

CHAPTER TWO

Asians Living on the Margin

I thought that if one has skills, experience and motivation to work, and if he puts his time and effort into his work, there would surely be some kind of reward in America. I believed that if I worked diligently, I could make it here. But I'm beginning to see that maybe it was all wishful thinking on my part. But I have not yet given up hope. God has guided us through the time in the past faithfully, and He will do so in the future.

Father of a recent immigrant family in Koreatown

There are countless Asian immigrant families throughout the Southland whose dreams of a better life are yet to be fulfilled. These families are part of an Asian population which has "increased by nearly five folds between 1970 and 1990, from roughly 190 thousand to approximately 926 thousand" (Ong and Azores, 1993, p. 1). They come from many walks of life, from many nations throughout Asia and the Pacific. Once here, they face a myriad of barriers and obstacles just to make a decent living, let alone achieve the dreams that led them here.

There is a large, often voiceless and invisible population of low-income Asians, mostly recent immigrants, in Los Angeles. Most are low income despite having a job -- they are part of the growing ranks of the working poor, earning wages that cannot support a decent standard of living. A significant proportion, especially among Southeast Asian refugees, are poor because they cannot find employment. These are families that depend primarily and often exclusively on welfare and other forms of public assistance, income that is barely enough for food and shelter.

Why do they find themselves in the situation they do? Low-income Asians are forced to accept low-wage jobs because they lack the skills to succeed in the job market. English proficiency is the biggest and most obvious barrier. Without English skills, job options are very

limited. But in addition, large numbers of Asian immigrants come with little or no formal schooling. Many come from low socioeconomic backgrounds in their native country, and lack marketable job skills here in the U.S.

Many Vietnamese, Cambodian and other Southeast Asian refugees carry the scars of emotional and psychological trauma of violence, incarceration, disruption of families and harrowing escapes they experienced in their native lands. Given these experiences, it is not surprising that so many have difficulties adjusting and finding stable employment.

The lack of skills and psychological scars are hurdles faced by Asian immigrants as they try to make it here in the U.S. But beyond the problems individuals face are larger, structural obstacles. The Southland economy has been going through tremendous change over the past decade resulting in an expansion of low-wage, dead-end jobs and a sharp reduction of higher wage manufacturing jobs. This has constricted the opportunity for upward mobility because there are fewer and fewer better paying jobs. For thousands of poor Asians, the ladder of opportunity has been sheared off.

A significant proportion of these low-wage jobs are generated by the "ethnic economy," or by businesses owned by people of the same ethnicity as the worker. For recent immigrants with little English proficiency, such jobs are often their only option. Many of these businesses are small and operate on a thin margin. Wages and benefits generally are lower than in non-ethnic businesses, and immigrant workers often face exploitative working conditions.

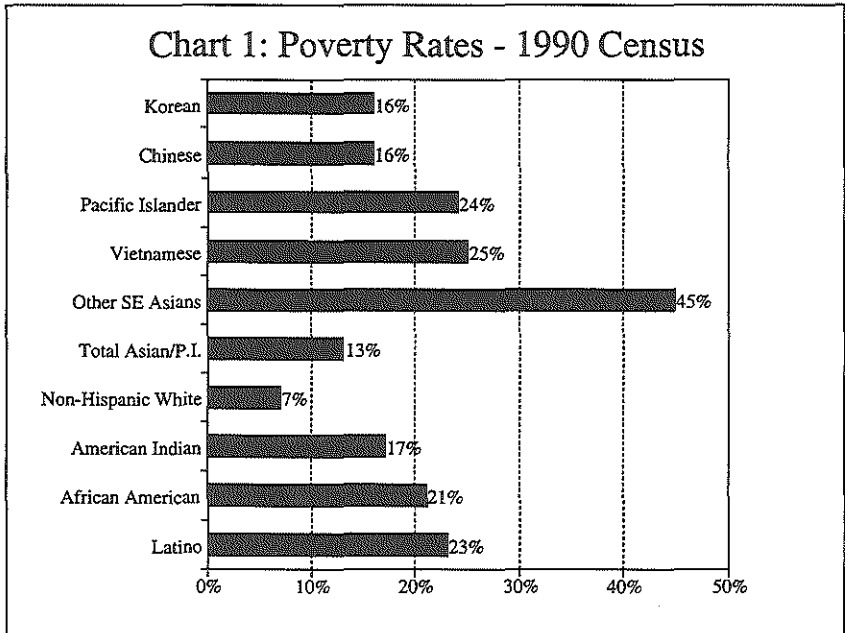
All this adds up to a large and growing population of poor Asians throughout Los Angeles. While some are able, over time, to escape low income status, too many remain trapped because the individual and structural obstacles they face are too difficult to overcome. They are joined daily by new immigrants who come to reunite with families and to pursue their dreams of a better life, only to face the same barriers.

This population will continue to live at the margins unless greater action is taken. Their condition calls out for change, and challenges Asian American communities, policy-makers and the broader public to channel resources to empower low-income Asians to build a better future.

This chapter describes the conditions faced by low-income Asians in Los Angeles County, setting the stage for a discussion of approaches to empowerment in subsequent chapters.

Poverty Levels

According to the 1990 Census, there are over 124,000 Asians who are living in poverty in Los Angeles County. This represents 13 percent – or one of every seven persons – of the Asian American population, almost twice the proportion of non-Hispanic Whites who are in poverty. Chart 1 shows us poverty levels by ethnicity. There are even larger proportions of African Americans and Latinos below the poverty threshold.



In 1989, the year for which income data was collected by the census, the poverty threshold for a family of four was \$12,674. This comes out to an income of less than \$1,056 per month. When one considers that the median rent in Los Angeles in 1990 was \$626 (Shiver, 1992, p. D1), it becomes clear that a family can hardly afford to buy food, clothing and other basic necessities.

Poverty is not distributed evenly among different Asian ethnicities. As Chart 1 shows, the highest rates are for Southeast Asian refugees. Poverty for these populations is severe – 10 percent of Vietnamese and

16 percent of Cambodian and Laotians live on incomes of \$6,307 annually, less than 50 percent of the poverty threshold. Poverty among Pacific Islanders is also very high, with 12 percent living at less than 50 percent of the threshold.

The more recent the immigrant, the more likely they are to be in poverty. Of the Asians in poverty, two-thirds had immigrated since 1980. Moreover, families do not have to be under the poverty threshold to be poor. Low income levels just above the poverty threshold are also striking. Thirty-nine percent of ethnic Chinese from Southeast Asia make under \$15,000 annual income, as do around one-quarter of Chinese, Korean, and Southeast Asians.

The Working Poor

Why are so many living at such low income levels? Most poor Asians cannot bring home a decent income despite the fact that they are employed. This includes many who are unable to find full-time, full year work. They can only find part-time jobs, or are only hired for part of the year, maybe during the busiest season for a retail store. Only about one-half of male and 27 percent of female Southeast Asian refugees work full-time, full year. Recent immigrants are more likely to be under-employed. About 55 percent of males and 32 percent of females who immigrated since 1985 have found full-time, full year work.

But many full-time Asian workers are low income as well. According to 1989-1991 Current Population Survey (CPS) data, 29 percent of Asian workers earned \$15,000 annual income or less, despite the fact that they worked full-time, full year. This income is only slightly above poverty thresholds. In comparison, 27 percent of Non-Hispanic Whites, 39 percent of African Americans and 46 percent of Latinos had incomes of \$15,000 or less.

Twenty-four percent of Asian workers (working at least half-time) make less than \$7.50 per hour. At \$7.50 per hour working 40 hours per week, a worker would only bring home \$300 per week, or around \$1,300 before taxes per month. Clearly, raising a family on this income is a tremendous hardship. There is a gender gap in wage levels as well, with 28 percent of female Asian workers making less than \$7.50 compared to 21 percent of Asian males.

Recent Asian immigrants and refugees are more likely to be forced into such low-wage jobs than other Asians. Forty-four percent of ethnic Chinese from Southeast Asia, 32 percent of Koreans, 29 percent of

Southeast Asian refugees and 30 percent of Pacific Islanders make less than \$7.50 per hour.

The Unemployed

While most low-income Asians are part of the working poor, there are also those who cannot find jobs. Overall, Asian Americans have relatively low unemployment rates. According to the 1990 Census, the Asian American unemployment rate in Los Angeles was 6.7 percent versus 7.4 percent for the County as a whole, 12 percent for African Americans and 10.1 percent for Latinos.

While Asians have high overall labor force participation rates, Census figures also show much lower rates for recent immigrants and refugees. Sixty-four percent of Asian males not in the labor force immigrated to the U.S. since 1980, as did 60 percent of Asian females. The ranks of the Asian jobless are dominated by Southeast Asian refugees in particular. Almost 30 percent of male and 57 percent of female refugees were not employed.

Because of the inability to find employment, large numbers of Southeast Asian refugees rely on public assistance for survival. There were close to 18,000 Asian and Pacific Islanders on welfare in Los Angeles County in 1992, and the majority were Southeast Asian refugees. Of the Asians on Aid to Families with Dependent Children (AFDC), 41 percent were Vietnamese and 30 percent were Cambodian (DPSS, 1992).

The inability to find work and consequently, the continued reliance on welfare is not just a temporary problem for refugees. According to a national study by Ngoan Le, 45 percent of Vietnamese, 44 percent of Lao and Hmong, and close to 100 percent of Cambodians are welfare-dependent after the first year of their resettlement (Le, 1993, p. 171). According to the federal Department of Health and Human Services, 79 percent of refugees in California are still dependent on welfare two years after arrival.

Among other racial minorities such as African Americans, there are high numbers of single-parent families, mostly single mothers, who cannot make enough money to support their children and consequently are forced onto the welfare rolls. Single-parent households are generally a rare occurrence among Asian Americans, except for Southeast Asian refugees. However, the majority of Southeast Asian refugee families on public assistance are two-parent families. Aid to Families with Dependent Children (AFDC) has two separate programs,

one directed toward single-parent households, and another, AFDC-U, directed toward two-parent households. Asians represent the largest single ethnicity among AFDC-U recipients, at 34 percent, and they are virtually all Southeast Asian. It is not surprising that many minority single-parents are unable to bring home enough income to support their families without public assistance. But when large numbers of two-parent families are found on welfare rolls, this indicates extraordinarily severe obstacles to finding employment for these groups.

Low Job Skills

Why do so many Asian immigrants make such low wages? They come to the U.S. lacking the marketable skills necessary to get better, higher paying jobs. In particular, limited English capability limits their options for employment. Approximately one-half of those who speak English "not well" or "not at all" make under \$15,000 yearly income. Sixty-nine percent of those who do not speak English at all earned less than \$15,000. Without English skills, immigrants are locked out of a range of jobs that require dealing with the public, or with English-speaking co-workers. A lack of English proficiency can be an overwhelming barrier to basic survival. As a Vietnamese survey respondent in Long Beach explained, "I cannot go out far because I am afraid; I can't communicate, I don't know how to ask for directions or take the bus. . . anywhere I go I have to walk" (Luu interview, 1993).

While low English proficiency is probably the single largest barrier facing recent immigrants, their job options are also constrained by the level of schooling and job skills they bring from their native country. A significant number of Asian immigrants come from professional or managerial classes in Asia. But there are also equally large numbers who immigrate with low levels of schooling and job skills.

Typically, Pacific Islanders such as Samoans or Tongans come from low income backgrounds, with few job skills. Among Chinese, country of origin is an important factor in considering levels of education and job skills. While 65 percent of immigrants from Taiwan between 1983-86 had four or more years of university study, only 18 percent of immigrants had university schooling from mainland China, 25 percent from Hong Kong, and 27 percent from other countries such as Singapore, Vietnam, Macau, Burma and Malaysia (Hum and Ong, 1992, p. 25). Many immigrants with low levels of schooling in their home country come from low socioeconomic backgrounds and lack

marketable job skills. According to the census, 51 percent of Asian Americans with less than a high school education make under \$15,000, compared with only 12 percent of those with a B.A. or higher degree.

SALIC, our Survey of Asians in Low Income Communities, further illustrate the difficulties faced by immigrants who come from low-skill employment backgrounds in their native countries. Survey respondents who were self-employed, often individual street vendors in their native countries, have a current median annual income of only \$7,920 here in the U.S. A sampling of survey respondents with a variety of low-skill and semi-skilled occupations in their native country (including service occupations, sales, clerical, laborers and garment work) revealed a median annual income of \$8,196 in the U.S. This compares to survey respondents with a professional, technical or managerial background in their native country who currently have a median income of \$15,000 in the U.S.

Significant numbers of Pacific Islanders, Southeast Asian and other recent immigrants come from countries that are predominantly rural. For these immigrants, adjusting to a fast-paced, modern urban environment is an even larger hurdle that will affect employment, housing and other survival needs (Tuione interview, 1992). Among survey respondents who were farmers in their native country, current median income was only \$8,880. Close to 80 percent of those who were farmers in their native country were not working, reflecting severe difficulties finding employment.

Without marketable skills, these workers are locked into the low wage sector of the economy. According to CPS data, 49 percent of Asian workers are in typically low-wage sales, clerical and service occupations, with 13 percent in blue collar jobs (Hum and Ong, 1992, p. 40). Of the Asian men in the service category, 56 percent were in food preparation, which includes cooks, waiters and busboys. Of the women, 25 percent were in health services. In general, the gender gap also affects new immigrants. Asian women generally make only 80 cents for every dollar in wages of Asian men (Hum and Ong, 1992, p. 46).

In our survey areas, 45 percent of male respondents were in nonskilled, service, garment or sales occupations. Females were concentrated in fewer, but definitely low-wage occupations — 52 percent were either in garment, sales or clerical/administrative support occupations.

In addition to low wages, high numbers of Asians in these jobs are also without medical coverage from their employers. Among all our survey respondents, 57 percent did not have medical coverage from

their employers. These families are among the millions in the U.S. without health coverage -- for whom basic medical needs often go unmet, and for whom a major medical emergency can often bring economic ruin.

Southeast Asian Refugees

Southeast Asian refugees face the same obstacles as other recent immigrants but to an even greater degree. For example, learning English is very difficult due to high rates of illiteracy in their native languages. One-third of Cambodian and Laotian refugees are illiterate in their native languages (Le, 1993, pp. 172-3). Learning a new language is difficult enough, but it is even harder when one cannot read or write in their native language.

Employment skills vary with ethnicity and time of settlement. Earlier waves of Vietnamese refugees often came from high political, military or business positions in South Vietnam, but this is not the case for more recent waves of Vietnamese. Close to 40 percent of all Southeast Asian refugees were in farming or fishing in their native countries. In a study conducted in San Diego, 31 percent of Hmong interviewed had been in the military in their native country (Le, 1993, p. 179).

Refugees have also suffered through incredibly traumatic experiences just to make it to the U.S. A Vietnamese survey respondent living in Long Beach described how her family attempted an escape from Vietnam by boat just after she finished high school. They were caught and imprisoned for six months. Upon her release, she was forbidden to pursue higher education because of her "crime," and worked at a soap factory and as a cigarette vendor to support herself, her parents and a mentally handicapped younger sister. She and her family were finally brought to the U.S. in 1992 through the Orderly Departure Program under the sponsorship of her sister in Oklahoma. Fearful of her new and foreign environment, she never ventured outside the house during the two months she stayed there. She moved in May to Long Beach, but in doing so, lost her eligibility for government refugee support. Her family of four now lives solely on her younger handicapped sister's SSI disability grant. She cannot afford local ESL classes and has not been able to find a job.

Among Southeast Asian refugees are people who survived the "Killing Fields" in Cambodia, government persecution in Vietnam, and refugee camps in Thailand. A study of mental health among refugees

in 1985 reported that 66 percent of Cambodians had lost at least one family member, 42 percent of Vietnamese had a family member jailed, and another 30 percent had been assaulted during their escape (Le, 1993, p. 180). These horrifying experiences have left many refugees suffering from depression, "post traumatic stress syndrome," and other serious mental health problems. Service providers at the Indochinese Refugee Counseling Center report that such emotional difficulties are often the primary obstacle to employment -- traumatized and fearful of their new environment, many are too afraid to even leave their homes (Indochinese Refugee interview, 1992). It is no surprise, therefore, that so many Southeast Asian refugees are without work and dependent on public assistance.

The Impact of Economic Restructuring

Limited English proficiency, the lack of job skills and the impact of severe emotional trauma are key factors limiting options of immigrants for decent employment. But at another level, there are structural factors that affect the employment options of Asian immigrants. In Southern California, the large and growing low-wage service, retail and light manufacturing sectors increasingly rely on immigrant labor, while the opportunities for better jobs are shrinking.

The Southland economy has been undergoing tremendous changes over the past two decades. Scholars have described the process as "economic restructuring." Through the 1960s and 1970s, U.S. capitalism accelerated the process of centralization and globalization. As multinational corporations became increasingly powerful, they have extended their scope of operations. Traditional U.S.-based forms of industrial manufacturing such as the high-wage, large-scale assembly line auto and steel plants, along with historic arrangements with the trade unions, became increasingly unattractive to these corporations.

Los Angeles was once the city with the second largest automobile assembly industry in the country. But in 1992, the last auto plant in the region, in Van Nuys, closed forever. In South Gate alone, the closures since 1980 of Firestone Rubber, General Motors and Norris Industries-Weiser Lock plants resulted in the loss of over 12,500 jobs (Soja, 1987, p. 182). According to the Bureau of Labor Statistics, U.S. Department of Labor, the Los Angeles region (Los Angeles-Long Beach SMSA) lost over 198,000 jobs in the durable manufacturing category from 1980 to 1992, a decline of 32 percent in this sector.

The industries with the greatest job losses were relatively high wage and highly unionized industries. To escape paying these wages, firms moved production facilities overseas or to other regions where wages and levels of unionization are lower. For instance, plants closed in Los Angeles by Uniroyal moved to Brazil and Turkey; Max Factor went to Tennessee; Litton Industries, Motorola, General Motors, Chrysler and Transiron moved to Mexico (Maxted and Zegeye, 1991, p. 234).

The aerospace and defense industries, along with other high-technology firms represented a huge growth industry during the 1970s and early 1980s. But with the end of the Cold War, major defense-related plant closings over the past couple of years marked the end of even more high wage, unionized production jobs as well as some professional and engineering positions.

In their place, the fastest growing industry in Los Angeles during the 1980s was the service sector, which grew by 36 percent from 1980 to 1992, an increase of 302,700 jobs. The service industry is now the largest sector in the Los Angeles economy. The service sector includes such jobs as hotel personnel, school teacher assistants, as well as various occupations in the largest part of the sector, business services and the health industry. Retail trades was also a major growth industry, adding over 38,000 jobs from 1980 to 1992 (this figure would be much higher were it not for temporary job losses due to the current recession).

"Nondurable" manufacturing saw modest growth during the 1980s. These include industries such as paper and printing, which, as mentioned before, help to service the corporate and financial headquarters. But the largest industry in this category is apparel, which saw a 30 percent job growth from 1980 to 1992. The garment industry is largely non-union and pays some of the lowest wages of any industry.

The overall economic restructuring has generated, on the one hand, an increase in elite, highly-paid managerial, banking, and administrative jobs, and, on the other hand, a much larger increase in low-paying service and retail jobs. These low-paying jobs include hotel and restaurant work, sales and clerical work, building maintenance personnel, as well as personal service workers such as maids, childcare workers, gardeners, etc. Meanwhile, higher-paying, unionized manufacturing jobs have all but disappeared. Selected 1992 median wage levels for occupations in declining and rising industries tell this story of wage disparities (Table 1).

TABLE 1: Wage Rates

<u>Occupation</u>	<u>Median Wage</u>	
	<u>New hire; no experience</u>	<u>After 3 years with firm</u>
Durable Manufacturing		
Machinists	\$ 6.65	\$15.00
Machine-tool operators	10.00	16.00
Welders & Cutters	8.50	12.00
Service, Retail, Nondurable Manufacturing		
Food preparation	\$ 5.08	\$ 6.84
Maids & Housekeeping	5.50	6.38
Sewing machine operators	4.25	7.00

Source: Employment Development Department, Los Angeles County, June 1992

The massive flows of legal and illegal immigrants from Mexico, Central and Latin America, and Asia have filled many of the new low-wage service and light manufacturing jobs. To become competitive in the global market, these industries rely on immigrant workers who have no choice but to accept "Third World" level wages and working conditions. Better paying jobs require higher levels of education and technical skills that put them out of reach of most immigrant workers. Thus, the structure of the Southland economy channels many Asian immigrants into the low-wage job market.

Persistent Poverty?

In identifying an appropriate response to the problems we have described, the key question is whether the economic hardship that Asian immigrants face is a temporary or ongoing phenomenon. If the problem is temporary, then traditional social services will help immigrants through rough times. But from all indications, this problem is not a temporary phenomenon. There are two main reasons for this conclusion: 1) the flow of low-skill immigrants from Asia will continue into the future, and 2) a large proportion of today's low-income families will be locked into their economic situation.

There is no reason to assume that the flow of immigration from Asia and the Pacific to the U.S. will slow in the future. Based on current population trends, Paul Ong and Suzanne Hee estimate an increase in the foreign-born Asian population of anywhere from 110 to 141 percent by the year 2020 (Ong and Hee, 1993, pp. 18-19). Further, between 80 to 90 percent of Asian immigration to the U.S. is through family reunification (Hing, 1993, p. 129). As stated earlier, Asians who are low income in the U.S. often come from low socioeconomic backgrounds in their native country. Now that they are here, many will want to bring their siblings and relatives. It is reasonable to assume that a large proportion of these relatives will also be from low socioeconomic backgrounds. These new immigrants will therefore face the same job disadvantages as their predecessors.

While the total numbers allowed into the U.S. under refugee categories have been decreasing, refugees, once here, usually want to bring their relatives over. Many of these relatives are likely to be from low socioeconomic backgrounds and have suffered through traumatic experiences in their native country.

The conventional wisdom is that we should not worry about the continuous influx of low-skill immigrants into the country. According to this view, the history of America demonstrates that low-income immigrants will, after a few years here, learn English, find better jobs and move out of low-income communities. While it is debatable whether this view was ever the historical pattern for immigrants, there are clear indications that today it is not applicable. Undoubtedly, many immigrants will, through hard work and a little luck, achieve significant upward mobility. But we believe large numbers will be locked into their difficult economic situation. The key factors are 1) their limited English proficiency, 2) their lack of opportunities for advancement, and 3) their existence in an economy with a shrinking number of better-paying jobs.

Low English proficiency will continue to be a major barrier to upward mobility for many immigrants. Limited availability and access to ESL instruction makes it difficult for recent immigrants to improve their language skills. For those working in the ethnic economy, there is often little incentive to learn English since their native language is the primary language on the job. But as long as English proficiency is low, the chance for upward mobility will be slim.

Second, the low-wage, low-skill jobs held by poor Asians offer little opportunity for advancement. As a housekeeper in a hotel, a garment seamstress, or a food server in a restaurant, there is not much

opportunity to learn new skills that can enable a worker to find higher paying jobs.

If conventional wisdom were correct, recent immigrants in low-wage occupations should have been able to get better jobs after several years. Table 2 shows the occupational distribution of SALIC respondents who have lived in the U.S. ten years and under, and over ten years. For both groups, there are about the same percentages of workers in low-wage unskilled and service occupations, and in clerical/administrative support which includes both low and medium wage jobs. While these are not longitudinal results (i.e., following the same individuals over time), they indicate that even after ten years in the U.S., many are still stuck in low wage occupations.

Of those workers who have been in the U.S. longer than ten years (excluding professionals, technicians and managers), one-half still make less than \$8.00 per hour. Although this is an improvement over the median wage of \$5.50 for workers in the same occupations here ten years or less, it shows that there are large numbers of long-term workers who are still bringing home low wages.

TABLE 2: Occupational Distribution

<u>Occupation</u>	<u>Percent Lived in U.S.</u>	
	<u>10 years or less</u>	<u>over 10 years</u>
Prof/Tech/Mgr	22%	33%
Cler/Admin support	21%	20%
Sales	10%	4%
Service*	15%	17%
Skilled labor**	8%	11%
Unskilled labor***	19%	16%
Other	0%	3%

*Service includes restaurant, domestic, personal/cleaning and other services

**Skilled labor includes craft occupations and electrical assistants

***Unskilled labor includes operators, laborers, gardeners, driver/deliverers, garment

Source: Survey of Asians in Low-Income Communities, 1993.

Another measure of upward mobility is the extent of wage improvement between a respondent's current job and his/her previous job. If conventional wisdom were correct, those who have been here ten years or more should have been able to significantly improve their

wages from one job to the next. But in our survey, 48 percent saw their wages improve only \$1.00 or less from their previous job. For those here ten years or less, 63 percent experienced wage improvement of less than \$1.00. Thus, even among those who have been in the U.S. for some time, many are unable to significantly improve their pay from one job to the next.

A final reason why many low-income Asians will still be locked in low-wage jobs even after a substantial amount of time in the U.S. relates to the state of the Los Angeles economy. The number of high-paying jobs will likely continue to shrink. Significant proportions of previous waves of Asian immigrants may well have experienced substantial upward mobility over time. Immigrants entering the U.S. following the 1965 immigration reform through the mid-1970s entered a growing economy, still pre-eminent in the world in many respects. Immigrants coming in during the 1980s and 1990s, however, face a very different situation.

As discussed earlier in the chapter, economic restructuring has resulted in a small increase in very high-paying jobs, accessible only to those with a substantial amount of education, and a much larger increase in low-wage jobs in the service, retail and light manufacturing sectors. Meanwhile, there has been a decrease in the number of medium wage jobs. There are simply fewer and fewer well-paying jobs that low-wage workers can advance into, without a graduate or professional degree.

According to the Employment Development Department (EDD), these economic trends will continue into the future. Based on their projections, by 1997, the service industry will grow by 12 percent and the retail trades will gain 51,200 workers, while durable manufacturing will continue to decline with over 81,000 job losses (EDD, 1992, p. 15).

Conclusion: New Policies and Action

If the phenomenon of Asians living on desperately low incomes only involved a small number of people, or was only a temporary "adjustment" period for immigrants, then short-term strategies would be adequate. But it is clear that the problem in Los Angeles County is neither small nor temporary. The depth and scope of this population demands attention and action. The remainder of this book addresses these concerns.