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Asian Americans in the Labor Market: Public Policy Issues

Don Mar

Abstract

Asian American/Pacific Islander public policy issues in the labor market are examined using the 2000 Census PUMS (Public Use Micro Sample) data. AAPI labor market problems raised by earlier studies are revisited with the more recent data. Southeast Asians, Vietnamese, Native Hawaiians, and Pacific Islanders continue to face problems of poverty/low income, unemployment, and discrimination in occupations and earnings. Many API groups are less likely to be employed in managerial occupations controlling for factors such as education and potential experience. New policy issues suggested by the data are lower rates of self-employment for many APIs compared to non-Hispanic whites as well as lower rates of homeownership by all API groups compared to non-Hispanic whites.

Introduction

Asian American/Pacific Islanders (API) are one of the fastest growing ethnic populations in the United States. The 2000 Census reports 11.9 million APIs when using the census category of Asian and other race combined and 10.2 million for Asian alone. Using the Asian and other race combined, Asian Americans represent 4.2 percent of the U.S. population. This represents a growth rate of 72 percent since 1990. By comparison, the total U.S. population grew by only 13.2 percent from 1990 to 2000, while the African American and Hispanic populations grew by 21.5 percent and 57.9 percent, respectively, in the same period (U.S. Census 2002).

APIs are a diverse group economically as well as ethnically. As a result of this diversity, this paper presents an overview survey of labor market public policy issues based on the 2000 Census Public Use Microdata Sample (PUMS) 5 percent data. The paper be-

gins with an overall discussion of historic API public policy issues in the labor market based on previous studies. This is followed with specific discussions about Asian Americans in the labor market based on data from the 2000 Census comparing Asian Americans with non-Hispanic whites. The paper ends with a summary of public policy issues.

Overview of API Labor Market Policy Issues

There is considerable debate about earnings parity for API groups. (See for example, Hirschman and Wong 1984; Nee and Sanders 1985; Duleep and Sanders 1992; Ong 2002; Kim 2002; Fuji and Mak 1985; Yamane 2002; Chiswick 1978, 1979, 1980, 1983; Human Rights Commission Report 1988; Barringer et al. 1993). Given the different methodologies and time frames, generalization is somewhat difficult. However, many of the more recent studies argue that earnings discrimination does exist for specific API groups. Most studies find earnings discrimination for Vietnamese, Southeast Asian, and Pacific Islander men and women. Filipino, Asian Indian, and Korean men have very mixed results regarding earnings discrimination with some studies showing discrimination and others showing earnings parity. Studies of earnings discrimination against U.S.-born Chinese and Japanese men generally show little discrimination in earnings. U.S.-born API women generally do well compared to non-Hispanic white women in terms of earnings but continue to fare badly compared to men (see, for example, Long 1980; Carlson and Schwartz 1988; Barringer et al. 1993; Human Rights Commission Report 1988; Mar 2000).

There is also evidence of occupational discrimination, particularly in managerial jobs. Duleep and Sanders (1992) find evidence that Chinese, Japanese, and Filipino men are less likely to be employed as managers compared to non-Hispanic white men based on 1980 Census data. Tang (1997) finds some evidence of a lower likelihood of Asian women being promoted to managerial or administrative positions based on data from the 1989 Survey of Natural and Social Scientists and Engineers. Mar (2002) utilized 1990 Census data to examine occupational discrimination against U.S.-born female Asian professionals and found that Asian American women would have higher percentages in professional and managerial occupations if treated like non-Hispanic white women. Yamane (2002), using 1990 Census PUMS data, found that foreign-

born Vietnamese women were also less likely to be employed in managerial and professional occupations in 1989.

Self-employment by API groups is a controversial topic. Self-employment is sometimes cited as a means of economic advancement as well as a means to escape discrimination in the job market (Fairlie and Meyer 1996; Light 1972; Light and Bonacich 1988; Waldinger 1986; Bonacich 1973; Light and Rosenstein 1995; Fernandez and Kim 1998). Mar (2000) found the annual earnings of self-employed Chinese, Japanese, and Filipinos in 1990 were greater than the earnings obtained from wage and salary work. In other instances, it can be seen as a way to exploit ethnic entrepreneurs and workers. Self-employment may also contribute to low incomes and poverty. Both Bates (1997) and Ong and Hee (1994) note that Asian immigrants with moderate education levels and limited English skills may be pushed into self-employment. Unlike self-employment by other entrepreneurs, these "disadvantaged" self-employed have high rates of business failure, low revenues, and very low rates of return on their labor and capital. Bates reports that before tax, profits for Korean and Chinese immigrant firms in 1987 averaged \$17,397 and that profit per hour worked in self-employment for Asian Indian and Filipino immigrants was \$5.39.

A large segment of the Asian American population does suffer from poverty and low incomes. Although the Census (2004) reports that 12.6 percent of Asian Americans lived below the poverty line compared to 12.4 percent of the entire U.S. population, vast differences in the numbers of persons living in poverty exist by specific ethnic groups. Vietnamese and Southeast Asians in particular experience a high level of poverty. The White House Initiative on API (2001), using a different poverty measure, cites that year 2000 poverty rates among Hmong were 66 percent, Cambodians 47 percent, Laotians 34 percent, and Vietnamese 34 percent compared to 11 percent for all Americans. Ong and Hee, using data from the 1990 Census, characterize poor Asian Pacific Islanders as primarily composed of recent immigrants with low levels of education and limited English language ability. Although many are working, the poor are employed in low-skill, low-paying jobs. In addition, many Southeast Asian refugees experience (Ong and Blumenberg 1994) very high poverty rates and make extensive use of welfare programs.

Labor market issues are also associated with the immigration of Asians. The Census (2004) notes that 69 percent of Asians in 2000 were born outside the U.S. compared to 11 percent of the total U.S. population. Moreover, 43 percent of the Asian immigrant population is of relatively recent entry, arriving in the U.S. after 1990. Limited English speaking ability and education have previously been cited as issues with respect to poverty and welfare. Although beyond the scope of this paper's methodology, policy issues regarding the welfare and education costs of immigrants versus the gains in skill and economic benefits of continued immigration to the United States has been widely debated. In general, most studies conclude that legal immigrants contribute more to the U.S. economy than what they receive in welfare and other benefits (see, for example, Borjas and Freeman 1992; Borjas 1995; Hamermesh and Bean 1998).

API Labor Market Issues 2000

Data for this study comes from the Census of Population, 5 percent Public Use Microsample (PUMS). The PUMS data is the only large sample source of data on individual Asian American ethnic groups.¹ The discussion is limited to Asian Indian, Chinese, Filipino, Japanese, Korean, Native Hawaiian/Pacific Islander, a combined "Southeast Asian" (Cambodian, Hmong, Laotian), and Vietnamese. Although labor market issues for other API groups such as the Thai and Pakistani populations are important, sample size limitations preclude their inclusion in this study.

The API population in 2000 was quite diverse. Of the 10.2 million APIs who identified as Asian only or Native Hawaiian/Pacific Islander, 2.3 million identified as Chinese, 1.8 million as Filipino, 1.7 million as Asian Indian, 1.1 million as Vietnamese, 1.1 million as Korean, 0.8 million as Japanese, 0.5 million as either Cambodian, Hmong, or Laotian, and 0.4 million Native Hawaiian/Pacific Islander. With the exception of the Japanese, Chinese, and Native Hawaiian/Pacific Islander groups, the majority of API groups were composed of individuals born predominantly outside the U.S. This is a result of the changes in the immigration laws since 1965, which has allowed for much greater immigration from Asia.

Labor Force Status. There are wide differences in labor force participation rates and unemployment rates for API groups. Table 1 shows the labor force participation rates and unemployment rates

TABLE 1. Labor Force Participation Rates and Unemployment Rates by Ethnic Group, 1999. (16 years and older, based on 2000 Census PUMS)

Ethnic Group	Foreign born Men	Foreign born Women	US-born Men	US-born Women
Non-Hispanic White	67.8% / 4.2%	47.5% / 5.1%	72.5% / 4.6%	58.1% / 4.0%
Asian Indian	81.3% / 2.9%	53.5% / 5.8%	57.9% / 15.7%	53.7% / 11.4%
Cambodian, Hmong, Laotian	63.7% / 7.6%	50.4% / 7.2%	45.0% / 20.6%	51.8% / 23.0%
Chinese	70.1% / 3.9%	56.4% / 4.5%	67.1% / 6.2%	61.6% / 5.8%
Filipino	71.3% / 5.4%	64.9% / 4.1%	69.2% / 8.1%	66.8% / 6.3%
Japanese	73.3% / 2.9%	39.0% / 3.9%	66.8% / 4.3%	57.0% / 4.0%
Korean	69.9% / 4.4%	52.0% / 5.1%	57.3% / 11.8%	55.6% / 12.0%
Vietnamese	69.4% / 5.3%	57.4% / 5.6%	49.5% / 12.6%	51.9% / 11.3%
Native Hawaiian/ Pacific Islander	All men	70.8% / 9.2%	All women	61.4% / 9.7%

by API group and place of birth compared to non-Hispanic whites.^b Due to differences in interpreting what is considered U.S. born for the Native Hawaiian/Pacific Islander (NHPI) group, the tables do not show a breakdown by nativity for the NHPI group.

In general, foreign-born API groups have higher labor force participation rates when compared to foreign-born non-Hispanic whites. This is true for both men and women. In fact, the foreign-born API men have labor force participation rates comparable to U.S. born men. The rather strikingly low labor force participation rates of many U.S.-born API groups are largely due to age. Given the relatively recent immigration of many API groups, the first-generation U.S. born are relatively young. For example, the average age of the U.S.-born labor force of Southeast Asian workers is approximately twenty years old compared to the non-Hispanic white average age of forty. Similarly, the U.S.-born Asian Indian, Filipino, Korean, and Vietnamese labor force is also much younger than the white labor force with average ages of twenty-seven, thirty-one, twenty-eight, and twenty-four, respectively. Young workers typically have lower labor force participation due to continued time in school and greater difficulty in finding jobs due to lesser skills and experience.

The differences in average work force age also account for some of the disparity between API unemployment compared to non-Hispanic white unemployment. The unemployment rates of

U.S.-born Cambodian, Hmong, Laotian, Asian Indian, Korean, and Vietnamese are partially explained by age as younger workers have less experience and knowledge about the labor market. However, unemployment rates for almost all of the API groups are greater than that of the comparable non-Hispanic white reference group regardless of place of birth. This may be partially due to API concentration in states with relatively high unemployment rates in 1999 such as California, Hawaii, and New York. Still, the higher rates of unemployment among API groups represent an important public policy issue.

Surprisingly, most API groups have lower self-employment rates compared to non-Hispanic whites. This is markedly different from historical trends when Asians had a long history of self-employment greater than the general population.

TABLE 2. SELF-EMPLOYMENT RATES BY ETHNIC GROUP, 1999.
(25 years and older, based on 2000 Census PUMS)

Ethnic Group	Foreign born		US born	
	Men	Women	Men	Women
Non-Hispanic White	16.0%	10.7%	15.3%	8.5%
Asian Indian	12.4%	7.5%	n.a.	n.a.
Cambodian, Hmong, Laotian	7.4%	4.7%	n.a.	n.a.
Chinese	12.9%	8.7%	12.5%	8.0%
Filipino	6.0%	4.6%	5.4%	4.2%
Japanese	12.7%	11.3%	14.2%	7.6%
Korean	28.7%	18.0%	12.1%	5.3%
Vietnamese	11.0%	10.3%	9.2%	5.3%
Native Hawaiian/ Pacific Islander	All men	8.9%	All women	6.4%

Table 2 shows the percentage of workers over the age of twenty-five classified by the Census as self-employed in either an unincorporated or incorporated business. Only foreign-born Korean men and women continue to have fairly high rates of self-employment. Self-employment may become an important issue for APIs in the future. Low self-employment rates, particularly among U.S.-born individuals, give rise to issues of APIs as business owners and economic advancement. As self-employed business owners generally have higher earnings than wage and salary workers, the decline in self-employment may affect API earnings as a group. Self-employ-

ment rates are not shown for some groups due to small sample sizes.

The 2000 Census data also shows a number of occupational problems for API workers. Table 3 shows the percentages of APIs employed in selected occupations as a percentage of all API employment by API groups compared to non-Hispanic whites. The Southeast Asian groups—Cambodian, Hmong, Laotian, and Vietnamese—and NHPIs are overly represented in lower paying production and transport occupations. This is true for both foreign-born and U.S.-born Southeast Asians and NHPI men and women. With the exception of the Japanese, API workers are also much less likely to be employed as managers.

Table 3. Percentage Employed in Selected Occupations by Ethnicity, Sex, and Nativity 2000 PUMS Data (based on 2000 Census PUMS).

Managers				
Ethnicity	For. Born Men	For. Born Women	US Born Men	US Born Women
Non-Hispanic White	12.5%	8.1%	11.6%	7.1%
Asian Indian	11.7%	6.6%	6.9%	5.4%
Cambodian, Hmong, Laotian	3.2%	2.5%	2.3%	0.4%
Chinese	11.5%	7.6%	10.1%	9.2%
Filipino	5.1%	4.0%	5.3%	6.7%
Japanese	23.5%	7.2%	12.5%	8.7%
Korean	12.7%	6.6%	6.4%	5.1%
Vietnamese	4.4%	3.1%	4.3%	3.3%
Native Hawaiian/ Pacific Islander	All men	6.0%	All women	5.2%
Production, Transport, and Material Occupations				
Ethnicity	For. Born Men	For. Born Women	US Born Men	US Born Women
Non-Hispanic White	15.8%	7.1%	19.5%	6.9%
Asian Indian	11.1%	9.0%	7.7%	3.8%
Cambodian, Hmong, Laotian	44.9%	40.7%	20.6%	9.8%
Chinese	11.1%	14.5%	7.2%	3.2%
Filipino	17.2%	9.5%	12.6%	4.1%
Japanese	5.6%	6.8%	10.0%	3.0%
Korean	13.1%	12.8%	8.0%	3.0%
Vietnamese	31.3%	28.1%	14.8%	6.4%
Native Hawaiian/ Pacific Islander	All men	20.2%	All women	8.8%

In order to examine the issue of the low percentages of APIs and NHPs in managerial occupations, a simple statistical model controlling for education, potential experience, regional location, gender, and nativity was estimated in order to determine the effect of ethnicity on the percentage probability of being employed as a professional.³

Table 4. Effect of Ethnicity on Percentage Probability of Employment as a Manager by Ethnic Group, 1999.
(25 years and older, based on Logit Analyses of 2000 Census PUMS)

Ethnic Group	Foreign born Men	Foreign born Women	US born Men	US born Women
Asian Indian	-1.59% (n.s.)	-2.08% (n.s.)	0.17% (n.s.)	0.14% (n.s.)
Cambodian, Hmong, Laotian	-8.36% (sig.)	-4.65% (sig.)	-6.01% (n.s.)	-7.34% (n.s.)
Chinese	-1.05% (n.s.)	-0.86% (n.s.)	-2.08% (sig.)	2.19% (sig.)
Filipino	-8.46% (sig.)	-4.89% (sig.)	-4.38% (sig.)	0.56% (n.s.)
Japanese	11.90% (sig.)	-1.08% (n.s.)	-1.44% (sig.)	0.36% (n.s.)
Korean	-0.64% (n.s.)	-1.80% (n.s.)	-2.67% (sig.)	-0.64% (n.s.)
Vietnamese	-8.25% (sig.)	-4.65% (sig.)	-2.93% (n.s.)	-1.63% (n.s.)
Native Hawaiian/ Pacific Islander	-7.25% (sig.)	-4.37% (sig.)	-3.45% (sig.)	-0.08% (n.s.)

Note: n.s. signifies the estimate is not statistically significant at the 5% level of significance.
sig. signifies the estimate is statistically significant at the 5% level of significance.

The effects of ethnicity on the probability of being a manager compared to non-Hispanic whites are shown in Table 4 (see Appendix for the exact model specification). The percentages give the decrease (negative) or increase (positive) in the percentage of that ethnic group in managerial occupations compared to non-Hispanic whites holding constant education, potential experience, etc. For example, the -1.05 percent number for foreign-born Chinese men shows that: a) Chinese are less likely to be managers compared to non-Hispanic whites, and b) the percentage of foreign born Chinese employed as managers is 1.05 percent less when compared to non-Hispanic whites.

These results argue that there is still considerable evidence of occupational discrimination in managerial jobs. Filipino men and women have the largest difference in managerial occupations with statistically significant changes in probabilities of -4.9 percent for foreign-born Filipinas, -4.4 percent for U.S.-born Filipino men, and -8.5 percent for foreign-born Filipino men. In addition,

NHPIs are also statistically less likely to be employed as managers with decreases in the probabilities ranging from -4.4 percent to -7.2 percent depending on which group is used for a reference. Fairly large, statistically significant, negative differences are also shown for Southeast Asian and Vietnamese foreign-born men and women. Statistically significant, but smaller negative differences are shown for U.S.-born Chinese, Japanese, and Korean men. Statistically significant positive effects of ethnicity are shown only for foreign-born Japanese men U.S.-born Chinese women.

Earnings, Poverty, and Homeownership. API household incomes have historically been greater than non-Hispanic whites. This is still true in the 2000 Census data. According to the U.S. Census (U.S. Census 2004), the median income of Asian families was \$59,300—approximately \$9,000 higher than the median for all families. Much of the difference is due to the greater number of workers in API households (see, for example, Barringer et al. 1993). However, the median family income for certain API groups were much lower. Hmong, Cambodian, and Laotian family median incomes were \$32,400, \$35,600, and \$43,500 respectively compared to U.S. median incomes for all families of \$50,000. An alternative indicator of how well API and NHPI groups are doing in the labor market is individual wage and salary earnings. The earnings are shown in Table 5 by ethnic group for individuals with income between the ages of twenty-five and sixty-four.

**Table 5. Annual Wage and Salary Earnings
with Earnings by Ethnic Group, 1999. (25 years and older,
based on 2000 Census PUMS)**

Ethnic Group	Foreign born Men	Foreign born Women	US born Men	US born Women
Non-Hispanic White	\$40,000	\$21,200	\$36,700	\$22,700
Asian Indian	\$46,000	\$25,000	\$37,000	\$31,000
Cambodian, Hmong, Laotian	\$25,000	\$19,400	\$21,000	\$20,000
Chinese	\$32,000	\$24,000	\$47,000	\$35,000
Filipino	\$30,600	\$26,700	\$33,000	\$28,000
Japanese	\$50,000	\$22,700	\$43,600	\$32,000
Korean	\$30,800	\$20,000	\$37,000	\$32,000
Vietnamese	\$27,000	\$19,000	\$25,000	\$24,000
Native Hawaiian Pacific Islander	All men	\$26,000	All women	\$20,000

The wage and salary incomes for certain API groups are still higher than that of non-Hispanic whites. However, there are many more API groups whose individual wage and salary incomes fall below that of non-Hispanic whites. Foreign-born Southeast Asian and Vietnamese men and women as well as foreign-born Korean men and women have wage and salary incomes below that of non-Hispanic whites. Foreign-born Chinese and Filipino men also have considerably lower wage and salary earnings compared to non-Hispanic whites. U.S.-born Southeast Asians and Vietnamese continue to be at an earnings disadvantage compared to their U.S.-born non-Hispanic counterparts. U.S.-born Filipino men also continue to experience lower earnings compared to non-Hispanic whites. U.S.-born API women appear to continue to have earnings higher than that of non-Hispanic white women although they still have lower wage and salary earnings compared to men. Finally, NHPIs have lower wage and salary earnings compared to non-Hispanic whites.

The literature on API earnings has argued that much of the difference in wage and salary earnings is due to differences in human capital, particularly education and English speaking ability. Educational attainment for many API groups is considerably higher than non-Hispanic white educational attainment. Given that recent U.S. immigration laws have favored highly educated workers, it is not surprising that the educational attainment of some of the Asian groups with more recent immigration are higher than that of the U.S. born. The exceptions are Southeast Asians and NHPIs who have lower levels of education than non-Hispanic whites. The percentages of foreign-born Cambodian, Hmong, and Laotian workers in the labor force by API group that have completed their bachelor's degree was only 10.7 percent for men and 9.7 percent for women. The percentages for Vietnamese were 26.1 percent for foreign-born men and 21.7 percent for foreign-born women. Finally, only 26.1 percent of NHPI men and 19.4 percent of NHPI women in the labor force had bachelor's degrees. By comparison, the percentages of non-Hispanic white U.S.-born men and women in the labor force with bachelor's degrees were 32.7 percent and 31.9 percent, respectively. The English speaking ability of most Asian groups also tends to be lower than non-Hispanic whites and negatively impacts earnings. The U.S. Census (2004) reports that about 40 percent of Asians ages five and over spoke English less

than “very well” compared to only 8 percent for the total population. Asian groups identified by the Census as having particular problems in spoken English are Vietnamese, Southeast Asians, Chinese, and Korean immigrants.

Regressions on wage and salary earnings are frequently employed in labor market analysis to control for differences in human capital such as education and English speaking ability. As in the managerial analyses, controls for education, potential experience, regional location, sector of employment (private versus public), gender, and nativity are used to examine the effect of ethnicity on hourly wages. Hourly wages are analyzed to limit the effects of differing hours and weeks worked during the year. The effects of ethnicity on the hourly wages based on ethnicity are shown in Table 6 (see Appendix for the exact model specifications).

The table gives the percentage decreases (negative) or increases (positive) in hourly wages based on ethnic group compared to non-Hispanic whites holding constant education, potential experience, etc. For example, the percentage, -3.34, for U.S.-born Native

Table 6. Effect of Ethnicity on Percentage Change in Hourly Wage and Salary Earnings by Ethnic Group, 1999. (25 years and older, based on Regression Analyses of 2000 Census PUMS)

Ethnic Group	Foreign born Men	Foreign born Women	US born Men	US born Women
Asian Indian	-2.80% (n.s.)	2.84% (n.s.)	1.86% (n.s.)	14.47% (sig.)
Cambodian, Hmong, Laotian	-14.70% (sig.)	0.05% (n.s.)	-21.84% (sig.)	-17.20% (n.s.)
Chinese	-16.09% (sig.)	1.06% (n.s.)	7.34% (sig.)	20.50% (sig.)
Filipino	-14.72% (sig.)	7.42% (sig.)	-2.44% (n.s.)	11.53% (sig.)
Japanese	34.67% (sig.)	3.38% (n.s.)	3.15% (sig.)	13.70% (sig.)
Korean	-14.60% (sig.)	0.59% (n.s.)	-3.32% (n.s.)	15.08% (sig.)
Vietnamese	-10.73% (sig.)	2.86% (n.s.)	-7.30% (n.s.)	3.79% (n.s.)
Native Hawaiian/ Pacific Islander	-18.52% (sig.)	-4.86% (n.s.)	-10.83% (sig.)	-3.34% (sig.)

Hawaiian Pacific Islander women shows that they make 3.3 percent *less* than U.S.-born non-Hispanic white women controlling for education, potential experience, region, and public versus private sector employment.

The regression results are generally similar to past studies. There is some evidence of wage and salary discrimination against

Asian men, although Japanese men and U.S.-born Chinese men appear to be doing better than non-Hispanic whites. There is also evidence that Southeast Asian, Vietnamese, and Native Hawaiian/Pacific Islanders also face some discrimination in wage and salary earnings. Asian women generally have reached wage and salary parity with non-Hispanic white women.

Although household earnings are generally higher than non-Hispanic white earnings, these earnings do not necessarily translate into lower poverty rates or conversely higher wealth overall. Earlier studies have already noted the higher percentage of API households living in poverty, particularly for the refugee populations.

Based on the Census PUMS data, the majority of API groups have higher poverty rates compared to non-Hispanic whites. The poverty rates among non-Hispanic whites are 7.6 percent for the foreign born and 6.4 percent for the U.S. born. The comparable poverty rates for Southeast Asians are 26.8 percent for the foreign born and 33.4 percent for U.S.-born Southeast Asians. The high poverty rates for Southeast Asian groups are likely due to education, English language problems, and refugee-related issues for the foreign born. The high rate of poverty for U.S.-born Southeast Asians also demonstrates the persistence of poverty across generations. There are still relatively high rates of poverty among many of the foreign-born APIs. The poverty rate for foreign-born Asian Indians is 10.1 percent, for Chinese 13.8 percent, for Koreans 15.3 percent, and Vietnamese 14.6 percent. Even among the U.S. born, API poverty rates are higher than for non-Hispanic whites. The poverty rate for U.S.-born Asian Indians is 10.0 percent, for Chinese 10.8 percent, for Filipinos 7.3 percent, for Koreans 12.4 percent, and for Vietnamese 18.1 percent. This greater variance in earnings within API groups—higher than average incomes and greater poverty rates within API groups—may be indicative of a greater impact on Asians of the growth in U.S. inequality. Finally, poverty continues to be a pressing problem for Native Hawaiian/Pacific Islanders, with 16.5 percent of persons living in households below the poverty line.

The higher family incomes of many API groups have not translated into greater wealth. The rate of homeownership for non-Hispanic white households was 72.4 percent, according to the 2000 PUMS data.⁴ All API groups had lower homeownership rates com-

pared to non-Hispanic whites. Southeast Asian, Korean, Vietnamese, Asian Indians, and Native Hawaiian Pacific Islanders had the lowest rates of homeownership with ownership rates of 47.2 percent for the Cambodians, Hmong, and Laotians, 49.9 percent for the Koreans, 47.5 percent for Asian Indians, and 49.6 percent for Native Hawaiian/Pacific Islanders. Even the economically better off Chinese, Japanese, and Filipino Asian groups have lower rates, with homeownership rates of 59.8 percent, 63.7 percent, and 61.8 percent, respectively. The lower homeownership rates may be due to a variety of reasons. For Asian Indians, it is likely due to their more recent arrival to the United States. Southeast Asians and Native Hawaiian Pacific Islanders have lower earnings whereas Chinese, Japanese, and Filipinos reside in states with expensive housing. Finally, discrimination may play a role in homeownership, although there has been little study in this area.

Policy Issues 2000. The 2000 Census data show that many of the labor market public policy issues identified in earlier studies continue to be problems. To summarize the policy points discussed:

1. Unemployment rates, particularly for Southeast Asians and certain API groups, remain high.
2. Self-employment rates among APIs may be declining. It may become an important issue in terms of API economic advancement if the rates of self-employment continue to lag behind that of non-Hispanic white-owned businesses.
3. Some API groups are concentrated in low-wage occupations. Southeast Asians and NHPIs are predominantly employed in low-paying production jobs.
4. There is still evidence of occupational discrimination “at the top” for API and NHPI in managerial professions. The number of APIs in management continues to be an issue as virtually all API groups had a lower percentage in management jobs compared to non-Hispanic whites. Filipino men and women and NHPIs appear to be the most affected. Also showing significantly lower percentage probabilities of managers are foreign-born Southeast Asians and Vietnamese as well as many U.S.-born API men.
5. Low wage and salary earnings continue to be a problem for Southeast Asians and Vietnamese. Although education

and English speaking ability continue to be problems, there is also evidence of earnings discrimination.

6. There is some evidence of wage and salary discrimination against Asian men, although Japanese men and U.S.-born Chinese men appear to have achieved wage and salary parity with non-Hispanic whites.

7. There is evidence that NHPI men and women also face some discrimination in wage and salary earnings.

8. Asian women generally have reached wage and salary parity with non-Hispanic white women. The U.S. born regression results show that Asian women are doing better than non-Hispanic white women. However, their wages and salary earnings still lag behind that of men.

9. Poverty continues to be a problem in the API population, particularly for Southeast Asians, Vietnamese, and NHPIs. Poverty persists even for U.S. born amongst Southeast Asians. Poverty rates are also higher among almost all foreign-born API groups.

10. Although API groups have relatively high household incomes, the higher incomes have not necessarily translated into higher rates of homeownership. API homeownership rates are all lower than the homeownership rates for non-Hispanic whites.

Policies to address these issues must be far ranging. On one hand, there must be policies to address the poverty, low-paying jobs, and English abilities of the Southeast Asian, Vietnamese, and NHPI groups. These groups will benefit from anti-poverty programs tailored to the needs of an immigrant/refugee population. On the other hand, there is evidence of continuing occupational discrimination against APIs as managers, which needs to be addressed with public and private changes in hiring and promotion. Although API women have done comparatively well in the labor market compared to non-Hispanic white women, API women's salaries and occupational choices still do not compare with men. Policies that address gender discrimination in society would certainly benefit API women. Although there has been considerable study of housing discrimination against African Americans, there has been little study on housing discrimination against APIs. Ad-

ditional research on API homeownership is warranted. Finally, the lower rates of API self-employment indicate that there may be a need to develop policies to encourage API businesses in the U.S.

Asian Pacific Islanders make up an incredibly diverse population within U.S. society. The labor market public policy issues are also diverse as a result. On one hand, low-income issues of poverty, English language, education, and earnings discrimination affect a significant percentage of the API population. On the other hand, there are occupational discrimination issues dealing with the higher income portion.

Appendix

Differences in Managerial Percentages Methodology. A methodology similar to Duleep and Sanders (1992) is employed to estimate the differences in managerial probability by API group. Logit regression, a commonly employed econometric and statistical procedure, basically estimates the non-linear relationship of an independent variable to a qualitative choice variable. In this case, the logit regressions relate simple human capital attributes and dummy variables for each API group by place of birth and gender to the probability of being employed as a manager. The logit models are specified as follows:

1) Immigrant logit model:

$$\text{PROB}(\text{manager} = 1) = f(\text{EDUC}_{1-3}, \text{EXPER}, \text{EXPER2}, \text{YSM}, \text{YSM2}, \text{REGION}_{1-3}, \text{ENGWELL}, \text{USCITIZEN}, \text{API}_{1-8})$$

2) U.S. born logit model:

$$\text{PROB}(\text{manager} = 1) = f(\text{EDUC}_{1-3}, \text{EXPER}, \text{EXPER2}, \text{REGION}_{1-3}, \text{API}_{1-8})$$

Earnings Methodology. The basis for most of the empirical work regarding earnings discrimination is built around the human capital model advanced in the labor economics literature (Mincer 1974; Blinder 1973). In the human capital model, earnings are assumed to be based on the individual's endowment of productivity-related attributes such as schooling, experience, and training. A larger endowment of these attributes leads to greater productivity and increased earnings for the individual.

This project estimates simple human capital earnings functions with dummy variables for each API group using ordinary least squares (OLS). OLS calculates the equation of a line that best fits (passes closest) to a set of data points. Separate earnings func-

tions are estimated for place of birth and gender. The following human capital models are estimated:

1) Immigrant earnings function:

$$\begin{aligned} \text{LOG(Wage)} = & a_0 + a_{1-3}(\text{EDUC}) + a_4(\text{EXPER}) + a_5(\text{EXPER}^2) + a_6(\text{YSM}) + a_7(\text{YSM}^2) \\ & + a_{8-10}(\text{REGION}) + a_{11}(\text{ENGWELL}) + a_{12}(\text{USCITIZEN}) + a_{13-20}(\text{API}) \\ & + a_{21}(\text{PUBLIC}) + u_i \end{aligned}$$

2) American-born male earnings function:

$$\begin{aligned} \text{LOG(Wage)} = & b_0 + b_{1-3}(\text{EDUC}) + b_4(\text{EXPER}) + b_5(\text{EXPER}^2) + b_{6-8}(\text{REGION}) \\ & + a_{9-16}(\text{API}) + a_{17}(\text{PUBLIC}) + u_i \end{aligned}$$

where: Wage = annual wage and salary earnings in 1999 divided by number of weeks worked in 1999 and usual hours worked per week; EDUC = three education dummies consisting of HIGHGRAD = 1, if the individual completed high school but no college, BADEGREE = 1 if the individual completed a baccalaureate degree but no graduate degree, and GRADEGREE = 1 if the individual completed a graduate degree; EXPER = years of potential experience calculated by subtracting an estimate of the years of education plus 6 from an individual's age; EXPER2 = years of potential experience squared; YSM = years since migration; YSM2 = years since migration squared; REGION = dummy variables for residential location in either the Northeast, Midwest, or Southern United States. ENGWELL = ability to speak English "well" or "very well"; USCITIZEN = 1 if the individual was a U.S. citizen. API groups are included as eight dummy variables for the 8 API groups: Asian Indian, Southeast Asian (Cambodian, Hmong, Laotian), Chinese, Filipino, Japanese, Korean, Vietnamese, and Native Hawaiian/Pacific Islander. The excluded ethnic category is non-Hispanic whites. PUBLIC = 1 if the individual worked for a public rather than private employer. The a_i 's and b_i 's are the estimated parameters; and the u_i 's are the error term.

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Notes

1. Individuals who self-reported “Asian” as their only ethnicity or “Native Hawaiian/Pacific Islander” were extracted for analyses from the 5% PUMS. “Asian” only is used instead of “Asian combined with other race” in order to simplify the comparisons. A 1 in 2000 sample of non-Hispanic whites is also extracted from the 5% PUMS files for comparison purposes.
2. The labor force participation rate is calculated as the percentage of the population over sixteen years of age who are either employed or unemployed (labor force). The unemployment rate is calculated as the percentage of the labor force over sixteen who are unemployed according to the Census definition.
3. The statistical procedure known as a logit regression relates independent variables, such as education and experience, to a dependent variable that is either yes or no. In this case, the dependent variable is whether the individual is employed as a manager versus any other occupation.
4. The homeownership rate is based on the Census Tenure variable and is calculated as the percentage of households saying that they lived in a home owned by someone in the household with or without a mortgage.

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