

Informal Economy and
Immigration Business
A Local Approach in Prato (Italy)

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Introduction

In this talk, I would like to point out how we, in Prato (near Florence) deal with issues connected to immigrants in our town; in particular I will focus on the unauthorized trade and the abusive ethnic economy carried out by the extremely large Chinese community present in Prato.

Following a brief outline on the local policy of urban safety and the recent innovations introduced by our national government, I shall illustrate the methods used by the local police to tackle these issues, paying particular attention to the Chinese community.

The information and data is founded on: statistics furnished by government offices and in reference to the relationship between crime and immigrants, on local demographic data, on request made by citizens and experience obtained by the Police Force in the field as to how to understand the phenomenon and the contrast formed by such irregular behaviour.

Our objective is to share our strategies of intervention, to convey critical aspect and to suggest ways of overcoming these problems.

Urban Safety and Local Police

Today there is a persistent and urgent request for safety by a frightened urban population.

The widespread fear is not only encouraged by the statistics referring to crime but above all by the press, propaganda and political communication which express anxiety generated by an obscure and menacing future.

The recession which is involving a large part of National economy is spreading like a virus, and one of the sure effects is the increase in uncertainty and precariousness, which both create fear, the mood that dominates western society in this period. According to the expert Zygmunt Bauman¹, of Polish origin, one of the elements that has determined the spread of fear, is the decline of the Welfare State. Today the only way to socialize this private and individual sentiment that is fear, is asking for a

¹ Zygmunt Bauman, *Liquid fear*, 2008

controlled and secure society that is "control society", so as to prevent threats to their private life.

The increasing request for safer cities and urban areas, inevitably begins in our local community. Thus, safety becomes one of the important issues of local government, urban safety projects and research, which form an important part of the political programme of the local administrator. This is also in the light of the institution of the direct election of the mayor and of the president of the province, passed by law in 1993. The Tuscan region, as in other Italian regions, in 2001 passed a law concerning urban safety, in which the issue has been faced in the thinking that prevention policies that don't stop only with repression of criminal phenomena. This law emphasizes the role of local police in connection to collective tranquillity. We must, in particular, underline the importance of the police agent who is near us, that he/she is ready to listen to problems, the importance of his/her presence upon the territory, and that he/she is in direct contact with people. Furthermore, a global approach to safety through an integrated system involving all the institutions and bodies is favoured.

A Pact on Safety for Prato

The city of Prato is very specific and has particular problems due to the massive presence of foreign communities. Prato has been included in a list of cities that must undersign a pact among the numerous associations that work for the safety of citizens and expand on the existing agreements. The main initiatives foreseen by the Pact for Safety stipulated for 2008/2009, consider, among other things:

- The presence of a headquarters in the heart of the local Chinatown. This office is run by the town police in collaboration with the state police. It was set up in October 2008, and is a point of reference for the population.
- The intensification of the forms of collaboration among the police forces and the programming of interventions so as to control

business and commercial activities, the control of illegal street vending. That affects traffic and causes problems connected to road circulation, the fight against prostitution and against the dealing and the selling of drugs.

Central Government and Local Security

In July 2008 the central government passed a law called "security packet" in which new powers of regulation are given to the mayor. The mayor has the possibility to intervene with measures aimed not only at "urgent and restricted" situations, but also out of this context, with the objective of preventing serious dangers that threaten public security and urban safety so as to ensure the collaboration with the state police force. This is a new element and a sign of understanding that the importance of local police is being understood in the context of our own territory and which overcomes the old concept of a presumed function exclusively auxiliary of the local police. In our city the mayor has already passed some measures regarding the early closing of meeting places, in which serious episodes of violence, such as fights and woundings have taken place. These locations were mainly run and frequented by immigrants.

Very recently the government has approved a decree which was drawn up as a result to several serious episodes of sexual abuse and foresees the possibilities in cities other than the presence of the army, of police surveillance, but also of associations of volunteers who formally belonged to the police force, so as to carry out a policy of reassurance. These called patrols in Prato started up on Friday the 6th of March, spontaneously, before the rules were passed by the government. In these circumstances there have been some protests that have required the intervention of the police force.

Urban Insecurity and Immigrants

In the CENSIS Survey made in 2000 and concerning what Italians are afraid of, 74.9% of those interviewed are convinced that there is a direct connection between the presence of immigrants and the increase of crime. In the annual 2003 CENSIS Report 74% of Italians retain that immigration stands for an increase in crime. 62.9% think that immigration is a problem.

In the 2007 Report, drawn up by the Home Office, one can perceive a tendency for increase in the number of offences carried out by foreigners, a foreseeable increase if we consider the strong rise in number of foreigners in relationship to the population.

There is a generally high percentage of clandestine foreigners among those who commit offences and this underlines. The fact that people who live at the edge of society cause a number of offences against personal property.

However, apart from statistics, the high concentration of immigrants leads to a loss of local identity, and has a negative effect on the perception of security.

Citizens convey their apprehensions in several ways:

- In special centres set up in each borough.
- In the multi-purpose centre near the main street of the area, where Chinese immigration is at its highest.
- Through phone calls to Police Headquarters.
- Through the sending of reports.
- Writing letters and signalling cases to local newspapers.

In the following situations, the citizens manifest what they hold as being principally degradation and offence:

- The continual presence of street-vendors and people asking for money.
- The noise of work activity at night.
- Meat drying in the open.

- Spitting on the ground and the strong smell of ethnic food.
- Unfair competition with illegal work, avoiding taxes.

The Reality in Prato

Prato is in the north of Tuscany, it is close between Florence and Pistoia and covers an area of 100 square kilometres. It is considered one of the major producers of textiles. In the last twenty years it has seen a strong demographic explosion - due solely to immigration. According to a population Census taken on the 31st of December 2008, the resident population is about 185.000. For the first time we register a decrease of population including immigration due to economic crisis, but also due to the increase in control for residence permits.

Foreigners make up 13% of the resident population equal to about 24.000 people of which about 10.000 are Chinese. According to the estimate of the Main Police Office the number of Chinese immigrants may be more than doubled (about 25.000 individuals) if we consider those who are clandestine - thus bringing the total number of immigrants to 35.000 or more. This percentage of foreigners is equal to 20% of the total population. Most of these 35.000 people feed the informal economy and the immigration business.

First of all it will be useful to clarify what exactly is meant by these terms. Obviously the informal economic sector is by definition created by the state. The state makes the laws, and laws determine what is legal economic activity and what is illegal. In its broadest sense, the informal economy means any economic transaction that takes place outside the regulatory apparatus. The economist Saskia Sassen refines the definition a bit, stating that informal economic activity involves "the production and sale of goods that are licit, but produced and/or sold outside the regulatory apparatus covering zoning (*f.e. Made in Italy*), tax, health and safety, minimum wage laws, and other types of standards"².

² Saskia Sassen, *New York City's Informal Economy*, Conference on Comparative Ethnicity: The Conference Papers, June 1988. University of California Los Angeles 1988

According to this way of thinking, this definition includes nearly all working and producing activity of immigrants in the reality of Prato and outside. So we do not speak about serious crime but about petty crime.

Informal street vending serves an important purpose as a source of employment for newcomers and an important source of low cost goods for immigrant consumers. On the other hand, many taxpaying, formal businesses see informal vendors as unfair competition.

The Phenomenon of Unauthorized Trade

Unauthorized trade in a public area represents the main way to distribute counterfeited goods and is usually carried out by immigrants who are often clandestine or immigrants controlled by criminal organizations who gain profit by supplying and storing the goods. Over the years this phenomenon has evolved, initially limited to "ethnic" goods, and then more and more contaminated by goods of local production. Now, besides local production goods we have an increase of imported, counterfeited goods, controlled by a criminal network also run by Italians. Such an illegal practice is the cause of damage to industries, consumers and to the State. Industries lose their image and lose sales. The consumer is damaged because the goods purchased do not guarantee quality and are potentially dangerous. Damage to the State is economical, determined by fiscal evasion which derives from the production and trade of counterfeited goods, and of an ethical kind which is due to exploitation of labour, even of child-labor. Together with Naples and Milan, one of the zones most highly involved in the production of counterfeited goods, is the province of Prato, which is in the hands of Chinese businesses. The false-goods businesses may be completely illegal or sub-furnishing firms who have the task of producing designer goods and who produce a surplus quantity, not authorized, to then sell them illegally. A lot of counterfeited goods are also imported and China is the first producer followed by other countries from South-East Asia.

Unauthorized Trade: Strategies for Intervention

In Prato, the phenomenon of unauthorized trade is relatively confined to central or local markets, where the illegal salespeople, principally from North Africa, set themselves up close to the stalls of authorized salespeople. In the near city of Florence, however, the phenomenon has become macroscopic, so much so that a task-force has been organized to fight it: a group of about 40 agents with specific professional preparation and also training in personal defence and with some knowledge of the ethnic culture of street-vendors – principally from North Africa. This group of police operates both in plain-clothes and in uniform using both police and civilian vehicles. A period of preventive observation is usually adopted so as to pick out the vendors, the look-outs and the place where the goods are stored (often in the home of the vendors). When the merchandise is counterfeited or are pirate-items, the penal sequestration is applied. The counterfeited goods are estimated and a sample is sent to the Public Prosecution Office; the remaining goods are destroyed. So as to avoid the recognition of the members of the police-team, in successive operations, during the phases of identification and legal procedures, the vendors are dealt with by other members of staff. Over time, the vendors have adopted different techniques so as to escape control, currently they sell through brochures or leaflets and the operational difficulties consist in finding out where the goods are kept (abandoned warehouses, compliant hosts etc). The same techniques are adopted in Prato, where, as tourism is not so heavily present, the phenomenon is, as I have already said, not so vast.

Norms Ad Hoc Against Degradation and Illegal Activities

In Florence, the phenomenon of beggary is very evident, but in Prato is limited to begging at traffic-lights, in parking areas and outside supermarkets. Recently, on the 24th of July, 2008, the city of Florence modified its Regulations of City Police: "Norm for Civil Life in the City". In particular it is forbidden to lie down on public ground and to create any

kind of disturbance, moving around or among vehicles selling goods, offering services and washing windscreens or other parts of vehicles. Last April, the Councillor for Security, Graziano Cioni, urgently passed an anti-beggary ordinance, inspired by some local news (a blind person who fell because of a beggar stretched out on public ground). This fact was widely criticized in all the country also because it followed a previous measure taken against wind-screen washers. Today these bans are included in the updated regulations of Urban Police which also forbid street-selling or even just keeping goods in a bag or any other kind of container.

The Specific Nature of the Chinese Community

As we have seen the presence of the Chinese community in Prato amounts to about 35.000 individuals, according to the estimate of the Prefecture, thus becoming the largest Chinese community in Italy and the third in Europe after Paris and London. This high density of the Chinese populations in specific areas has caused the community - notably discreet and reserved, the strong need to identify with the place they live in and to establish within it a safe reference point, carrying out systems of territorialism which cause a lot of worry among the Italian citizens, because the areas, strongly marked, lose their local identity. The areas that are most heavily populated by Chinese in Prato, are close to the city centre. The part of Via Pistoiese nearest to the Gateway on the ancient walls of Prato, bearing the same name: Porta Pistoiese, forms the nucleus of the local "Chinatown". The area of Piazza della Gualchierina, where we find the Buddhist temple and that we called productive quadrilateral of the Macrolotto (industrial zone) which is nearly exclusively occupied by Chinese firms.

According to Cohen³, Chinese populations abroad can be called "diaspora", meaning this term the dispersal or expansion of a people from an original homeland. Or better it appropriate to describe the Chinese as a "trade diaspora" on the basis that traders and indentured labourers have left the

³ R. Cohen, *Global diasporas: An introduction*, University of Washington Press, 1997

Chinese mainland and that merchants have had a sustaining influence on this situation. Another characteristic element is the sense of solidarity that forms among members of the same ethnic group.

Pieke⁴ (1992) argued that Chinese people do not emigrate to a foreign country but rather to an extension of their own community situated abroad.

The problems caused by the large Chinese community in Prato are one of the main causes for debate on security in Prato. Recently an article by the President of the Senate – who represents the present major political party – appeared in the most popular local newspaper and it was entitled *“It is time to free Prato from the Chinese”*: *“Prato must be freed – I ask the government and directly the Ministers Sacconi and Maroni for an exceptional intervention, through considerable forces, so as to expel the thousands of clandestine Chinese and to close up the illegal activities carried out by the Chinese in the textile sector. Slavery, fiscal and contributory evasion, transgressions of every kind take place in open daylight, defying both the State and Legal System”*⁵

Public opinion which keeps a politically correct attitude in official offices, in the most informal blogs such as those presented by Facebook, launch into racist campaigns and xenophobia. Recently a group has been founded that is dedicated to the issue: *“Get the Chinese out of Prato”* in which the most widespread stereotypes concerning the Chinese are expressed in aggressive tones: that the Chinese never die, that Chinese restaurants cook dog meat and that the Chinese smell and spit everywhere. The group was accused of racism and its founders decided to eliminate it, but still today, it is possible to visit groups which deal with the same issues but, in lesser aggressive way. As regards to the legend that the Chinese never die – it is important to point out that it is rare to see a Chinese funeral, as it is rare to see the funeral of a Romanian or an Albanian, a North African and so on. Also Saviano in his famous book *Gomorra* begins: *“The badly*

⁴ F.N. Pieke, *Immigration and entrepreneurship: the Chinese in Netherlands* in *Revue européenne des migrations internationales*, 1992

⁵ La Nazione, Cronaca di Prato, lunedì 2 marzo 2009 pag. 3

closed doors suddenly opened and tens of bodies began to fall out (...) They were the Chinese who never die. The eternal ones who pass their documents one to the other." On the blog of Associna we can read the comments of the Chinese scandalized by this narration which refers to facts which have never been reported by the police. Chinese funerals are not celebrated simply because the immigrant population is young, principally formed by individuals between the ages of 20 and 35 – that is to say in full working age. People who get ill or elderly prefer to go back to their homeland where they can use oriental medicine or die according to tradition: *luo ye gui fen* (leaves must not fall from their roots).⁶ However it is sure that the great majority of Chinese today regularly resident come from a past of irregularity and that they adopt a system in which they exchange documents which are often photocopied. But the great majority of Chinese arrive in our country with regular tourist visa and, after their entrance, their passports are withdrawn by the tour guides and taken back to China where a complacent official will mark them with a visa that affirms a return to the homeland. The group of irregular individuals will be distributed among the numerous Chinese communities in Italy according to the request of the high number of Chinese businessmen.⁷ Many of these irregular Chinese arrive in Prato and they are taken in by illegal Chinese room renters waiting for employment in one of the many Chinese business activities present in the city. The firms run by Chinese businessmen at the end of 2007 were 3.528, and of these 2.440 dealt with clothing and 215 dealt with textiles and this is 12.5% of the firms in Prato, one every eight. Chinese business is historically tied to clothing and is progressively spreading into other forms of business and services (the production of vegetables, catering, internet point) and directed at co-nationals.

In fact we can define Chinese business as an ethnic economy and it consists of co-ethnic self-employed and employers and their co-

⁶ R. Oriani, R. Staglianò, *I cinesi non muoiono mai*, Chiarelettere, Milano, 2008

⁷ Indagine 2005 della Sezione Criminalità Straniera Squadra Mobile di Milano citata in L. Casti e M. Portanova *Chi ha paura dei cinesi?*, Bur, Milano, 2008

employees, It exists whenever any immigrant or ethnic group maintains a private economic sector in which it has a controlling ownership stake. These characteristics of ethnic business apply to almost all illegal Chinese migrants in Prato in the catering trade, textile and leather workshop sectors, all of which involve low technical complexity and high work intensity.

According to Tomba's research⁸, 90% of the Chinese in Italy were born in the Wenzhou region of Zhejiang. Wenzhou economic people is based on small-scale, family-managed workshops and it is recommended by the Chinese government to the whole country to boost the private economy. This is the ethnic economy model they reproduced in Prato in almost all Chinese business. The enterprises developing in Tuscany are based on family cohesion, kinship networks, high labour intensity, limited need for investment in fixed assets, and the overlap of work and residence: the same elements that make up the "Wenzhou Model".

Having worked for years on a clandestine basis in a restaurant or workshop, those who have paid off their debts will be liberated to conduct their own business. It is possible to participate in a association they call *guanxi*, similar in nature to a financial network, which is situated within the community and consists in a kind of closed relationship between relatives, partnerships and friends. Although charged with high interest, individuals can potentially obtain sums of up to Euros 75.000. The real problem is in obtaining residency status, a prerequisite for founding a business. Immigrants have to wait for regularisation or must enter another town or country where regularisation is easier to accomplish.

This is why immigrants are continuously moving, to escape controls, to search for work and above all to become legal citizens. In the meantime "they work like oxen, eat like pigs, and sleep in hens" cage.⁹ Such conditions are considered as temporary but a "must" process to success by most of immigrants. They are not conscious of their trafficking forced

⁸ L. Tomba, *Exporting the "Wenzhou model" to Beijing and Florence: Suggestions for a Comparative Perspective on Labour and Economic Organization in Two Migrant Communities*, 1999

⁹ J. Béja W. Chunguang, *Migration chinoise*, Hommes et Migration, 1999

labour victim status but just dream that once they have paid off their debt, they will become the owners of the businesses.

Some, like Xu Qui Lin, owner of Giupel leather garments are able to do this. Xu was the first Chinese to be enrolled in 2004 in the Confindustria - he started his career, very young as a waiter in a restaurant and then started producing clothes.

Now he has a line of garments dedicated to Gabriel Batistuta, ex-player of the Fiorentina Football Team.

Sequester and Confiscation so as to Fight Illegality

Working conditions in Chinese businesses are terrible: the preference is to work at night.

Goods are produced, and the workers eat and sleep all in the same place, under the same roof, without giving importance to hygiene, to safety and to the noise of the machinery.

So as to fight the phenomenon under its various aspects of irregularity a task force has been set up and formed by all kinds of specialized staff: State Police, Local Police, Fire Fighters, Work Inspectors and Public Health Workers.

Based on signalling and research from various sources, sites that manifest the above-mentioned characteristics are checked at random hours but on average, twice a week, both during the day and at night. All the workers are checked and the regularity of their presence is verified, but also their working conditions, as well as living conditions, hygiene and safety. Since 2007 innovative solutions in agreement with the Public Prosecutor and other Police Forces have been adopted to halt illegality.

We have started to denounce the factory owners for putting up plasterboard panels to make dormitories for the workers and for building abuse: the result being the seizure of the factories.

The owners of these factories who are always Italian are named judiciary custodian and have the task of demolishing the abusive structures and to ask for the de-seizure. The owner of the premises is also accused of

allowing building abuse because the person who rents the premises to the Chinese businessman must know that traditionally there will be little rooms and hiding places to host the workers and hide the clandestine workers.

Also in 2007 a change was made in the regulation of the Local Police that allows the use of machinery only if the premises are for artisan or industrial purposes; there must not be a double use for production and as a home, The premises must be serviceable and must respect the parameters of noise in the area. If these conditions are not respected, the machinery will be sequestered and if repeated the businessman will lose the ownership of the work instruments.

Conclusions: Criticism, Points for Reflection and Proposals

To collaborate with the various Police Organizations allows us to increase the forces and not to waste precious energy, but also enables us to have access to data banks which are usually out of reach.

What is needed is a state normative prevision which gives to the Local Police access to SDI (System of Enquiry or Interforce Data Bank) so as to improve the operations.

The Local Police cannot have this responsibility without having a judiciary status and denying it the right to indispensable instruments. The lack of clear laws often forces us in opened interpretations of them. Their fragility risks being manifested as recourses because there is a heavy economical impact.

This could be reason why public administration are not confiscating property. Thus, it is necessary to apply clear national norms based on a real and correct analysis of the problem.

If illegality is still widespread in Prato, even though over 100 buildings and 1000 items of machinery were sequestered in 2008, it is perhaps necessary to widen operational horizons from a total point of view of the governance of security, and include this project in a broader strategy of intervention which:

- Involves also other stakeholders (Agency of Finance, Association of Owners of Buildings and Entrepreneurs, Chamber of Commerce, etc.).
- Elaborates a study and thus, a planning of the territory with the objective being security in harmony with the best practices carried out elsewhere, after a careful evaluation of the prevention methods applied until now.
- Adopts strategies of communication which have the objective of conveying security and to consolidate social cohesion which is one of the fundamental elements for a peaceful everyday life.