

America's Economic Refugees

By Glenn Garvin



In an overregulated economy, the best preparation for survival may be a Third World education.

Marta at work

Marta can still vividly recall the day, 22 years ago, when she drove across the border from Tijuana with her handsome new husband, headed for Los Angeles. She was no *mojado*—wet, as illegal Mexican immigrants

invariably call themselves, whether they came across the Rio Grande or not—either in fact or in spirit. Her husband, though born in Mexico, was a U.S. citizen, and Marta came in through the front door, with a legal visa. And it didn't have anything to do with money, either. She had been doing all right in Tijuana, running a small factory that manufactured neon signs by day, working at a restaurant by night.

But her two little boys needed a dad. Their own father had disappeared into the Tijuana night a few years before, and Marta felt

there ought to be a man around the house. Marta needed one, too. "That's what I thought, anyway," she says now, laughing.

That first day was exciting: marveling at all the new cars zipping along Interstate 5, the ranch-style homes visible from the freeway in Orange County, the mad agglomeration of fast-food restaurants and shopping strips as they entered Los Angeles. America, it seemed to Marta, fairly reeked of prosperity.

But it took only a few days for the glamour to wear off. Her husband informed her that his salary as the manager of a small

HOLLY FREEDMAN

aluminum-siding factory wouldn't cover the costs of sneakers, blue jeans, hamburgers, broken arms, and other matters associated with little boys. "Besides, they aren't my kids," he added. "They aren't my responsibility."

Marta was stunned. She had no working papers, few marketable skills, and she didn't speak a word of English. "What do you expect me to do?" she asked her husband. "You'll think of something," he replied.

Marta spent the next day hunting down friends from Ocotlán, the small city in western Mexico where she grew up. One of them, who sewed blouses at a downtown garment factory, told Marta the place was hiring and wouldn't ask any troubling questions about work permits. Like most garment manufacturers, the company paid by the piece: 12 cents for each completed blouse. A good worker, Marta's friend said, could sew about 200 of them in an eight-hour shift.

"So I took the job," Marta recounts. "I spent the next 15 years sewing. It paid really lousy, and it hurt my eyes. Oh, you don't know how we used to come out of there at the end of the day, out of those sweatshops. My back always felt broken, and my feet are permanently swollen now. My vision is strained."

So why did she do it? Marta looks faintly astonished at the question. "My kids were little," she says. "They needed clothes. They needed food. I didn't want them out in the streets. And without any English, who else would hire me?"

On that day in 1971, Marta stepped into what economists call the "informal" economy—the misty terrain where goods and services flow back and forth without government supervision. It has no minimum-wage laws; work permits, Social Security, worker's compensation, union shops, environmental-impact studies, unemployment benefits, or professional licenses. It certainly has no taxes.

Literary-minded social scientists like to refer to the informal economy as underground, subterranean, black, or hidden. The fact is, though, that with a very few exceptions it functions right out in the open. You can see it every day: The unlicensed street vendors who hawk oranges on freeway exit ramps throughout Los Angeles. The minivans with no commercial permits that roll out of Miami's Little Haiti every Sunday, carrying field hands back to the canefields where they work during the week. The men clustered around the corners of Route 7 and Glen Carlyn Drive, just outside Washington, D.C., in suburban Virginia, waiting for plumbers and carpet layers to stop with offers of a day's off-the-books labor.

Zoë Baird was able to find her way to the informal economy when she needed a nanny; Stephen Breyer went there for a clean-

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ing lady. In fact, sometimes it takes a concerted effort *not* to see the informal economy. Every day around lunchtime, hundreds of unlicensed street vendors—nearly all of them illegal aliens—set up shop on Federal Plaza in lower Manhattan, right in front of the headquarters of the Immigration and Naturalization Service.

A better description of the informal economy might be *uncharted*. Because it exists largely on a cash basis, with little bookkeeping and almost no reporting, the informal sector resists virtually all economic mapping techniques. Like Saudi Arabia's Khali desert, we know it's out there and we know it's huge, but the exact dimensions are unknown and probably unknowable. The few attempts by government number crunchers to quantify it have produced wild disparities.

Back in 1985, for instance, California's Little Hoover Commission estimated that the state's informal economy generated \$40 billion in annual transactions. But earlier this year, New York City Comptroller Elizabeth Holtzman claimed that the informal sector in her city alone is \$54 billion annually, a whopping 20 per-

cent of the city's economy.

Obviously these estimates must be taken with a truckload of salt. (How can *anyone* know that you gave a \$20 bill to an undocumented Salvadoran last week to mow your lawn?) But they do offer a sense of just how vast the informal economy really is. Untold millions of Americans participate in it, from survivalist nut cases buying untraceable ammo with gold bars to white-collar barter groups where dentists and accountants swap services among themselves without going through IRS-approved accounting niceties. They come from every socioeconomic and ethnic corner of society.

But if most Americans take an occasional swim in the informal economy, there are some for whom it's a total immersion: immigrants. "There's no question about it, they're everywhere in the informal economy," says Jacqueline Leavitt, a professor of urban planning at the University of California, Los Angeles. "Sometimes you wonder if they work anywhere else."

They sew designer jeans in backstreet warehouses. They tend fastidious gardens on the elegant side of town. They sell fried plantains from their back porches. They drive rickety gypsy cabs. They tend children in makeshift home day-care centers. They vend cheap toys and exquisite hand-crafted jewelry on street corners. They wash dishes in steamy restaurant kitchens. They install drywall for unlicensed construction crews. They hustle painted velvet portraits of Elvis at flea markets. They repair cars in their driveways.

What links these seemingly disparate jobs is that government regulations make it difficult to do them legally, or the pay is low, or both. That makes them unattractive to many Americans. But

Third World immigrants simply don't care. Penurious employers and overbearing governments are nothing new to them.

"I was walking along Roosevelt Avenue in New York recently—that's in Jackson Heights, a heavily Hispanic area—and I saw a street vendor who was handing out leaflets," says Patricia Fernandez-Kelly, a Johns Hopkins sociologist who studies the informal economy. "I took one, and it was announcing a meeting of a new organization dedicated to stopping police harassment of vendors."

"I was a little surprised, because most of these vendors are illegal immigrants, and they usually keep a low profile. So I asked him, 'You don't have papers, do you?' I thought he was going to slap me. 'Papers?' he said. 'Who cares about that? We're just trying to stop the police from taking our goods and locking us up.'

"To him, cops are the bad guys. As a member of the international work force, he judges his right to work as a fundamental human right that no cop, and no state, can abridge."

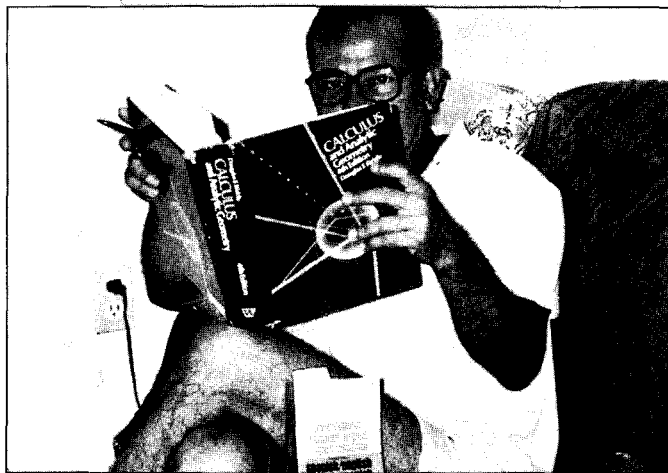
It's common to hear politicians and self-proclaimed ethnic leaders complain that immigrants are exploited. Some of them clearly are mistreated—cheated out of agreed-upon wages, denied medical care for on-the-job accidents, or even beaten by abusive employers. Almost inevitably that kind of abuse is directed at illegal aliens who cannot seek redress from a legal system that will expel them if it can lay its hands on them.

But abuse is a separate matter from low wages and unpleasant working conditions. Where politicians see exploitation, immigrants often see opportunity.

"The political figureheads have a lot different agenda than the people on the street," says Los Angeles business consultant José Legaspi, himself a Mexican immigrant. "The people on the street come from another country, and they want a job—any job. They may get minimum wage, or even less, but it's a lot more money than they've ever had before."

"All of the sudden they can have a nicer home than the one they left, a refrigerator—which maybe they never had before—and a clunky car—which no way could they ever have had. Then they start advancing, learning English, new job skills. Maybe they go to trade schools, or learn nursing or office work. Maybe only their children will be able to do that. But either way, it's better than it was in their country. In other countries, a lot of times, they would work for worse wages all their lives, and that's it. There's nothing to learn or no way to learn it."

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Math professor Miguel left Nicaragua to escape Marxist domination of higher education. Unable to teach legally in Miami, he demolishes drywall for unlicensed contractors. "Businesses need workers, and we want to work. But the government won't let us. It's a little contradictory, no?"

maybe some of them are. But they give the immigrant a way to advance. Native-born American poor people, the ones who've been here three generations or more, a lot of them can't advance because they've bought into the welfare mentality—that the law entitles you to certain things, and you shouldn't work unless you can have them. By his willingness to accept lousy jobs—to be exploited, if you want to call it that—the immigrant is going to do better

in the long run."

The most fundamental factor that sends so many immigrants to the informal economy is their legal status—or, more properly, their lack of it. Some 300,000 foreigners slip across U.S. borders each year, most of them looking for work. But the last round of immigration legislation, in 1986, required employers to demand proof of citizenship or a work permit before hiring, which has

made it much more difficult for an illegal immigrant to hire on at, say, McDonald's. He's more likely to find work with an employer who shares his interest in staying out of sight of the authorities.

"We have to work practically in a clandestine manner," says Miguel, 45, who came to Miami last year from Nicaragua on a legitimate business visa that has long since expired. In Managua, he taught mathematics at the Polytechnic University. (He left because he was sick of the Marxist domination of higher education that persists in Nicaragua even after the Sandinistas' 1990 electoral defeat.) In Miami, he works in construction, demolishing drywall on renovation projects. He is bemused by his career change.

"There are advertisements in the newspapers for mathematics teachers at some of the [bilingual] high schools here," Miguel says, shaking a finger for emphasis. "I could do that job. But I can't get the permission. When I was much younger, I had experience as a cook at McDonald's in Managua. There's an advertisement in the newspaper for cooks at McDonald's here. But I can't get the permission....Businesses need workers, and we Nicaraguans want to work. But the government won't let us. It's a little contradictory, no? It's a vicious cycle, no?"

But Miguel's story illustrates more than the contradictions in American attitudes about immigration. It also demonstrates some of the complexities in the informal economy. Contrary to what you might expect, his job pays \$4.25 to \$5.00 an hour, depending on the project—that is, minimum wage or better. So if his boss is willing to pay legal wages, why does he hire illegal aliens? Because the whole company is illegal, operating without a

contractor's license. And why is that? Because Dade County, though still in a construction boom as it repairs the damage done by last year's hurricane, makes it extremely difficult to get a contractor's license—a little protectionist hanky-panky between the county government and the big local construction firms, who didn't want to share their windfall with any newcomers.

The predictable result has been an explosion of unlicensed construction, fueled by the twin appetites of homeowners to get their houses repaired and Miami's huge immigrant population to work. "Even before the hurricane, there was a lot of unlicensed work," says Pepe Collado, an organizer for the United Brotherhood of Carpenters. "Now it's just ridiculous. I would say at least 60 percent of the construction work in Dade County is being done without licenses and permits."

Collado is not surprised at the way the informal economy dominates Miami's construction industry. He was there at the beginning, in the 1960s, when Cuban exiles fleeing Castro transformed the industry when it tried to thwart *their* desire to work. In fact, he was one of them.

"I was about 20, working in a furniture store, and I saw these ads in the paper for carpentry jobs on construction projects," he recalls. "It seemed like a good opportunity, so I went over to the carpenters' union. They told me I had to take a test. I paid 20 bucks, and they gave me this test that was completely in English. I only spoke a little bit of English, but I tried to fill it out.

"The guy came out of his office, took my paper, and went back inside. A minute later he comes out, tosses it at me, and says, 'You failed.' 'Where did I fall down?' I asked him. 'I don't have time for you,' he said, and walked away.

"I went home, but I kept seeing these ads. It was obvious they really needed people. So I went back again. They took another \$20 from me, gave me another test in English, and failed me again. I couldn't believe it. I mean, nobody was interested in seeing whether I could do the *work*. It was like the test was just an instrument to keep me out.

"I had just recently gotten married to an American girl. And one night I was telling her father what had happened, and he said, 'Jeez, why didn't you tell me? I'm a member of the carpenters' union.' So I went back again, this time with my American father-in-law, and guess what? I was hired."

Most Cubans, however, weren't lucky enough to have a gringo patron inside Miami's potent trade unions. They were turned away by the thousands. "The unions really made an effort to exclude the Cubans," says Guillermo Grenier, a labor historian at Florida International University. "They did it in a variety of ways. The easiest was in the licensed trades, like plumbers and electricians, where they could manipulate the licensing exams.

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"They did the same thing with people who had been contractors in Cuba and wanted to open contracting businesses here. Because the unions were so powerful in Miami at that time—about 90 percent of construction was union—a contractor really had to work closely with the Miami Building and Construction Trades Council, the umbrella group for the various trade unions. And the unions just refused to have anything to do with Cuban contractors.

"The crazy thing was they were turning away people who were very pro-union. Pre-Castro Cuba had a very progressive labor movement. The 1940 Cuban constitution actively encouraged unionization. Most of these folks who they were sending away thought that working in construction was synonymous with joining a union."

The unions apparently thought the Cubans would just go away. They were wrong. "The informal market is always there," Grenier observes. "And immigrants are tenacious." The Cuban plumbers and electricians went to work without licenses;

the Cuban contractors formed small companies that operated out of trucks. They took construction projects within their own community at cheaper rates and hired Cuban laborers for wages that were always below union scale and often below minimum wage. Overtime wages were unheard of. The contractors accepted off-the-books cash in payment and in turn paid their workers with cash.

As the flow of immigrants produced a building boom, it was the new and informal Cuban construction industry that flourished; the unions, and most of the firms allied with them, have withered away. Today more than 90 percent of new housing construction in Miami is done by Cuban firms.

"When the Cubans went informal, they destroyed construction unions," says Johns Hopkins sociologist Fernandez-Kelly. "But they created a hugely successful Cuban construction industry. And it was done, for all practical purposes, by violating the law."

Although Cubans own most of the construction firms now, many of their workers these days—particularly the unskilled ones—are, like Miguel the math-professor-turned-ballpeen-hammer-wielder, Nicaraguans. The Nicaraguan consulate estimates that more than 100,000 exiles are crammed into Miami, loath to return to a homeland still wracked by political turmoil and violence.

And there is every indication that the Nicaraguans intend to follow in the footsteps of the Cubans who came before them. Meet Ronald, 39, who came to Miami in 1986 after a Sandinista military commander accused him of counterrevolutionary sentiments and put a gun to his head. Now he runs a small construction business out of his truck.

Ronald has never incorporated; he doesn't advertise, his business isn't listed in the phone book, and he has no regular employees. Everything is done through what Nicaraguans call "connections," networks of friends and family. Work comes to him through word of mouth. If the job is too big to be handled by Ronald and his two teenage sons, he checks to see if any of his cousins, nephews, or in-laws need a few days' work at \$60 to \$70 a day. As a last resort he stops by the parking lot of a bait shop on Southwest 8th Street in Sweetwater, the little town in western Dade County that's the heart of the Nicaraguan exile community. The bait shop parking lot is the informal equivalent of a union hiring hall, with three dozen or so men hanging around at any given moment, waiting for offers of day labor.

Ronald couldn't join the formal economy even if he wanted to; he has no work permit, which means he has no Social Security number, which means he can't open a bank account or apply for the dozen or so permits necessary for any given construction project. (It's not clear that he's even legally permitted to have a driver's license.)

But the fact is that Ronald wouldn't bring his construction business into the formal economy even if he could. "It's much too expensive to do everything the correct way, the legal way," he admits. The cost of permits alone can inflate the price of a single home-repair project by as much as \$10,000. Then there's what economists call "indirect wages" that would have to be paid for his employees: Social Security, unemployment insurance, and worker's compensation. (Worker's comp *alone* raises Miami construction payrolls by 39 percent.) And Ronald would probably have to hire someone just to do all the paperwork.

It is these costs (coupled with fierce union pressure) that have made the construction industry a fertile breeding ground for informal activity not just in Miami but throughout the United States. Saskia Sassen, who teaches architectural planning at Columbia University, surveyed construction sites in Manhattan and found that about 90 percent of interior work was being done without building permits.

Construction, however, is far from the only industry in the United States that is sinking under a snarl of taxes and red tape. A 1981 study by the New York State Bar Association found that the average business owner had to obtain 35 permits before opening his doors. Even something as simple as a small pizza parlor required 18 permits. "It's only changed for the worse in the years since," says Charles Heming, an attorney who helped conduct the study.

Many of the permits are disguised taxes, requiring nothing more than payment of a fee. (And it doesn't stop with the permits. There are 54 different state and city taxes levied on businesses in

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New York City.) But the study also found that 359 occupations—among them, boxing announcer and wrestling-match doorman—required licenses that could be obtained only through exams or an extensive educational program. Noted the report: "In many instances the restrictions appear to serve little purpose other than to protect persons currently engaging in an occupation from the competition of new entrants."

"New entrants," of course, will consist largely of the poor and powerless—those who because of their race, sex, or citizenship have been frozen out of the mainstream economy. In the peculiar logic of licensing, they aren't fit to *be* businessmen because they haven't *been* businessmen.

Just ask Ani Ebong, a Nigerian cab driver (well, make that *ex-cab* driver) in Denver. He came to the United States on a student visa in 1973 and tried several different jobs to put himself through college. He quickly settled on driving a cab.

"It's a good job for immigrants," Ebong explains. "All you have to know is how to drive, which most of us do, and how to get around the city, which is easy enough to learn. And it's flexible; you can set your own hours and fit them around being a student, so that you can take English classes or go to college."

Even after he got a degree in marketing, Ebong kept driving for Denver's Yellow Cab cooperative, saving money to open his own business. In 1990, he decided it was time to go into business for himself. Yellow Cab was teetering on the edge of bankruptcy and the drivers were split into acrimonious factions. And a court-appointed receiver was making changes in company policy that worked against newly arrived immigrants, which angered Ebong even though he personally would have been grandfathered into the new contract.

So with three other drivers—an Ethiopian, another Nigerian, and a native-born black American—Ebong announced he was opening his own cab company, Quick Pick Cabs. "I thought it was a good idea, not just for the other drivers, but for the whole community," he recalls ruefully. "There were so many drivers at Yellow Cab who were unhappy. And Denver only has three major cab companies, and they've gotten so fat and lazy. Half the time when you call a cab it doesn't come. I thought we could show them how business ought to be done."

Instead, the three major companies showed Ebong and his colleagues how business *is* done. To open Quick Pick Cabs, they would need a license from the Colorado Public Utilities Commission. The PUC had rejected every application for a competitive cab company since 1947, and Ebong and the other entrepreneurs quickly discovered why: The three majors all filed against the Quick Pick application. (If there was any doubt about how cozy

the majors had become with one another, it was laid to rest by their PUC filing; all three retained the same attorney.)

"Oh, man, you should have seen what we had to go through," Ebong exclaims. "It was lots of paperwork, tons of paperwork, a blizzard of paperwork. They said we had to prove a 'need' for a cab company, so we had to go all over Denver, knocking on doors, asking people to sign statements that they had called a cab but it didn't come. Then we found out we had to get the statements notarized, so we had to go back and ask all these people to drop their work and come with us to the notary.

"Then we had the hearing. We had to answer all these questions from the majors. Like, they asked us to present our five-year advertising plan for our new company. And they asked us for all the names of the people we would be hiring in the next 10 years. I think even if we were IBM we couldn't have answered that. Does IBM know the name of every person it's going to hire in 1997?"

Last November the Quick Pick application was denied. Ebong and the others have all taken different jobs; by challenging the Denver cab cartel, they effectively blacklisted themselves.

"When I first came to the United States, I was so happy," Ebong muses. "I had friends from school who went to other countries, and they had so much trouble getting jobs. If you try many other countries, you find out you can't even be a janitor. That's when you find out this is the land of opportunity. That's when you find out America is very different than other countries....

"But then when we tried to open a cab company, they used the legal system to stifle us, just like you would do it in Iran or Iraq or Nigeria. The regime at Yellow Cab, the PUC—it's exactly like Nigeria....It's a clique. The whole system is like a nutshell, and you can't break into it. It's just like a poor Third World country.

"Do you know the country of Mali? It's a poor little dictatorship in West Africa. In Mali, there is just one highway, and it runs from the presidential palace to the airport. Sometimes now we joke that the legal system here runs only one way, from Yellow Cab through the PUC. It *typifies* an oppressive little Third World country, the way they run it."



Ani Ebong (2nd from left): "When we tried to open a cab company, they used the legal system to stifle us, just like you would do it in Iran or Iraq or Nigeria. It's a clique. The whole system is like a nutshell, and you can't break into it. It's just like a poor Third World country."

The comparison to the Third World is an apt one. One reason that immigrants are so willing to ignore the vast U.S. taxation-and-regulation bureaucracy—and are so adept at outwitting it—is that they've already learned to do it in their own countries. In most Third World countries, economic activity is

regulated to the point of proscription. The practice reaches its apex in Marxist regimes. In Sandinista Nicaragua, for instance, the government drew up a chart of 32 wage categories and divided every single job in the country among them, then created a Promethean enforcement apparatus to put it into effect. The wage rates were adjusted infrequently, even when Nicaragua's annual inflation rate reached 10,000 percent. Eventually nearly every private

employer or worker in Nicaragua was defying the law.

But the picture is only marginally better in Third World countries billing themselves as capitalist democracies. In *The Other Path*, his classic work on Peru, economist Hernando De Soto described how his researchers set up various small businesses in Lima while observing the letter of the law.

To open the doors of a small, single-proprietor garment factory took 289 days and cost more than \$1,200—32 times the monthly minimum living wage. (The researchers were solicited for 10 bribes during the process and actually paid two when it appeared there was no other way out.) Opening a small store took 43 days and about \$600. To operate a single van as minibus required 26 months. Approval to develop land took 28 months, and then actually obtaining the building permits took another 12. Small wonder that half the Peruvian work force has joined the informal economy, generating 40 percent of GDP.

So when Third World immigrants come to the United States, they are well-schooled in thwarting economic regulations, even those supposedly designed to protect them. "In countries like Mexico, where you have formal regulation of activity, including a very progressive labor code that came out of the Mexican revolution, people become particularly adept at bypassing those regulations," says sociologist Fernandez-Kelly, herself a Mexican immigrant. "They certainly are going to do the same thing here.

"Their perspective is not of one of deliberate attempts to break the law. Their perspective is one of, 'What do I have to do to survive and support my family? I don't mind selling ice cream in the street or cooking food at home and selling it on the corner if that's what is necessary to pull myself up by the bootstraps.'...Immigrants all think they're going to be the next Donald Trump, even when there's plenty of evidence that their belief is not warranted."

Those would-be Trumps can be seen all over Los Angeles, despite the fact that most forms of street vending are flat-out illegal. You can buy just about anything from a vendor: lobsters, avocados, oriental rugs, plaster-of-Paris busts of Cleopatra and

Beethoven, leopard-skin patterned seat covers, plastic skateboards, peanuts, hair ribbons, pantyhose, mangoes, fried fish with onions and chilies, cow skulls.

Cow skulls? "I wouldn't say it's a broad market, but it's pretty high end," says one vendor with a shrug. "For a crummy one, you can get \$50, and the good ones go for several hundred dollars....They sell to yuppies with odd tastes in interior decorating."

The vendors work throughout Los Angeles, but they're most noticeable in Boyle Heights, Pico-Union, Westlake, and other neighborhoods where Latin American immigrants have settled in large numbers. On some blocks there may be as many as two or three dozen vendors, converting the streets into de facto open-air markets.

One of those vendors is Marta, the Mexican woman who came to Los Angeles in 1971 with a new husband who turned out to be considerably less gallant in marriage than he had been in courtship. It may not surprise you to learn that he ran off without warning 15 years into their marriage, sticking Marta with huge utility and phone bills. She knew she couldn't survive alone on her \$3.00-an-hour job at the garment factory.

"I didn't have money, I didn't have anything," she remembers. "But I had seen these street vendors, and I thought, 'I could do that. I know how to make tamales.' So I sold all my jewelry for \$50. I bought some *masa* [fine cornmeal], some corn husks, pork, cheese, chiles, and lard. I went to the convention center, where they were having a car show, and I called out to people that I was selling tamales for 75 cents apiece. And it went very well. At the end of the day I had \$200 in my pocket. And I never went back to the garment factory."

For the last seven years, Marta has spent her weekdays making tamales, selling them to neighbors who stop by the house. On weekends she goes to a plaza near Our Lady Queen of Angels Church, one of the most popular areas for vendors. "Saturdays, it depends," she says. "But Sundays, I make about \$300 easy. Before the recession, I was making \$600 on Sundays. I was so busy that I had to bring my niece from Mexico to help me."

The niece is now attending cosmetology school on her savings from the tamale sales. Meanwhile, Marta has not only successfully raised her two boys—they're grown-ups with families of their own—but saved enough money to take a vacation to Italy a couple of years ago. Though she long ago got a work permit, at age 57 she has no plans to seek a job in the formal marketplace.

"I like to sell," she says. "I'm out with people, I can chat with them. I have a lot of clients, and they come to see me every weekend. They're sad if I'm not there selling."

A survey by the Coalition for Women's Economic Development pegged the average street vendor's daily profits between \$10 and \$40. But a few vendors do take a stab at becoming the next Donald Trump. John Ortega, who owns the 500-store Clothestime women's-wear chain, got his start as a vendor. So did Juan Corona, a multi-millionaire who owns Los Angeles-area restaurants and several clothing stores.

That's not to say she wouldn't appreciate legal status for vendors. Life as an economic outlaw is a constant hassle.

"You have to watch out for the police," she says. "They don't always make trouble for us. But sometimes they do. They've taken my food, thrown it away. One day I bought a \$125 urn so that I could branch out a little bit, offer my customers a chocolate drink. I bought it on a Friday. On Saturday the police took it. I was sad, but what can you do?"

"Nobody's ever hit me or taken me to jail, because when they tell me, 'That's against the law,' I always look timid and say, 'Oh, OK, I'll leave.' But I've seen a lot of other people mistreated. I know I've been lucky."

Attempts to legalize street vending in Los Angeles have met violent opposition from forces who don't even make a pretense about their motivations. "We're getting to be a Third World country," Gertrude Schwab, one of the most vocal opponents of vending, told the *Los Angeles Times*. "It's nasty. It's not clean. ...They set up outside like a fruit market. They're selling pillows on a stick. They're

going door to door selling tamales. It's disgusting."

And even if the vendors' allies manage to slip a compromise proposal through the Los Angeles City Council, it's unlikely that many of the vendors would comply with the requirement to get licenses. One of the principal attractions of vending is that it requires little start-up capital. (Marta, remember, started with \$50, and some vendors launch their enterprise with as little as \$10.) But the ordinance under consideration by the City Council would require a hot-dog vendor to buy nearly \$1,000 worth of permits, plus a special cart that costs between \$1,000 and \$2,000.

Most vendors don't do as well as Marta. A survey last year by the Coalition for Women's Economic Development pegged average daily profits between \$18 and \$40. But it's also clear that a few vendors *do* take a stab at becoming the next Donald Trump. John Ortega, who owns the 500-store Clothestime women's-wear chain, got his start as a street vendor selling clothes in the mid-1970s. Juan Corona, a multi-millionaire who owns Los Angeles-area restaurants and several clothing stores, also started out as a clothing vendor.

"Not everybody is going to do that well, not by a long shot," says business consultant Legaspi. "But don't sell these guys short—vending is a real business and they have real entrepreneurial skills. It takes an eye for merchandise; a mango vendor learns to cut the mango just so to look appealing. And they learn how to treat the customer, how to sell the customer. They sell mostly to fellow members of their ethnic group, so they understand what products the market wants and how to sell them."

"I've seen a lot more sophisticated merchandising among vendors than I have with anyone else. These people may not even

know the techniques they're using—it could all be sort of unconscious—but it's effective. They catch your eye by carving the fruit very artistically. Or, as somebody approaches, they squeeze a lemon onto the fruit. When I smell that, I just start salivating."

Many successful vendors graduate from the street into the bazaars known variously as swap meets or flea markets, the collections of stalls located in old warehouses or former drive-in movie lots. For suburban America, the swap meets are places to take some old junk from your garage to sell while buying someone else's old junk. But in communities with large immigrant populations, swap meets have become a poor man's shopping mall.

"If you go to the swap meets in East Los Angeles, you'll see very little used merchandise," says Daniel Morales, who runs the 21st Century Business Clinic for minority entrepreneurs. "Most of the merchandise is very cheap, but it's new. These things are very immigrant-oriented. In Asia and Latin America, this is how people do business—they use a big central market. It's a concept that's not familiar to Anglo-Americans."

Stalls at Los Angeles swap meets rent for about \$7.00 a square foot—about the same price as space in mid-tier shopping malls. "But in a swap meet you can start small, with maybe 100 square feet," points out Morales. "In a mall you're going to have take a couple of thousand square feet at the minimum. And the mall is going to want a year's lease with two or three months' deposit, plus financial statements, plus documents that show you're a legal resident. The swap meet doesn't require any of that."

The swap meets also don't care whether stall operators have business permits—a good thing, since almost none of them do. Because the city requires advance payments of sales tax from some merchants, permits for a small shop can easily cost \$600 or more.

Some swap-meet merchants become mini-magnates, operating chains of stalls in several different flea markets. "One of my clients is a guy who sells cassettes of Mexican music," says Morales. "Every time I turn around he's expanding. He has at least six stalls operating now."

The involvement of immigrants in the informal economy has spawned a growing, and quite paradoxical, body of academic literature. Most of it is written by sociologists and anthropologists who spend untold hours among the immigrants, painstakingly documenting the regulatory roadblocks that send them into the informal economy. Then, almost inevitably, they suggest that the answer to the problem is more regulation.

Sociologist Fernandez-Kelly, herself a believer in protective regulation, acknowledges the contradiction. "One of the constant

"I would get there at 6:30 a.m., walking into this noisy, smoky factory, feeling—like an enlightened liberal—that there must be a better way," says one researcher. "I'd be talking to some 17-year-old girl who's already been working there for three years, and I'd ask—hoping the answer would be the one my ears want to hear—how do you like your job? And she says, 'I love it! I want to keep working here forever!'"

pains to left-of-center observers is that conditions you would consider to be close to unacceptable are considered rather desirable to immigrants," she admits. "I spent a good deal of time researching the *maquiladora* industry along the Mexican border. I got a job as a seamstress, to see with my own eyes what it was like, and I also interviewed 500 women.

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It is, however, a common answer. Many immigrants who labor for less than the minimum wage can be surprisingly blunt in acknowledging that their labor isn't worth very much. Says Ana Maria, a Salvadoran immigrant who works in a Los

Angeles garment sweatshop at a piecework rate that averages out to a little more than \$3.00 an hour: "Who else would hire me? I don't speak English. I'm not educated. All I can do is work hard."

Ana Maria will not go so far as to say she loves the garment factory, but it's better than some jobs she's had since coming to America. In 1987, shortly after crossing the border at Tijuana (illegally, though she's since received refugee status and working papers), she got a live-in domestic job in the Los Angeles suburbs, working in the homes of two American brothers and their wives.

"Sewing is very nice compared to that," she affirms. "I worked around the clock, from 5:30 in the morning until 1:00 the next morning. I had to clean and take care of their children. They were supposed to pay me \$100 a week, but a lot of times they only gave me \$50. And they were supposed to give me meals, but a lot of times they didn't do it. Then, when I had been working there a year, I got a high fever. And the lady put me out on the street with my things."

Now Ana Maria and her husband both work in the garment trade. Between the two of them, they make \$200 to \$300 a week. They share a one-bedroom apartment with two other Salvadoran sweatshop workers, splitting the \$550 rent. They can't afford cable television or many frills (except for regular calls home—their share of the telephone bill usually approaches \$150 a month) but they live better than they did in San Salvador. Every few months they have enough left over to send \$50 or \$100 back home to their parents.

"It can be hard here, but I knew what I was doing when I came," Ana Maria says matter-of-factly. "As long as they don't

throw us out, we're staying in the United States."

If liberals want to save immigrants from exploitation, many conservatives want to save the American economy by eliminating some of its hardest workers. There's a growing nativist faction in the Republican Party that calls for a crack-down on illegal immigration.

One of the latest converts is California Gov. Pete Wilson, who recently began lobbying the federal government for a package of anti-immigrant measures, including beefed-up patrols on the Mexican border and denial of citizenship to American-born children of illegal aliens. "If we ignore the flood of illegal immigration coming to America, we'll erode the quality of life for all those who live here legally," Wilson declared in introducing his proposal.

To argue his case, he recited a list of services the state must provide to the immigrants (mostly, actually, to their children). Unsurprisingly, he didn't mention all the taxes they pay, some directly—like sales and excise taxes—and some indirectly—like the gasoline taxes that are lumped into the price of goods shipped by truck, or property taxes embedded in rent payments. Even more significantly, since poor immigrants, like poor natives, pay less in taxes than more affluent people, Wilson showed little interest in immigrants' contributions to wealth creation in the private sector.

Anti-immigrant paranoia is usually highest among those with the most fleeting contact with the immigrants. Most people who actually work with them feel quite differently.

"I believe very strongly that the immigrant brings a lot more benefits to us economically than what he takes out," says business consultant Legaspi. "A lot of them who work with false IDs actually pay *more* than they should. They forget to file for their income-tax refund, or they do it incorrectly, or because of their fear of institutions they won't even try. At the same time they are the ones really taking the low-rung jobs that no one else wants but really keep the economy cranking.

"And you know something else? I think they're the ones who are going to keep urban America together. Third World immigrants tend to have an extended family with very cohesive family values."

The phrase "family values" doesn't ring a bell with Marcelina, who as Legaspi speaks is trimming excess cloth from a pair of pants in a sweatshop on Santee Street in downtown Los Angeles. She never learned to read or write Spanish, and English has proven completely beyond her during her seven years in Los Angeles. So most American political discourse is meaningless to her;



"It's much too expensive to do everything the correct way, the legal way," admits Ronald, a Nicaraguan immigrant who runs a small construction business out of his truck. The costs of permits alone can inflate the price of a single home-repair project by as much as \$10,000. Then there's Social Security, unemployment insurance, and worker's comp. Ronald would probably have to hire somebody just to do the paperwork.

but then, she didn't come here for politics. She came here to work.

Marcelina was 40 when she left the tiny farming village of Guerrero in southwestern Mexico, not an age at which most people want to start a new life 1,100 miles away. Some of her neighbors were scandalized. Who would take care of Marcelina's father, already in his mid-80s and not capable of working much longer? But her father understood.

"I want you to go," he told her. "It's easier to find work there. It will be a better life for you."

So Marcelina went, leaving her six children with her father. She got the job trimming pants—10 cents a pair, 20 pairs an hour, 160 a day, 800 a week, giving her an annual income of \$4,160. Most Americans would say that's not a living wage, but Marcelina lived and even saved. After three years she was able to send enough money home to bring four of her children to Los Angeles; the other two followed a year later. Three of them are adults now, living on their own, and Marcelina and the remaining three share a one-bedroom apartment with two other couples.

Earlier this year, Marcelina got word that her father was ill. She took her \$600 savings and returned to Guerrero to see him. But she didn't take the children. "I knew I was coming back," she says. "There's still no work in Mexico. Maybe in a few years, when the children are

grown, I might go back. I might."

When her father's health improved, Marcelina got a ride to Tijuana with one of the car services that shuttle Mexicans between the interior and the border. She climbed into the rocky hills on the outskirts of the city and began the all-night hike toward the lights of San Ysidro, the ramshackle little town on the American side of the border. But Marcelina is not as nimble as she was the first time she crossed the border seven years ago. This time the Border Patrol caught her. They jailed her for five hours, then dumped her back in Tijuana.

Marcelina waited patiently until night fell again. She climbed back into the hills. And this time she made it across.

A stolid peasant woman, naturally suspicious of strangers, Marcelina rarely speaks and almost never lets her expression betray her real thoughts. But, told that the governor of California wants to increase patrols to keep immigrants out, she cackles out loud.

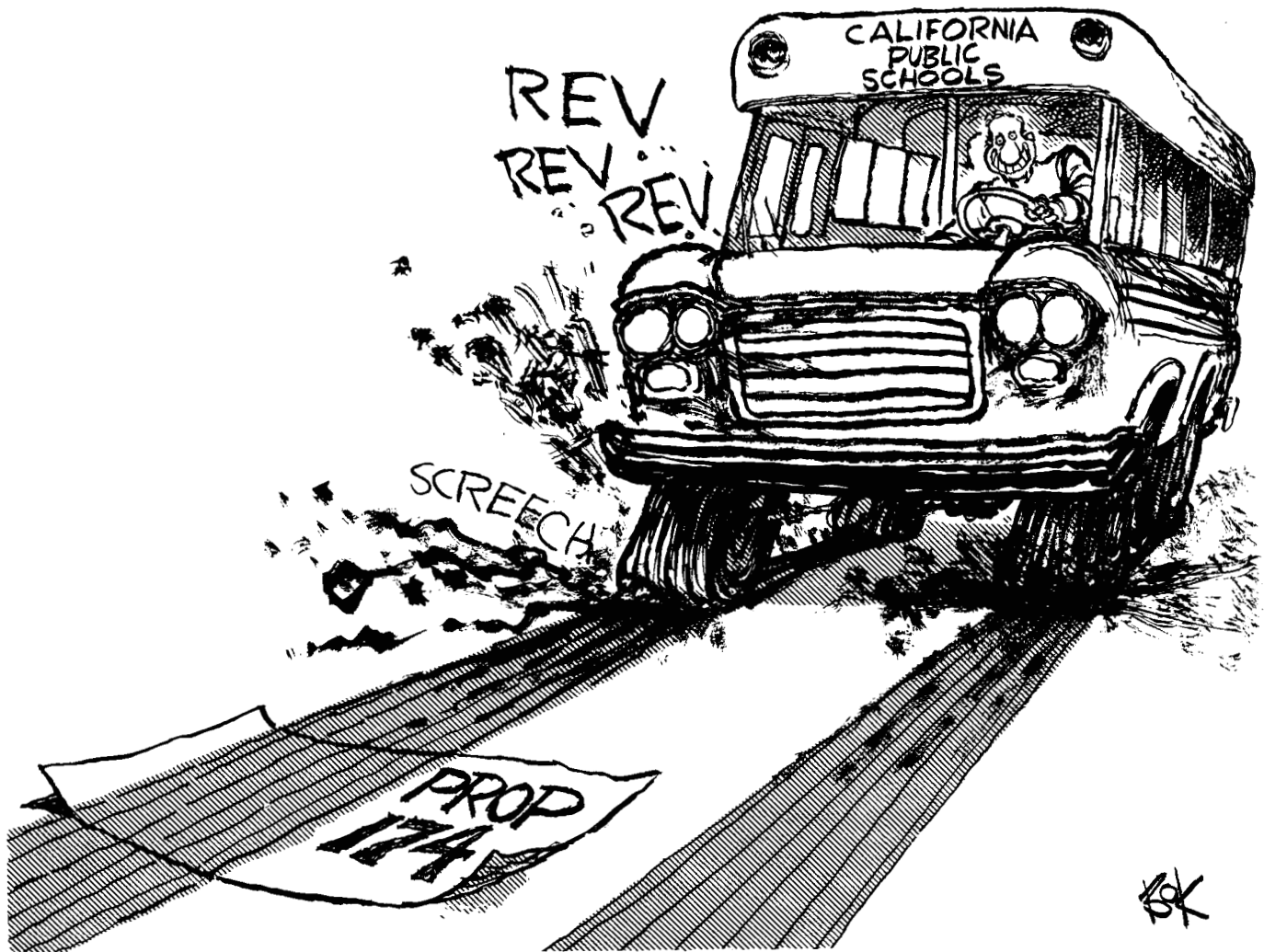
"Keep us out? How is he going to do that?" she asks. "And why would he want to? Who is going to do our work?" ■

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Getting an Education

With a big test coming up in November, the school-choice movement is learning from its mistakes.

By Tim W. Ferguson



Think of it as the Thirty Years' War," says Oregon's Martin Buchanan of the national fight for school choice. And there is more than a durational likeness to Europe's 17th-century sectarian conflict. The public schools are America's official religion, an obligatory presence in every burg and hamlet. Attacks on them will be repulsed with heavy casualties, as Buchanan, a Portland-based writer of computer manuals, knows. The first statewide voucher initiative he drafted

lost by more than 2-to-1 at the polls in 1990, and he is fatalistic about the second try, due next year.

Fatalism is also a good attitude to have about the choice initiative on California's November 2 special-election ballot. The most prominent attempt yet to allocate tax money to households instead of school districts so that everyone can enjoy reasonable alternatives to the government's Brand X, Proposition 174 is under withering bombardment from the education establishment. Early polls were