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THE WAGES OF NATIVE-BORN ASIAN AMERICANS  
AT THE END OF THE 20TH CENTURY\*

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## **THE WAGES OF NATIVE-BORN ASIAN AMERICANS AT THE END OF THE 20TH CENTURY**

### **ABSTRACT**

In this paper we compare the wages of whites and Asian Americans during the period of 1994 to 1998. We find little evidence to indicate that most native-born Asian American men must have higher educational attainments than do white men in order to obtain equivalent wages. Except at the very highest level of educational attainment—which pertains to a relatively small fraction of the total work force--native-born Asian American men obtain wages that are at least as high as those of white men with comparable education, experience and place of residence. Among native-born women, Asian Americans also earn wages that are similar to those for whites with comparable education, experience and place of residence. Systematic racial discrimination against Asian Americans is often assumed to be widespread in the labor market, but our results are inconsistent with the straightforward application of this conventional wisdom to wage determination for native-born Asian Americans at the end of the 20th century.

The extent of racial discrimination in the distribution of labor market rewards is one crucial aspect of racial inequality in society. The analysis of racial differences in socioeconomic attainments is thus intrinsically important. Trends in racial differences in wages, earnings, occupational status, unemployment, and socioeconomic mobility need to be seriously studied and carefully analyzed because they provide vital information about the degree of racial inequality in the labor market which is a key arena that has a major impact on the overall well-being of individuals in modern society.

Although there are literally thousands of published studies of the socioeconomic attainments of whites and African Americans, research on the socioeconomic attainments of Asian Americans is relatively rare, and those studies which are available are often limited in various ways that compromise the extent to which their conclusions can be generalized to the broader populations of Asian Americans. Given this lacuna in labor market studies of racial inequality, the general objective of this paper is to improve our understanding of the socioeconomic attainments of Asian Americans because we actually have very little systematic information about this exceedingly important and complex topic. We seek to contribute to the literature by using the most recent available data on the wages of whites and Asian Americans.

Research on the incomes of Asian Americans often involves discussions of the "model minority" stereotype. Regarding that issue, we do not contest the view that many people may have an exaggerated image of the socioeconomic attainments of Asian Americans and that this image may serve to legitimate inequality. However, while we do not dispute the importance of the "model minority" topic to the Asian American studies literature, our objective is not to discuss stereotypes and misperceptions, but rather to investigate the realities of wage inequalities as they are revealed in high quality data for Asian Americans. We do not believe that the putatively conservative implications of the "model minority" stereotype should discourage the systematic analysis of relevant data regarding the actual socioeconomic attainments of Asian Americans. To the contrary, the existence of such stereotypes only heightens the importance of the general objective of this paper.

## PREVIOUS RESEARCH AND THE CONVENTIONAL VIEW

In the Asian American studies literature, a widely cited study of socioeconomic attainment is Cabezas and Kawaguchi (1988). For example, Cabezas and Kawaguchi (1988) serves as a major citation in Takaki's (1998) discussion of this topic in his well known book, *Strangers from A Different Shore*, in which he states:

Actually, in terms of personal incomes, Asian Americans have not reached equality....The patterns of income inequality for Asian men reflect a structural problem: Asians tend to be located in the labor market's secondary sector, where wages are low and promotional prospects minimal....`Labor market segmentation and restricted mobility between sectors,' observed social scientists Amado Cabezas and Gary Kawaguchi, `help promote the economic interest and privilege of those with capital or those in the primary sector, who mostly are white men'....(pp. 475-476)

In short, Takaki (1998) presents the conventional view which is that Asian Americans face systematic racial discrimination in the labor market, and this conclusion draws upon the analysis presented by Cabezas and Kawaguchi (1988).

Another example is provided by Chin et al (1996) who present an Asian American perspective on affirmative action. Chin et al (1996) emphasize that Asian Americans face ``continuing discrimination" in the labor market and state that:

As Cabezas and Kawaguchi have shown, in order to earn an income comparable to white men, Japanese American men acquired more education and worked longer hours. Males from other APA ethnic groups do not match the income level of their white counterparts when human capital investments are controlled. Korean American men earned only 82% of white men's income, Chinese American men 68%, and Filipino men 62%. (p. 149)

As is suggested by Chin et al's (1996) quote above, Cabezas and Kawaguchi (1988) is a well known and influential study that serves as a major reference supporting the conventional

view that Asian Americans continue to face substantial racial discrimination in their labor market opportunities.

Another widely cited work is Hurh and Kim (1989, p. 512) who argue that “our analyses in the light of the principle of earnings equity indicate that the success image [of Asian Americans] is largely a myth due to labor market disadvantages and other related social problems.” The “principle of earnings equity” which Hurh and Kim (1989) refer to is the net effect of race after controlling for human capital and other productivity related characteristics.<sup>1</sup> In other words, “earnings equity” refers to the extent to which a minority worker receives the same rate of pay as does a white worker who possesses equivalent work-related qualifications (e.g., educational attainment, previous work experience). Thus, even if Asian American workers received an average wage equal to that of white workers, Asian American workers would still be considered to be disadvantaged (or underpaid) if they had to obtain higher levels of education or work experience in order to obtain the wages that white workers receive. According to Hurh and Kim (1989, p. 525) “native-born Asian males still earn less than white males under the equivalent condition of investment.”

## METHODOLOGICAL ISSUES RAISED BY PREVIOUS RESEARCH

Previous studies raise several methodological issues regarding the study of the socioeconomic attainments of Asian Americans. First, nationally representative data are preferable for the purpose of generalizing to Asian Americans in the United States. A major limitation of Cabezas and Kawaguchi (1988) is that it is based on data for a sample of

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<sup>1</sup> For convenience, we use the term “race” to refer to “racial and ethnic groups.”

individuals from only one metropolitan area in California (i.e., San Francisco-Oakland-San Jose). It is unreasonable to assume that the results for just one metropolitan area necessarily apply equally to everyone else residing elsewhere in the United States. This is one reason why the aforementioned generalizations made by Takaki (1998) and Chin et al (1996) should be viewed skeptically.

Another issue that needs to be borne in mind is that socioeconomic attainment and inequality are influenced by period and historical context. This point is underscored by Sakamoto, Liu and Tzeng (1998) who investigate occupational attainment using 1940 and 1990 Census data. Their results indicate that native-born Chinese and Japanese American men faced severe disadvantages (relative to white men) in occupational attainment in 1940, but these disadvantages were either entirely eliminated or greatly reduced by 1990. In short, we should not assume that the extent of racial discrimination in the labor market is an unchanging historical constant.

The empirical results presented by Cabezas and Kawaguchi (1988) and by Hurh and Kim (1989) derive from earnings data for 1979. Because those data are by now two decades old, generalizations about the current labor market situation faced by Asian Americans would be more appropriate were they based on more current data. Although Takaki (1998) is the "updated and revised" edition of *Strangers from A Different Shore*, it does not discuss recent data and studies on the socioeconomic attainments of Asian Americans. This is another reason why one should view skeptically Takaki's (1998) claim that Asian Americans continue to face substantial racial discrimination in the current labor market.

Appropriate statistical methods must also be utilized when estimating the net effect of race on socioeconomic outcomes after controlling for human capital investments and

productivity related characteristics. That is, although Hurh and Kim's (1989) concern with "earnings equity" identifies an important issue in the analysis of racial inequality in the labor market, researchers need to use optimal statistical techniques to assess whether their models make the most adequate and informative use of the data when calculating their "after controlling for" estimates of the net effect of race. Inappropriate statistical methods may lead to erroneous conclusions and misleading generalizations.

Asian American studies discussions often lament the extent to which whites may assume that an Asian American is a foreigner or immigrant (e.g., Lieu 1999; Takaki 1998, pp. 3, 11). Ironically, some studies--such as Hirschman and Wong (1984)--make a similar sort of assumption because their model does not include any interaction terms by immigrant status. That is, the effects of schooling and of work experience are assumed to be the same for the native born and the foreign born despite prior research which demonstrates that that they differ (e.g., Duleep and Regets 1997; Reimers 1985; U.S. Commission on Civil Rights 1988). We do not mean to suggest that a naturalized citizen is necessarily any less "American" than a native born citizen. From the point of view of the economics of competitive labor markets, however, work experience and schooling obtained overseas is often not entirely equivalent to those obtained in the United States. For this reason, statistical models need to be careful to disentangle an immigrant effect from a racial effect, and this consideration is especially relevant to the study of the socioeconomic attainments of Asian Americans because many of them are foreign born. A limitation of the model used by Hurh and Kim (1989)--as well as to a lesser extent by Cabezas and Kawaguchi (1988)--is that measures of job attainment are included as independent variables in the regression of earnings. When such independent variables are included, then the results no longer refer to the total effect of race but rather to the effect of race for a minority

who is comparable to a white not only in terms of measured human capital characteristics but also in terms of job attainment. In other words, a model that includes job attainment estimates within-job (or direct) discrimination but it does not estimate total discrimination because it treats as exogenous the job discrimination that occurs if minorities are less likely to be promoted to better-paying jobs in the first place (and thereby indirectly reducing their earnings).<sup>2</sup>

Given the research objective of investigating the total extent of racial discrimination in the labor market (both direct and indirect), the regression model should include only the human capital investments, credentials, productive abilities, and other endowments that workers bring to the labor market for remuneration (as well as regional variables that indicate area differences in price levels and wages).

Another problem with the model specification used by Hurh and Kim (1989) as well as by Cabezas and Kawaguchi (1988) is functional form. Because the distribution of earnings exhibits a high degree of positive skew, log-earnings is a more appropriate dependent variable in regression models. As is well known, the log transformation eliminates the positive skew and corrects for the usual problem of heteroscedastic residuals (Sakamoto and Furuichi 1997). Because Hurh and Kim (1989) and Cabezas and Kawaguchi (1988) estimate a linear model of earnings, their estimates are statistically inefficient. Intuitively speaking, this means that their estimates are less reliable regarding the extent to which they may be generalized to the broader population.<sup>3</sup>

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<sup>2</sup> Historical discussions that illustrate this idea are provided by Takaki (1998, p. 93) and Zhou (1992, pp. 92-93) who argue that labor market discrimination against Chinese Americans resulted in their preponderance in laundry businesses during the latter part of the 19th century and the early part of the 20th century. Thus, comparing the incomes of whites in laundry businesses with those of Chinese Americans in laundry businesses would underestimate the total level of discrimination because that comparison does not account for the restrictions that blocked the occupational attainments of Chinese Americans in the first place.

<sup>3</sup> Sakamoto and Furuichi (1997) provide a formal statistical test that shows that the log model predicts earnings data better than does the linear model.

Appropriate model specification also requires more careful construction of the independent variables. For example, although the effect of years of schooling is well known to be nonlinear (Jencks 1979; XXX 1999), neither Hurh and Kim (1989) nor Cabezas and Kawaguchi (1988) take this into account. This issue is especially relevant to our research concerns because Asian Americans tend to have higher levels of education (Barringer et al 1993). The inclusion of hours worked as an independent variable may also be a weak model specification (Petersen 1989). Including mean income for the individual's state of residence (as does Hurh and Kim [1989, p. 521]) as an independent variable is undoubtedly poor practice because it creates an obvious endogeneity problem; in other words, it creates a sort of circular tautology because part of the dependent variable is used to explain itself.<sup>footnote{The high value for the coefficient of determination noted by Hurh and Kim (1989, p. 521) may in part reflect this endogeneity problem.}</sup> Hurh and Kim (1989) and Cabezas and Kawaguchi (1988) also fail to include a quadratic term for age (which is used as an indicator of work experience).

Another issue that a careful researcher should be concerned with is statistical significance. Generally speaking, strong generalizations are inappropriate when they are based on results that are not statistically significant. When a result is not statistically significant, then it may be due to random sampling error rather than real differences in the population of interest.

This issue is

highly relevant when studying Asian Americans because they are frequently represented by a relatively small sample size in survey data, and therefore statistical power tends to be weaker

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(i.e., results about Asian Americans are sometimes not statistically significant.<sup>4</sup> Unfortunately, neither Hurh and Kim (1989) nor Cabezas and Kawaguchi (1988) clarify whether their reported racial differentials are statistically significant.

A similar issue relates to Hurh and Kim's (1989, p. 524) regression standardization procedure. While regression standardization is certainly useful, one should not place undue reliance on this one statistical method. Hurh and Kim's (1989) procedure uses the minority group's regression coefficients and the mean values on the independent variables for white males. Because regression coefficients derive from multivariate computations, a more reliable and equally valid procedure would be to use the regression coefficients for white males and the mean values on the independent variables for the minority group. Because the latter typically has a smaller sample size, the multiple regression coefficients for the minority group will be far less reliable (i.e., will have much larger standard errors) than will the multiple regression coefficients for white males (who tend to have a large sample size). Indeed, if the differences between the regression coefficients for the minority group and the regression coefficients for white males are not statistically significant, then Hurh and Kim's (1989, p. 524) standardization procedure may be just extrapolating upon random sampling error.

Furthermore, results from regression standardization procedures should be interpreted judiciously. These results are obtained essentially by obtaining predicted values from a regression equation when using the mean values on all of the independent variables. Strictly speaking, however, most people are not exactly at the mean scores on all of the independent variables in the model; in some respect, most people are not exactly average. Ideally, a careful researcher would consider the extent to which the regression standardization

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<sup>4</sup> In order to overcome the problem of relatively small sample sizes, African Americans and Hispanics are often oversampled in many major surveys, but this has never been done for Asian Americans.

results--in which the mean scores are used--also apply to persons who have scores that are different from the mean values. For example, Sakamoto and Furuichi's (1997) analysis of the wages of Japanese American employees indicates that the net racial effect varies somewhat by level of education.

Finally, it is worth reiterating that the research objective of estimating the net racial effect is not synonymous with estimating the returns to education. Although the two concerns are certainly related, they are not identical. Indeed, a minority group may have lower returns to schooling than do whites but this result in itself does not necessarily imply that minority group is disadvantaged in the labor market relative to whites (i.e., lower returns to schooling for a given minority group do not necessarily imply that the net racial effect of being a member of that minority group is negative). For example, the results of Sakamoto and Furuichu (1997, pp. 190-191) suggest that the returns to educational attainment are smaller for Japanese American male employees (relative to those for white male employees) although their net racial effect tends to be close to zero and may actually be slightly positive at lower levels of educational attainment.

In sum, Hurh and Kim (1989) and Cabezas and Kawaguchi (1988) are methodologically weak studies. As such, they do not provide sufficient empirical evidence for strong generalizations about labor market processes involving the broader populations of Asian Americans. Research on survey data pertaining to the socioeconomic attainments of Asian Americans needs to be based on more reliable statistical analysis.

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## DATA AND METHODS

In this paper we use the Current Population Survey (CPS) which are high quality data that are gathered annually by the U.S. Bureau of Labor to monitor unemployment and other labor force and demographic variables. The CPS are nationally representative and include data on broad racial categories. In order to achieve a large sample of Asian Americans, we pool together the CPS data for 1994, 1995, 1996, 1997 and 1998. Our results thus pertain to the period of 1994 to 1998.

We compare the wages of Asian Americans with those of non-Hispanic whites. Because these data do not distinguish between the specific ethnic groups among Asian Americans, we can only generalize to the entire population of Asian Americans as a whole. Although this is certainly a limitation of our research, we do believe that studies of the socioeconomic attainments of Asian Americans as a whole are warranted because generalizations about this group continue to abound.

Due to space limitations, we limit this study to the native born. As we alluded to above, the labor market processes relating to the wages of immigrants are complex and are often affected by selectivity as well as unobserved heterogeneity. Because our research objective is to estimate the net effect of race in the labor market, restricting the analysis to the native born eliminates much of the unobserved heterogeneity and thereby renders our results more convincing estimates of the net effect of race per se.

For the regression model that we estimate, the dependent variable is the log of the hourly wage rate (where the latter is implied by total earnings during the year prior to the survey divided by total hours worked during that year). Because this dependent variable refers to money remuneration per hourly unit of labor supply, we obviate the problem of modeling the putatively

longer hours that some Asian Americans work in order to obtain equivalent annual earnings.

The log transformation is used in order to improve the fit of the regression model.

The independent variables include five dichotomous variables to indicate level of educational attainment (where less than a high school diploma serves as the reference category). Years of potential labor force experience (i.e., years elapsed since finishing school) is included along with its square which typically describes a declining marginal effect. We also include several dichotomous variables to control for place of residence because Asian Americans are not evenly distributed across the entire country and because wages and prices may vary by residential location. These variables include: (1) California; (2) Hawaii; (3) other Pacific state (i.e., Alaska, Washington or Oregon); (4) northeastern state; (5) southern state (the reference category refers to states in the mountain or central areas); (6) whether resides in the central city of a metropolitan area; (7) whether resides in a metropolitan area but outside of its central city (the reference category refers to residence in a non-metropolitan area or in a smaller metropolitan area that is not identified due to confidentiality).

As an additional refinement, we also include four interaction terms, namely: (1) California and whether resides in the central city of a metropolitan area; (2) California and whether resides in a metropolitan area but outside of the central city; (3) northeastern state and whether resides in the central city of a metropolitan area; (4) northeastern state and whether resides in a metropolitan area but outside of the central city. These interaction terms allow us to control for the empirical possibility that--net of the effects of education and experience--average wages in metropolitan areas may be notably different in California and in northeastern states (where disproportionate numbers of Asian Americans live).

Finally, we also include a dichotomous variable for identifying oneself as an Asian American. We also test for the statistical significance of interaction terms between being Asian American and the education and experience variables. The regression models are estimated separately for men and for women to allow for the effects of the independent variables to vary by gender, as indeed they often do.

## RESULTS

Table 1 shows the descriptive statistics by race and gender. The sample sizes are 1122 for Asian American men, 108,894 for white men, 1163 for Asian American women, and 98,264 for white women. Asian American men and women are more likely to live in the central city portion of a metropolitan area than are whites. Asian American men and women are also far more likely to live in California or Hawaii than are whites while the latter are relatively more likely to live in the Northeast or South. Compared to whites, Asian Americans are likely to have accumulated fewer years of labor force experience but substantively this racial difference is not very large (i.e., less than 2 years).

Regarding educational attainment, Asian Americans are less likely than are whites to have completed only high school. Asian Americans are relatively more likely to have completed at least some college or to have a bachelor's degree. At the Master's and Ph.D. levels, the racial differentials are small as well as not statistically significant at the .05 level (although an Asian American woman may perhaps be slightly more likely to have a Ph.D. than is a white women because the pertinent t-value is 1.84 which is statistically significant at the .10 level). Overall, however, the above results are generally consistent with the conventional view that native-born Asian Americans tend to have higher levels of educational attainment.

The mean wage for Asian American men is \$19.77 while for white men it is \$18.89. The t-value for this difference is 1.56 which is not statistically significant at the .10 level. Thus, we can not confidently generalize this difference to the populations of Asian American and white men. Instead, this evidence suggests that the mean wages for the two groups do not differ. The mean difference for log-wage is, however, highly significant. The mean log-wage for Asian American men is 2.74 while for white men it is 2.67. The t-value for this difference is 3.44 which is statistically significant even at the .01 level. Therefore, these results indicate that the means for this measure of income (i.e., log-wage) do probably differ between the two populations, and that the mean is greater for Asian American men than it is for white men.

Among women, the results unambiguously indicate higher incomes for Asian Americans. The mean wage for Asian American women is \$14.71 while for white women it is \$13.41 (i.e., the mean is \$1.30 greater for Asian American women). The mean log-wage for Asian American women is 2.50 while for white women it is 2.33. Both of these results are statistically significant at any conventional level.

Although our focus is on the racial differences rather than the gender differences per se, we note that mean wages among women are uniformly lower than those among men. Although the mean wage among Asian American women is somewhat greater than that among white women, the mean wage among white men is still greater than the mean wage among Asian American women. Furthermore, the mean log-wage for white men is greater than the mean log-wage for Asian American women. Across these four demographic groups, mean wages are lowest among white women.

Table 2 shows the mean wages by race, gender and educational level. As was noted above, a common theme in previous literature is the view that Asian Americans must achieve a higher level of educational attainment in order to obtain comparable wages. This view implies that for any given level of educational attainment, Asian Americans will have a lower mean wage. That is, labor market disadvantage against Asian Americans is said to be more evident after comparing workers who have the same level of educational attainment (rather than comparing workers of all educational levels together as is done in Table 1).

The results for men in the top panel of Table 2 do not strongly support this view except at the Ph.D. level. That is, mean wages among men who have less than a Ph.D. (which constitutes about 95% of all male workers) are not consistently lower for native-born Asian Americans. If anything, by educational level the mean wages of Asian Americans are often greater than those for whites in Table 2. However, none of the racial differences for men are statistically significant (except at the Ph.D. level) and therefore we conclude that there are no differences in mean wages by most educational levels in the populations of Asian American and white men.

At the Ph.D. level, however, the racial difference is statistically significant at the .05 level. As shown in Table 2, the mean wage for Asian American men is \$7.41 less than that for white men. This difference is substantively large and implies a percentage difference of 20% to 25% (depending upon which base is used). Although this sort of crosstabular result is not conclusive evidence of racial discrimination, it is certainly consistent with the view that Asian American men—at least at the Ph.D. level—are underpaid relative to white men.

The results for women are shown in the bottom panel of Table 2. There is no evidence that the mean wages of Asian American women by educational level are systematically lower than those for white women. The only statistically significant racial difference for women is at the level of

some college, and in this case the mean wage among Asian American women is greater by about one dollar.

Although educational level is certainly an important productivity-related characteristic that is widely viewed as an important determinant of wages, there are also other factors including years of labor force experience and regional variables. The purpose of our regression model in this analysis is to take into account simultaneously all of these various factors in order to estimate the net effect of being Asian American per se. While suggestive, the results of Table 2 are not very convincing evidence of racial disadvantage because only one factor--education--is taken into account. By contrast, multiple regression is a multivariate model that can estimate the net racial effect after controlling for education as well as all other independent variables that are included into the equation.

The regression results are shown in Table 3. Model 1 includes education, experience and an extensive set of regional control variables. The results for men in the top panel of Table 3 indicate that the net effect of being Asian American in Model 1 is zero; the coefficient of .0029 is very close to zero and it is not statistically significant at any conventional level. The results for women in the bottom panel of Table 3 also suggest that the net racial effect is small or at least close to zero. For women the coefficient for being Asian American in Model 1 is .0465 and this estimate is not statistically significant at the .05 level (although it is statistically significant at the .10 level). None of these results indicate that either Asian American men or women are underpaid relative to whites who are comparable in terms of gender, experience, education and place of residence.

In order to make more refined estimates, however, we also estimated additional models which included interaction terms between educational level and being Asian American. The purpose of these additional models were to ascertain whether more detailed generalizations about the net racial effect were warranted by the different educational groups. The analyses indicated that most of the interaction terms were not statistically significant. For men, however, two interactions terms—those for the master's and Ph.D. levels--were statistically significant and so we report the expanded regression that contains these two interaction terms in Model 2 shown in Table 3.

For men, the results for Model 2 indicate that the coefficient for the interaction term between Asian American and a master's is .1808 while that between Asian American and a Ph.D. is -.1966. When added to the "main effect" coefficient for being Asian American (i.e., -.0015), these results imply that Asian American men with a master's degree earn about 20% more than do white men with comparable experience and place of residence while Asian American men with a Ph.D. earn about 18% less than do white men with comparable experience and place of residence.<sup>1</sup>

Because the "main effect" coefficient is so close to zero (as well as not statistically significant), Asian American men whose educational attainment is less than a master's degree earn wages that are on average the same as those for comparable white men. Among men with a master's degree, however, Asian Americans are paid 20% more while they are paid 18% less among men with a Ph.D.

For women, none of the interaction terms between educational attainment and being Asian American were statistically significant. This is evident, for example, in the results for

women for Model 2 in the bottom panel of Table 3. The coefficients for the interaction terms by a master's or by a Ph.D. are both not statistically significant at any conventional level.

Calculation of the relevant F test statistic using the R-square values from Models 1 and 2 for women is also not statistically significant which indicates that the two interaction terms may be dropped from the regression without any loss of explanatory power. Thus, for women, generalizations about the net effect of race may be made using the results from Model 1.

## DISCUSSION AND CONCLUSIONS

In this paper we have investigated the wages of native-born Asian Americans using nationally representative data from the period of 1994 to 1998. Among women, Asian Americans have a higher mean wage and a higher mean log-wage than do whites. Among men, the mean log-wage is clearly higher for Asian Americans while the racial difference in the mean wage (though higher for Asian Americans) is not statistically significant at the .05 level.<sup>5</sup>

Thus, in general, it is clear that the mean hourly-earnings of Asian Americans are at least as high as those of whites.

We find little evidence to indicate that Asian Americans must have higher educational attainments than do whites in order to obtain equivalent wages. Among women, we find no evidence that the wages of Asian Americans systematically differ from those of whites after controlling for education, place of residence, and experience. Among men, the results indicate that the wages of Asian Americans are similar to those of whites at educational

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<sup>5</sup> Because the mean log-wage is equivalent to the geometric mean of wage, these results imply that the racial difference in the arithmetic mean of wage is statistically significant at the .05 level while the racial difference in the geometric mean of wage is not statistically significant at the .05 level. This statement is not contradictory because different measures of central tendency do not necessarily yield the same conclusions. Furthermore, the two-tailed p-value for the racial difference in the arithmetic mean for men is .12 which is not exceedingly far from .05.

levels below that of a master's degree. Because about 89\% of the male labor force has an educational level below that of a master's degree, these results imply that the wages of most native-born Asian American men do not differ systematically from those of comparable white men.

Some differences are evident, however, at the highest educational levels for men. Among men with a master's degree (which represents about 6.9\% of the male labor force), the mean wage of Asian Americans is about 20\% higher than that for white men who are also comparable in terms of experience and place of residence. Among men with a Ph.D. (which represents about 4.2\% of the male labor force), the mean wage of Asian Americans is about 18\% lower than that for white men who are also comparable in terms of experience and place of residence. Thus, while Asian American men are advantaged at the master's level, they are disadvantaged at the Ph.D. level.

These latter two findings merit further, more detailed analysis in future research. Our data do not contain the information that would be useful in trying to understand the processes underlying these findings, but one might speculate that the positive effect at the master's level for Asian American men perhaps derives from their propensity to be more likely to have studied in scientific and engineering fields; that is, the positive effect at the master's level may perhaps derive from the effect of having a scientific major field of study which tend to be more highly rewarded in the labor market. On the other hand, the negative effect at the Ph.D. level may perhaps derive from some sort of ``glass ceiling" process whereby Asian American men with Ph.D.'s are less likely to be promoted to the highest paying positions of administrative authority. We emphasize that these explanations are purely speculative, and that further research on this topic is needed.

From a broader historical perspective, we interpret these results as being consistent with Wilson's (1980) thesis of the declining significance of race. In brief, Wilson (1980) argues that the net effect of race in the labor market has substantially declined with the modernization of American society, and that in the current post-Civil Rights era, class characteristics have become more important than racial status per se in determining wages. Although Wilson's (1980) discussion focuses on the relations between whites and African Americans, his thesis has been extended to Chinese American and Japanese American men by Sakamoto, Liu and Tzeng (1998).

As is well known, a key class characteristic in modern society is educational attainment. The coefficients for the net effects of educational attainment as shown in Table 3 (for either Models 1 or 2) are clearly quite large. For example, the coefficient for a bachelor's degree for men is .6405 which implies that the average wage for men with that level of educational attainment is 90% greater than the average wage for men who did not finish high school (after taking into account experience and place of residence). The corresponding figure for women is even larger (i.e., 103%). These net effects are obviously much larger than the net effect of being Asian American as the latter is approximately zero for women and for men with less than a master's degree. Even for men with a Ph.D., the net effect of race--as we have discussed--is about an 18% disadvantage for Asian Americans. This figure is still smaller (in absolute value) than even the net effect of being a high school graduate (relative to being a high school dropout) which is about 27% for either men or women. Thus, our results clearly show that the class characteristics of workers--in particular their educational attainment—are far more important than whether one is Asian American in determining wages in the contemporary labor market. In short, these results may be interpreted as supporting the application of Wilson's (1980) thesis to Asian Americans, at least in regard to his hypothesis that class is more important than race in

the labor market of the post-Civil Rights period.

In conclusion, we emphasize that our results pertain only to the native born. Because we have excluded the foreign born from our analyses, we make no claims about their wages. We also note that our findings do not rule out the possibility that there may be discriminatory practices against Asian Americans in highly specialized labor markets—such as those for fashion models, television actors, or college presidents—that are so small that they are unlikely to affect the broad national trends that can be monitored with the sort of survey data that we have used in this paper. Finally, we also do not wish to suggest that race is unimportant in general social interactions, in politics, or in the social psychological processes pertaining to identity.

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