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STUCK IN NEUTRAL Economic Gains Stall Out for Asian Americans and Pacific Islanders in 2000s

BY

Marlene Kim and Algernon Austin

There is a common misperception that Asian Americans are the “model minority”—able to succeed under any conditions. But recent economic data suggest that Asian Americans, like everyone else, cannot advance when the benefits of economic growth are concentrated among the wealthiest Americans as they have been for the last decade. The economic trends for Asian Americans and Pacific Islanders from 2000 to 2007 were quite similar to that of other racial and ethnic groups. Like white, Hispanic, and African Americans, Asians and Pacific Islanders saw no significant economic progress.

This briefing paper finds:

- The Asian and Pacific Islander population is very diverse economically. For example, in 2005, Japanese and Indian Americans had median annual wages above the national median. Southeast Asian and Pacific Islander Americans had median annual wages below the national median.
- The U.S.-born Asian and Pacific Islander labor force increased 43.6% from 2000 to 2007. The foreign-born labor force increased by 34% over the same pe-

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riod. The foreign-born labor force, however, was more than three times the size of the U.S.-born in 2007.

- Asian and Pacific Islander family income increased 17.7% over the 1990s business cycle, but only 0.1% over the 2000s business cycle.
- Inflation-adjusted earnings of Asian and Pacific Islander Americans have not kept pace with increases in productivity.
- There were slight declines in the labor force participation and employment rates for Asians and Pacific Islanders from 2000 to 2007.
- After experiencing declining poverty rates over the 1990s, Asian and Pacific Islander family poverty showed a slight increase from 2000 to 2007.

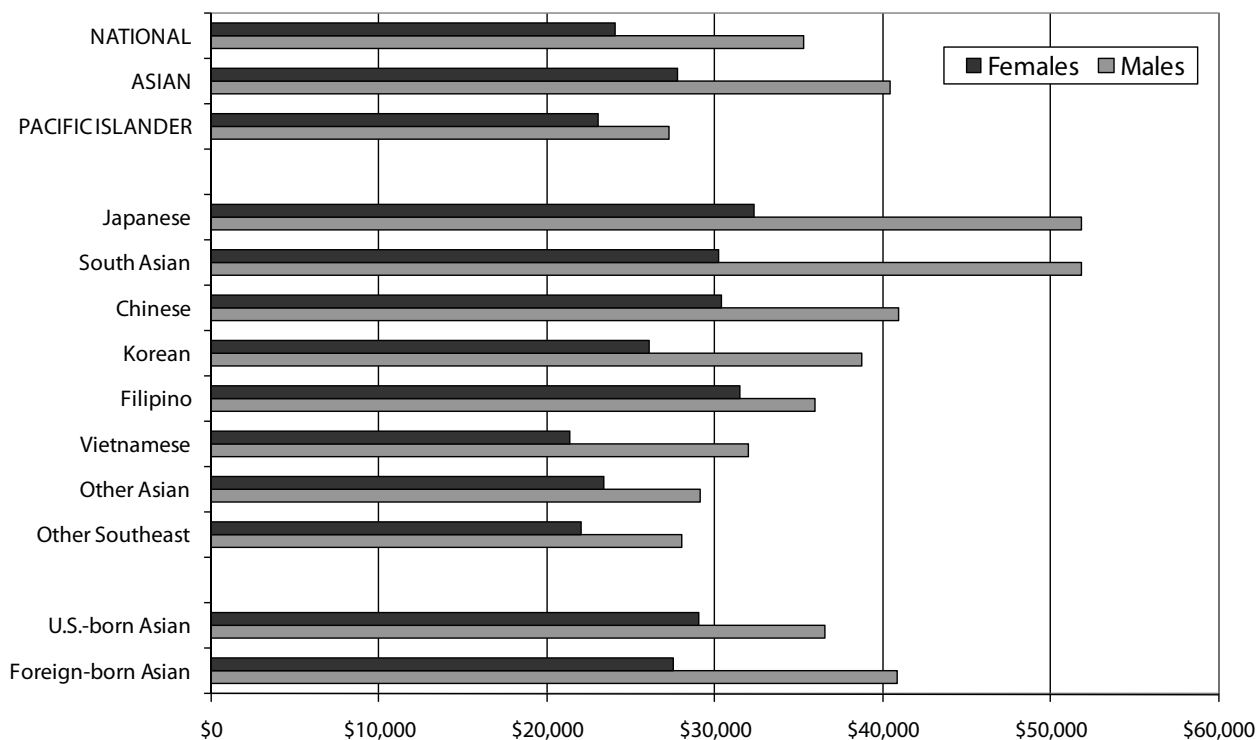
Diversity in the Asian American

and Pacific Islander population

Asian Americans and Pacific Islanders are a diverse population: national origin, gender, and whether or not one is an immigrant make a large difference in one's overall economic condition.¹ To illustrate the economic diversity in the Asian and Pacific Islander population, **Figure A** shows median annual wages, which vary tremendously by national origin.² In general, Japanese and South Asian men earn relatively high salaries, while Pacific Islanders and those from Southeast Asia earn relatively low ones. A similar pattern can be found among women. Japanese women have the highest annual earnings among the groups selected, and Southeast Asian women, including Vietnamese women, have the lowest. Filipina women, with the second highest earnings, are the exception, since Filipino men fall in the lower half of the Asian male earnings distribution. Their high earnings are likely due to the large number of Filipina nurses who have emigrated to the United States (Conde 2004). Foreign-

FIGURE A

Median annual wages for Asians and Pacific Islanders by gender, 2005



SOURCE: Authors' analysis of American Community Survey (2006).

TABLE 1

Change in the Asian American and Pacific Islander labor force population, 2000-07

	2000	2007	Percent change 2000-07	Percent of total labor force in 2007
Asian and Pacific Islander				
U.S.-born	1,029,172	1,477,661	43.6%	1.0%
Foreign-born	4,231,364	5,669,943	34.0	3.7
Not Asian and Pacific Islander				
U.S.-born	119,457,033	126,570,381	6.0%	82.6%
Foreign-born	14,113,779	19,537,016	38.4	12.7

SOURCE: Authors' analysis of 2000 Census and 2007 American Community Survey data.

born Asian men have higher earnings than U.S.-born Asian men, but the reverse is true for women. The American Community Survey allows for detailed sub-group analyses, but it did not exist in 2000 when the key trend analyses in this report begin.³

The U.S.-born/foreign-born distinction is often an important consideration for the Asian American and Pacific Islander population. The Asian and Pacific Islander labor force is overwhelmingly foreign-born. Nearly 6 million in this group were foreign-born in 2007, and only 1.5 million were U.S.-born (Table 1). Both the U.S.-born and foreign-born Asian and Pacific Islander labor force showed large increases from 2000 to 2007. At 43.6%, the U.S.-born population, however, had the higher growth rate. The foreign-born population grew 34.0%.

As these data indicate, Asian Americans and Pacific Islanders are a diverse group. Asians who emigrated from the Far East and from India often held professional occupations from their home countries and obtained relatively high levels of education. Consequently, they work in professional or technical occupations and have relatively higher earnings. In contrast, Pacific Islanders and those from Southeast Asia have relatively low levels of education, relegating them to lower-skilled service sector jobs and low earnings. Thus examining average earnings and average earnings growth masks much variance among Asian and Pacific Islander workers (Kim and Mar 2007).

No change in the median family income

The American economy regularly goes through cycles of growth followed by recessions. The 2000s cycle began in 2000 and ended in December 2007. The 1990s cycle is dated from 1989 to 2000.⁴ Asian American and Pacific Islander family income growth was starkly different in the different business cycles.

The 2000s business cycle has been the worse economic expansion since World War II (Bivens and Irons 2008). From 2000 to 2007, Asian and Pacific Islander family income stagnated. There was only 0.1% growth—in other words, basically no change (Table 2). Over the 1990s business cycle, however, the median Asian and Pacific Islander family income grew 17.7%.

Data distinguishing the U.S.-born from the foreign-born were not available in 1989, but we can examine how these sub-groups fared over the 2000s cycle. U.S.-born Asian American and Pacific Islander families saw an increase in the median family income of 7.5%, but foreign-born families experienced a median income *decline* of 1.1%. This finding highlights the importance of considering nativity when studying Asian and Pacific Islander families.

Although the median Asian and Pacific Islander family income (\$75,922) is higher than that of whites (\$69,937) (U.S. Census Bureau 2008b), the median family income is misleading because Asian families tend to have

TABLE 2

Median family income for Asian American and Pacific Islander families, by nativity, 1989-2007 (2007 dollars)

Year	All	U.S.-born	Foreign-born
1989	\$64,439	na	na
2000	75,852	\$76,741	\$75,852
2007	75,922	82,480	75,000
Percent change			
1989-2000	17.7%	na	na
2000-07	0.1	7.5%	-1.1%

SOURCE: Authors' analysis of CPS data.

more people per family and more workers per family than do white families. Previous examinations have found that when examining income per person, Asians receive less income than do whites (Kim and Mar 2007).

Low hourly wage growth for Asian and Pacific Islander women

The median hourly wage for Asian Americans and Pacific Islanders showed similar growth over the 1990s and 2000s business cycles. This overall result, however, hides differing trends for men and women and for U.S.-born and foreign-born. Women's median hourly wage showed stronger growth during the 1990s than the 2000s. In the 1990s business cycle women's median wage increased 15.1%, but only 3.6% during the 2000s cycle. Men's wage gains were stronger over the 2000s cycle. Over the 1990s, men's median wage increased 10.8%. Over the 2000s, it grew 11.3%. This relatively strong growth in the 2000s was due to the stronger increase in the wages of foreign-born men. Foreign-born men saw a median wage increase of 15.5% (Table 3).

The hourly wage trends for Asian Americans and Pacific Islanders are surprising, in light of the family income trends. U.S.-born Asian and Pacific Islander families saw an increase in median family income, but foreign-born families experienced a decline. The median hourly wage of the foreign-born workers, however, showed a larger increase than for the U.S.-born.

There are, no doubt, multiple factors at play in producing this outcome. One important factor is the number of hours worked. Since, as mentioned above, Asian and Pacific Islander families tend to have more earners per family compared to other groups, it is important to examine the change in the total hours worked for the average family. Table 4 shows that U.S.-born Asian and Pacific Islander families received a boost to their income by collectively working 7.0% more in 2007 than in 2000. Foreign-born families, however, saw their incomes reduced because they worked 4.6% fewer hours.

Wage growth did not match productivity growth

For three decades in the post-war era in the 20th century, workers enjoyed rising standards of living with each passing year. Corporations shared their increased profits with workers in exchange for cooperation from workers and unions. With no strikes, planning production and products was possible. Stable product lines and consumers flush with money brought growing profits and rising productivity (rising output per worker), and companies shared their growing largess with workers in the form of increased earnings and stable jobs (Reich 1990).

Times have changed. No longer are jobs stable, and no longer do earnings rise with the rise in productivity and profits. As Figure B shows, earnings (adjusted for inflation) for Asian Americans and Pacific Islanders have

TABLE 3

Median hourly wages for Asian Americans and Pacific Islanders, by gender and nativity, 1989-2007 (2007 dollars)

Year	All			U.S. born			Foreign born		
	All	Male	Female	All	Male	Female	All	Male	Female
1989	\$14.57	\$16.37	\$12.74	na	na	na	na	na	na
2000	16.35	18.13	14.67	\$16.91	\$18.12	\$15.21	\$16.06	\$18.14	\$14.57
2007	18.01	20.18	15.20	17.39	18.98	15.51	18.24	20.95	15.13
Percent change									
1989-2000	12.2%	10.8%	15.1%	na	na	na	na	na	na
2000-07	10.1	11.3	3.6	2.8%	4.7%	2.0%	13.6%	15.5%	3.8%

SOURCE: Authors' analysis of CPS data.

TABLE 4

Average hours worked per Asian American and Pacific Islander family, by nativity in 2000 and 2007

Year	All	U.S. born	Foreign born
2000	3,699	3,508	3,737
2007	3,603	3,754	3,566
Percent change 2000-07			
	-2.6%	7.0%	-4.6%

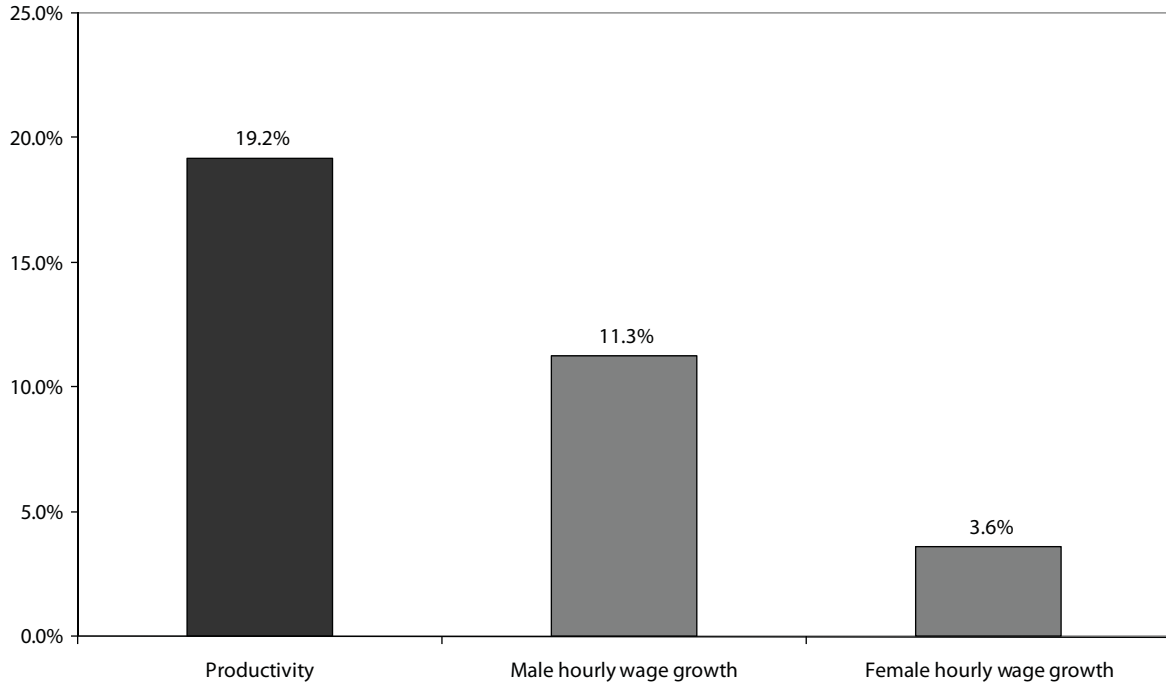
SOURCE: Authors' analysis of CPS data.

fallen short of productivity growth. Although both productivity and earnings have increased from 2000 to 2007, earnings have failed to keep pace. Productivity for workers in the United States increased 19.2% since 2000, but inflation-adjusted wages for Asian and Pacific Islander workers increased by much less. Real earnings increased only 11.3% for Asian and Pacific Islander men and 3.6% for Asian and Pacific Islander women.

Slight declines in the

labor force participation and employment rates

Asian Americans and Pacific Islanders have had relatively low unemployment rates at the peak of the 1990s and 2000s business cycles. For example, their rate was 3.3% in 2007 (Table 5), while the national rate was 4.6% and the rate for whites was 3.9%.⁵ The Asian and Pacific Islander unemployment rate trend suggests that the jobs picture for Asians and Pacific Islanders improved from the 1990s into the 2000s. In 1989, the unemployment rate for

FIGURE B**National productivity and Asian and Pacific Islander male and female hourly wage growth, 2000-07**

SOURCE: Authors' analysis of BLS data.

these workers was 3.9%; it declined to 3.6% in 2000 and then again to 3.3% in 2007. However, a different picture emerges when one examines the labor force participation

rate. The labor force participation rate declined by 0.4 percentage points between 2000 and 2007 (Table 6). It is likely that one would have seen a slight increase in the

TABLE 5**Asian and Pacific Islander unemployment rates, by gender and nativity, 1989, 2000, and 2007**

	All	Men	Women	U.S. born	Foreign born
1989	3.9%	4.1%	3.6%	na	na
2000	3.6	3.6	3.6	4.9%	3.2%
2007	3.3	3.3	3.4	4.1	3.1
Percentage-point change					
1989-2000	-0.2	-0.5	0.0	na	na
2000-07	-0.3	-0.4	-0.2	-0.8	-0.2

SOURCE: Authors' analysis of CPS data.

TABLE 6

Asian and Pacific Islander labor force participation rates, by gender and nativity, 1989, 2000, and 2007

	All	Men	Women	U.S. born	Foreign born
1989	67.1%	75.2%	59.9%	na	na
2000	67.2	76.1	59.2	66.3%	67.5%
2007	66.8	75.3	59.1	63.7	68.0
Percentage-point change					
1989-2000	0.1	0.8	-0.7	na	na
2000-07	-0.4	-0.8	-0.1	-2.5	0.5

SOURCE: Authors' analysis of CPS data.

unemployment rate had these Asians and Pacific Islanders not withdrawn from the labor force.

By examining trends in the unemployment rate and those of labor force participation rates in more detail, we can determine if declining participation in the labor force caused lower unemployment rates. In 2007, Asian American and Pacific Islander men and women, U.S.-born and foreign-born individuals all had relatively low unemployment rates. The U.S.-born unemployment rate, at 4.1%, was 1 percentage point higher than the foreign-born.

From 2000 to 2007, the U.S.-born showed a larger

decline in their unemployment rate (-0.8 percentage points) than the foreign-born (-0.2 percentage points). However, over this time period, the labor force participation rate of the U.S.-born declined 2.5 percentage points. If these U.S.-born Asians and Pacific Islanders had not withdrawn from the labor force, it is likely that the U.S.-born unemployment rate would have been higher. The labor force participation rate of foreign-born Asians and Pacific Islanders *increased* 0.5 percentage points for the foreign-born. Yet even with a somewhat larger share in the labor force, there was still a slight decline in the foreign-born unemployment rate.

The foreign-born Asian and Pacific Islander population

TABLE 7

Asian and Pacific Islander employment rates, by gender and nativity, 1989, 2000, and 2007

	All	Men	Women	U.S. born	Foreign born
1989	64.5%	72.2%	57.8%	na	na
2000	64.8	73.3	57.1	63.0%	65.3%
2007	64.6	72.9	57.1	61.2	65.9
Percentage-point change					
1989-2000	0.2	1.1	-0.7	na	na
2000-07	-0.2	-0.4	0.0	-1.9	0.6

SOURCE: Authors' analysis of CPS data.

has had somewhat more success at finding work and staying engaged in the labor market than the U.S.-born population. We can examine this finding directly by examining the employment-to-population ratio, or the employment rate. **Table 7** shows that, not surprisingly, in 2007, men had a higher employment rate than women, 72.9% to 57.1%. It also reveals that in 2007 the foreign-born had a higher employment rate than the U.S.-born, 65.9% to 61.2%. Further, while the employment rate for the U.S.-born population declined by 1.9 percentage points, the rate for the foreign born increased by 0.6 percentage points. Since many of the foreign born come to the United States specifically for work, it is not surprising that they are more positively involved in the labor market.

Note that the employment rate for the entire Asian and Pacific Islander population increased slightly over the 1990s business cycle but declined slightly over the 2000s cycle (Table 7). This suggests that, even for a population with relatively high participation in the labor force, a strong demand for labor draws Asian and Pacific Islanders into the labor market and weak job growth pushes them out.

A small increase in family poverty

The relatively high median family income of Asians and Pacific Islanders sometimes hides the fact that this population also has a relatively high poverty rate. In 2007, 5.9% of white families were in poverty (U.S. Census Bureau 2008a), but 10.3% of Asian and Pacific Islander families

were living in poverty (**Table 8**). While there are many high-income Asian and Pacific Islander families, there are also many poor ones.

Over the 1990s business cycle, the poverty rate for Asian and Pacific Islander families declined by 4.0 percentage points, but increased by 0.2 percentage points over the 2000s cycle. Once again, the trends were quite different by nativity. Over the 2000s, U.S.-born Asians and Pacific Islanders experienced a 0.9 percentage point *decline* in their poverty rate, but foreign-born families experienced a 0.9 percentage point *increase* in poverty (Table 8). This result follows the pattern observed in the income trends by nativity discussed above.

Conclusion

Over the 2000s business cycle, Asian Americans and Pacific Islanders experienced similar economic trends as other racial and ethnic groups. For Asians and Pacific Islanders, family income growth was much stronger in the 1990s business cycle than in the 2000s. The same was true for whites, Hispanics, and African Americans.⁶ There was a slight decline in the employment and labor force participation rates of Asians and Pacific Islanders over the 2000s cycle. All of the other major racial and ethnic groups also had declines in their employment and labor force participation rates.⁷ For Asians and Pacific Islanders as well as for other racial and ethnic groups, poverty rates increased from 2000 to 2007 (U.S. Census Bureau 2008a). These negative economic trends are what

TABLE 8

Asian and Pacific Islander poverty, by nativity, 1989, 2000, and 2007

	All	U.S. born	Foreign born
1989	14.1%	na	na
2000	10.1	10.2%	10.0%
2007	10.3	9.3	10.9
Percentage-point change			
1989-2000	-4.0	na	na
2000-07	0.2	-0.9	0.9

SOURCE: Authors' analysis of CPS data.

define the 2000s business cycle as one of the worst on record. Americans need economic policies that are more effective at ensuring that the wealth created by American workers is broadly shared by American workers.

A large share of Asian and Pacific Islander and Hispanic labor forces are foreign-born. There are also similar trends for both of these groups among the U.S.-born and foreign-born. The U.S.-born did significantly better over the 2000s business cycle. For Asians and Pacific Islanders and Hispanics, U.S.-born family incomes increased and poverty rates declined. The opposite was the case for the foreign-born. For both groups, foreign-born family incomes declined and poverty rates increased.⁸ Further research is necessary to fully understand these disparate trends by nativity.

Finally, this paper has argued that these trends are

general trends, and as we have demonstrated, Asian Americans and Pacific Islanders' economic status varies tremendously by national origin. Previous research finds that Native Hawaiians and Pacific Islanders and Asians from Southeast Asia fare much worse than Asians from India and East Asia regarding their earnings, income, unemployment rates, employment rates, and poverty rates (Kim and Mar 2007). Thus even though Asian Americans and Pacific Islanders, when examined as a single group, may be stuck in neutral, many within this population have been left behind.

Endnotes

Marlene Kim is associate professor of economics at the University of Massachusetts Boston. Her research focuses on race and gender discrimination and the working poor. She is the editor of *Race and Economic Opportunity in the Twenty-First Century* (Routledge 2007).

Algernon Austin is the director of EPI's Program on Race, Ethnicity, and the Economy.

EPI's Program on Race, Ethnicity, and the Economy conducts research and crafts policies with the goal of having people of color fully contribute to and share in America's prosperity. America's people of color have higher unemployment rates, higher poverty rates, lower incomes, and less wealth than they should. These negative economic outcomes harm not only specific nonwhite communities, they harm the entire country. EPI is committed to tackling these issues and to working with other organizations to see that people of color share fully in America's prosperity.

1. Because these subgroups are numerous and relatively small, it is not possible to examine each of them in detail in this report. Prior to 2003, the Current Population Survey data from the Census Bureau, the main dataset for this report, did not separate data for Asian Americans from Pacific Islander Americans. Since comparisons between 2000 and 2007 are central to this analysis, after 2003, Pacific Islander data have been recombined with Asian data to make the comparisons over time more accurate.
2. These data use a newer and different survey from the Current Population Survey—the American Community Survey.
3. The full housing unit sample of the American Community Survey began in 2005 (U.S. Census Bureau 2006).
4. Although the 1990s business cycle officially began in July of 1990 and ended in March of 2001, by using 1989 and 2000 data for analyses we avoid using annual data affected by the recessionary period.
5. Authors' analysis of CPS data.
6. Authors' analysis of U.S. Census (2008b), Austin (2008), and Austin and Mora (2008).
7. Authors' analysis of CPS data.
8. See Austin and Mora (2008) for information on foreign-born Hispanics.

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