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Weathering the Storm

Black Men in the Recession

Alexandra Cawthorne April 2009

Center for American Progress



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Introduction

The recession is taking a toll on most Americans and has resulted in job losses not seen in almost 25 years, but black men have felt its effects particularly hard.

Black men have long faced limited employment prospects and disproportionately high rates of unemployment. Even as the economy thrived and the participation of low-skilled women in the labor force increased over the last two decades, many black men remained largely disconnected from the labor market. While the unemployment rate among black men has declined dramatically over the last few decades, the level of workforce participation among African-American men has not increased and remains stagnant. The current degree of job loss among black men is particularly alarming. These losses will likely only increase as the economic crisis deepens.

To address this crisis, policymakers must address the root causes of black men's difficulties in the labor market, including high rates of incarceration, limited education, child support arrearages, and discrimination. Policymakers can take several steps to ensure that all communities have fair access to jobs, and that particular communities do not suffer more than others as a result of mounting and widespread job losses. The policies we propose will reduce inequities and promote equal opportunity in the labor market and promote access to meaningful employment opportunities for black men.

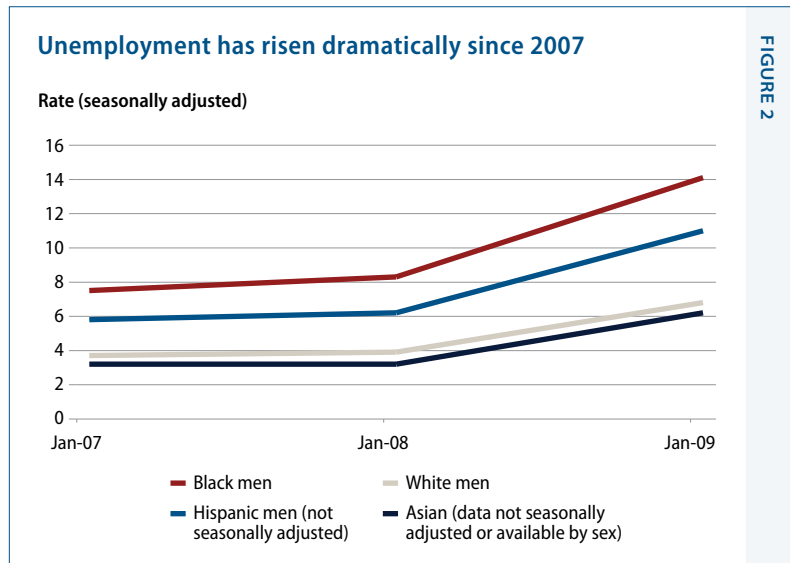
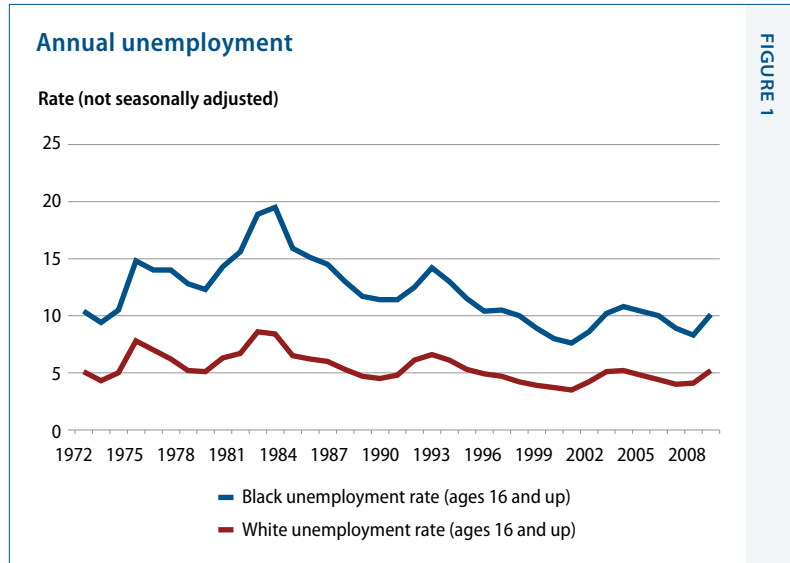
Racial equity and equal opportunity must be at the forefront of policies that will advance economic recovery and create jobs. Policymakers should not only assess the actual and anticipated effects of policies and budgets on disadvantaged communities like low-skilled black men, but also identify ways to maximize equity and inclusion—especially in the context of the economic recovery.

Soaring unemployment among black men

In good times and in bad, the African-American unemployment rate tends to be about double that of whites, and in tough economic times, it rises higher and faster. (See Figure 1) In this recession, as in previous economic downturns, the effects on the labor force are not evenly distributed among the different demographic groups. In fact, data from the Bureau of Labor Statistics shows that African Americans had a higher rate of job loss in the fourth quarter of 2008 than did whites, Hispanics, or the catch-all category “other.” (See Figure 2)

What’s more, the recession overall has hit men much harder than women—so far, four out of every five jobs lost has been held by a male worker. Black men lead the unemployment surge, with an unemployment rate of 15.4 percent. This comes as a result of a range of barriers to employment, including disproportionate employment in vulnerable industries and labor market discrimination. Over a third of young black men ages 16 to 19 in the labor market are unemployed. In fact, a recent report found that 8 percent of black men have lost their jobs since November 2007.

March was one of the worst months for layoffs on record. The current recession has been particularly difficult for the manufacturing and construction industries—two industries in which black men are disproportionately employed. Many workplaces have also implemented hiring freezes, a more important and less acknowledged contribution to sharply rising rates of unemployment. Black men’s unemployment rate of 15.4 percent in March



2009 was more than twice that of white men and up almost 7 percentage points from a year earlier. (See Figure 3) One recent study called African Americans' economic situation "a silent economic depression," in which soaring levels of unemployment impose significant social costs on black families and entire communities.

Unemployment insurance, or UI, helps cushion the impact of the economic downturn for workers and their families, and brings economic stability to entire communities. African Americans are less likely to receive UI than whites when they lose their jobs. Restrictive state UI policies that exclude many part-time and low-wage workers place black workers at a particular disadvantage. And many African Americans are still looking for employment long after UI benefits run out. A study from the National Employment Law Project found that black workers make up 25 percent of the long-term unemployed.

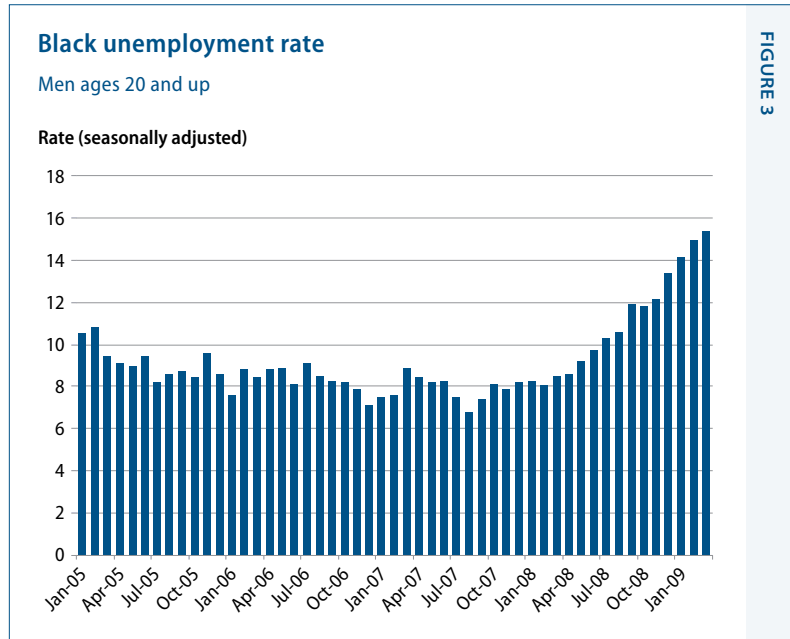


FIGURE 3

Black men face exacerbated labor market turmoil

The current recession is exacerbating long-term trends in black men's employment. Black men's ability to access high-paying jobs in the manufacturing sector played a significant role in building the black middle class after World War II. Yet those jobs have steadily declined in the past several decades. A study from the Center for Economic and Policy Research estimated that the share of African Americans in manufacturing jobs fell from 23.9 percent in 1979 to 9.8 percent in 2007. Blacks were actually 15 percent less likely than other groups in 2007 to have a job in manufacturing. These jobs have also been among the first cut in this recession, accelerating the decline of available positions with decent pay for black men.

Black men have also been disproportionately affected by the instability in the automotive industry. A study by the Economic Policy Institute found that African Americans have above average employment and earn much higher wages in auto industry jobs than in other industries. If one or more domestic automakers were to file for bankruptcy, more than 3 million jobs could be lost within the next year, a result that would be especially devastating for African Americans.

Black workers have not only suffered from a severe decline in decent employment opportunities, but they have also faced decreasing rates of unionization related to the shrinking manufacturing industry. Unionized African-American workers on average earn higher wages than nonunion black workers with similar characteristics. From 2004 to 2007, the median unionized black worker earned about \$17.51 per hour, compared to \$12.57 per hour for the median nonunion black worker. Unionized black workers were also more likely to have health insurance and pension plans than nonunion black workers.

Black men have traditionally held the highest union memberships rates of all demographic groups. In 2008, 15.9 percent of black men were members of unions, the greatest participation of all groups and higher than the national average of 12.4 percent. However, black union membership has been declining at a faster rate than membership among whites since the 1980s.

The employment rates of African-American men remained stagnant even during the economic booms in the 1980s and 1990s. The group's continued high unemployment rates and inability to achieve prior employment peaks even after many years of a strong

economy are influenced by multiple factors, including high rates of incarceration, limited education, child support arrearages, and discrimination.

What's more, persistent racial discrimination has enhanced the effects of various factors that have limited the employment opportunities available to black men over time. A cross-sectional analysis of employers by Harry J. Holzer of Georgetown University found that employers are generally more averse to hiring black males than those from any other racial and gender group, especially in jobs that require social or verbal skills and in service occupations.

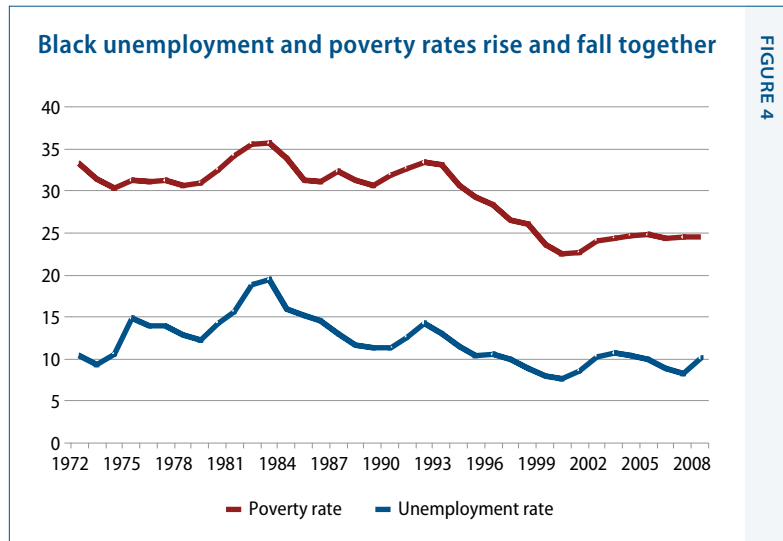
Another study from Princeton University of nearly 1,500 employers in New York City found that black applicants without criminal records are no more likely to get a job than white applicants just out of prison. The statistics from the study also suggested that employer discrimination against people of color and ex-offenders has significantly undermined the job opportunities for young black men with little education and training.

Social costs of high unemployment

Soaring unemployment rates among black men mean that increases in the number of black households in poverty are sure to follow, and poverty will only deepen for those households that are already poor. Some estimates, such as Mark Zandi's on Moody's Economy.com, forecasted a rise in the unemployment rate to upward of 11 percent in 2010, meaning that several million more Americans will be living in poverty in the coming years. (See Figure 4)

The marginal and faltering ties that many black men have to the labor market are devastating entire families and communities. Rising unemployment adds to the difficulties already affecting vulnerable families that live in communities plagued by poor educational outcomes, declining neighborhood quality, and high rates of incarceration. A study from the Economic Policy Institute found that during the strong economy of the 1990s, falling crime rates were in part attributable to the decrease in unemployment and rising underemployment. Some research suggests that many communities are likely to see an uptick in crime—if they have not already—as joblessness grows.

Incarceration is a factor that is often overlooked in research on employment inequality, and it is even more important now that incarceration rates have reached record high levels. When taken into account, it significantly reduces estimated employment rates for African Americans—especially younger and less educated males. Black men are about seven times more likely to be incarcerated than white men, and they serve sentences that are about 10 months longer on average than those of white men. A study from the National Urban League linked these higher rates of incarceration of young black males to increasing urban crime rates, and other recent studies have found that by their mid-30s, 6 in 10 black men who had dropped out of high school had spent time in jail.



Now, with many states facing major budget crises, state governments are releasing thousands of prisoners to save taxpayer dollars. The potential surge of ex-offenders re-entering society in addition to the more than 700,000 who return each year will pose major challenges not only for communities already lacking sufficient jobs and resources, but also for cash-strapped government and nonprofit agencies tasked with preventing recidivism. These ex-offenders, many of whom are low-income men of color, re-enter their communities and face significant barriers to successful returns. CAP's Poverty Task Force report observed that for ex-offenders, "Lower levels of employment before incarceration and lack of job experience and skills acquisition during incarceration compound employment barriers."

Recommendations

Black men's dire employment situation demands a targeted and effective policy intervention to counter the negative trends in workforce opportunities and behaviors that have developed over time and that are currently on the rise. Policymakers should adopt a range of policies—many of which are race neutral—that will have disproportionately positive impacts on black men.

Adopt policies that reduce inequities and promote equal opportunity in the labor market

Combat racial discrimination by employers

To promote equal opportunity for job seekers, active protections must be in place. These include vigorous enforcement of [antidiscrimination laws](#), increased support for affirmative action policies, and tax incentives for employers to promote workplace diversity.

Modernize the Unemployment Insurance system

Removing inappropriately restrictive requirements for UI eligibility will greatly benefit low-wage and part-time workers, a number of whom are black men. The Unemployment Insurance Modernization Act is a key portion of the American Recovery and Reinvestment Act, which became law in February 2009. The [UIMA provides \\$7 billion](#) in financial incentives for states to close the major gaps in the unemployment program that deny benefits to many working families. Policymakers should also ensure that unemployment benefits can continue while workers are in appropriate education and workforce training programs and extend benefits to allow for completing such programs.

Support the Employee Free Choice Act

The Employee Free Choice Act gives workers the choice to organize unions, raises penalties when the law is violated, and promotes good-faith bargaining so that employees can negotiate a first contract. [Strong unions](#) promote income equality and raise wages for all workers.

Adopt policies that promote access to meaningful employment opportunities for black men

Improve education and early links to the labor market

A broad set of community-based youth development and mentoring efforts targeting teens and young adults, in addition to high school-based programs that lead more young people to college or directly into the labor market would improve the work outcomes for young black men. More importantly, programs like the [Harlem Children's Zone](#) that begin early in the lives of black children could help counter the achievement gaps that develop early and follow young men through life.

Support the creation of “green jobs” in low-income communities

It is imperative that black men have access to meaningful employment opportunities in thriving and sustainable industries. Many jobs in the renewable energy, sustainable agriculture, and green building fields are middle-skill jobs that require more than a high-school education but less than a four-year degree. And these jobs are well within reach for lower-skill and low-income workers as long as they have access to effective workforce training and support programs. [Green jobs](#) also pay decent wages and can provide opportunities for advancement and high-level skill development.

Develop comprehensive re-entry services for ex-offenders

Prisons coupled with high rates of incarceration have actively widened the gap between poor black men and everyone else. States and local communities must develop policies and programs across agencies aimed at reintegrating former prisoners into their communities with full-time, consistent employment and developing a continuum of services and supports from prison to the community. Prisoners also need access to job preparation and education programs, since research suggests these programs lower recidivism rates. Employment discrimination and legal barriers against ex-offenders who do not pose a safety or security threat must be redressed. More importantly, policymakers must examine ways to break the cycle of incarceration and prevent initial entry of black men into the criminal justice system.

Recessions hurt us all, but they hurt poor and marginalized populations the most. A conscious and careful analysis of the actual and anticipated effects of economic and spending policies on communities of color and low-income families is critical to ensuring an economic recovery that will “lift all boats” and provide sustained income growth and employment opportunities for all communities.

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

