



HIDDEN DISADVANTAGE

Asian American Unemployment and the Great Recession

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Nationally, Asian Americans have the lowest unemployment rate of the major racial groups. But a closer look at unemployment by educational attainment shows a more complicated picture. Asian Americans with bachelor's degrees have a higher unemployment rate than whites with comparable education, but Asian American high school dropouts are more successful than comparable whites at finding jobs. As a result, the economic hardships and disadvantages for Asian Americans are sometimes overlooked.

This Issue Brief shows that Asian American workers experience a complex mix of advantages and disadvantages in finding jobs when education level is considered. It concludes that if Asian Americans had the same unemployment rates by education level as whites, the Asian American unemployment rate would have been almost a percentage point lower in the fourth quarter of 2009. Thus, Asian American workers are disadvantaged relative to white workers in finding jobs.

This paper examines the Asian American unemployment rate nationally and in five states: California, Hawaii, New Jersey, New York, and Texas. Only these five states had Current Population Survey sample sizes large enough for reliable statistics on Asian American unemployment. These analyses of Asian Americans exclude Pacific Islander, multi-racial, and Hispanic workers.¹ The data for white workers also exclude multi-racials and Hispanics.

This Issue Brief shows that Asian American workers experience hidden disadvantages in the labor market:

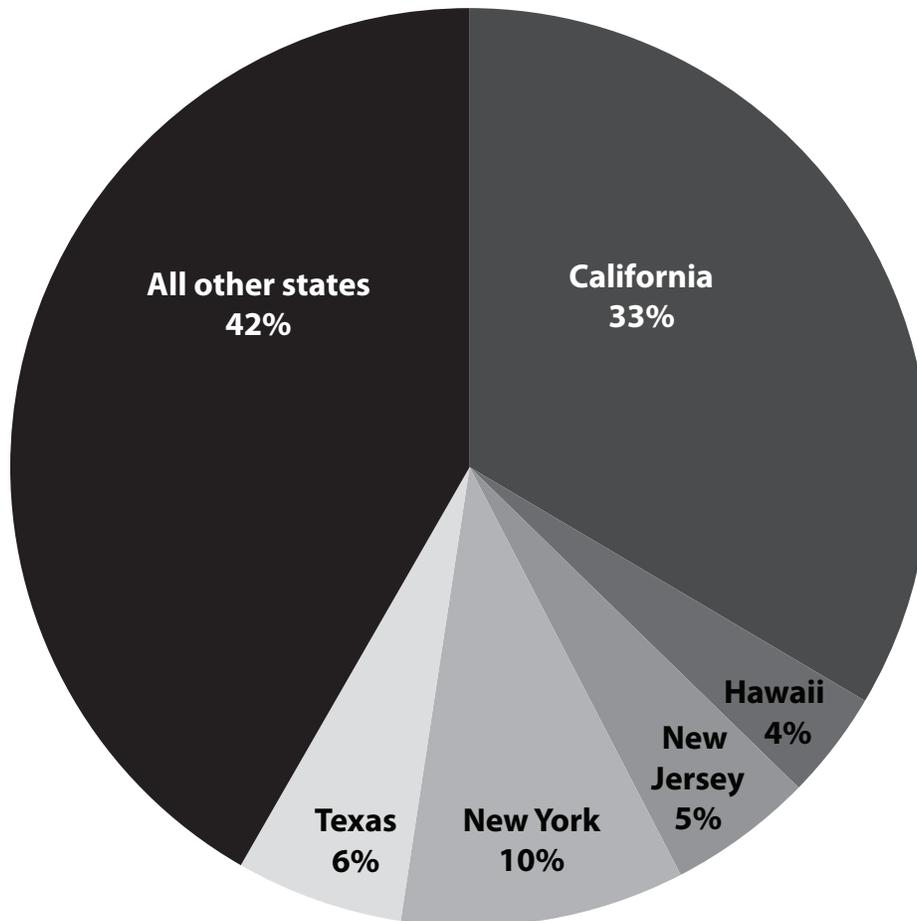
- Asian American workers are more concentrated at both the high and low end of the education spectrum. A larger share of Asian American workers than white workers have college and advanced degrees, *and* a larger share of Asian American workers than white workers are high school dropouts.
- Among workers with bachelor's degrees only, Asian Americans have a higher unemployment rate than whites.
- If Asian Americans nationally had the same unemployment rates by education level as whites, then the Asian American unemployment rate in the fourth quarter of 2009 would have been almost a percentage point lower.

TABLE 1**Asian American unemployment rate, 2007Q4 and 2009Q4**

	2007Q4	2009Q4	Percentage-point change
<i>USA</i>	3.5%	8.1%	4.6
<i>California</i>	4.8	10.2	5.4
<i>Hawaii</i>	1.8	3.1	1.3
<i>New Jersey</i>	2.3	8.3	6.0
<i>New York</i>	3.2	6.5	3.3
<i>Texas</i>	2.7	6.7	4.0

NOTE: These data are not seasonally adjusted and exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis of Current Population Survey data.

FIGURE A**Share of Asian American labor force by state, 2006-08**

NOTE: These data exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis of American Community Survey data.

Unemployment rates for available states

Like much of the nation, Asian Americans in California experienced double-digit unemployment in the fourth quarter of 2009. (As of this writing, the fourth quarter of 2009 is the most recent data available.) In the fourth quarter of 2009, the Asian American unemployment rate in California was 10.2% (see **Table 1**).

What happens in California matters a great deal for Asian Americans since a third of all Asian American workers reside in California (see **Figure A**). California has the largest Asian American labor force of all states, and it had the highest Asian American unemployment rate.

While California had the highest Asian American unemployment rate in the fourth quarter of 2009, Hawaii represented the other end of the spectrum. Hawaii had the lowest Asian American unemployment rate, 3.1% (see **Table 1**). Of all of the available state unemployment statistics by race calculated by the Economic Policy Institute (see the state statistics on EconomyTrack.org), Asian Americans² in Hawaii had the lowest rate of any race in any state. The second-lowest rate was 3.3% found among whites in North Dakota.

Compared to the other four states analyzed, Asian Americans in New Jersey had the second-highest Asian American unemployment rate, 8.3%. New Jersey Asian Americans, however, saw the largest increase in unemployment. From the start of the recession in the fourth quarter of 2007, the Asian American unemployment rate has increased 6 percentage points in New Jersey. Asian Americans in New York and Texas had unemployment rates of 6.5% and 6.7%, respectively.

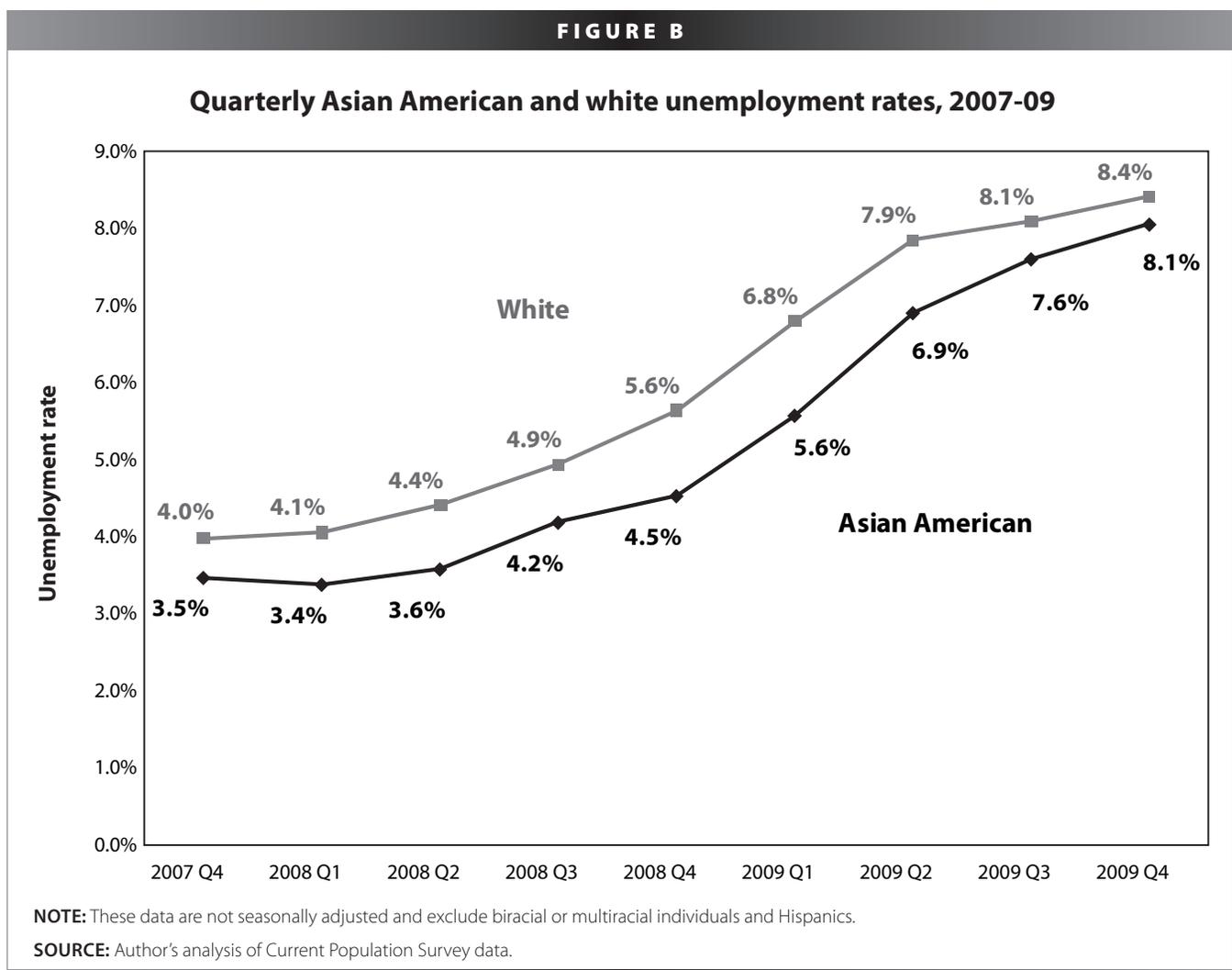
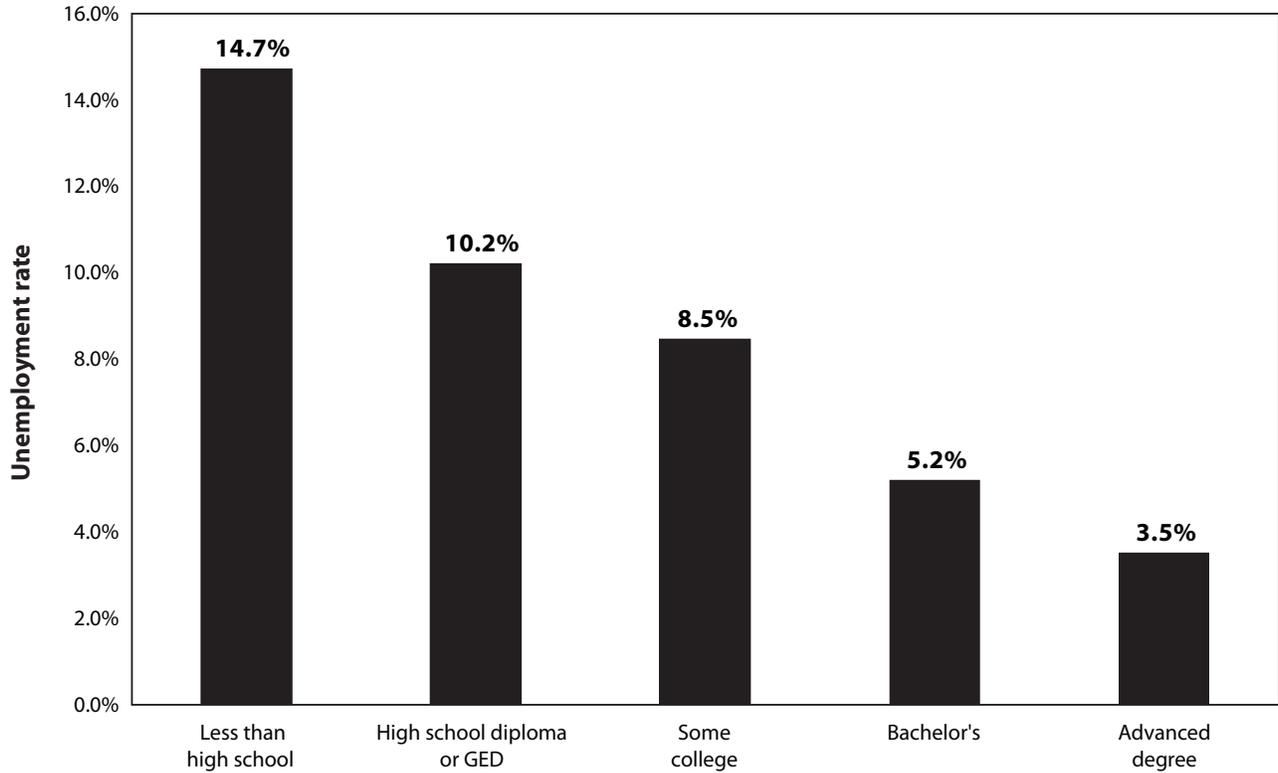


FIGURE C

**Unemployment rates by education level, 2009Q4
(all races combined, 25-years-old and over)**



SOURCE: Author's analysis of CPS data.

TABLE 2

**Share of Asian American and white labor force by education level, 2009
(25-years-old and over)**

Education level	Asian American	White	Asian-white difference
<i>Advanced degree</i>	24.2%	13.6%	10.6
<i>Bachelor's degree</i>	34.9	24.6	10.4
<i>Some college</i>	16.7	28.8	-12.1
<i>High school diploma or GED</i>	16.8	28.4	-11.6
<i>Less than high school</i>	7.3	4.5	2.8

NOTE: These data exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis CPS data.

National unemployment rates by education level

The national unemployment rate for Asian Americans is lower than for whites (see **Figure B**). This fact probably leads many to assume that Asian Americans and whites have equal success at finding jobs or even that Asian Americans have slightly greater success (see Nasser 2009). But when one looks at the rates more carefully by education, a different and more complicated picture emerges. Relative to whites, some Asian Americans are disadvantaged and some Asian Americans are advantaged at finding work. Overall, however, Asian Americans experience a net disadvantage in finding work.

The analysis below examines unemployment rates by education level. Since most people do not receive college degrees until their 20s, most of the analyses below are restricted to individuals 25-years-old and over. The 16-years-old-and-over population that was discussed above has a higher unemployment rate than the 25-years-old-and-over population.

College-educated Asian American workers: Hidden disadvantage

Figure C shows clearly that, when examining all races of workers combined, more-educated individuals tend to have lower unemployment rates. In the fourth quarter of 2009, the population without a high school diploma had an unemployment rate of 14.7%. As one moves up in education level, the unemployment rate decreases. Among individuals with advanced degrees, the unemployment rate was 3.5%, about one-fourth the unemployment rate for high school dropouts.

Table 2 shows that the Asian American labor force has a larger share of highly educated workers than the white labor force. The share of the Asian American labor force with advanced degrees is 24.2%. This is 10.6 percentage points higher

TABLE 3

Asian American and white unemployment rates by education level and nativity, 2009Q4

	Education level	Asian American	White
All	<i>Advanced degree</i>	4.8%	3.2%
	<i>Bachelor's degree</i>	7.2	4.7
	<i>Some college</i>	8.4	7.6
	<i>High school diploma or GED</i>	8.3	9.1
	<i>Less than high school</i>	8.8	14.3
U.S.-born	<i>Advanced degree</i>	3.0%	3.1%
	<i>Bachelor's degree</i>	7.3	4.5
	<i>Some college</i>	8.3	7.6
	<i>High school diploma or GED</i>	6.9	9.1
	<i>Less than high school</i>	11.3	14.8
Foreign-born	<i>Advanced degree</i>	5.3%	5.3%
	<i>Bachelor's degree</i>	7.1	7.7
	<i>Some college</i>	8.4	7.1
	<i>High school diploma or GED</i>	8.7	10.1
	<i>Less than high school</i>	8.5	8.5

NOTE: These data are not seasonally adjusted and exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis CPS data.

than the white labor force. Asian Americans also have a 10.4 percentage-point higher rate of bachelor's degrees than whites. The median Asian American worker has a bachelor's degree while the median white worker has some college but less than a four-year degree. One factor behind the relatively low Asian American unemployment rate is the high educational attainment of the average Asian American worker.

But college-educated Asian American workers are also relatively *disadvantaged* in comparison with college-educated whites. In the fourth quarter of 2009, Asian Americans with advanced degrees had an unemployment rate of 4.8% while the comparable white rate was 3.2% (see **Table 3**). Among individuals with bachelor's degrees only, Asian Americans were similarly disadvantaged. The Asian American unemployment rate was 7.2% while the white rate was 4.7%.

Table 4 presents the same race and education categories but with annual unemployment rates for 2007 through 2009. For all three years, whites with bachelor's and advanced degrees have lower unemployment rates than Asian Americans with the same degrees. The difference was slight in 2007 and 2008, but widened with the massive jobs losses in 2009. The biggest disparity is among individuals with a bachelor's degree only. In 2009, the annual unemployment rate for Asian Americans with a bachelor's degree was 6.7%, but it was 4.6% for whites.

TABLE 4

Asian American and white annual unemployment rates by education level and nativity, 2007-09

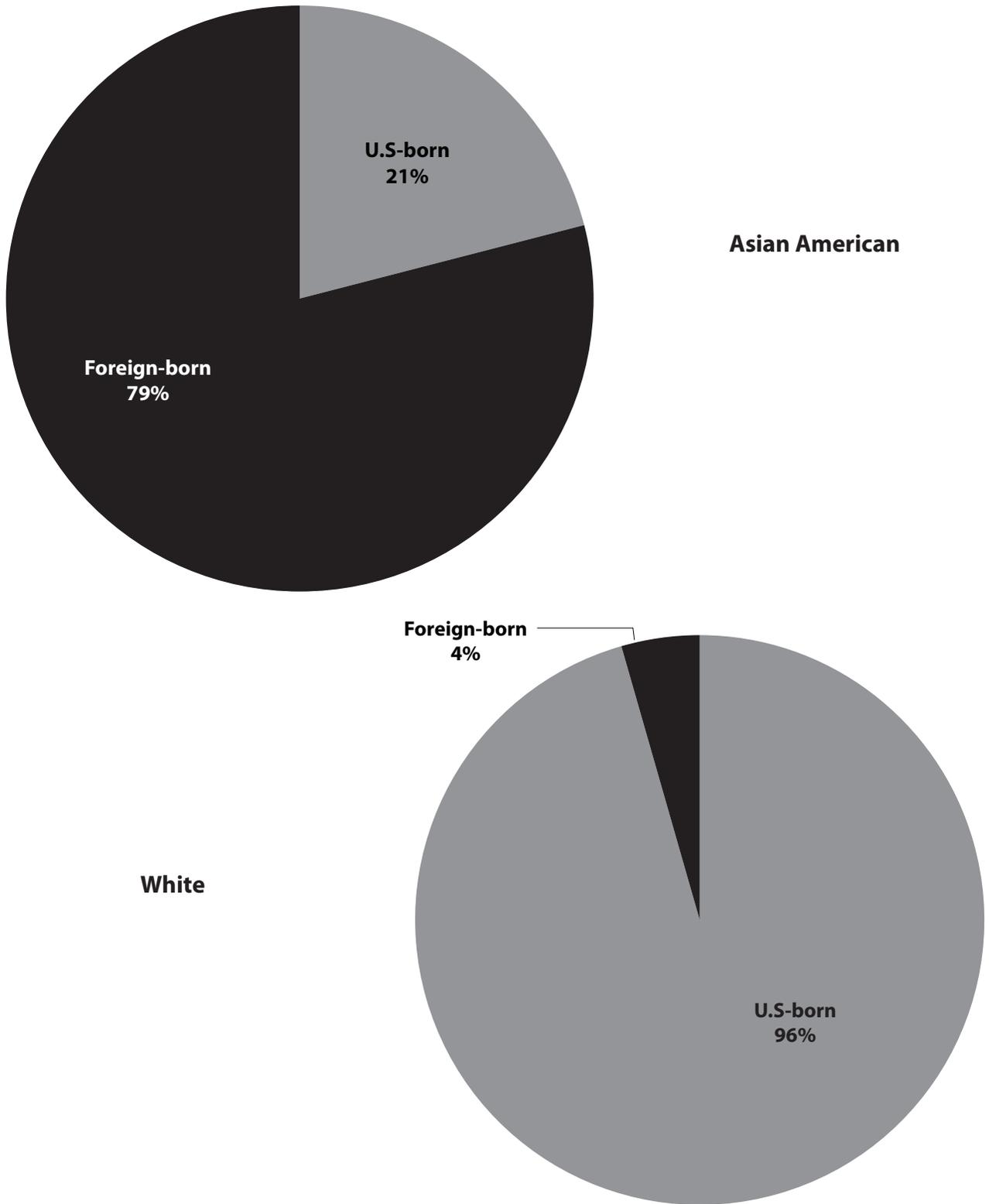
Education level	2007		2008		2009	
	Asian American	White	Asian American	White	Asian American	White
All						
<i>Advanced degree</i>	1.8%	1.6%	2.1%	2.0%	3.9%	3.2%
<i>Bachelor's degree</i>	2.7	2.0	3.2	2.5	6.7	4.6
<i>Some college</i>	3.8	3.1	3.7	3.9	8.2	7.0
<i>High school diploma or GED</i>	3.2	3.8	4.2	4.9	7.3	8.7
<i>Less than high school</i>	3.0	7.3	6.3	8.3	7.9	14.4
U.S.-born						
<i>Advanced degree</i>	2.0%	1.5%	2.3%	2.0%	2.0%	3.1%
<i>Bachelor's degree</i>	3.5	2.0	3.4	2.4	6.1	4.5
<i>Some college</i>	2.3	3.1	2.1	3.9	7.8	7.0
<i>High school diploma or GED</i>	2.2	3.8	4.9	4.8	7.6	8.7
<i>Less than high school</i>	2.9	7.5	2.9	8.3	7.4	14.6
Foreign-born						
<i>Advanced degree</i>	1.8%	2.4%	2.1%	2.9%	4.3%	4.5%
<i>Bachelor's degree</i>	2.4	2.9	3.2	4.0	6.9	7.7
<i>Some college</i>	4.3	3.6	4.4	5.4	8.4	7.1
<i>High school diploma or GED</i>	3.5	4.1	4.1	5.1	7.3	8.5
<i>Less than high school</i>	3.0	4.3	6.8	8.1	7.9	10.7

NOTE: These data exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis CPS data.

FIGURE D

Asian American and white labor force by nativity, 2009



SOURCE: Author's analysis of CPS data.

There are, no doubt, multiple factors driving this Asian American-white unemployment disparity. One important issue to consider is nativity. In 2009, only 21% of Asian American workers were U.S.-born, but 96% of white workers were U.S.-born (see **Figure D**). Thus, the comparison of Asian American and white workers is also a significant comparison of foreign-born to native-born workers.

U.S.-born whites with college degrees have lower unemployment rates than *foreign-born* Asian Americans with comparable degrees for all of the periods examined. In the fourth quarter of 2009, U.S.-born whites with bachelor's degrees had an unemployment rate of 4.5% while foreign-born Asian Americans had an unemployment rate of 7.1% (see Table 3). Thus, one factor behind the Asian American-white disparity among the college-educated stems from the higher unemployment rate among foreign-born workers. Highly educated foreign-born workers may face more difficulties because of limitations with English, and because they may lack access to job networks available to highly educated U.S.-born workers.

While there is a disadvantage to foreign-born Asian Americans relative to U.S.-born whites, there is also a disparity just among the U.S.-born. Among U.S.-born individuals with a bachelor's degree only, the Asian American unemployment rate is higher than the white rate for all of the time periods examined. In the fourth quarter of 2009, the U.S.-born Asian American unemployment rate was 7.3%, but the U.S.-born white unemployment rate was 4.5% (see Table 3). Table 4 shows this disadvantage from 2007 through 2009. Thus, there are disadvantages for college-educated Asian Americans seeking employment that are not related to being foreign-born.

Less-educated Asian American workers: Hidden disadvantage and hidden advantage

Because the median education level for the Asian American labor force is so high, many people fail to realize that there is a somewhat large share of the Asian Americans who did not complete high school. While 7.3% of Asian American workers did not finish high school, only 4.5% of white workers are in a similar situation (see Table 2). The relatively high rate of high school dropouts among Asian Americans is a hidden disadvantage among the population.

A hidden *advantage* of the Asian American population is that their unemployment rate for workers with a high school diploma or less is quite low. Figure C shows that in the fourth quarter of 2009 the unemployment rate for workers of all races with a high school diploma only was 10.2%. Table 3 shows that the white rate at 9.1% was lower than the overall rate. The Asian American rate was lower still at 8.3%. Asian American high school graduates were, from a relative standpoint, quite successful at finding work.

Asian American high school dropouts were even more successful, relatively speaking. Table 3 shows that the unemployment rate for white high school dropouts was 14.3%, slightly lower than the overall rate of 14.7% (see Figure C). It was, however, much lower for Asian Americans at 8.8%. Compared to the typical high school dropout, Asian American dropouts are highly effective at finding work.

Table 4 shows that the relative advantages in finding employment among less-educated Asian Americans persisted from 2007 to 2009. In all three years, Asian Americans with high school diplomas and those without diplomas had lower unemployment rates than comparable whites. The relationship holds regardless of whether the workers are U.S.-born or foreign-born.

Further research is necessary to understand the success of less-educated Asian Americans in finding work. One possibility is that many of them may be tied to strong job networks in Asian ethnic economies. Whatever the reason, less-educated Asian Americans are relatively advantaged in finding work.

More education, less unemployment? The cases of Asian Americans in Hawaii and Texas

Generally, the more educated a population the lower its unemployment rate. But other factors can have a strong effect on unemployment rates. We have already seen that Asian Americans with bachelor's degrees only tend to have higher unemployment rates than whites with the same level of education, and Asian Americans who are high school dropouts

have lower unemployment rates than white high school dropouts. Clearly education is not the only determinant of unemployment rates.

Asian Americans in Hawaii and Texas can serve to further illustrate this point. Unlike on the U.S. mainland, in Hawaii the white labor force is on average more highly educated than the Asian American labor force. In Hawaii, the share of Asian American workers with advanced degrees is 8.3 percentage points less than the white share, and there are also 2.3 percentage points fewer Asian American workers with some college education but no bachelor's degree (see **Table 5**). At the other end of the educational distribution, there are 5.6 percentage points more Asian than white workers who are high school dropouts.

TABLE 5

Share of Asian American and white labor force by education level in Hawaii and Texas, 2006-08 (25-years-old and over)

Hawaii			
Education level	Asian American	White	Asian-White difference
<i>Advanced degree</i>	10.4%	18.7%	-8.3
<i>Bachelor's degree</i>	26.1	26.5	-0.4
<i>Some college</i>	32.0	34.3	-2.3
<i>High school diploma or GED</i>	23.8	18.3	5.5
<i>Less than high school</i>	7.8	2.2	5.6
Texas			
<i>Advanced degree</i>	26.3%	12.6%	13.7
<i>Bachelor's degree</i>	32.1	25.6	6.5
<i>Some college</i>	17.8	33.4	-15.6
<i>High school diploma or GED</i>	14.5	23.1	-8.6
<i>Less than high school</i>	9.3	5.2	4.1

NOTE: These data exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis of 2006-08 American Community Survey data.

Since whites are, on average, the better-educated population in Hawaii, one might expect them to have the lower unemployment rate. But Asian Americans in Hawaii have a surprisingly low unemployment rate. In the fourth quarter of last year, the white unemployment rate in Hawaii was 8.9%, while the average unemployment rate for the less-educated Asian American labor force was 3.1% (see **Table 6**).

Unlike Hawaii, Texas follows the national pattern of an Asian American workforce that is on average more educated than the white workforce. In Texas, Asian American workers have 13.7 percentage points more advanced degrees and 6.5 percentage points more bachelor's degrees than white workers (see **Table 5**). Although Asian American workers in Texas have such a high rate of bachelor's and advanced degrees, they also still have proportionally more high school dropouts. There are 4.1 percentage points more Asian American workers without high school diplomas than white workers. Nonetheless, the average Asian American worker is better educated than the average white worker. The median Asian American worker in Texas has a bachelor's degree, but the median white worker only has some college education.

TABLE 6**Asian American and white unemployment rates in Hawaii and Texas, 2009Q4**

	Asian American	White
<i>Hawaii</i>	3.1%	8.9%
<i>Texas</i>	6.7	6.0

NOTE: These data are not seasonally adjusted and exclude biracial or multiracial individuals, Pacific Islanders, and Hispanics.

SOURCE: Author's analysis CPS data.

In Texas, on average, Asian American workers are significantly better educated than white workers. In the fourth quarter of last year, however, the Asian American unemployment rate was slightly higher than the white rate. The Asian rate was 6.7%, but the white population had a rate of 6.0% (see Table 6).

The lack of a relationship between the average education of populations and their relative unemployment rates in these examples suggests that policy makers should seriously consider the role of factors other than human capital in addressing unemployment disparities. There are many possible factors driving the surprising results discussed here. One possibility is that the group that is most politically and economically dominant may exhibit a preference for members of their own group. In Hawaii, Asian Americans are dominant (Schaefer 2000, pp. 347-351) and they have the lower unemployment rate. In Texas, whites are dominant and they have the lower unemployment rate. If this is the case, policy makers need to work hard to ensure that all groups experience equal opportunity in the labor market.

Conclusion: Net Asian American disadvantage

Asian Americans experience a complex mix of advantages and disadvantages in finding employment. Asian Americans in the labor force are advantaged in that a large share of them have bachelor's and advanced degrees. In contrast, they also have a larger share of workers than whites without high school diplomas.

Asian Americans with bachelor's degrees only have a higher unemployment rate than whites with bachelor's degrees. Asian American high school dropouts, however, are more successful than white dropouts at finding work.

These advantages and disadvantages sum to a net disadvantage for Asian American workers. The overall unemployment rate for Asian Americans, 25-years-old and over in the fourth quarter of 2009 was 7.1%. The comparable rate for whites was 7.0%. If Asian Americans had the same unemployment rates by education level as whites, however, the Asian American unemployment rate would have been 6.3%, almost a percentage point lower. Thus, overall, Asian American workers are disadvantaged relative to white workers.

Further research is necessary to deepen our understanding of Asian Americans in the labor force. This analysis raises numerous questions about whether there are significant differences in the occupations and industries of Asian American workers in comparison with white workers that might explain the differences in unemployment rates. Also, it would be informative to examine the labor force participation rates and the relative wages of Asian American and white workers. While there is still much to understand about Asian Americans in the labor force, the overall disadvantage in employment for Asian Americans is a disturbing finding. It points, once again, to the conclusion that as a society we still have a way to go in guaranteeing equal opportunity for all workers.

Endnotes

1. The “Asian” unemployment statistics on EconomyTrack.org include Pacific Islanders. Pacific Islanders tend to be worse off economically than Asian Americans (Kim and Austin 2009, pp. 2 and 9). The Asian-American data discussed in this issue brief excludes Pacific Islanders. The brief, therefore, identifies the hidden disadvantage of the “best off” group.
2. Ibid.

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