The Economic Reality of The Asian American Pacific Islander Community Is Marked by Diversity and Inequality, Not Universal Success

Cy Watsky, Josh Ishimatsu, Arika Harrison and Emanuel Nieves

Introduction
By most measures of economic success—whether it be income, education, wealth or employment—Asian Americans are doing well in the United States, both when compared to other communities of color as well to White households. But while many of these indicators are noteworthy, the way they are collected, analyzed and presented all too often masks the disparate financial situations of the dozens of ethnic subgroups categorized as “Asian American.” In fact, despite sharing few cultural similarities, and spread out over a vast geographical area, people from all over Asia are grouped into the same racial category—often with Pacific Islanders included as well. As a result, the experiences of communities such as Native Hawaiians, Hmong, Indian, Chinese Americans and many others, are categorized together, despite different social, economic and cultural backgrounds and vastly different pathways to coming to this country (e.g. indigenous, immigrant, refugee).

Ultimately, while the Asian American category allows for political solidarity and power for many, when we examine the economic indicators for the Asian American Pacific Islander (AAPI) community more closely, it becomes clear that aggregated data does not come close to telling the full story of these diverse communities.

FACT: Created as a Counter to American Racism and Discriminatory Immigration Policy, the Racial Categorization Of “Asian” Has Transformed into the Narrative of the “Model Minority”

During the late part of the 19th century and early in the 20th century, Asian immigrants faced considerable discrimination. For example, Chinese immigrants, who were the first Asians to immigrate in large numbers to the U.S.’s western states and territories during the mid- to late-1800s, were met with racist violence, including lynching and systematic arson.¹ In 1882, President Chester A. Arthur signed into law the Chinese Exclusion Act, the first American immigration ban on an entire ethnic group, due in large part to xenophobia and racism eventually raised by White laborers.²

Racism against those of Asian descent, continuously manifested, sanctioned and enforced by public policy—including a broadening of the Chinese Exclusion Act to ban all Asians in 1924—ultimately resulted in political organizing and coalition-building that led to the creation of the racial category “Asian” to describe people with ancestors in some part of the Asian continent.³ This history is critical to understand why the “Asian” racial category exists and how social and political factors led to the deliberate, active creation of the label. While the category may seem inherently real or natural today to many Americans, it has not always been the case – and this perception is part of the reason why economic and social understandings focus on Asians as a singular group, rather than a broad collection of ethnic groups with vastly differing experiences.

Today, the anti-discrimination efforts that created the “Asian American” racial category have been subsumed by the “model minority” myth. The stereotyping of Asian Americans as a uniformly successful and highly educated but docile “model” minority was crafted and spread in the 1960s by White Americans looking to discredit the demands of Black Americans by pointing to a
“good” minority group. For example, in a 1966 New York Times Magazine feature article, William Petersen, a University of California at Berkeley sociology professor, positioned Japanese Americans as having overcome discrimination through their own hard work. This is explicitly contrasted with the ongoing struggles of people who Petersen terms “problem minorities” whose lives, he says, are defined by “a number of interrelated factors — poor health, poor education, low income, high crime rate, unstable family pattern …[which] together make up the reality of slum life.” That same year, U.S. News and World Report declared, “At a time when it is being proposed that hundreds of billions be spent to uplift Negroes and other minorities, the nation’s 300,000 Chinese-Americans are moving ahead on their own — with no help from anyone else… Few Chinese Americans are getting welfare handouts — or even want them.”

While innocuous to some at the time, these articles effectively equated the racism that Asian Americans and African Americans had experienced and placed their supposedly similar struggles in opposition to one another. On one side, there is the “model minority”, whose hard work and good attitude brings them economic success (when, in fact, Asian Americans only began to see such economic success when stereotypes about them began to change to those which could be accepted by White American society). On the other side, there is the “problem minority”, whose culture of poverty and bad attitudes are holding them back. In this way, the model minority myth became part of an overall narrative in which racial inequities were justified as being the result of personal or cultural flaws, rather than because of racism and systemic injustice.

In addition to the fact that it is harmful to other communities of color who are “problematic” by contrast, the model minority myth—anchored, in large part, by aggregated economic data and analyses—also creates stigmas and misunderstandings about Asians. The model minority myth perpetuates the false notion that members of the communities are all a part of a monolithic, successful group. The reality, however, is that the AAPI community is a diverse, heterogeneous group of people, many of whom share little, in terms of education or financial well-being—realities that become clear when Asian American economic data is disaggregated.

**FACT: When We Unpack the “Asian” Racial Category, Vast Inequities Within the AAPI Community Can Be Seen Clearly**

While the model minority myth perpetuates stereotypes and racism, it also causes the needs of the many low-income AAPIs to be ignored, as this stereotypical narrative raises only the story of success for Asian Americans. As a result, AAPI communities often do not have access to the social services they need, like the Supplemental Nutrition Assistance Program (SNAP) and funding for community organizations.

In large part, this is driven by aggregate economic data that does not capture the nuances of economic inequality facing many AAPI groups. For example, though the median household income for Asians ($87,194)—which is 1.2—2 times higher than Black ($41,510), Latinx ($51,404) and White ($67,937) households—suggests that Asian households are doing quite well, breaking down the data along ethnic lines complicates that implication. While the data shows that some groups, like Indian households, are earning remarkably high incomes ($119,858), others, like Burmese households, are earning incomes ($45,348) comparable to those earned by Black ($41,510) and Latinx ($51,404) households. This pattern of vastly different economic statistics across AAPI subgroups is similar across a variety of indicators, including poverty rate, homeownership rates and rent burden.

All of these data correlate with the fact of extreme income inequality within the larger category of AAPI. According to the Pew Research Center, “from 1970 to 2016, the gap in standard of living between Asians near the top and bottom of the income ladder nearly doubled, and the distribution of income among Asians transformed from being one of the most equal to being the most unequal among America’s major racial and ethnic groups.” Presumably, this pattern would also be evident when looking at household wealth in the AAPI community. Unfortunately, because of small sample sizes, many large-scale, national surveys—such as the Census’s Survey of Income and Program Participation (SIPP) and the Federal Reserve’s Survey of Consumer Finances—often are unable to collect good data on Asian American subgroups, and thus unable to disaggregate data on a range of AAPI economic indicators, including wealth.

Unlike income, wealth—which is the sum of total assets minus debts—is a more complete measure of an individual or household’s long-term financial situation. But without disaggregated data on this and other measures, the numbers we do have on AAPI wealth are not particularly useful, as they only show Asian Americans with higher median household wealth than Black and Latinx households and say nothing to the fact that researchers have found wealth inequality to be far larger within the AAPI community than among White households.
AAPI Economic Data: Perception vs Reality

Median Household Income, by Race/Ethnicity (2018)

Note: The AAPI category is aggregated by weighted averages.

Poverty Rate, by Race/Ethnicity (2018)

Note: The AAPI category is aggregated by weighted averages.
AAPI Economic Data: Perception vs Reality

Homeownership Rate, by Race/Ethnicity (2018)

Note: The AAPI category is aggregated by weighted averages.

Rent Burdened, by Race/Ethnicity (2018)

Note: The AAPI category is aggregated by weighted averages.
**FACT:** Discriminatory Immigration Policy Continues to Inform the Economic Realities of AAPIs, including Reinforcing the Model Minority Myth and Exacerbating AAPI Income Inequality

Heterogeneity within the AAPI community has not occurred organically. More than any other racial or ethnic group, AAPIs’ population—its composition and characteristics—have been shaped by post-1965 immigration policy. Per estimates by the Pew Research Center, over 98% of the current Asian American population—over 16 million people—is present because of post-1965 immigrants and their descendants. The percentage of current population because of post-1965 immigration is approximately 75% (37 million people) for the Latinx community, and roughly 30% for White and Black populations (11 million and 6 million people because of post-1965 immigration, respectively).

Because of modern immigration policy, recent immigrants are more likely to already have been educated and wealthy before their immigration. U.S. immigration policy has, since the passage of the Immigration and Nationality Act of 1965, favored those potential immigrants who possess higher education or professional class skills. Today, the US employs a preference-based immigration system, with first preference given to those with immediate family living permanently in the US, and next preference given to educated professional workers. There are a few other categories—such as for those who invest either $900,000 or $1.8 million in U.S. businesses—but there is notably little opportunity for those without family in the US and without specialized knowledge to immigrate to the US. As a result, higher-skilled immigrants are likelier to work high-paying jobs and have established family wealth, which leads to a wealthier immigrant pool than existed before the skills-based preference system began.

Those whose families immigrated in the more recent past are more educated and wealthier than those whose families immigrated before the beginning of a skills-based preference system. As of 2012, 61% of immigrants from Asia between ages 25 and 64 had at least a bachelor’s degree. This statistic is not only twice the amount of non-Asian immigrants, but also stands in stark contrast to the much lower rates of bachelor’s degree attainment in these immigrants’ countries of origin; for example, the percentage of Japanese adults with a bachelor’s degree is only 25%. Educational attainment among recent Asian immigrants is also significantly higher than the overall statistic for U.S. adults, where in 2015 only 33% of adults 25 or older had a bachelor’s degree or more. All of this is a direct result of specific immigration programs.

For example, there are approximately 140,000 employment-based (EB) legal permanent resident visas issued annually, via a combination of five different visa types. Most of these visas issued require a bachelor’s degree, and some require additional skills or work experience. Immigrants from Asia have been the primary beneficiaries of these employment-based visas.

**U.S. Employment-Based EB Visas (EB-1, 2, 3, 4, 5) Issued (Includes Adjustments of Status) by Global Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2019 (% of Total)</th>
<th>2018 (% of Total)</th>
<th>2017 (% of Total)</th>
<th>2017-2019 Annual Average (% of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>140,586</td>
<td>139,483</td>
<td>139,464</td>
<td>139,844</td>
</tr>
<tr>
<td>Asia</td>
<td>74,938 (53.3%)</td>
<td>81,831 (58.7%)</td>
<td>81,922 (58.7%)</td>
<td>79,564 (56.9%)</td>
</tr>
<tr>
<td>Africa</td>
<td>6,944 (4.9%)</td>
<td>6,080 (4.4%)</td>
<td>5,215 (3.7%)</td>
<td>6,080 (4.3%)</td>
</tr>
<tr>
<td>Europe</td>
<td>25,176 (17.9%)</td>
<td>23,475 (16.8%)</td>
<td>22,712 (16.3%)</td>
<td>23,788 (17.0%)</td>
</tr>
<tr>
<td>North America, Central America, &amp; the Caribbean</td>
<td>19,225 (13.7%)</td>
<td>16,478 (11.8%)</td>
<td>17,075 (12.2%)</td>
<td>17,593 (12.6%)</td>
</tr>
<tr>
<td>Oceania</td>
<td>1,537 (1.1%)</td>
<td>1,262 (0.9%)</td>
<td>1,203 (0.9%)</td>
<td>1,334 (1.0%)</td>
</tr>
<tr>
<td>South America</td>
<td>12,766 (9.1%)</td>
<td>10,357 (7.4%)</td>
<td>11,477 (8.2%)</td>
<td>11,533 (8.2%)</td>
</tr>
</tbody>
</table>


**Note:** The numbers of annual EB visas in the table above do not include the spouses and dependent children of the visa holders, who also receive lawful permanent resident status.
In addition to policies that favor granting lawful permanent residence to educated immigrants, our temporary visa system similarly favors educated and professional class workers. These visas include the H-1B visa, notable for its heavy use by tech companies, as well as those visas specifically for treaty traders and investors, executives and managers of international companies, entertainers, athletes and members of the international media. As with EB visas for lawful permanent residents, these visas primarily benefit people coming from Asian countries.

### Selected Highly Educated or Professional Class “Nonimmigrant” Worker Visas (E, H, L, O, P, Q, R Visas) Issued by Global Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2019 (% of Total)</th>
<th>2018 (% of Total)</th>
<th>2017 (% of Total)</th>
<th>2017-2019 Annual Average (% of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>626,184</td>
<td>613,057</td>
<td>633,597</td>
<td>624,279</td>
</tr>
<tr>
<td>Asia</td>
<td>405,751 (64.8%)</td>
<td>401,996 (65.6%)</td>
<td>418,969 (66.1%)</td>
<td>408,905 (65.5%)</td>
</tr>
<tr>
<td>Africa</td>
<td>9,510 (1.5%)</td>
<td>8,940 (1.5%)</td>
<td>8,355 (1.3%)</td>
<td>8,935 (1.4%)</td>
</tr>
<tr>
<td>Europe</td>
<td>114,909 (18.4%)</td>
<td>112,135 (18.3%)</td>
<td>116,664 (18.4%)</td>
<td>114,569 (18.4%)</td>
</tr>
<tr>
<td>North America, Central America, &amp; the Caribbean</td>
<td>40,212 (6.4%)</td>
<td>38,424 (6.3%)</td>
<td>38,970 (6.2%)</td>
<td>39,202 (6.3%)</td>
</tr>
<tr>
<td>Oceania</td>
<td>20,409 (3.3%)</td>
<td>19,598 (3.2%)</td>
<td>18,852 (3.0%)</td>
<td>19,620 (3.1%)</td>
</tr>
<tr>
<td>South America</td>
<td>35,348 (5.6%)</td>
<td>31,919 (5.2%)</td>
<td>31,759 (5.0%)</td>
<td>33,009 (5.3%)</td>
</tr>
</tbody>
</table>


Together, these visas (both permanent and temporary) create a stream of hundreds of thousands of immigrants from Asian countries per year. Most of these immigrants are highly educated, have marketable skills and often already have a job waiting for them (e.g., the H-1B visa requires that employers sponsor the individual visa applicant). Ultimately, these factors contribute to the model minority myth by implying that Asians as a group are somehow naturally more inclined towards education and face no significant barriers, when the fact of the matter is that recent immigrants from Asia are a cherry-picked group of highly educated individuals.

Not only has immigration policy defined the economic conditions and characteristics of the general AAPI population, but immigration policy also exacerbates internal inequities within the AAPIs. As per our analysis above, disaggregating AAPI economic indicators by ethnic subgroup shows extreme economic inequality within the category of AAPI. Similarly, disaggregating visa data by country of origin shows how immigration policy has contributed to these differences, especially in creating large pools of educated, technically-skilled, professional class workers within specific ethnic subpopulations. That is, the categories of AAPI ethnic groups who have the highest median income, lowest poverty rates, etc. are also the same groups whose populations have grown the most as a result of the specific immigration programs which favor professional class workers. For example, for EB Visas, the top five countries of origin are:

### U.S. Employment-Based EB Visas (EB-1, 2, 3, 4, 5) Issued (Includes Adjustments of Status) by Top Five Country of Origin

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</thead>
<tbody>
<tr>
<td>India</td>
<td>18,418</td>
<td>22,524</td>
<td>23,566</td>
<td>21,503</td>
</tr>
<tr>
<td>China</td>
<td>16,751</td>
<td>18,455</td>
<td>19,103</td>
<td>18,103</td>
</tr>
<tr>
<td>South Korea</td>
<td>10,713</td>
<td>10,684</td>
<td>11,329</td>
<td>10,909</td>
</tr>
<tr>
<td>Philippines</td>
<td>7,074</td>
<td>8,985</td>
<td>8,824</td>
<td>8,294</td>
</tr>
<tr>
<td>Mexico</td>
<td>6,645</td>
<td>5,692</td>
<td>5,550</td>
<td>5,962</td>
</tr>
</tbody>
</table>

*NOTE: China data does not include Hong Kong or Taiwan, which together account for an additional 3,000+ EB visas per year.

*NOTE: The numbers of annual EB visas in the table above do not include the spouses and dependent children of the visa holders, who also receive lawful permanent resident status.*
The pattern is similar with temporary, employment-based visas. Notably, over 75% of all H-1B visas issued go to workers from India or China:

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</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>278,491</td>
<td>243,994</td>
<td>276,423</td>
<td>266,303</td>
</tr>
<tr>
<td>China</td>
<td>50,609</td>
<td>39,700</td>
<td>31,477</td>
<td>40,595</td>
</tr>
<tr>
<td>Canada</td>
<td>4,615</td>
<td>3,273</td>
<td>3,442</td>
<td>3,777</td>
</tr>
<tr>
<td>South Korea</td>
<td>3,476</td>
<td>3,195</td>
<td>3,307</td>
<td>3,326</td>
</tr>
<tr>
<td>Philippines</td>
<td>2,707</td>
<td>2,568</td>
<td>3,822</td>
<td>3,032</td>
</tr>
</tbody>
</table>

**NOTE** China data does not include Hong Kong or Taiwan, which together account for an additional 2,000+ H-1B visas per year.

**NOTE** The numbers of annual H-1B visas in the table above do not include the spouses and dependent children of the visa holders, who also receive temporary resident status (through the H4 visa).

While the H-1B visa grants temporary residence, it is a substantial length of stay (an initial period of three years, extendable to a total of six years) which many H-1B visa holders use to apply for adjustments of status to lawful permanent residence\(^2\). As with the broader category of AAPI, there is nothing natural, inherent, racial or cultural about the economic success of these specific groups. China and India, for example, are the two most populous countries in the world. Both have extremes of wealth and poverty, with billions of people across a variety of economic, educational and class backgrounds.

Immigration policy has privileged a small, specific subset of workers from these countries—educated and ambitious, the types of people who would leave their home country to pursue careers in the economic sectors where America still leads (like tech, finance and entertainment). In turn, by sheer force of numbers, these immigrants have come to define economic statistics and the perception of their ethnic subgroups. It is no coincidence that many of these perceptions are in alignment with the model minority myth in that our modern era of immigration policy began in 1965, during the same cultural and policy milieu that birthed the model minority mythology.

In contrast, the ethnic subgroups with economic indicators that are consistent with higher levels of economic need (e.g., lower median household income, higher poverty rates) generally have had different pathways into this country. These populations are more typically defined by the high proportion of refugees within their communities (e.g., Hmong, Lao, Cambodians, Vietnamese, Burmese, Bhutanese) or that they were indigenous to their homelands before the US colonized them as territories and took their lands (e.g., Native Hawaiians, Samoans, Guamanians/Chamorro).

In these ways, disaggregating data by subgroup becomes a proxy for the history of the group’s population growth in this country. The underlying dynamic is that subgroups with higher incomes have had substantial population growth through employment-based visas, and those with lower incomes generally have grown in different ways. This dynamic holds true even within the generally more privileged subgroups. For example, while visas for highly-educated workers have buoyed the population of Indian Americans in recent decades, there are still communities who trace their arrival into this country prior to 1925. There are Indian American communities scattered through California’s Central Valley, for example, that are still mostly comprised of agricultural workers. These communities are ethnically, culturally (the South Asian agricultural workers in the Central Valley are generally Sikh) and economically separate from the more recent Indian immigrants arriving for tech jobs in places like Silicon Valley. And yet, these disparate communities are overlooked because of simplistic, and harmful, narratives as well as insufficient economic data that perpetuates a false generalization of an extremely diverse community of people.

**Conclusion**

Despite sharing few cultural, social and economic similarities, people from all over Asia are grouped into the same racial category—one that leads to generalizations and harmful misconceptions that feed into broadly held beliefs that all members of the community are part of one large homogenous and successful group. But the reality for many AAPIs—especially those with low incomes and low wealth—could not be further from the truth.
Unfortunately, aggregated data points continue to pave over the inequalities within the AAPI community—as well as countless other vulnerable populations—leading clear signs of economic struggle to be wiped out by high-performing groups. By contrast, across all economic indicators, disaggregating data clarifies the economic situation of the AAPI community. In other words, aggregated economic AAPI data not only obscures conceptions of economic inequality, but also supports a narrative that both ignores many members of the community and perpetuates the model minority myth—all of which is too often used to stymie systemic progress for other minority groups.

For example, today, the U.S. Census still does not provide disaggregated wealth data, which is important in understanding the long-term financial security for AAPI households. The aggregation, and thus misrepresentation, of Asian American successes and hardships has persisted for years, limiting the conversation around Asian American wealth and financial security.25 While disaggregated data on points from education to income poverty are revealing and important, the next step towards informed research and policy is the disaggregation of AAPI wealth data, as well as other measures, as we cannot solve the problem of racial economic inequality without properly measuring it first.

Ultimately, the assumptions that this identity group is already prosperous26 harms underserved low-income and low-wealth AAPIs. As demonstrated in the data above, many AAPI communities are not as economically prosperous as the stereotype of the community would suggest. These individuals have unrecognized economic needs, which can be best addressed through policies informed specifically by the diverse experiences of AAPI communities. And, while policymakers on Capitol Hill and throughout the country can enact a range of targeted policies to help reduce the inequities many face within these communities, one simple step that can be taken is to empower and instruct statistical government agencies to develop and expand upon existing capabilities to collect and disseminate disaggregated economic data. Doing so will provide academics, advocates and policymakers throughout the country with additional and necessary information needed to craft impactful, targeted policy to fight poverty and wealth inequality.27

See for example, History: SANTA ANA: Chinatown Torched in Ugly '06 Incident (Los Angeles: Los Angeles Times, 1993); also see Driven Out: The Forgotten War Against Chinese Americans (Berkeley: University of California Press, 2008)


5 Ibid.


9 While the U.S. Census separates Pacific Islander and Asian groups into two categories, and began doing so in the 2000 Census, other prominent national surveys continue to group them together. Furthermore, as a matter of coalition-building, many groups advocate on the behalf of the collective AAPI community. Because these groups are being discussed in tandem so often, understanding the differences in lived experiences and financial situations between all these ethnic and racial groups is important for those of Asian and Pacific Islander descent.

10 The terms “Hispanic” and “Latinx” are used interchangeably throughout this brief.


13 Ibid.
15 Please note that these “nonimmigrant” (as termed by the State Department), temporary workers are included in the US Census as foreign born persons (see, for e.g., https://www.census.gov/topics/population/foreign-born/about/faq.html)
17 Does not include H-2A or H-2B visa statistics (temporary agricultural and “non-agricultural” visas, the combined total of which over 86% go to workers from Mexico)
21 Ibid.