

EMPLOYMENT

The Stanford Center on Poverty and Inequality

BY MICHAEL HOUT

Jobs and employment are central to the history of discrimination and exclusion in the United States. Even in the 21st century, racial and ethnic disparities persist.¹ This report will show that, in the two recessions of this century, African-American men's employment rates fell farther and recovered more slowly than did other men's employment. The effects of job loss linger, too, in the anxiety of people who are working. African-American and Hispanic workers, both male and female, feel less secure in their jobs than do non-Hispanic white men and women.

The prime-age employment ratio—the percentage of people 25 to 54 years old who are employed—is the preferred measure of labor force conditions over long time spans. The monthly unemployment rate is more familiar, of course, but it can give a distorted view of long-term trends because many people stop looking for work during recessions, behavior that is not reflected in official unemployment statistics. Also, given the dramatic growth in women's formal employment during the second half of the last century, it is important to distinguish between men and women in addressing these long-term employment trends.

Figure 1 traces the trends in the prime-age employment ratio for men and women (separately) from four different racial and ethnic groups (again, separately) from January 2000 to January 2017.² This figure highlights the two sets of recession months (March 2001 to November 2001; December 2007 to June 2009) for easy reference.

At the turn of the century, the economy was strong, and Congress was debating how to dispose of the first federal budget surplus in a generation. Prime-age men's employment was the highest it had been in 12 years;³ roughly 90 percent of prime-age white and Hispanic men were employed. Prime-age African-American men's employment was significantly lower, close to 80 percent,

KEY FINDINGS

- Full recovery from the job losses of the Great Recession eluded African-American men even as the rest of the population approached full employment.
- Job loss can also unsettle those who haven't lost their jobs. 1 in 9 African-Americans and 1 in 6 Hispanic Americans fear a job loss within one year, while just 1 in 18 whites do.

but substantially higher than it was in the early 1990s. Prime-age women's employment was the highest ever recorded;⁴ 75 percent of white and African-American women were employed. Prime-age Hispanic women's employment rates were significantly lower than other women's but also at historic highs for them.

The data for African-Americans are striking in two ways. The first striking result: African-American men's employment has been 11 to 15 percentage points lower than other men's employment in every month since January 2000. In fact, for every month for which we have data (i.e., back to 1940), African-American men's employment rate has been lower than that of other men. These descriptive trends are not sufficient to establish cause-and-effect relationships, but research designed to isolate the causes of black men's worse employment outcomes consistently finds significant effects of racial discrimination, arrest records, and, for older men, weaker educational credentials.⁵

The second striking result speaks to the interaction between race and recession. African-American men's employment deficit grew worse during both of the last two recessions, especially during the Great Recession (2007–2009), and it stayed worse for more than a year after the recessions ended. These trends are clear in Fig-

ure 2. The black-white gap in men’s prime-age employment rose from 11 percentage points in January 2000 to almost 13 percentage points in June 2004, fell back to about 11 percentage points on the eve of the Great Recession in December 2007, rose very rapidly through the recession, paused and then reached its contemporary peak of 15 percentage points from April through October 2011, and receded to 11 percentage points again only in recent months.

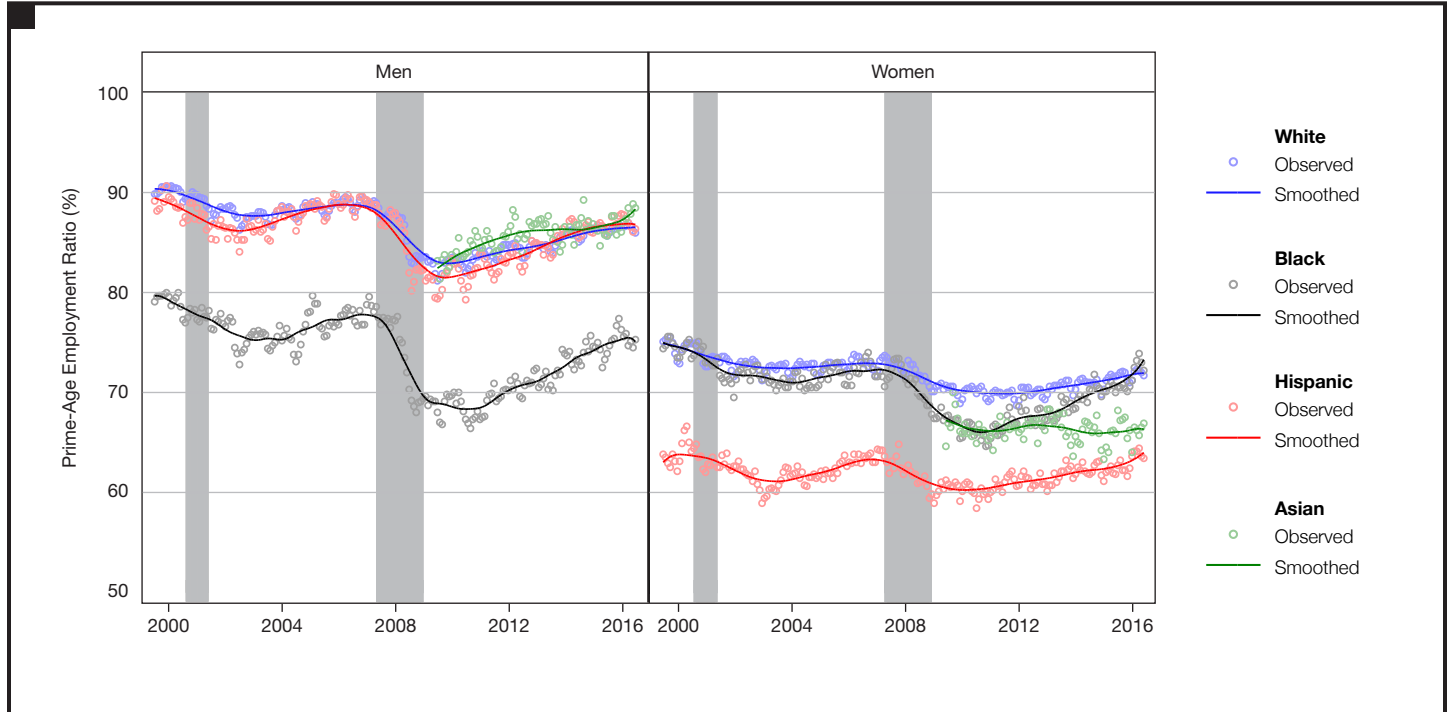
But what about other groups? Hispanic men face many of the challenges that African-American men face, but their employment ratios differed little from those of white men in any month. Hispanic men’s employment fell about two percentage points more than white men’s did in each of the recessions, but the gap quickly returned to zero each time.

Asian men had slightly higher employment than white or Hispanic men in each month for which we have data. The gap is less than one percentage point, on average, but it is significant that, except for a few months in 2015, Asian men had a consistently higher employment ratio.

The racial and ethnic trends for women differ from those for men. Women’s prime-age employment peaked right around the turn of the century. For white women, that peak was 75 percent in January 2000. White women’s employment was lowest throughout 2011 and 2012, at just below 70 percent. This trough occurred two to three years after the end of the Great Recession and persisted months after men’s employment started upward again. In the last four years, prime-age white women’s employment rose slowly to almost 72 percent (in January 2017).

African-American women’s employment also peaked in January 2000 at 75 percent. The Great Recession affected black women’s employment more than white women’s; it fell to 66 percent through 2011. Since then, prime-age black women have found employment at a higher rate than white women; 73 percent of prime-age African-American women were employed in January 2017. The black-white gap for women is clearly very different from that for men.

FIGURE 1. Prime-Age Employment Ratio by Racial-Ethnic Group and Gender, 2000–2017



Source: Bureau of Labor Statistics, 2017.

Hispanic women had, by far, the lowest prime-age employment among American women. At 63 percent in 2000, they were 12 percentage points lower than white and black women. The recessions lowered their employment slightly. Since 2012, Hispanic women have increased their employment to 64 percent; although starting from the lowest point, they are the only group with higher employment in recent months than at the beginning of the time series.

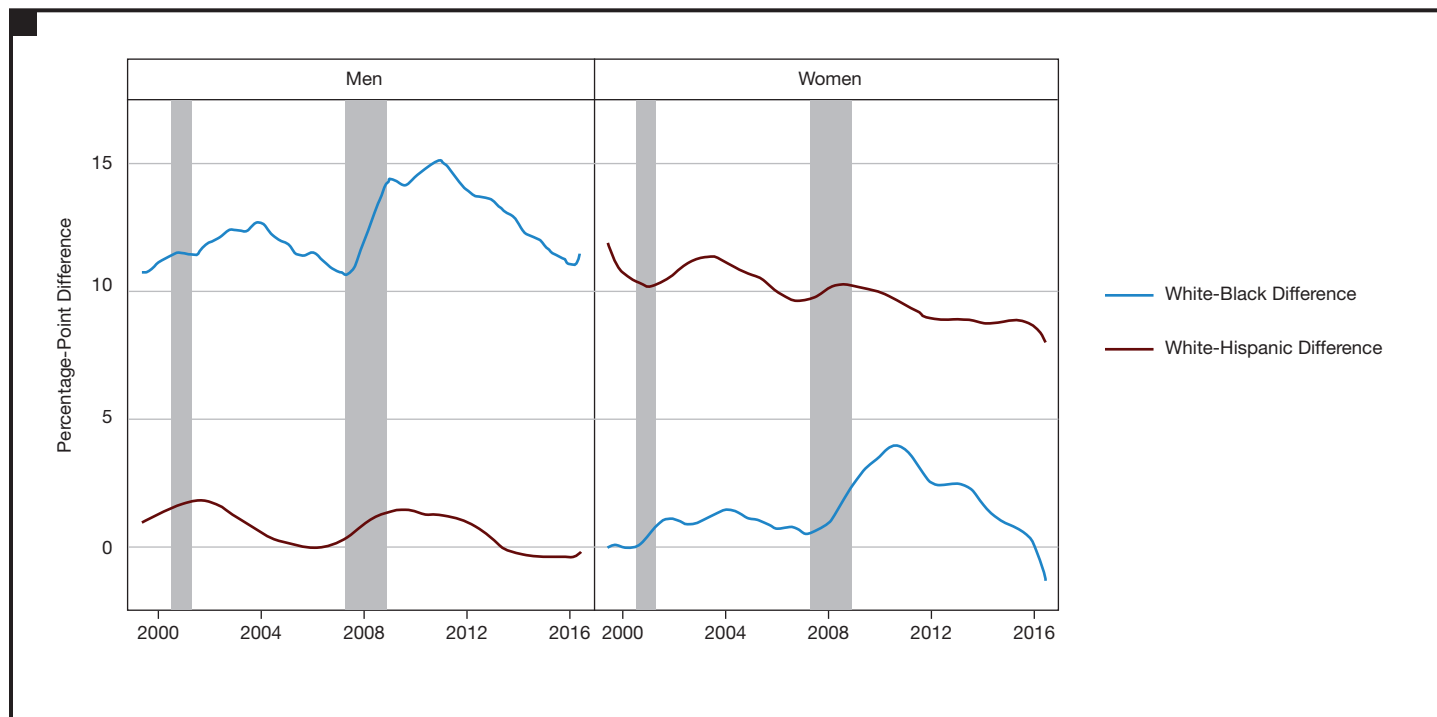
Should we care about these racial and ethnic differentials in employment and unemployment? Yes. It's not just that those who lose their jobs are scarred over the long haul.⁶ Job loss can also unsettle others who haven't lost their jobs. Based on the assessments of employed people of how likely they are to lose their job in the coming year, Fischer and Hout estimated that every layoff makes two other workers worry about their future.⁷ Recent data from the same source confirm that this relationship continued into the current decade. Racial and ethnic disparities in feelings of insecurity are striking. Eleven percent of prime-age African-American workers thought it likely that they would lose their job, compared

with 5.5 percent of whites. Hispanics were, by far, the least secure, despite their low actual unemployment; 17 percent of employed prime-age Hispanics thought it likely that they would lose their job in the next 12 months.⁸

In conclusion, the maxim “last hired, first fired” applies to underrepresented minorities in the U.S. labor force. African-American men, in particular, have lower rates of prime-age employment than do other men. During the Great Recession, the disparity became worse. The slow recovery was even slower for black men. Moreover, the Great Recession has had especially strong spillover effects on African-American men who are working, effects that take the form of worrying about a possible job loss. This spillover effect matters because, as other research has shown, stress can affect health, cognitive performance, and many other outcomes. ■

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FIGURE 2. Differences in Prime-Age Employment Ratios, 2000–2017



Source: Bureau of Labor Statistics, 2017.

NOTES

1. Hout, Michael, Asaf Levanon, and Erin Cumberworth. 2012. "Job Loss and Unemployment." In *The Great Recession*, eds. David B. Grusky, Bruce Western, and Christopher Wimer. New York: Russell Sage Foundation, 59–80.

2. Data series for Asian Americans begin in 2010. Seasonally adjusted data are not available for specific racial or ethnic groups.

3. Hout et al., 2012.

4. Hout et al., 2012.

5. Massey, Douglas. 2008. *Categorically Unequal: The American Stratification System*. New York: Russell Sage Foundation.

6. Gangl, Markus. 2006. "Scar Effects of Unemployment: An Assessment of Institutional Complementarities." *American Sociological Review* 71(6), 986–1013.

7. Fischer, Claude S., and Michael Hout. 2006. *Century of Difference: How America Changed in the Last One Hundred Years*. New York: Russell Sage Foundation, 131–133.

8. Original calculations for the chapter from the General Social Survey, 2012–2016.

DATA

Each month, the Census Bureau, on behalf of the Bureau of Labor Statistics (BLS), collects data from a representative sample of American households. One person answers on behalf of all persons, 16 years old and over, in the household. The BLS releases its monthly estimates on the first Friday of the following month. The BLS releases counts of the total number of jobs in the economy, based on a survey of employers, the same day they release the household data. They usually slightly revise all estimates a month or two later as subsequent events clarify uncertainties in the survey data. See <https://www.bls.gov/data/> for details. Sampling introduces some volatility into the time series, and seasonal employment cycles (such as holiday hiring) add to that volatility. I mitigate their effects by focusing on the smoothed time series, ignoring month-to-month variation that is not reflected in the smoothed trends.

I supplement the objective employment data with subjective data from the General Social Survey (GSS), a biennial survey of a representative sample of U.S. households. Employed persons answer the question: "Thinking about the next 12 months, how likely do you think it is that you will lose your job or be laid off? Would that be very likely, fairly likely, not too likely, or not at all likely?" Sample sizes are much smaller than in the employment surveys (about 2,800 per survey). The associated sampling error is plus or minus 4 percentage points for whites and higher for smaller groups.

BLS DATA SERIES USED

Prime-Age Employment, Men
All: LNS12300061
White: LNU02300064
Black: LNU02300067
Hispanic: LNU02300070
Asian: LNU02332330

Prime-Age Employment, Women
All: LNS12300062
White: LNU02300065
Black: LNU02300068
Hispanic: LNU02300071
Asian: LNU02332371