

**ASIAN AMERICANS AND WEALTH:  
THE ROLE OF HOUSING AND NON-HOUSING ASSETS\***

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**DRAFT**

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## **Abstract**

Using data from the Survey of Income and Program Participation (SIPP) and the Public Use Micro Data Sample (PUMS) we examine the wealth status of Asian Americans as compared to other racial groups and within the Asian American population. Our findings suggest that despite a household income that exceeds that of Non-Hispanic Whites, Asian Americans<sup>3</sup> do not have a corresponding wealth status equal to Non-Hispanic Whites. We found that even after controlling for factors, which contribute to wealth (e.g. education, income, age) including nativity status, a wealth gap remained between Asian Americans and Non-Hispanic Whites.

We also find that Asian American wealth is far more unevenly distributed than Non-Hispanic White wealth. Using Census 2000, we can see that much of the variation in wealth within the Asian American population can be attributed to ethnic disparities. Asian Indians, Chinese and Japanese have higher levels of mean income, interest, dividends and rental income, and home value compared to Southeast Asians who fell below the average for all Asians on all three measures.

We find that the Asian American experience in the United States is complicated by a number of factors including: economic diversity, a variety of cultural and ethnic differences and varying historical treatment in both immigration and settling in the United States. These experiences point to three lessons from which we can better understand wealth and race in the United States: (1) how immigration policy shapes wealth accumulation and distribution, (2) how ethnicity alone can create differential economic outcomes particularly as it relates to immigration and (3) how we need to move beyond establishing racial gaps and understanding the processes by which wealth accumulation occurs.

## **Introduction**

This paper has two goals: (1) To provide a statistical profile from available data of wealth among Asian Americans<sup>4</sup> relative to other racial groups and among Asian American ethnic groups; and (2) To provide insights into the complex way immigration, race and ethnicity interact in generating Asian American wealth outcomes. Asian Americans are widely viewed as an economically successful minority that has overcome more than a century of harsh discrimination, including state sponsored acts of racism that at various points in time have restricted their right to immigration, citizenship, property, and family formation in the United States. In fact, racial ghettos had its origins in the latter half of the nineteenth century, when white citizens imposed the segregation of Asians in California by enacting the first use of racially motivated land use laws. The

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<sup>3</sup> Asian Americans includes individuals of East Asian, Southeast Asian and South Asian descent including the six largest groups in the United States: Asian Indian, Chinese, Filipinos, Japanese, Koreans, and Vietnamese.

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colonization of Filipinos and the mass incarceration of Japanese during World War II stand as shameful examples of blatant acts of domestic and international racism perpetrated by this country (Takaki 1990; Chan 1991). Despite this history, contemporary Asian Americans have achieved a level of economic status that has earned them the label of being a “model minority.” As with all stereotypes, this one has an element of truth.

The media hype on Asian American accomplishments has focused on education and income, but has recently included popular articles on Asian American wealth. In 2000, *Forbes* heralded the entry of eight Asian Americans into the ranks of America’s 400 wealthiest (DiCarlo 2004). Four years later, the *Wall Street Journal* reported that the number of affluent Asian Americans increased more than fivefold from 2002 to 2004. In the latter year, Asian Americans comprise 5% of all affluent (those with more than \$500,000 of investible assets, excluding primary residence) Americans (Frank 2004). By 2005, the *Washington Post* highlighted the emerging trend among brokerage firms to pursue wealthy Asian Americans as clients (White 2005). Clearly, Asian Americans are among the nouveau rich which is consistent with being a “model minority.”

However, this picture of average wealth is an overly simplistic one that obscures the complexity within the population. Much of the debate around the “model minority” has focused on income (Ong et.al 1994). Income statistics, show on the average, Asian American households are faring reasonably well. Nonetheless, there is more below the surface. The existing data show that even after adjusting for factors that influence wealth (e.g. education, age, experience), Asian Americans face a racial gap relative to Non-Hispanic Whites. The same issues may also be relevant in assessing wealth. In particular, where do Asian Americans stand on the wealth ladder? Are they faring as well as Non-Hispanic Whites after adjusting for individual and household characteristics and how is wealth distributed among Asian Americans? Unfortunately, there is a paucity of information and studies addressing these questions.

To fill the lacuna in the literature on Asian American wealth this paper presents findings from an analysis of available data and from other relevant studies. The first part examines the overall status of Asian American wealth compared to other major U.S. racial groups. Part II examines wealth distribution within the Asian American population and by Asian ethnicity. We then move to in Part III to discuss the barriers to wealth accumulation for Asian Americans with a focus on lending in the housing market. In the last part, we return to a discussion about the larger issues that inform our analysis of Asian American wealth. In particular, we discuss the role of immigration policy in shaping the wealth distribution and outcomes.

In the conclusion, we explore the broader implications of our findings. One is that where a racial group stands on the wealth ladder and the other is how a group experiences the process of wealth accumulation differentially from Non-Hispanic Whites---that racial inequality is defined in two conceptually independent ways. Even those Asian Americans who have achieved a level of socioeconomic status equal to or beyond that of Non-Hispanic Whites, do not consistently display equal wealth outcomes. This mismatch threatens the very ideals that this country was based on and thus, deserves more policy and planning attention.

## **Data and Methods**

This paper analyzes wealth using data from the Survey of Income and Program Participation (SIPP) and the Public Use Micro Data Sample (PUMS). Both surveys are

administered by the Census Bureau but for distinctive purposes. The Census Bureau administers SIPP primarily to track entry and exit from participation in various government programs. In part because of its purpose, SIPP does not accurately account for wealth held by households at the top end of the distribution (Czizka et.al 2003; Cobb-Clark and Hildebrand 2004; Di 2001). In comparison to SIPP, the Survey of Consumer Finances (SCF) more accurately accounts for wealth at the high end of the wealth distribution. The Federal Reserve Bank designed the SCF specifically to examine wealth and it takes into account those at the top end of the wealth distribution by over sampling such individuals. Despite this advantage over SIPP, the public use version of the SCF does not identify Asian Americans as a separate racial category.

Another commonly used data set for studying wealth is the Panel Survey of Income Dynamics (PSID). In contrast to the SCF, the PSID identifies Asian Americans and nativity status of individuals, but the sample size of Asian Americans and immigrants is too small for further examination by ethnicity and even for Asian Americans as a whole. Leigh (2006) points out that the available data on Asian Americans in national samples remains a problem. The challenge to data on wealth for Asian Americans is further complicated by the need for disaggregated data given the within group disparity we see by Asian American ethnicity. Thus, despite the limitations of SIPP, compared to other sources of data on wealth, SIPP provides the most comprehensive set of wealth variables in conjunction with a sufficient sample of Asian Americans.

The SIPP is a longitudinal survey of households regarding the distribution of income, wealth, and poverty and the effects of federal and state programs that promote family and individual well-being. It defines a household as all the people who occupy a housing unit and does not include persons in group quarters. Family characteristics and income information was derived from the 2001 Wave 3 core micro-data file. Information on total and home-related wealth and debt were derived from the Wave 3 topical module micro-data file. Demographic characteristics including race and ethnicity were derived based on the household survey reference person. Nativity status of respondents were derived from Wave 2 and matched with data from Wave 3. The total sample from the SIPP 2000 data was over 17,000. There are over 13,000 Non-Hispanic Whites in the sample, 600 Asian Americans, 2,300 Blacks and 1,000 Latinos in the sample. The actual number of observations may differ for a various analytical steps because of missing values. The sample includes the race of individuals who self-reported as White, Black, American Indian, Aleut, or Eskimo, Asian or Pacific Islander or one of nine Latino countries.

Although, the SIPP sample is sufficient for an examination of Asian Americans as a group, the SIPP does not identify Asian Americans by ethnicity. Therefore, for purposes of examining wealth among the various Asian ethnic groups, this paper uses the 2000 PUMS data set. While PUMS does not have the same direct measures of wealth contained in the SIPP, we are able to indirectly measure wealth through use of average income, home value and income generated from interest, dividends and rental income. Such proxies can provide insights into the magnitude of ethnic differences in wealth. The PUMS 2000 data had a total sample of 458,824 Asians in the U.S. Among Asians, we focused on the largest six groups. There were a total of 71,784 Asian Indians, 103,745 Chinese, 87,496 Filipinos, 36,809 Japanese, 47,681 Koreans, and 50,863 Vietnamese in the sample.

## **I. Wealth Distribution Among Major Racial Groups**

Asian American household income is higher than that of all major racial groups including Non-Hispanic Whites. However, Asian American wealth lags behind that of Non-Hispanic Whites. The income pattern for Asian American households is consistent with statistics from the 2000 Census, which also shows high income among Asian Americans. However, it appears that such income is not translating into wealth. Table 1 shows the mean and median wealth held by Asian Americans. Because SIPP underestimates those at the top end of the wealth distribution (sampling as well as top coding, see Appendix A for discussion), the median is reported to provide a more accurate picture of the typical household for each racial group. SIPP variables on wealth that are reported and included in this analysis are Household income, total net worth, total debt, housing equity, and housing debt.

Table 1: Wealth Distribution, Major Racial Groups

	Asian	NHW	Black	Latino
<b>Mean</b>				
Household Income	\$71,600	\$63,500	\$42,300	\$46,700
Net Worth	\$178,200	\$221,000	\$50,900	\$75,900
Debt	\$89,800	\$76,600	\$38,400	\$50,700
<i>Housing Equity</i>	<i>\$84,500</i>	<i>\$87,700</i>	<i>\$29,800</i>	<i>\$37,400</i>
<i>Housing Debt</i>	<i>\$66,900</i>	<i>\$52,900</i>	<i>\$26,100</i>	<i>\$36,800</i>
<b>Median</b>				
Household Income	\$55,600	\$51,100	\$33,300	\$36,700
Net Worth	\$73,600	\$101,700	\$7,100	\$10,400
Debt	\$40,400	\$40,400	\$8,500	\$15,600
<i>Housing Equity</i>	<i>\$28,000</i>	<i>\$54,000</i>	<i>\$0</i>	<i>\$0</i>
<i>Housing Debt</i>	<i>\$0</i>	<i>\$20,000</i>	<i>\$0</i>	<i>\$0</i>

Notes: Tabulations by authors using SIPP 2000 Wave 3 data.

Asian Americans have a wealth status closer to Non-Hispanic White compared to other racial groups, but remain consistently behind Non-Hispanic Whites on all wealth measures. Non-Hispanic Whites have the highest mean and median net worth at \$221,000 and \$101,700, respectively. The net worth gap between Asian Americans and Non-Hispanic Whites is a difference of close to \$30,000 in median net worth and over \$40,000 in mean net worth. The Black-White gap is largest with a mean difference of \$171,000 in net worth and a median difference of close to \$95,000. The Latino-White gap is similar to the Black White gap, but slightly smaller.

Household income is the one measure in which Asian Americans not only are equal to Non-Hispanic Whites, but exceed the Non-Hispanic White value. The difference in wealth between Asian Americans and Non-Hispanic Whites despite a higher household income implies that Asian American income is not translating into wealth equally to that of Non-Hispanic Whites. Such differences have a real meaning in our society because we value socioeconomic achievement as a way to secure societal rewards.

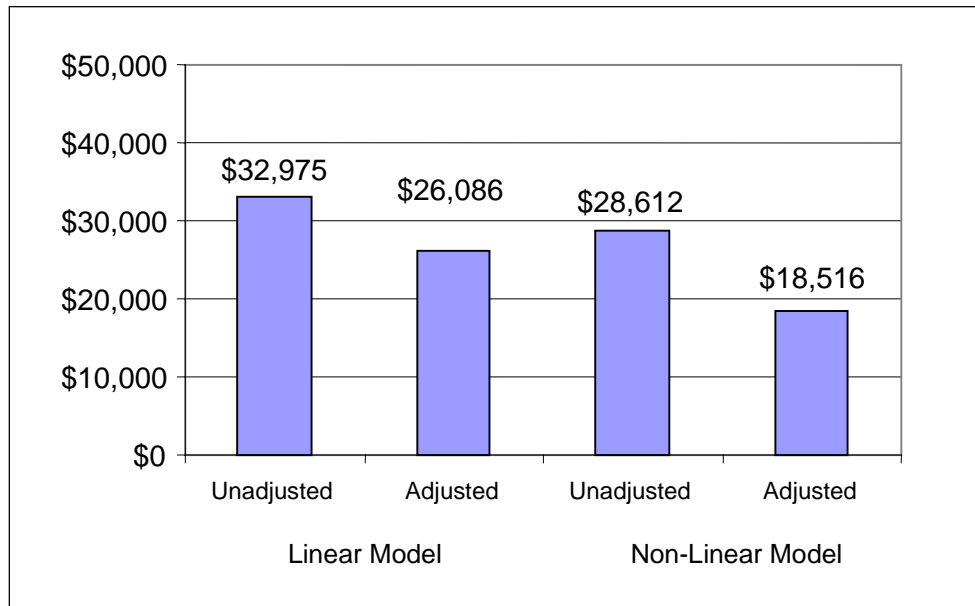
A closer examination of debt and housing equity also emphasizes such differences between achievement and rewards. As a group, Asian Americans hold at least as much mean and median total debt as Non-Hispanic Whites, but they have less wealth in housing (mean and median) compared to Non-Hispanic Whites (See Table 1). The difference in housing equity is even larger when we compare the median (as opposed to

the mean) home value among Asian Americans and Non-Hispanic Whites. In addition, not only is the mean home value of Asian Americans lower than Non-Hispanic Whites, but Asian American mean housing debt is higher than Non-Hispanic Whites by \$14,000. Overall, our findings suggest that despite a household income that exceeds that of Non-Hispanic Whites, Asian American do not have a corresponding wealth status equal to Non-Hispanic Whites.

## **II. Barriers to Wealth**

Oliver and Shapiro (1997) describe the racial gap between Blacks and Whites, as one between achievement and rewards. The reason they applied this description was because once they controlled for differences in education, age, and other factors important to understanding wealth, Blacks continued to lag behind Whites in wealth status. Our findings suggest that the same description can be applied to Asian Americans. While the gap between Black and White wealth is larger, it is clear from Figure 1 that a racial gap exists between Asian Americans and Whites. Figure 1 displays the gap between Asian Americans and Non-Hispanic Whites before and after controlling for numerous factors (e.g. education, family structure, income, age) including nativity status. After adjusting for such factors, the linear model shows a \$26,086 mean wealth gap between Asian Americans and Non-Hispanic Whites.

Figure 1: Racial Wealth Gap (in mean dollars) Between Non-Hispanic Whites and Asian Americans



Notes: Tabulations by authors using SIPP 2000 Wave 2 and Wave 3 data

We also transformed the dependent variable by taking the square root of the wealth to attenuate the impact of outliers in the model<sup>5</sup>. In comparison to the linear model, the non-linear transformation of the dependent variable shows a smaller wealth gap between Non-Hispanic Whites and Asian Americans. Nonetheless, a significant gap remains at \$18,516 even after adjusting for key variables and using a non-linear dependent variable. The gap identified by these models maybe partially explained by differential access to financial capital, a key component to wealth building. Studies on access to financial capital, indicates that there remain hurdles to both housing and small business lending for Asian Americans.

For the most part, studies on lending for home purchasing have examined the difference between Whites and Blacks and to a lesser extent Latinos and Asian Americans. More recent studies (Kriwo 2004; Dymski 2001; Turner 2003; Zonta 2004) consistently include Asian Americans. These studies report mixed and complicated findings which demonstrate that access to financial capital varies by geography, period of time, ethnicity, financial institution type and location of financing entity. Dymski (2001) examined denial rates for mortgage lending in 18 cities in the 1990s for all major racial groups including Asian Americans. His findings point to the relevance of place in the Asian American experience. He found that Asian Americans have a higher probability of home loan approval in Los Angeles relative to other California metropolitan areas and states outside of California.

<sup>5</sup> We calculated the square root of the absolute value of the wealth variable and then assigned a positive sign if wealth is greater than zero and assigned a negative sign if wealth is less than zero. An alternative is using the natural log of the absolute value of wealth but this transformation is not ideal given the large number of zero values for wealth.

Zonta (2004) also found that credit approval for Asian Americans varies depending on location (enclave neighborhood or non-ethnic neighborhood) and type of financial institution (ethnic versus non-ethnic traditional financial institution). Zonta (2004) concluded that Asian banks have a higher propensity to grant loans to Asian home mortgage seekers than conventional banks. Thus, it appears that the existence and use of such ethnic banks by Asian Americans might work to close the racial gap between Asian Americans and Non-Hispanic Whites. Dymski, Mohanty and Li (2006) also point to the significance of ethnic banks in Los Angeles County and its relevance to addressing capital access issues.

Much less is known about small business lending, but one study by Cavalluzzo and Wolken (2002) found that credit history and personal wealth significantly influenced the probability of being denied a loan. The average predicted probability of being denied credit at least once in the last three years was 44% if all firms are treated as Asian owned compared to 26% if the firms had been owned by whites. In addition, Cavalluzzo and Wolken (2002) found that more than 10 percent of the difference in credit denial rates for Hispanic/Asian owned firms relative to those owned by whites could be explained by personal wealth. They found that for Asians, personal wealth was the most important factor in explaining the differences in denial rates between Asian and White firms. Their findings illustrate the importance of personal wealth for other asset building, including small business development particularly for Asian Americans. Since most wealth in the U.S. is held in a primary residence, the results from Cavalluzzo and Wolken (2002) point to the importance of homeownership for Asian Americans relative to Non-Hispanic Whites.

### **III. Within Group Distribution of Wealth**

The SIPP also data show that Asian American wealth is far more unevenly distributed than Non-Hispanic White wealth (See Table 2). The bottom half of Asian American households have less wealth than their Non-Hispanic White counterparts, particularly for wealth not held in housing. In addition, the gap between Asian Americans and Non-Hispanic Whites becomes larger as we move up the wealth distribution.

Overall, the gap between the “have and the have nots” is larger among Asian Americans than among Non-Hispanic Whites. Table 2 compares total net worth and other net worth of Asian Americans and Non-Hispanic Whites by percentile ranking. Asian Americans hold less total net worth and other net worth than Non-Hispanic Whites at all levels of wealth. This gap is larger for other net worth (wealth not held in housing) compared to total net worth. The one exception is that Asian Americans at the 25th percentile, who have a total net worth of about half of Non-Hispanic Whites. In comparison, Asian Americans at the 25<sup>th</sup> percentile have other net worth which is 67% of Non-Hispanic Whites other net worth.

Table 2: Wealth Distribution, Asians and NH Whites

	Total Networkth		
	Asian	NHW	Asian/NHW
<b>Percentile</b>			
90th	\$443,000	\$561,400	0.79
75th	\$222,800	\$271,900	0.82
50th	\$73,600	\$101,700	0.72
25th	\$6,900	\$13,400	0.51
10th	-\$400	-\$200	NA
<b>Normalized Spread</b>			
(75th-25th)/50th	2.9	2.5	NA
(90th-10th)/50th	6.0	5.5	NA
	Net Worth (Housing)		
	Asian	NHW	Asian/NHW
<b>Percentile</b>			
90th	\$250,000	\$210,000	1.19
75th	\$129,999	\$125,000	1.04
50th	\$28,000	\$54,000	0.52
25th	\$0	\$6,000	0.00
10th	\$0	\$0	NA
<b>Normalized Spread</b>			
(75th-25th)/50th	4.6	2.2	NA
(90th-10th)/50th	8.9	3.9	NA
	Other Net Worth (non-housing)		
	Asian	NHW	Asian/NHW
<b>Percentile</b>			
90th	\$283,900	\$369,900	0.77
75th	\$91,200	\$135,500	0.67
50th	\$16,300	\$27,600	0.59
25th	\$1,800	\$2,700	0.67
10th	-\$8,000	\$7,100	NA
<b>Normalized Spread</b>			
(75th-25th)/50th	5.5	4.8	NA
(90th-10th)/50th	17.9	13.1	NA

Notes: Tabulations by authors using SIPP 2000 Wave 3 data

Table 2 also includes a normalized spread, which tells us the amount of difference in wealth between those at the extreme ends of the wealth distribution normalized by those at the 50<sup>th</sup> percentile. The normalized spread is used instead of the Gini coefficient because the SIPP top codes those at the high end of the wealth distribution and has an inadequate sample of the wealthiest households. The normalized spread for Asian Americans exceeds that of Non-Hispanic Whites for all measures of wealth including: total net worth, net worth in housing, and other net worth. Particularly noteworthy is the spread in housing worth between the 90<sup>th</sup> and 10<sup>th</sup> percentile that demonstrates the extraordinary spread in wealth (housing) among Asian Americans. The normalized spread for Asian American is 8.9 compared to Non-Hispanic Whites at 3.9. Asian Americans at the top end of the distribution are actually doing better than Non-Hispanic Whites with higher net worth in housing, but those at the lower end (below the 50<sup>th</sup> percentile) lag behind Non-Hispanic Whites significantly in terms of wealth held in housing.

Much of the variation in wealth within the Asian American population can be attributed to ethnic disparities. This can be seen in the indirect wealth measures derived from the 2000 Census. Table 3 uses a parity index to determine the relative difference between each Asian ethnic group as compared to the average for all Asians. To calculate the ratios in the parity index we took the mean value of each wealth indicator for each Asian ethnic group and divided that by the average for all Asians. For example, mean home value for all Asians is \$158,000. The parity index shows that Other Southeast Asian (Other SE Asian) mean home value is 37% of \$158,000. Other Southeast Asians include historically refugee populations including individuals of Cambodian, Hmong and Laotian descent.

**Table 3: Mean Income and Assets in U.S. by Asian Ethnicity**

	Mean Income	Mean Interest, Dividend, and Rental Income	Mean Home Value
<i>All Asians</i>	<i>\$77,300</i>	<i>\$2,800</i>	<i>\$158,000</i>
<b>Parity Index (Relative to All Asians)</b>			
Asian Indian	1.21	1.26	1.00
Chinese	1.02	1.43	1.24
Filipino	1.01	0.41	0.94
Japanese	1.14	1.70	1.39
Korean	0.86	0.97	0.81
Vietnamese	0.80	0.34	0.68
Other SE Asian	0.61	0.16	0.37
Other Asian	0.93	1.01	0.94

Notes: Average Income represents the mean household income. Average home values is categorized by Census in terms of a range of value. Mean Income and Assets for All Asians rounded to the nearest hundred dollar. Mean Income and Mean Interest, Dividend and Rental Income includes negative and zero dollar amounts. Mean home value includes those who do not own their own home; those with zero mean value. Other SE Asian includes historic Southeast Asian refugee populations to the U.S. including: Cambodians, Hmong and Laotians. All data reported for single race/ethnicity.

Source: U.S. Bureau of the Census, Public Use Microdata Sample, 2000

Our results are consistent with other studies which document that on the average Asian Indians, Chinese, and Japanese have a higher socioeconomic status, while Southeast Asian refugees typically have a lower socioeconomic status. Asian Indians, Chinese and Japanese have higher levels of mean income, interest, dividends and rental income, and home value compared to other Asian American groups. On the other end, Southeast Asians fell below the average for all Asians on all three measures. The most significant difference is between Japanese and Other Southeast Asians. For instance, Other Southeast Asian mean interest, dividend and rental income makes up less than a quarter of the mean amount of interest, dividend and rental income held by Japanese. These findings demonstrate the magnitude of differences and disparity within the Asian American population.

Some groups fall in between those above the average of all Asians and those below the average for all Asians. These groups have a higher wealth status relative to Other Southeast Asians, but a lower status relative to Asian Indians, Chinese and Japanese. In addition, their position varies by wealth measure. For Filipinos, mean income is equal to the average for all Asians, but the income held in interest, dividends

and rental income is substantially lower than the average for all Asian Americans. Similar to Filipinos, Vietnamese also fare better in terms of mean income relative to the other measures of wealth, yet they remain more closely aligned with Southeast Asians on home value and interest income. Koreans are slightly below the average of all Asians for all three measures of wealth, while Other Asians are bit closer to the average of all Asians.

The largest variance across ethnicity is in mean interest, dividends and rental income. For this measure of wealth we see the largest spread with Japanese, Chinese and Indians holding significantly more wealth in mean interest, dividends and rental income as compared to Other Southeast Asians and Vietnamese. Mean home value also is substantially spread out, but to a lesser extent than mean interest, dividends and rental income. While the size of the inter-ethnic disparities varies by the wealth proxy, the overall conclusion is that ethnic differences play a significant role in the unequal distribution of wealth among Asian Americans.

#### **IV. Discussion**

Our findings indicate that despite a high socioeconomic status, Asian Americans continue to experience barriers to wealth accumulation compared to Non-Hispanic Whites. While the gap between Non-Hispanic White and Black and Latino wealth is greater, Asian Americans continue to lag behind their Non-Hispanic White counterparts in wealth accumulation. We found that even after controlling for factors, which contribute to wealth (e.g. education, income, age and life-stage) including nativity status, a wealth gap remained between Asian Americans and Non-Hispanic Whites.

Previous work on lending (Dymski 2001; Zonta 2004), particularly in housing markets points to the importance of the type of financial institution and the location of such institutions (e.g. ethnic enclave, non ethnic enclave) for Asian American access to credit. Such variations in access by location of institution and type of institution highlights the complexity of understanding barriers to accessing capital and accumulating wealth for Asian Americans.

Not only do Asian Americans as a group experience barriers, but various groups within the population appear to have specific disadvantages. Our results show that Asian American wealth is more unevenly distributed than for Non-Hispanic Whites. In addition, the difference between those with significant wealth holdings and those at the bottom of the distribution is greater for Asian Americans compared to Non-Hispanic Whites as well. This finding holds true even for other types of wealth including that not held in housing. Much of the unequal distribution in wealth among Asian Americans can be attributed to noted ethnic differences. Using indirect measures of wealth (mean income, interest, and dividends, rental income and home value), we found that Japanese, Chinese and Asian Indians consistently held more wealth at the top end while Other Southeast Asians settled at the bottom end. The most significant gap is between Japanese and Other Southeast Asians where the mean Japanese household income is almost twice that for Other Southeast Asians at \$88,122 to \$47,153 respectively.

The Asian American experience in the United States is complicated by a number of factors including: economic diversity, a variety of cultural and ethnic differences and varying historical treatment in both immigration and settling in the United States. These experiences point to three lessons from which we can better understand wealth and race

in the United States: (1) how immigration policy shapes wealth accumulation and distribution, (2) how ethnicity alone can create differential economic outcomes particularly as it relates to immigration and (3) how we need to move beyond establishing racial gaps and understanding the process by which wealth accumulation occurs.

### *Immigration Policy*

Asian American wealth has been most influenced by immigration policy, which determines not only who enters and settles in the United States, but the demographic characteristics of the individuals that enter. As a result, such policies have significantly shaped the wealth distribution we see today (Hao 2003; Ong and Liu 2000). The most influential policies in shaping the distribution we see today is (1) economic selection (2) refugee policy and (3) family reunification.

The United States prefers and selects individuals who are more highly educated and wealthy. Many immigrants have come and continue to enter the United States by bringing capital investment or by filling highly skilled occupations. These Asian immigrants arrive ready to ride the wave of the new economy contributing their skills, knowledge and dollars in the U.S. (Tseng 1995; Tseng 2000; Zhou and Kim 2003). For the most part political refugees from Southeast Asia came with little economic resources, to escape war and political persecution. These individuals were not necessarily highly educated and/or skilled.

The last influential immigration policy is family reunification. Family reunification has facilitated a chain migration of individuals of the same socioeconomic standing, reinforcing class differences, and reproducing the same patterns and distribution of wealth among Asian Americans (Ong and Liu 2000). This policy makes it possible for an uneven distribution of wealth to exist and maintain as individuals bring over family members who are most likely to exude similar socioeconomic status as them.

The role of immigration policy and ethnicity in shaping Asian American wealth also applies to other highly immigrant populations to the U.S. such as Latinos. However, Asian Americans have a greater amount of cultural and linguistic differences represented in the United States. Furthermore, there is not one single dominant ethnic group as in the case of Latinos, with immigrants from Mexico.

### *Ethnicity*

Immigration policy also shapes the ethnic distribution of Asians we see in the United States. The immigration policies that help us understand that wealth distribution among Asian Americans is also associated with particular ethnic groups and countries. For instance, previous studies (Tseng 1995; Tseng 2000; Zhou and Kim 2003) have documented the role of Taiwanese and Chinese immigrants investing in the United States. Similarly, scholars (Liu et.al 1991) have identified occupations in health and science being filled by Filipino and Asian Indian immigrants.

Most Cambodians, Hmong, Laotians and the Vietnamese came to the United States to escape war and political persecution. Such refugees continue to be a reminder of the tragic legacy of our misguided intrusion into Southeast Asia. This population has a disproportionate share of individuals with lower levels of education and higher welfare participation rates (Le 1993; Ong and Blumenberg 1994). In some California counties, Southeast Asian refugees have the highest number of adults and children who have

reached the maximum time limit to be receiving assistance. In Santa Clara County, CA alone that number is significantly higher than the sum of all other groups who have “timed out” of welfare (Gustafson 2002). This fact demonstrates the vulnerability of specific Asian ethnic groups and the degree of economic disparity within the population.

### *Beyond Simple Wealth Status*

On the whole, Asian Americans have achieved a high wealth status, yet our results suggest that they are not being rewarded for this achievement. The evidence from this paper demonstrates that on the average Asian American wealth status is close to Non-Hispanic Whites, but that barriers to wealth accumulation remain and that a racial wealth gap exists for Asian Americans. This finding suggests that we need to move beyond examining where racial groups lie in the wealth hierarchy, to an examination of how such processes differ by race. The Asian American experience highlights how race is confounded with immigration and ethnicity in a way, which refines our understanding of race and wealth in the U.S. Immigration is particularly important as U.S. immigration policy determines not only who comes, but with what resources. Ultimately, understanding Asian American wealth means understanding how race, ethnicity and immigration interact to produce varying wealth outcomes.

### **Conclusion**

This paper highlights the complexity by which ethnicity and immigration can play in our understanding of wealth and race. The diversity within the Asian American population in terms of ethnicity, culture, language and immigration refines our understanding of what impacts wealth and what barriers might remain. Our findings suggest that there is some truth to the popular image of Asian Americans as a “model minority.” Asians Americans have higher median and mean household income compared to all racial groups including Non-Hispanic Whites. However, having a higher household income has not translated into equal or more wealth as compared to Non-Hispanic Whites.

While Asian Americans hold greater wealth than Blacks and Latinos, they lagged behind Non-Hispanic Whites in total net worth even after controlling for socioeconomic factors and nativity status. Our findings suggest that barriers to wealth indeed exist for Asian Americans and that such barriers may vary by ethnicity. Such ethnic variation can be explained mostly by examining immigration policies that have greatly influenced the wealth distribution we see today and continues to be reinforced through current policies. Ultimately, the Asian American experience refines our understanding of wealth and race by highlighting the interaction between race, ethnicity and immigration.

Future studies of wealth and race should examine not only the overall wealth status of groups but also whether group members experience disadvantages in the process of wealth accumulation that Non-Hispanic Whites do not. Examining such processes provides not only a more refined understanding of wealth accumulation, but informs policy and planning. If we understand how various racial groups experience wealth accumulation differentially compared to Non-Hispanic Whites, policies and planning can be specifically designed to address such barriers.

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## **Appendix A. Survey of Income and Program Participation (SIPP) Data**

One of the uses of SIPP is assessing wealth. SIPP is a “longitudinal survey designed to provide detailed information on the economic situation of households and persons in the United States. These data examine the distribution of income, wealth, and poverty in American society and gauge the effects of federal and state programs on the well-being of families and individuals” (ICPSR 2005). We use data from Wave 3 of the 2001 SIPP Panel data that contains information on family assets, liabilities, and mortgages. Family characteristics and income information was derived from the Wave 3 core microdata file. Information on total and home-related wealth and debt were derived from the Wave 3 topical module microdata file. These files were merged based on SSUID and STATE. In thirteen cases, a SSUID was associated with two different states in the merged data. In order to avoid having duplicate records for a given SSUID in the analysis, we assigned SSUIDs with any record in California as a California SSUID.

This paper analyzes wealth distributions among family households using the definition of families as defined by the U.S. Census. They include a householder with one or more persons living in the same household who are related by birth, marriage, or adoption. Family households can include households in which the householder is married or households in which the household is a single male or female. Family households may contain people not related to the household. Although these individuals may not be part of the “family” based on the census definition, we include their income and wealth in our analysis of household income and wealth. That is, we use household income and wealth rather than family income or wealth. This approach more closely corresponds with asset pooling at a household level. For instance, non-family household members often contribute to monthly housing or mortgage costs. Household racial/ethnic status is based on the reference person even though households could contain persons of another race or ethnicity.

Information on the distribution of wealth across racial/ethnic groups was derived from wave 3 of the 2001 Panel of the Survey of Income and Program Participation (SIPP) that contains information on family assets, liabilities, and mortgages of households in the U.S. civilian population in the period of February 2001 through September 2002. The SIPP is a longitudinal survey of households regarding the distribution of income, wealth, and poverty and the effects of federal and state programs that promote family and individual well-being. It defines a household as all the people who occupy a housing unit and does not include persons in group quarters. Family characteristics and income information was derived from the Wave 3 core micro-data file. Information on total and home-related wealth and debt were derived from the Wave 3 topical module micro-data file. Demographic characteristics including race and ethnicity were derived based on the household survey reference person.

Since some households had one survey response due to data collection and other issues, we defined a reference person’s income, wealth, and debt based on the maximum value for each amount from all surveys. We converted monthly income levels reported in SIPP data to annual measures by multiplying by 12. Results differentiate wealth distributions by racial/ethnic groups. Although nativity status is available in wave 2 of

the 2001 panel data, we are unable to sub-categorize racial/ethnic groups by nativity due to the small sample size.

Czjka et.al (2003) found that the limitations of the SIPP mostly affected the survey's estimate of high-income families and the assets that they hold. SIPP underestimates both the number and average wealth of the wealthiest families in the survey by topcoding, essentially "dropping off" or removing assets from those families who exceed the value at the top. The SIPP underestimates net worth relative to estimates based on SCF. SIPP is more in line with SCF on some assets as opposed to others. For instance, estimate of home value is more accurate than that of other real estate.