

Work Issues Facing  
Asian Pacific Americans:  
**Labor Policy**

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Over the next three decades, the Asian Pacific American labor force will triple to nearly ten million. How well Asian Pacific Americans fare in the labor market will directly define the economic well-being of this population. Despite a high number of self-employed, the vast majority of Asian Pacific Americans make a living through wage and salary work.<sup>1</sup> This paper explores the factors that will determine outcomes in the 21st century.

The following analysis uses data from both the projections for 2020 and the Current Population Survey (CPS). The CPS is a national monthly survey of 57,000 to 59,500 households, and is used to collect information on labor market conditions, particularly the unemployment rate. The March survey, which produces the Annual Demographic Profile, contains extensive information on work experiences and earnings for the previous year. Since 1989, the CPS has included Asian Pacific Americans as a separate racial category. We pooled the survey for 1989, 1990, and 1991 to get a reasonable sample of Asian Pacific Americans.<sup>2</sup> Income data are adjusted to 1990 dollars, and the reported statistics on earnings and hourly wages are the weighted average for the three years (1988, 1989,

and 1990). Statistics on the labor market status (e.g., labor force participation rates) are for the survey week.

### Labor Force Projections

Based on the projections for 2020 and current information on labor force participation rates, we expect that the Asian Pacific American labor force<sup>3</sup> will increase from about 3.2 million in 1990 to 8.6 million to 10.2 million in 2020. The population projections are discussed elsewhere. Our labor force participation rates (LFPRs) are based on the patterns for 1989 and 1991. For those between 15 and 64, the male Asian Pacific American LFPR was 77 percent. This is below the 84 percent rate for male non-Hispanic Whites.<sup>4</sup> Differences in the age profile accounts for very little of the disparity. When we age-adjust, the participation rates are 78 percent for Asian Pacific American males and 84 percent for non-Hispanic white males.<sup>5</sup> The gap in LFPRs is due to a substantially lower rate for younger Asian Pacific American adults who are much more likely to be attending school. For females the unadjusted rates are 62 percent for Asian Pacific Americans and 68 percent for non-Hispanic Whites, and the respective age-adjusted rates are 60 percent and 69 percent. The gap between Asian Pacific American females and non-Hispanic white females is also due to difference among young adults.

We use two alternative sets of LFPRs to estimate the Asian Pacific American labor force in 2020.<sup>6</sup> The first, and more conservative, assumption is that the rates will remain constant over time. This produces a very low projection. It is more likely that the LFPRs for Asian Pacific American females will increase over time given that there has been a long-term secular increase in LFPRs among all females over the last several decades. The same changes in social norms and employment opportunities that will draw an increasing number of females into the labor force will also affect Asian Pacific American females. Moreover, acculturation of immigrant Asian Pacific American females will work in the same direction. Our second assumption is that by 2020, the LFPRs for Asian Pacific American males will remain constant, and that the Asian Pacific American females will close half of the LFPR gap with their male counterparts.

A low projection of Asian Pacific Americans is derived by combining our conservative assumption regarding labor force participation rates

with the low population projection. The low population estimate places the population for Asian Pacific Americans ages 15 to 64 in the year 2020 at 12.4 million. Of that number, there will be approximately 8.6 million in the labor market in the year 2020. A high projection of the Asian Pacific American labor force uses our second assumption regarding labor force participation rates (increased female labor force participation rate) and the high population projection. For the high estimate, the Asian Pacific American population (ages 15 to 64) for the year 2020 is 13.8 million. Of these people, 10.2 million are estimated to be in the labor force in 2020. We believe that the most likely net increase in the Asian Pacific American labor force will be between six and seven million over the next three decades, approximately a tripling of the Asian Pacific American labor force. This projection is in line with the most recent Bureau of Labor Statistics (BLS) projections. The BLS numbers are for 2005 only. According to this series, the number of Asian/other workers increases by 3.1 million during the 15-year period between 1990 and 2005.<sup>7</sup> This is a little less than half the increase we calculated for the 30-year time period using the higher LFPRs and population projections.

TABLE 1. Asian Pacific American Labor Force

AGE	1990	2020 LOW	2020 HIGH	Lo Growth Rate	Hi Growth Rate
Males					
25-34	580,000	1,169,000	1,342,000	101 %	131 %
35-44	543,000	1,246,000	1,358,000	129 %	150 %
45-54	324,000	1,113,000	1,176,000	244 %	263 %
55-64	163,000	752,000	777,000	361 %	377 %
Total	1,610,000	4,280,000	4,653,000	166 %	189 %
Females					
25-34	387,000	922,000	1,203,000	138 %	211 %
35-44	400,000	980,000	1,222,000	145 %	206 %
45-54	234,000	842,000	1,041,000	260 %	345 %
55-64	136,000	532,000	694,000	291 %	410 %
Total	1,157,000	3,276,000	4,160,000	183 %	260 %

Table 1 provides a breakdown of the growth of the labor force by ten-year age groups and by gender. Although all age-gender groups will grow substantially, the highest growth rates are for the males and females between the ages of 55 and 64.

Over the next three decades, changes in the composition of the Asian Pacific American labor force by nativity will parallel the shift in the adult working-age Asian Pacific American (25 to 64) population. This population will still be dominated by immigrants, but the U.S.-born population will grow at a much faster rate. In 1990, 80 percent of the adult Asian Pacific Americans were foreign born, but by 2020, the percentage will drop. The low projection places the figure at 73 percent, the middle projection places the figure at 72 percent, and the high projection places the figure at 74 percent. In terms of growth rates, the U.S.-born adult population will grow approximately twice as fast as the foreign-born adult population.<sup>8</sup> There is another important distinction between the two groups: the U.S. born will be younger than the foreign born. The median age for foreign-born adults for the low projection is 45 years as compared to 35 years for U.S.-born Asian Pacific American adults. The respective number for the middle projection are 45 years and 35 years; and for the high projection, the numbers are 44 years and 34 years.

### **Educational Attainment**

One of the most important indications of the quality of the Asian Pacific American labor force is educational attainment. One of the most interesting statistics is the relatively high proportion of the Asian Pacific American population with four or more years of higher education (see table 2). Compared to non-Hispanic white males, the education level for Asian Pacific American males between the ages of 25 to 64 is considerably greater. The percent of Asian Pacific American males with college attainment is 48 percent while that of non-Hispanic Whites is 29 percent. The educational attainment level for Asian Pacific American females is also greater than that of non-Hispanic white females: 38 percent and 23 percent, respectively. This high rate of attainment is the product of two factors. The first is that Asian Pacific Americans who are educated in the United States (both native born and immigrants who come here as children or students) tend to complete more years of education. For example,

for those between 19 and 24 years old, 53 percent of Asian Pacific Americans attend school, while only 35 percent of non-Hispanic Whites do. The second factor is that modern immigration has been biased towards those with higher education, particularly those in the professional, scientific, medical, and engineering fields. This was initially the product of the occupational quotas set aside by the 1965 Immigration Act. Although new restrictions on occupation-based entry were put into place in the mid-1970s, the highly educated continued to be overrepresented. The few who entered through occupational quotas were joined by the highly educated who were sponsored by highly-educated relatives who had immigrated earlier.

Table 2. Educational Attainment by Ethnicity, Age, and Gender  
Asian Pacific American and Non-Hispanic White Adults, 25-64

AGE	LT HS	HS	Some College	College
Non-Hispanic White Males Total	13 %	38 %	20 %	29 %
Asian Pacific American Males Total	13 %	24 %	15 %	48 %
Non-Hispanic White Females Total	13 %	44 %	21 %	23 %
Asian Pacific American Females Total	19 %	29 %	14 %	38 %

It is likely that Asian Pacific Americans will be an even more highly educated population in 2020. Asian Pacific American college enrollment will in all probability increase in the future, although not without greater competition and friction with the non-Hispanic white applicants for scarce positions in the top colleges and universities. Future immigration will also be biased towards those with a college education because the 1990 Immigration Act has renewed and expanded the preference given

to those with higher education.

Despite the high percentage of Asian Pacific Americans with college educations, there continues to be a sizable population with very little formal education. The population of Asian Pacific Americans with less than a high school education is three percentage points higher than that of non-Hispanic Whites. The vast majority of this Asian Pacific American subpopulation tends to be immigrants.

### **Labor Market Barriers**

Current labor market outcomes indicate that the full incorporation of Asian Pacific American workers into the U.S. economy will be hindered by two problems. One, although the Asian Pacific American labor force will be a very educated labor force, several barriers hinder Asian Pacific Americans from attaining concomitant wage and occupational status. Two, there is a sizable number of Asian Pacific Americans who are low-wage workers.

The income-to-education disparity can be seen in the statistics on hourly wages.<sup>9</sup> As indicated earlier, Asian Pacific Americans are more likely to be college educated. The average years of education for Asian Pacific American male workers is 14.1, and 13.9 years for female workers. The corresponding numbers for non-Hispanic Whites are 13.6 and 13.5, about a half year lower than the Asian Pacific American averages. Nonetheless, average hourly wages for Asian Pacific American males are \$15.40, and \$15.90 for non-Hispanic white males. The same pattern occurs in annual earnings: \$31,500 for Asian Pacific American males and \$34,000 for non-Hispanic white males. Interestingly, a comparison of wages and earnings for female workers reveals a disadvantage for Asian Pacific Americans based on gender rather than race. Asian Pacific American female workers make on the average \$12.10 per hour and \$22,000 per year, while non-Hispanic white female workers make on the average \$11.10 per hour and \$19,400 per year. Although there is a lack of racial disparity among females, Asian Pacific American and non-Hispanic white females are both disadvantaged compared to their male counterparts. Some of the disadvantages experienced by Asian Pacific American male and female workers can be attributed to discrimination in the form of a "glass ceiling," which is a barrier that keeps Asian Pacific Americans from obtaining higher management positions.<sup>10</sup> The glass

ceiling means that Asian Pacific Americans can see these management positions within their reach, yet there is an obstacle that keeps them from obtaining them. This kind of barrier is of great concern in the community. Although many Asian Pacific Americans are qualified and competent for higher management positions, they are often stereotyped as not aggressive, inarticulate in the English language, and too technical to become managers.

The impact of the glass ceiling can be seen in the percentage of workers in the professional category versus those in the executive/management category. Because of the higher educational attainment, Asian Pacific American males are more likely to be in a professional occupation than non-Hispanic white males—23 percent versus 14 percent.<sup>11</sup> This is roughly a three-to-two ratio in favor of Asian Pacific American males. However, Asian Pacific American males lag behind in the executive and management positions—14 percent versus 17 percent for non-Hispanic white males. In other words, non-Hispanic white males enjoy a three-to-two advantage. Clearly, many Asian Pacific American males are able to move into the professional category, but enjoy considerably less success in moving above that level. Asian Pacific American females also suffer from a similar problem. Although 17 percent are professional, only 12 percent are executives or managers.

The second main problem experienced by Asian Pacific American workers is that many are trapped in low-wage work. Among Asian Pacific American males, 12 percent make less than \$6.00 per hour and 20 percent earn less than \$15,000 per year. The corresponding statistics for non-Hispanic white males are 9 percent and 14 percent. Among Asian Pacific American females, 21 percent fall into the low hourly wage category and 39 percent fall into the low annual earnings. For non-Hispanic white female workers, 22 percent are in the low hourly wage category and 41 percent earn under \$15,000 per year.

Most of the Asian Pacific American low-wage workers are immigrants with little formal education, limited English language ability, and skills that are not transferable to the U.S. labor market. Many end up in the ethnic subeconomy, which is heavily concentrated in the low-skill service sector. Consequently, it is not surprising that Asian Pacific American males are overrepresented in the occupational category that includes food service—12 percent versus 4 percent for non-Hispanic

white males. For Asian Pacific American females, the figure is 14 percent and for non-Hispanic white females the figure is 12 percent.

### **Contribution to the U.S. Economy**

Despite the barriers mentioned above, the rapidly expanding Asian Pacific American labor force will contribute to the U.S. economy in two ways: (1) by providing workers at a time when the growth in the total labor supply is slowing, and (2) by providing desperately needed skills. The Bureau of Labor Statistics projects that over the next decade and a half the growth rate in the GNP (gross national product) will slow in a large part because the population growth will slow.<sup>12</sup> In this larger context, the growth of the Asian Pacific American labor force emerges as a disproportionately larger share of the future net increase in the total labor supply. According to the BLS projections for the 1990-2005 periods, Asians will make up about 12 percent of the net increase in the total labor force.<sup>13</sup> Since our projections are in line with those by the BLS, we expect that Asian Pacific Americans will continue to contribute disproportionately to the growth of the labor force during the 2005-2020 time period. Without this contribution, the U.S. economy would experience an even greater slowdown in the GNP growth.

Asian Pacific Americans will also contribute to the U.S. economy by supplying a large share of the badly needed high-skilled labor. One way to maintain the economic growth, particularly in per capita terms, in the face of a slowing in the growth of the labor supply is to increase the productivity of workers. Moreover, increasing international competition will also place pressure on the United States to increase labor productivity. In this context, post-secondary education and training become critical factors in stimulating growth and increasing our competitiveness in the global economy.<sup>14</sup> It is projected that the professional and technical occupations will experience the greatest demand and growth over the next decade and a half.<sup>15</sup> However, it is not likely that the U.S. will face a problem in filling the higher skilled positions given the current crisis in our educational system. Not only are our public schools failing to provide a meaningful education to our children, particularly inner-city, minority youths, but our colleges and universities are experiencing difficulties in attracting students into the scientific and engineering fields.



Given the educational patterns discussed earlier, there is no question that Asian Pacific Americans will play a central role in providing much of the needed highly educated labor. Even today, Asian Pacific Americans make up a disproportionate share of the highly-skilled labor in our high-technology industries whose vitality is crucial to the United States economy. Asian Pacific Americans will increase their contributions in these fields over the next three decades.

### **International Dimensions**

The very same competitive forces that increase the contribution of Asian Pacific American workers to the U.S. economy will unfortunately generate social tensions. The international movement of Asians, particularly the highly educated, will reemerge as an international dispute. This is not an entirely new issue. In the late 1960s and early 1970s when the United States attracted large numbers of college university graduates from the Third World, developing countries accused this nation of "Brain Drain," the systematic siphoning of the most talented workers, while at the same time perpetuating underdevelopment. This particular debate waned, in large part, because Third World nations were unable to absorb the growing number of highly educated people. The accusations were based more on national pride than on economic reality. Today, however, many of these countries, particularly in the Far East, are at a stage of development where they can absorb and greatly benefit from a highly-skilled, technical labor force. The loss of those with college and university training has real economic effects. Consequently, the charges of "Brain Drain" will be resurrected by nations pursuing development that is dependent on high technology.

The "new" debate is not likely to be one-sided. Within the United States, there is a growing concern that Asian countries are too successful in re-attracting highly-educated labor.<sup>16</sup> The fear is not the loss of individual workers, but rather that returning Asians accelerate the transfer of advanced technologies, which ultimately undermines this country's competitive edge. This concern is not without foundation. Unlike early decades when a vast majority of foreign students remained in the U.S. after graduating, an increasing number of them are choosing to return. Moreover, there are some notable individuals with years of work experience in the United States who have relocated to Asia to help develop

new industries. The potential payoff of this reverse migration is so great that Asian countries have implemented recruitment programs in the U.S.

Several factors contribute to the reverse migration. The newly industrialized economies now have the resources to pay globally competitive salaries, and have the scientific and technical infrastructure that allows the highly educated to continue their career. At the same time, there is a sense that the United States is not the land of the unlimited opportunity. Certainly the existence of the glass ceiling is causing some Asian Pacific Americans to reconsider the pursuit of their career goals in the U.S. These factors are likely to become more prominent in the future, thus generating greater incentives for highly-educated workers to remigrate.

In reality, reverse migration plays a small role in the transfer of technology. Other factors such as overseas investment, joint international ventures, and global licensing agreements play much larger roles. Even with the growth of reverse migration, immigration to the United States will greatly outnumber emigration by several folds. The U.S. will continue to be a net gainer in the international movement of people. Despite this, the fear of the loss of technology will add to the anti-Asian hostilities.

### **Policy Options**

Although the size and characteristics of the Asian Pacific American labor force in 2020 will be determined by factors beyond the scope of this paper (demographic and economic forces, and immigration laws and policies), there are nevertheless three crucial policy issues within the labor market arena: (1) anti-discrimination laws, (2) anti-poverty programs, and (3) international trade and linkage. Eliminating the discriminatory barriers described earlier means battling unfair practices that limit employment and promotional opportunities for Asian Pacific workers. The problems facing Asian Pacific Americans are forcing a redefinition of Civil Rights because the types of discrimination encountered by Asian Pacific Americans are not merely racial, but cultural and language-based as well. We need policies that, along with providing equal opportunity, combat Asian Pacific American poverty by helping workers escape low-wage work. In Los Angeles, for example, the Asian Pacific American poverty rate is two times as high as the non-Hispanic white poverty rate,<sup>17</sup> and low-wage work contributes to this disparity. One of the most effective strategies to overcome this problem is to provide skills and

English-language training to adult immigrants. The domestic problems are great, but our policy concerns should also address international issues. There is no question that over the next three decades, the global economy will become more integrated. We should have policies that enable Asian Pacific Americans to play a constructive role in promoting this integration along a non-conflictual path.

### Notes

1. Fourteen percent were self-employed or unpaid family members. The remaining 86 percent worked either in the private or governmental sector.
2. For example, the sample used to calculate wages includes 2,135 Asian Pacific American males and 1,980 females. The actual number of unique individuals is about two-thirds of the sample size because the CPS retains a proportion of the March sample over a two-year period.
3. The labor force is defined as the sum of those with a job and those actively seeking employment.
4. We use non-Hispanic Whites rather than Whites as our own comparison group. A significant number of Latinos are classified as Whites, and since they have work experiences that are very different than the work experiences of non-Hispanic Whites, statistics for all Whites tends to be different than for just non-Hispanic Whites.
5. We use the age distribution by five-year grouping for the total population to adjust the labor force participation rate.
6. The rates are estimates for ten five-year groups (e.g., 15 to 19, 20 to 24, etc.).
7. Howard Fullerton, "Labor Force Projections: The Baby Boom Moves On," *Monthly Labor Review* (November 1991), 33.
8. The respective rates are 266 percent and 135 percent according to the low projection; 267 percent and 127 percent according to the middle projection; and 281 percent and 161 percent according to the high projection.
9. The statistics for wages are calculated for those who worked at least 100 hours in the previous year, and were between the ages of 25 and 64.
10. See United States Commission on Civil Rights, *Civil Rights Issues Facing Asian Americans in the 1990s*, Washington, D.C., February 1992, 131–135.
11. These figures are calculated for wage and salary workers, and exclude the self-employed.
12. Norman Sanders, "The U.S. Economy into the 21st Century," *Monthly Labor Review* (November 1991), 13–30.
13. Fullerton, "Labor Force Projections," 36.

14. Ronald Kutscher, "New BLS Project Wins: Findings and Implications," *Monthly Labor Review* (November 1991), 10.
15. George Silvestric and John Lukasiewicz, "Occupational Employment Projections," *Monthly Labor Review* (November 1991), 65.
16. Paul Ong, Lucie Cheng, and Leslie Evans, "The Migration of Highly Educated Asians," *International Educator* (Fall 1991), 26–29.
17. Paul Ong and Evelyn Blumenberg, "Racial and Ethnic Inequality in Los Angeles: Two Decades of Neglect," unpublished report, UCLA Graduate School of Architecture and Urban Planning, 1992.