

THE ECONOMIC REALITY OF BEING ASIAN AMERICAN

Meizhu Lui and others

If we were to imagine the racial economic structure as a solar system with whites in the center like the sun around which all other races revolve like planets, Asian Americans for the first one hundred years would have been in the outermost orbit; they were Pluto. All people of color were closer to each other in terms of economic status than any of them were to whites. But since 1965, Asians have moved closer to whites economically—they are now Mars—while other people of color are still far away in the outer orbits. But despite their proximate success, the social, political, and economic profile of Asians is quite different from that of whites. For example, even though the median incomes for whites and Asians are similar, Asians do not occupy the same range of professions as whites and are less likely to own homes. They are missing from the higher ranks of business and politics. Policies and practices from years past still affect their status, as does the turmoil of current world events and the shifting alliances in U.S. foreign policy.

Asians Need Not Apply

The most important exclusionary policy was already in place when the first Asians arrived in the 1840's. Only white people could become citizens. One of the first pieces of legislation passed by the newly founded United States of America, the 1790 Naturalization Law, stated that only "a free white person" could begin the naturalization process that would lead to citizenship. Over time, the 1790 law would be used to designate immigrants from one Asian country after another as nonwhite, which kept them from wealth-building opportunities offered to white immigrants only, the chosen future citizens of the United States.

Other policies specifically targeting Asians prevented them from sustained asset building in their new country. From the mid-1800s to the mid-1900s, many discriminatory state and local laws were passed; federal court decisions upheld those

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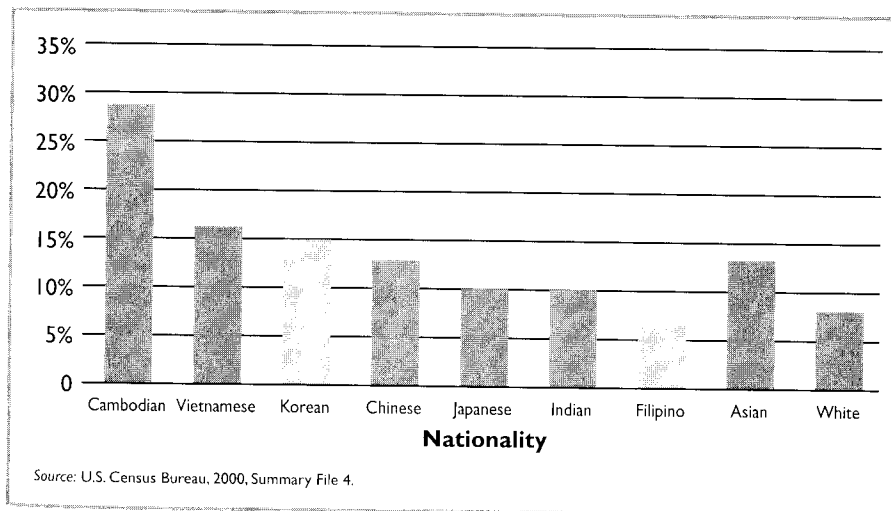
anti-Asian practices, such as Asian-only taxes, or laws restricting Asians from owning land.¹

Finally, the classification of Asians as ineligible for citizenship played a part in the formulation of immigration laws that restricted the entry of Asians into the United States.² This stymied Asian population growth, as well as their political power and collective wealth-building potential. Asian men with families were prohibited from sending for their wives and children; other Asian men who were single were reluctant to go back to their homeland to find and return with a wife, because the law often did not allow re-entry. When families can't come in, then money flows out, sent home to support those left behind. . . .

Asian Wealth: Bipolar Disorder

While the mean and median assets of blacks, whites, and Latinos are available, there are no comparable figures for Asians. Even in the new data source book, *The New Face of Asian Pacific America: Numbers, Diversity and Change in the 21st Century*, wealth and asset data are missing.³ However, we can draw some limited conclusions from the available information.

FIGURE 1
Poverty Rate of Asian Nationalities in the United States



The Asian population has a unique economic profile. It is "bipolar" with people concentrated at both ends of the economic strata—like an hourglass. There is a greater percentage of people in the higher quintiles (fifths) and in the lower quintiles than other racial groups, and a smaller percentage in the middle income and wealth brackets. If we were to look at just income figures, it would seem that Asians

are doing even better than whites. But if we were to look at just poverty rates, it would seem that Asians are doing *worse* than whites.

For Asians, statistical averages obscure the fact that the Asian demographic is top- and bottom-heavy. From looking at the aggregated numbers, some conclude that Asian Americans are “outwhiting whites.” This is misleading, because it masks the differences in economic status among Asians—wealth gaps exist within the Asian category itself—and because it causes Asians who live in extreme poverty to be overlooked by the general public and by policy makers. Nearly 30 percent of Cambodians live in poverty, one of the highest poverty rates of all nationalities in the United States. However, it is still true that overall Asians have leapfrogged over other groups of color in economic status.

Asian Americans in the Economy: A Different Reality

How Data Obscures Asian Realities

From the numbers, it looks like Asian Americans are number one. In 1990, it was reported that Asians had a median income of \$36,000, while whites had only \$31,100. Why is that?

First, Asians do not live everywhere whites live. Over half of the Asian population lives in just three states: California (4.2 million), New York (1.2 million), and Hawaii (0.7 million). In those states, Asians are mostly concentrated in urban and suburban areas. If Asian income is higher than average, it’s partly because very few Asians are working in states with low wages and low costs of living. If you compare whites and Asians in those cities with the highest Asian density, then the median income for Asians becomes \$37,200, and for whites it is \$40,000. Although lagging whites, Asians are indeed economically better off than African Americans or Latinos; in those same cities, the median income for blacks is \$24,100, and for Latinos, \$25,600.⁴

A second factor is the difference in family size between Asians and whites. Asian households are larger, so if you looked at income per person (per capita), Asian income would be less than that of whites. (See Figures 2 and 3.) For example, in Hawaii, the average white family size was 2.46 people, while that of Asians was 2.97, and that of Native Hawaiians was 3.75.

A third factor is that a few Asians have achieved enormous wealth. Charles Wang, the CEO of Computer Associates, took home \$655 million in 1999. He was the only nonwhite among the 150 highest paid CEOs in 2005. Average that into all Asian salaries, and he pulls the average up.⁵

Finally, the distribution of income and wealth differs widely by nationality. Asian Indians are largely clustered at the higher end of the economic spectrum; Cambodians are at the bottom. (Sometimes the bipolarity exists *within* a population, such as the Chinese. There are many new arrivals living in extreme poverty, while many established Chinese professionals enjoy high standards of living.)

FIGURE 2
Median Household Income of Various Asian Nationalities in the United States

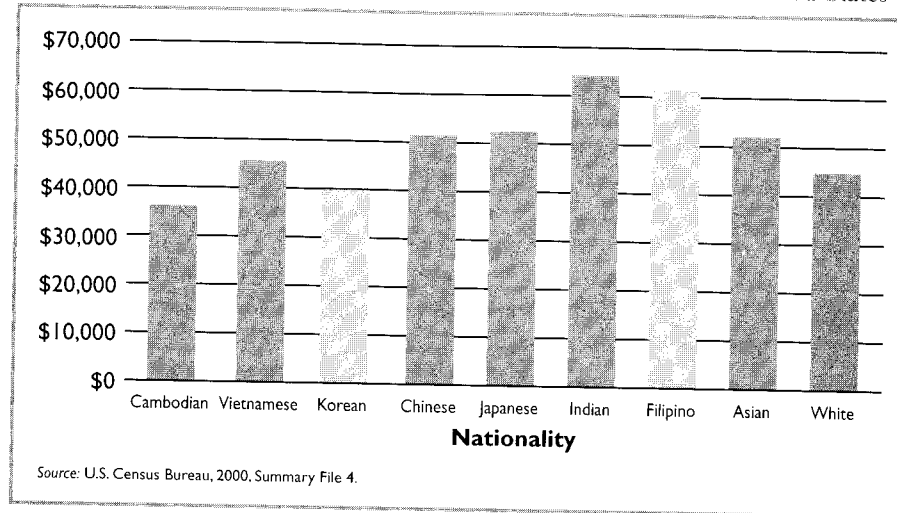
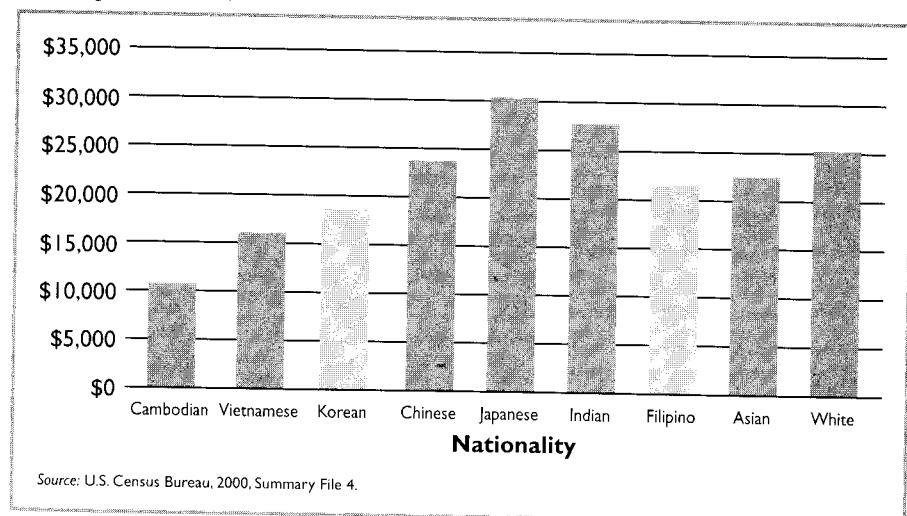


FIGURE 3
Per Capita Income, 1999



New Arrivals Skew the Picture

Since most wealth comes from inheritance, it is harder to talk about wealth accumulation in the United States when there are such a large number of immigrants in the Asian demographic. Some come with no money at all, others may bring wealth with them from home, so their wealth status cannot be credited or blamed

on U.S. policies. The 2000 census recorded 11.9 million U.S. residents who identified themselves as Asian alone or in combination with one or more other races, making up just over 4 percent of the total population. In 1990, the population was 7.3 million. With such a rate of growth, obviously many are relatively recent arrivals. Two out of three Asians, or eight million, in the United States have parents who were born abroad and were not U.S. citizens. Of those, only half are naturalized citizens. Since this article is concerned with the intergenerational accumulation and transfer of wealth that took place within the United States, the large numbers of immigrants makes the current Asian economic data comparable only to Latinos.

For example, recent Chinese immigrants represent the third largest group of immigrants to the United States, after Mexicans and Filipinos. Between 1965 and 1984, a total of 419,373 Chinese immigrants arrived, almost as many as the 426,000 Chinese who came between 1849 and 1930. The Chinese community went from being 61 percent American-born in 1965 to 63 percent foreign-born in 1984, from citizen to immigrant once again.⁶ Between 1984 and 1990, the Chinese population in the United States doubled again, to 1,645,000.⁷ In 2000, the Chinese numbered 2,314,537; add in those who identified as a mixture of Chinese and another race, and the total was 2,734,841. When we look at the data for the Chinese, both recent immigrants and older residents are combined.

The only Asian group that is not a population of immigrants is Japanese Americans. Because of the Marshall Plan after World War II, in which the United States invested in rebuilding the Japanese economy, there has been no economic or political reason for the Japanese to leave their home country.

Income

If you took every Asian household in the United States and lined them up from the lowest to the highest income, the family in the middle has the median income. If you took all incomes, added them together, and then divided by the number of households, you would have the mean, or average, income. The “Asian” bar in the graph is the average of all Asian nationalities.

As mentioned, an Asian household is usually larger than a white household, since Asians bring their extended family structure with them when they arrive, and live in larger groups by choice. Because families often arrive with few resources, sometimes they do not have the choice of having adequate living space. When a landlord is busted for violating housing codes, sometimes there are three families living in a one-family apartment. The median household income chart (Figure 2) shows that only two Asian nationalities earn *less* than whites.

Per capita income data tell a more realistic story. Looking at the incomes of each working person, only two Asian nationalities earn *more* than whites.

At the top end of the Asian economic hourglass, second- and third-generation Asian Americans have unquestionably made economic leaps far beyond their immigrant parents' economic status.

Some immigrants who have come to work as professionals have arrived close to the top. South Asians (people from Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka) are the best example of immigrants who have high incomes and wealth. Most have immigrated since the 1965 Immigration Act took effect. According to the 2000 Census, there are over two million South Asians in the United States today.

All subgroups of South Asians have very high levels of education compared to the general U.S. population. Many Indian physicians, pharmacists, nurses, and other medical professionals were allowed to immigrate during the 1970s. Also, many Indians came as foreign students, completed their master's or Ph.D. programs, and changed their status to permanent residents.⁸ In 1990, 30 percent of Asian Indian workers were in professional occupations, compared to 14 percent of white workers. They are more highly represented in the professional category than any other immigrant/minority group, and medical professionals make up a large proportion of that category. Two factors other than education have been important to Asian Indians' high-income occupational level. First, they are fluent in English (as a result of British colonization), and second is many of them have completed graduate programs in the United States.⁹ Their skills are highly sought after. In 2001, Microsoft and other high-tech companies lobbied hard to get federal officials to double the number of foreign high-tech specialists allowed to come to the United States to work. Forty-four percent of those were from India.¹⁰

But once again, international factors have affected the South Asian community. Racist attacks against Asian Americans spiked significantly across the country after the World Trade Center was attacked on September 11; singled out as targets were Indian and Pakistani Americans, especially Sikh Americans, a religious group often mistakenly perceived to be Arab because many Sikh men wear turbans and have long beards. In some places, South Asian businesses have been burned to the ground.¹¹ As with the Chinese during the McCarthy era, they have been investigated, harassed, arrested, and deported. It is the latest example of how being perceived as foreign can threaten the economic security of Asian groups.

While some Asian subgroups are in well-paid professional jobs, as a group they do not attain the income levels of whites. At both the top and the bottom of the employment ladder, it is still commonly assumed that Asians will work harder for less pay than whites, so they are still considered a good deal for white employers. Professionals bump up against a racial glass ceiling, so that they cannot reach the top of the management ladder—still a white male preserve. In 1991, Congress created a Federal Glass Ceiling Commission, and its 1995 study found, for example, that “Asian/Pacific Islanders held less than one one-hundredth of one percent of all corporate directorships.”¹² Asians are also limited to fewer occupations and industries. They are three times more likely to be scientists and engineers than their numbers would predict; in those fields, they also hit a glass ceiling.¹³

Success as professionals has not come to all Asians. Compared to the Chinese, the recent Filipino immigration has been largely invisible, and yet it has been much larger. Over the last three decades, the Philippines sent more immigrants to

the United States than any other Asian country and, until recently, was the second largest source of U.S. immigrants after Mexico. In 1990, Filipino Americans numbered over 1.4 million, up 90 percent from 770,000 in 1980.¹⁴ In 2000, it was the second largest subgroup of Asians, with 2,364,815 people (including Filipinos of mixed race).¹⁵ The recent wave is due to the economic crisis in the Philippines.

Many Filipino immigrants are well-educated professionals such as engineers, scientists, accountants, teachers, lawyers, nurses, and doctors.¹⁶ But for those not recruited for a job, coming to America can result in downward mobility. According to Stephanie Yan, the daughter of Filipino immigrants, before emigrating many doctors in the Philippines study to be nurses, jobs they are more likely to find in the United States.

Filipinos from professional backgrounds are findings jobs in the lowest-paid sectors of the workforce—nannies, maids, home care workers, and food service workers. When looking at Filipinos as a whole, they remain in subordinate positions in relation to some other Asian groups and whites, whether educated or less educated, skilled or unskilled.¹⁷

Asians are the least likely to be unemployed. In 1990, 67 percent of all Asian Americans compared with 65 percent of all Americans were working. Again, these numbers mask differences in ethnicity; for example, the Hmong people from Laos had only a 29.3 percent labor participation rate, while Asian Indian men had an 84 percent rate.

At the bottom end of the scale, Asians also experience greater poverty rates than the general population. About 14 percent of all Asians lived in poverty in 1989; the rate for the nation was 10 percent. Again, there are enormous ethnic differences. The 1990 Census data revealed that 47 percent of Cambodians, 66 percent of Hmong, 67 percent of Laotians, and 3 percent of Vietnamese were impoverished. While at one end of the scale Asians do better than other minorities, at the low end, poverty rates among Southeast Asians are much higher than those of other minority groups such as African Americans (21 percent) and Latinos (23 percent).¹⁸

Education

Education continues to be an important part of the Asian strategy for social and economic advancement. Even low-wage parents doing manual labor place all their eggs in their children's educational baskets. Forty-four percent of Asians and Pacific Islanders (API) age twenty-five and over had a bachelor's degree or higher in 2000. The rate for all adults twenty-five and over was 26 percent. Eighty-six percent were high school graduates; the rate for all U.S. residents was 84 percent for all adults age twenty-five or higher. One in seven APIs over the age of twenty-five, or one million people, has an advanced degree.

However, the returns on their educational investments are not equal to whites. In 1988, the U.S. Commission on Civil Rights reported, according to Deborah Woo, that "after controlling for education, work experience, English ability, urban residence, and industry of employment . . . 'Asian descent' continued to have a

negative effect on one's chances of moving into management."¹⁹ Moreover, in a National Science Foundation survey of eighty-eight thousand scientists and engineers, they found that even when Asians did become managers, whites in similar positions earned *twice* as much.²⁰

Looking at income data from California, where most Asians reside and work, one can see that if Asians are a model minority, as claimed by many, they are not getting the benefits that would be expected. Whites with no high school diploma, can expect to earn \$26,115 a year; Asians, \$18,517. Whites with a bachelor's degree can expect \$44,426; Asians, \$33,758. With a doctorate, whites earn \$77,877; Asians, \$59,603.²¹ While this earnings gap is smaller than it is for black and Latino graduates, there's still a significant penalty for being Asian American.

NOTES

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20. *Ibid.*, p. 63.

21. O'Reily and Lyons, 1993.