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ECONOMIC DEVELOPMENT

aapi nexus

Challenges in Analyzing and Tracking Asian American Pacific Islander Economic Conditions

Paul Ong

“It’s the economy, stupid,” a political battle cry that gained currency during William Jefferson Clinton’s presidential 1992 campaign against George H. W. Bush, has even greater value today. During good times, the nation takes the economy for granted, allowing advocates, pundits, and scholars to focus on other societal issues. But as the United States enters the fifth year of sustained high unemployment, public discourse has turned to job creation and a heated debate about the government’s role. Some conflicts center around class and race—class in terms of whether to impose higher taxes on the wealthy and whether to maintain the safety net for the poor, and race in terms of the disproportionate burden on blacks and Latinos. The rhetoric is also tinged by nativism driven by fears of immigrant competition for scarce opportunities.

In this critical national dialogue, Asian Americans and Pacific Islanders (AAPIs) have been conspicuously absent, lacking attention from many of those in power and an effective cohesive grassroots voice. This is due to four factors: relatively small population size, overall economic status, within-group disparities, and paucity of timely data. Yes, as mentioned earlier in the message from the editors, the AAPI population has grown dramatically throughout the last few decades, going from about 7.3 million and 2.9 percent of the total population in 1990 to 18.2 million (including those who are part Asian or part Pacific Islander) and 5.9 percent in 2010. This phenomenal growth has potentially made them the next political “sleeping giant,” but this population nonetheless is still relatively small compared with other racial groups (Ong, De La Cruz-Viesca, and Nakanishi, 2008). AAPI influence in the political arena is additionally hampered by their significant number of noncitizens and nonvoters (Ong and Scott, 2009). Moreover, their economic problems have received scant attention because of the perceived relative success,

as indicated by such indicators as family income. For example, in 2009, when income was still depressed, the national Asian American median was \$78,529, more than 28 percent higher than that for non-Hispanic whites.¹ Regardless of the fact that AAPIs face a higher cost of living because of their disproportionate overconcentration in large metropolitan areas and their lower per capita income because of large families, public perception is dominated by the simplistic statistics of economic success, and perceptions shape public policy to the detriment of AAPIs. What activists and scholars have long argued is that averages hide a more complex and troubling reality anchored in the enormous ethnic diversity that creates an economic heterogeneity unmatched by any other racial group. AAPI ethnic subgroups are arrayed from the bottom to top end of the economic ladder, with some experiencing poverty at rates unrivaled by others (Mar, 2005). The public and elected officials, however, are blind to this underlying truth, leading to a “benign neglect” based on an ignorance of the extreme financial hardships faced by many AAPIs. Finally, the lack of timely and detailed data makes analyzing and tracking the economic status exceedingly difficult. In most governmental data systems, AAPIs are too small of a subsample to allow for accurate and immediate reporting, particularly by ethnicity and class (see, e.g., Ong and Patraporn, 2006). Taken together, these four factors have contributed to the glaring invisibility of AAPIs in today’s policy arena.

The consequence of the lack of attention is that governmental programs often miss the mark in addressing the economic challenges that face AAPIs, problems shaped by unique social, cultural, and linguistic structures and forces. One example is grounded in the labor market. The odds of being unemployed has historically been lower for Asian Americans than others because of the former’s higher educational achievements and the ethnic economy for those with less skills. Findings from existing analytical studies show that not all is rosy. College-educated Asian Americans experience higher unemployment rates than their non-Hispanic white counterparts, and those employed in the enclave experience extremely low wages (Austin, 2010; Miller and Houston, 2003). In the current labor-market downturn, another troubling phenomenon has materialized. Among those out of work, Asian Americans have the highest rate of long-term unemployment (Semuels, 2010). During the first half of 2011, 51 percent of unemployed Asians were without work for at least twenty-seven weeks, a rate higher than those for whites, blacks, and

Latinos. The Department of Labor is aware of this problem but is struggling to understand the causes, and limited knowledge hinders the formulation of an effective intervention.²

The five briefs in this section provide more detailed discussions of the economic status of AAPIs, along with policy and data-related recommendations. Collectively, they examine five important topics: employment, self-employment, access to capital and community economic development, wealth accumulation, and the poor. Work is the primary source of income for the vast majority of American households, and this is true for AAPIs. Marlene Kim in “Asian Americans and Pacific Islanders: Employment Issues in the United States” examines labor-market outcomes and employment discrimination. She finds evidence of unequal and unfair treatment of AAPI workers. Self-employment is an alternative to paid work, and much has been made about AAPI entrepreneurship and self-employment, a topic examined by Diem Linda Tran and OiYan A. Poon in “The State of Asian American Businesses.” The more than 1.8 million AAPI-owned businesses (as of 2007) have contributed to economic growth, with their ranks growing twice as fast as all businesses. Their prominence among high-tech startups has been particularly noted and celebrated (Saxenian, 1999; U.S. Bureau of the Census, 2011). Despite these successes, it is important to note that self-employment is not higher than it is for non-Hispanic whites, although there are ethnic groups with very high rates. Asian American businesses tend to be small and concentrated in less desirable niches and have less access to government contracts. One reason for this is limited capital access. Tarry Hum in “The Changing Landscape of Asian Entrepreneurship, Minority Banks, and Community Development” examines one source of financing: ethnic-owned banks. Although highly visible, these banks have a limited capacity to contribute significantly to community economic development, particularly to small businesses. She focuses on the financial institutions in New York City, but many of the findings are relevant to other regions. Although owning a business is an asset, much of the wealth held by AAPIs takes the form of home ownership, a point noted in “Disaggregation Matters: Asian Americans and Wealth Data” by Melany De La Cruz-Viesca. The data and existing analyses show that Asian Americans were able to close the wealth gap with non-Hispanic whites during the first few years of the twenty-first century, but much of the progress was built on a fragile founda-

tion, disproportionately tied up in homes located in metropolitan markets that experienced the extremes of “irrational exuberance.” With the collapse of housing prices after 2007 and the subsequent foreclosure crisis, the wealth position of Asian Americans has deteriorated much faster than non-Hispanic whites, reopening the gap in asset holding (Kochhar, Fry, and Taylor, 2011). Wealth is not even an issue for those on the bottom because they tend not to have any assets. Much of the debate around the safety net centers on support for the poor, particularly those who fall below the federal poverty line. Howard Shih examines this segment of the Asian American population in “Working but Poor in New York City.” As the title indicates, one of the unique aspect of Asian Americans is the relatively high proportion of poor households still attached to the economy through work, but employment that pays too little to lift many above poverty. Although the data are specific to just one region, the issue of the working poor among AAPIs is national in scope.

Despite the diversity of topics, the five briefs share some common themes in terms of the analytical challenges that face AAPIs. First, widely held perceptions of AAPI economic success are often wrong or at least misleading. Several echo the previously mentioned disparate outcomes among ethnic groups, and they point to a bipolar distribution, with AAPIs being overrepresented in the top and bottom ends. Second, outcomes are shaped by demographic characteristics, particularly those associated with immigrants. Because the causal factors differ from those affecting the general populations, interventions need to acknowledge and overcome pervasive cultural and linguistic barriers. Third, all authors point to the need for more and timely data, which would require strategies such as oversampling, inclusion of ethnic identifiers in surveys, tapping administrative records, and better data access. One of the glaring data gaps is for Pacific Islanders, which means that they are not analyzed or are only superficially analyzed, including the analyses in this special issue of *AAPINexus Journal*. The five briefs are a good start to developing the knowledge base needed to shape an informed economic agenda and build sustainable communities for AAPIs, but we still have a long way to go.

Notes

1. Population and income data is taken from the Decennial Census and American Community Survey U.S. Bureau of the Census American

FactFinder Web site, <http://factfinder.census.gov> (accessed August 16, 2011).

2. Based on conversations and e-mail exchanges with Dr. William Spriggs, Assistant Secretary for Policy, U.S. Department of Labor, from March to June 2011.

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