this juncture of America's history.

This information is totally confidential and you are asked not to write your name or any other identifying mark on the questionnaire. Please take a few moments of your time to complete the enclosed questionnaire and return it to me.

I am counting on your cooperation and prompt response.

Thanks.

Sincerely,



Aubrey W. Bonnett

QUESTIONNAIRE

PLEASE DO NOT WRITE YOUR NAME. YOUR ANSWERS WILL BE TREATED CONFIDENTIALLY.

PERSONAL

1. What is your sex? () Male () Female

2. What is your occupation? _____

3. What is your age? Under 30 () 40-49 ()
30-39 () 50 and over ()

4. How much formal education have you had? (Give highest level completed.)

Grade school	()	Community college	()
High school	{ }	Graduate school or professional	{ }
Nursing school	{ }	school, i.e., law or medical	{ }
Technical or trade school	{ }	Graduated from college	{ }

5. What is your marital status?

Married	{ }	Separated	{ }
Single	{ }	Living with someone	{ }
Divorced	{ }		

6. Is your marital partner a

West Indian immigrant	{ }	White American	{ }
Black American	{ }	Other (specify)	{ }
West Indian American	{ }	_____	

7. Do you have children? () Yes () No

8. Where were you born?

Brooklyn	{ }	Staten Island	{ }
Bronx	{ }	West Indies	{ }
Manhattan	{ }	Other (specify)	{ }

9. Where have you lived most of your life?

Brooklyn	{ }	Staten Island	{ }
Bronx	{ }	West Indies	{ }
Manhattan	{ }	Other (specify)	{ }
Queens	{ }	_____	

FAMILY AND RELATIVES

10. Where were your parents born?

Barbados	{	}	Leeward Island	{	}
Guyana	{	}	Windward Islands	{	}
Jamaica	{	}	New York City	{	}
Trinidad	{	}	Other (specify)	{	}

11. How often do you see your parents?

Very often () Occasionally () Rarely ever ()

12. Do you have relatives in the West Indies? Yes () No ()

13. Do you write to relatives in the West Indies?

Yes, regularly () Occasionally () No ()

14. Do you send money or packages to relatives in the West Indies?

Yes, regularly () Occasionally () No ()

15. Do you have relatives in the U.S.A.? Yes () No ()

16. How often do you see them?

Very often () Occasionally () Rarely ()

ACCULTURATION AND ETHNICITY

18. Do you feel closer to West Indian or American ways of life?

West Indian () American ()

19. Have you ever felt discriminated against because of your nationality?

Yes () No ()

20. Do you think that being a West Indian-American helps a person to get ahead?

Yes () No ()

21. Do you think there is any truth to the view that most West Indians in New York City tend to be successful?

Yes () No ()

22. Of the groups below, which do you consider yourself closest to?

Black American	{	}	Puerto Rican	{	}	_____
West Indian	{	}	Other (specify)	{	}	
White American	{	}				

23. How many black Americans do you have as close friends? (Circle one.)

0 1 2 3 4 or more

24. Which do you like best?

a. West Indian activities, such as carnival, calypso, reggae ()

b. Black American activities, such as soul, jazz ()

25. Do you regularly read the Antillean Echo, Gleaner, Express, Graphic, Advocate, or any other West Indian newspaper?

Yes () No () Sometimes ()

26. Do you feel that American-born West Indians should keep alive some of the West Indian traditions?

Yes () No ()

27. If you have children, are you now or do you plan to transmit the West Indian tradition to them?

Yes () No ()

28. Do you like West Indian poetry or art?

Very much () Somewhat () Not at all ()

29. Did you attend the traditional Labor Day West Indian parade in Brooklyn in (check all that apply)

1968	{	}	1970	{	}	1972	{	}
1969	{	}	1971	{	}	1973	{	}
					1974	{	}	

30. Do you eat West Indian dishes?

Yes, frequently () Yes, occasionally () No, never ()

31. Do you personally feel you are held back or hurt by racial discrimination by whites?

Yes, frequently () Yes, occasionally () No, never ()

32. Are you

Very religious () Not at all religious ()
Not very religious () Anti-religious ()

33. Which do you consider the most interesting team game to watch? (Choose one only.)

Baseball () Soccer ()
Basketball () Cricket ()
American football () Rugby ()

34. Would you like to spend the rest of your life in the U.S.A.?

Yes () No () Undecided ()

35. Are you satisfied with life in the U.S.A.?

Yes () No () Undecided ()

ASSOCIATIONS AND SOCIAL NETWORK

36. Are you now or were you ever a member of any social club or organization?

Yes () No ()

37. If yes, did you or do you attend meetings regularly?

Yes () No ()

38. Were you ever an officer in them?

Yes () No ()

39. Are you now a member of any political party or support one?

Yes () No ()

40. Which of the following persons are members of the clubs and societies to which you belong? (Check all that apply.)

West Indian American () Black American ()
West Indian immigrant () White American ()

41. Which of the following persons form the majority of members in the clubs and societies to which you belong? (Check one.)

West Indian American () Black American ()
West Indian immigrant () White American ()

CONSUMPTION PATTERNS

42. Do you own a car? Yes () No ()
43. If yes, how did you finance the purchase?
- Through a loan from a bank or finance company ()
Paid with own savings { }
Partly bank (finance company), partly savings { }
Other (specify) _____
44. Do you make use of credit (time payments)? Yes () No ()
45. Do you have a savings account at a bank? Yes () No ()
46. Have you taken out any loans? Yes () No ()
47. Do you have trouble getting loans? Yes () No ()
48. Do you have friends from whom you can borrow? Yes () No ()

ROTATING CREDIT ASSOCIATIONS - SUSU, PARDNER, BOX

49. Have you ever heard of SUSU, PARDNER, BOX, also called Rotating Credit Associations?
- Yes () No ()
50. Did either of your parents participate in this association?
- One parent (specify) _____
Both parents { }
Neither parent { }
51. Have you ever participated in SUSU, PARDNER, BOX, etc.?
- Yes () No ()
52. For what purpose? (Check all that apply.)
- Down payment on a house ()
Down payment on a store or other business { }
Purchase of consumer goods for home (i.e., furniture, TV, etc.) { }
For a vacation { }
Purchase of clothing { }
To pay Inland Revenue for tax assessment { }
Other (specify) _____

53. How many times have you participated in SUSU, PARDNER, BOX?

1 - 3 { } 10 - 12 ()
4 - 6 { } Other (specify) _____
7 - 9 { }

54. Are Rotating Credit Associations - SUSU, PARDNER, BOX - useful to West Indian Americans?

Yes () No () Sometimes ()

55. Do you feel they should be

Kept () Changed () Abolished ()

56. If you needed a short-term loan and had a choice, would you

Join a SUSU, PARDNER, BOX { } Seek a loan from a friend { }
Apply for a bank loan { } Seek a loan from a relative { }

57. Have you ever encouraged anyone to join SUSU, PARDNER, BOX, etc.?

Yes () No () Sometimes ()

58. If you have never used SUSU, PARDNER, BOX, etc., please state why.

59. What was your father's occupation when you were a child? (Please describe.)

60. What do you consider yourself? (Choose one only.)

Upper class { } Working class { }
Middle class { } Lower class { }

oooooooooooo oOo ooooooooooooo

Thank you for your cooperation.

INTERVIEW SCHEDULE FOR
ORGANIZERS OF ROTATING CREDIT ASSOCIATIONS

I would be grateful if you would frankly answer the following questions about the susus, partners, and boxes which you have so efficiently organized at one time or another. Your responses shall only be used in a categorized manner and I would appreciate your honest responses.

1. Membership

- (a) How many members are there?
- (b) Is the qualification for membership the same for all?
- (c) Is qualification for membership determined by one or more of the following criteria?
 - (i) Age
 - (ii) Kinship
 - (iii) Ethnic affiliation
 - (iv) Locality
 - (v) Occupation
 - (vi) Status
 - (vii) Education
 - (viii) Religious affiliation
 - (ix) Political affiliation
 - (x) Other criteria
- (d) Is qualification for membership determined by affiliation to another association, and, if so, what is the required qualification for membership of the parent association?
- (e) Is joint membership by a group permitted?

2. Organization

- (a) Are the roles played by all members identical?
- (b) If there are officials or organizers, what are their titles and functions?
- (c) By what criteria are they selected?
- (d) Does the association have branches?
- (e) Are members organized into sub-groups?
- (f) Are records kept, receipts given, and the like?

- (g) Is there a "constitution" or set of formal rules?
- (h) Are specially printed books and stationery in use?
- (i) Are uniforms, or any other paraphernalia in use?
- (j) Are any forms of refreshments or entertainment found?
- (k) Are advertisements in use?

3. Contributions

- (a) Are contributions made in cash, in kind, or both, and is this requirement the same for all members?
- (b) Do all members contribute?
- (c) Do all members contribute equal amounts?
- (d) Do the amounts a member contributes remain constant?
- (e) Do members pay different contributions after having received a fund from before?
- (f) What are the amounts of contributions?
- (g) How are these amounts determined and are they fixed in advance?
- (h) Does any form of "doubling" occur?
- (i) May a member make more than one contribution to each fund?
- (j) What is the frequency of payment?
- (k) On what date did the current notation begin, how long is it expected to last, and is it likely to be renewed?
- (l) Where is payment made?
 - (i) at a meeting house
 - (ii) at a member's house
 - (iii) at the organizer(s)'s house or office
 - (iv) at the market place
 - (v) at the members' place-of-work
 - (vi) elsewhere

4. Fund

- (a) What are the amounts of the funds, and do they remain constant?
- (b) Are the amounts predetermined?
- (c) Are the uses to which funds may be put restricted by the association?
- (d) Are funds transferable?

5. Order of rotation

- (a) Is the order of rotation determined by general agreement?
- (b) Or by predetermined criteria (if so, what are they)?
- (c) Or by the organizer(s)?
- (d) Or by any kind of auction, or tender?
- (e) Or by lot?
- (f) Or by divination?
- (g) Or by other means?
- (h) Do different methods alternate?

6. Interest

- (a) Is any form of interest paid?
- (b) Is it determined
 - (i) by use of a formally fixed rate?
 - (ii) by any form of auction or tender?

7. Deductions from fund

If there are any deductions made from the fund (in addition to any interest charges), are these for

- (a) a loan fund,
- (b) a contingency fund,
- (c) for entertainment of members,
- (d) for officials?
- (e) If for officials,
 - (i) what form (gifts, bribes, etc.) do they take?
 - (ii) Are the amounts predetermined?

8. Sanctions

- (a) Are written contracts required:
 - (i) when joining the association?
 - (ii) when receiving a fund?
- (b) Are guarantors required?
- (c) Is security required?

- (d) What is the legal position?
 - (i) Are contracts ordinarily enforceable in the courts?
 - (ii) Has a special legislation been enacted?
- (e) What are the general attitudes towards these associations of:
 - (i) the public,
 - (ii) the state,
 - (iii) other agencies (such as the press, or religious orders)?
- 9. What is their future as the West Indies social and economic situation continues to change?
- 10. Do you see this association as still useful or rather as an archaic vestige?
- 11. How important in your opinion are these associations in the black economy overall?
- 12. How important are they in the larger white-controlled economic system?

Thank you for your cooperation.

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