A JOBS-CENTERED APPROACH TO AFRICAN AMERICAN COMMUNITY DEVELOPMENT

The crisis of African American unemployment requires federal intervention

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Millions of African Americans live in communities that lack access to good jobs and good schools and suffer from high crime rates. African American adults are about twice as likely to be unemployed as whites, black students lag their white peers in educational attainment and achievement, and African American communities tend to have higher than average crime rates. These issues have been persistent problems.

Jobs are essential to improving African American communities. Increased employment would help people in these communities lift themselves out of poverty. In addition, because poor economic conditions are an important causal factor behind poor educational outcomes and high crime rates are correlated with high unemployment rates, creating job opportunities would help improve educational outcomes and reduce crime.
This paper outlines a plan for significantly increasing the number of jobs available to African Americans. The plan, which targets communities with persistently high unemployment, includes three main components: creation of public sector jobs, job training with job-placement programs, and wage subsidies for employers. Although the plan is constructed with African Americans in mind, it would also provide benefits to Latino, American Indian, and white communities in which unemployment has remained high.  

A precondition for implementing this plan is a U.S. economy with strong job growth and low unemployment. Unemployment in African American communities cannot be low while the national unemployment rate is high. Thus macroeconomic initiatives—such as infrastructure investments, aid to states, and a stronger safety net—are needed to restore the national economy, reduce the national unemployment rate, and create the conditions for strong job growth in the future.

Even when the national economy is good, however, conditions for African Americans are typically bad. Federal intervention to aid African American community development is necessary for the following reasons:

- African Americans still reside mainly in separate and unequal communities. In 2010, in the 100 metropolitan areas with the largest African American populations, 62.5 percent of blacks would have had to move to achieve full black–white integration.

- Unemployment rates for African Americans have been far higher than those of whites for the past 50 years, even in good times. In fact, since 1960 the black unemployment rate has been about twice the white rate. Had blacks had the same unemployment rate as whites in 2010, an additional 1.3 million blacks would have been employed.

- Parental unemployment, and not simply low income, has negative effects on children’s educational outcomes. Blacks are twice as likely as whites to have had 10 or more spells of unemployment over their prime working years.

- Joblessness, although by no means the only factor producing higher crime rates in African American communities, appears to play a significant role.

- Neither educational advances nor suburbanization by blacks has translated into reductions in the black–white unemployment rate ratio.

- If a bold new approach is not developed to address the racial unemployment disparity, it is likely that African Americans will be condemned to unemployment rates that are twice those of whites into the foreseeable future.

This paper begins with brief discussions of residential segregation and the persistent job crisis facing African Americans. It then presents evidence that suggests why improving educational attainment and access to suburban labor markets are not likely to be enough to raise employment rates among African Americans. This discussion is followed by a proposal for reducing the high rate of joblessness in and rejuvenating African American communities.

**Separate and unequal communities**

African Americans still reside mainly in separate and unequal communities. In 2010, in the 100 metropolitan areas with the largest black populations, 62.5 percent of blacks would have had to move to achieve full black–white integration. In some of the largest metropolitan areas, the degree of segregation is significantly above the average. In the New York, Chicago, and Detroit metropolitan areas, for example, more than 75 percent of African Americans would have had to move to achieve residential integration.

These spatially separate communities face very different economic circumstances. In 2007, before the recession began, African Americans in many of the largest metro-
politan areas were already in economic distress, with un-
employment rates of 10 percent or higher (Austin 2011). The 2007 unem-
ployment rate for blacks in the Detroit metropolitan area was 14.9 percent—more than 2.5 times the 5.8 percent rate for whites. In the Chicago metropol-
itan area, the 2007 unemployment rate was 10.3 percent for blacks and 3.6 percent for whites.\(^3\)

The segregation and economic inequality seen in large metropolitan areas also exist even within the smaller geo-
graphies of cities. In 2009, for example, Ward 3 in Wash-
ington, D.C., which was 78 percent white (Neigh-
borhood Info DC 2011), had an unemployment rate of just 3.2 percent (Comey, Narducci, and Tavian 2010). In con-
trast, the unemployment rate in Ward 8, which was 94 percent African American, was 28.7 percent.

Because of the high degree of segregation of African Americans into economically distressed communities, community-based policies can be effective mechanisms for helping this population. In Washington, D.C., for ex-
ample, the challenge is not how to provide economic de-
velopment for the city as a whole but how to provide eco-
nomic development for Ward 8 and similar wards.

**The importance of jobs**

The problem of joblessness is a deep and persistent one for African Americans. Since as early as 1960, the black unemployment rate has been twice the white rate (Fairlie and Sundstrom 1999).\(^4\) As wide as this unem-
ployment rate gap is, it actually underestimates the mag-
nitude of the problem, because, faced with persistent chal-
 lenges finding employment, many would-be job seekers give up hope of finding a job and drop out of the labor force. Once they do so, they are no longer counted as un-
employed, even though they are jobless. For this reason, only employment-rate gaps reveal the full magnitude of the problem of joblessness for African Americans.

In 2010, for example, had blacks had the same unem-
ployment rate as whites, an additional 1.3 million blacks would have been working. Had blacks had the same em-
ployment rate as whites, however, an additional 2.0 million blacks would have been working.\(^5\) The unem-
ployment rate gap is large, but the employment rate gap is even larger.

Employment that reaches deep into African American communities is key to community development, for a variety of reasons. First, economic conditions are related to educational achievement. Low family income has sig-
nificant negative effects on children’s educational achieve-
ment (Duncan and Magnuson 2005; Kalil 2010; Lee and Burkam 2002; Stevens and Schaller 2009; Taylor, Deary-
ing, and McCartney 2004). Unemployment in and of itself has negative effects on children’s educational out-
comes (Stevens and Schaller 2009; Kalil 2010). Blacks are twice as likely as whites to have had 10 or more spells of unemploy-
ment over their prime working years (Bureau of Labor Statistics n.d.). Each spell of parental unemploy-
ment reduces the likelihood of a child’s educational suc-
cess. If it were possible to increase the black employment rate to the level of whites and sustain it, we would ex-
pect substantial increases in the performance of black stu-
dents. Creating more jobs for African Americans would thus not only raise incomes, it would also improve educa-
tional outcomes.

Second, economic conditions seem to be related to crime rates. Although there is much that criminologists still do not understand about the dynamics of criminal offend-
ing, a growing body of research suggests that low wages, high unemployment, high poverty, and high economic inequality lead to higher crime rates (Kelly 2000; Ludwig, Duncan, and Hirschfeld 2001; Gould, Weinberg, and Mustard 2002; Machin and Meghir 2004; Lin 2008). Strong job creation that targets African-American communities would improve economic conditions in these communities and likely reduce crime rates.

It is important to recognize that economic conditions are not the only factors driving crime rates. Demographic changes, criminal-organization practices, criminal-justice
policies, and other factors all affect crime rates. The recent declines in crime likely stem from these other factors.

The insufficiency of education alone

Improving educational attainment is a worthy end in itself, but there is little reason to believe that it will reduce the economic problems facing African Americans. The more educated a person is, the more likely he or she will be employed and employed in a good job. However, the employment gap between African Americans and whites will not be bridged by increasing education, as the evidence presented below shows.

The African American population is much better educated today than it was in the 1960s by several measures (Austin 2006, 41–49), but the unemployment disparity between blacks and whites remains essentially unchanged. Educational advances have not translated into improvements in the employment situation for most African Americans (Bernstein 1995).

One reason for the ineffectiveness of education is that educational advances made by blacks have often been matched or exceeded by educational advances by whites. For education to improve blacks’ relative position, they need to make educational advances at a faster rate than whites.

Even if African Americans were able to catch up with whites educationally, unemployment disparities would not disappear, as African Americans are more likely to be unemployed than whites at every educational level. In 2007, for example, before any significant unemployment effects of the Great Recession had been felt, blacks 25 years old and older with a high school diploma were about twice as likely to be unemployed as their white peers. Blacks with a bachelor’s degree or higher were one and a half times as likely to be unemployed as their white counterparts. These disparities are so large that even if blacks had the same educational attainment profile as whites, most of the unemployment gap would remain.6

For African Americans to have had the same unemployment rate as whites in 2007, for example, they would have had to have been much, much better educated than whites. According to Current Population Survey data from the Bureau of Labor Statistics, the proportion of the labor force with a bachelor’s degree was 24 percent for blacks, 34 percent for whites, and 58 percent for Asian Americans. For the African American unemployment rate to have equaled that of whites, 85 percent of African Americans would have had to have been college educated. Even if there were a way for African Americans to quickly leapfrog whites and Asians in college attainment, over time white educational attainment would gradually catch up, recreating the African American unemployment disadvantage.

It is extremely valuable for African Americans to improve their educational outcomes, both individually and collectively. Education has economic as well as important noneconomic benefits. The social problem of the employment gap between blacks and whites will not be solved by educational advances alone, however.

The limitations of remedies that target hard and soft skills

A related but somewhat different issue is skills training. As with education, it is doubtful that skills training alone is a powerful enough remedy to rectify the employment disparities between blacks and whites. An evaluation by Public/Private Ventures, a nonprofit research organization, reveals the effect of training on employment of African American workers (Maguire et al. 2010). The study evaluates the sectoral employment approach, which provides job seekers with training in the technical (“hard”) skills needed for specific growing sectors of a local economy. The organizations providing the training work closely with employers to ensure that training is
relevant. In addition to technical skills, programs also provide some interpersonal (“soft”) skills training.

Public/Private Ventures used a rigorous experimental design to assess the effectiveness of the sectoral approach. A year after participants started the program, employment rates of women, people born abroad, and Latinos were higher than employment rates in the control group. In contrast, the program was not successful in improving the employment rate of African Americans. Although the skills of the African American participants improved, their employment rates did not. This study raises doubts that training is enough to improve black employment rates.

Many observers believe that employers reject African Americans, particularly African American men, because African Americans lack soft skills (see Hamilton, Austin, and Darity 2011, 6–7). The occupational and employment data do not support this view, however (see Allegretto and Pitts 2010, Appendix A; Hamilton, Austin, and Darity 2011, 6–7). African Americans, including men, are overrepresented in the service sector, a sector with relatively high soft-skills demands. They are very much underrepresented in the construction industry and slightly underrepresented in the manufacturing industry, both of which emphasize hard skills. Because these industries tend to pay higher wages than the service sector (Allegretto and Pitts 2010, Appendix A; Hamilton, Austin, and Darity 2011), it would be more beneficial for African Americans to increase their rates of employment in these sectors than in the service sector.

As with education, it is valuable for blacks to master both hard and soft skills. Unemployment disparities between blacks and white do not, however, appear to be caused primarily by the lack of these skills.

A spatial mismatch or a racial one?

Another common misconception about unemployment disparity is that it is driven by the spatial mismatch between African Americans and jobs. The claim is that African Americans live in urban areas whereas jobs and much of job growth is in suburban areas. The solution therefore is presumed to be moving African Americans to the suburbs or increasing urban African Americans’ ability to reach suburban jobs through transportation initiatives (Hellerstein and Neumark 2011). In fact, the mismatch driving the black-white unemployment disparity appears to be more racial than spatial (Hellerstein, Neumark, and McInerney 2007).

William Julius Wilson’s work is seen as supporting the spatial-mismatch hypothesis (see Foster-Bey 2006), but he also provides evidence of racial mismatch. Wilson shows that during the late 1980s, before the Internet became an important source of job information, more than 40 percent of employers in Chicago did not advertise their entry-level job openings in the newspaper (Wilson 1996, 133). These employers likely relied on word-of-mouth methods of advertising and recruiting for jobs. Because whites have higher rates of employment and interpersonal networks in the United States are not very integrated racially, informal recruitment methods disadvantage blacks seeking work. Wilson (1996) also shows that a large share of the employers who advertised job openings in newspapers did so only in white or Latino neighborhood newspapers. Thus, in many cases, even when jobs were advertised, blacks were unlikely to learn of the opening.

Wilson’s work suggests that African Americans were not able to learn about a large share of entry-level job openings in Chicago. Had employers been less discriminatory, African American employment rates would have been significantly higher. Chicago employers who advertised job openings in newspapers where African Americans might see them were twice as likely to employ African Americans.
in their entry-level jobs. African Americans in Chicago were blocked from obtaining many jobs because of race, not space.

This finding has been replicated with national data from the 2000 Census by Hellerstein, Neumark, and McInerney (2007), who find that less educated blacks live in areas in which less educated whites hold many jobs. They argue that “the problem is not a lack of jobs, per se, where blacks live, but a lack of jobs into which blacks are hired.” Thus, if there were equal employment opportunity for all races in urban spaces, black employment rates would be higher in those spaces.

Another reason to be skeptical about a spatial approach for addressing unemployment disparities is the fact that African Americans have suburbanized to a large degree—with no effect on employment disparity. In 1960 only 13 percent of the African American population lived in suburbs. By 2000, 35 percent did so (author’s calculations based on data from Wiese 2004 and Ruggles et al. 2010). In the 100 largest metropolitan areas, which are home to about three-quarters of the African American population, 51 percent of African Americans lived in suburbs in 2010 (Frey 2011). These increases in suburbanization have not been accompanied by a reduction in the gap between African American and white unemployment.

Even in metropolitan areas where only a small share of the black population resides in the central city, large unemployment disparities persist. In Washington, D.C., for example, only 21 percent of blacks in the metropolitan area lived in the central city in 2000, but unemployment was 3.5 times higher among blacks as whites. In Atlanta only 18 percent of blacks lived in the central city in 2000, but the rate of unemployment among blacks was 2.6 times that of whites.7 These data suggest that suburbanization alone will not solve the problem of African American joblessness.

Suburbanization has not reduced the disparities in unemployment because the suburbs in which African Americans live tend to be separate from the suburbs in which whites live. According to Turner (2008, 159), “In several metropolitan areas, suburban minorities are clustered in one or two counties. . . The vast majority of those who have located in the suburbs live in the inner suburban communities, while a much larger share of whites live in the outer suburbs.”

Economic growth—and therefore job opportunities—appears to be most strongly connected to white middle-class communities. African Americans remain economically marginalized in the suburbs. As Turner (2008, 165–66) notes:

> Although many minorities have gained access to suburban residential communities, these are often not the suburban jurisdictions that offer the most promising job opportunities. Correspondingly, black workers in particular are underrepresented in jobs that are located in predominantly white suburban communities. On the other hand, Hispanic workers are generally just as likely as non-Hispanic whites to find employment in the white suburbs. . . residential segregation continues to put considerable distance between minority workers, especially blacks, and areas of greatest employment opportunity.

Other researchers find similar results. Harris (1999) finds that African Americans are overrepresented in suburbs with the lowest socioeconomic profile. Many of these low-status suburbs have high poverty rates. Indeed, many are poorer than the central city they surround. In contrast, whites are overrepresented in high socioeconomic status suburbs.

Economic growth seems to be correlated with the density of the white middle-class population rather than to any specific geography. It is not suburbs per se that show strong job growth but white middle-class suburbs. It is not cities per se that exhibit low job growth but cities or areas in cities with a low white middle-class density. The majority white and middle-class city of Seattle, for ex-
ample, has experienced strong job growth (Turner 2008). Cities and areas of cities that have seen white gentrification have experienced economic revitalization (Hampson 2005; Kiviat 2008). Indeed, now that most African Americans in major metropolitan areas live in the suburbs, there are more discussions that the future of American economic growth is urban (Shellenbarger 2010; Wieckowski 2010).

There are many reasons why economic growth may be tied to a large white middle-class population. Relative to the black middle class, the white middle class has higher income, much greater wealth, and superior connections to the politically and economically powerful, who are disproportionately white. Middle-class blacks are also more likely to have poor relatives to support and to live in communities burdened with relatively high levels of poverty. As a result, white middle-class communities are more likely to be ripe with economic potential.

Another reason why suburbanization does not automatically translate into greatly improved job opportunities for African Americans is that African Americans probably still experience labor-market discrimination in the suburbs. Turner (2008, 166) reports that “the minority share of applicants for jobs in the white suburbs is significantly higher than the minority share of population in these areas, suggesting that blacks and Hispanics are trying to get jobs in white suburbs [but appear to be] disadvantaged in white central-city areas and white and integrated suburbs.” Employment discrimination, which has been well documented in urban areas, likely exists in suburban areas as well.

All of these factors point to a mismatch for African American workers that is much more about race than space. Suburbanization has eliminated neither residential segregation nor anti-black employment discrimination.

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**A plan for creating jobs in high-unemployment areas**

The depth and the persistence of the African American jobs crisis can probably be solved only with intervention by the federal government. In the past 50 years, the normal working of the U.S. economy and the modest amelioration efforts that have been tried have failed to provide sufficient jobs for African Americans. Increases in educational achievement and suburbanization by blacks have also failed to spur change. If a bold new approach to the problem is not taken, it is likely that blacks will be condemned to unemployment rates that are twice those of whites into the foreseeable future.

On more than one occasion, the United States has responded to crises of joblessness with government intervention. The federal government intervened during the Great Depression, the recessions of the early 1970s, and the Great Recession. A sustained level of high unemployment for African Americans decade after decade should be recognized as a crisis as serious as periodic deep national recessions. White Americans regularly experience unemployment rates below 6 percent—a rate that blacks have never experienced in the past 40 years. An unemployment rate of more than 10 percent is considered extremely high for whites—but African Americans have had to endure unemployment rates of more than 10 percent for most of the past 40 years, according to analysis based on Current Population Survey data from the Bureau of Labor Statistics.

Given the intractability of high joblessness for African Americans, the federal government should support targeted job creation for communities experiencing persistently high unemployment. Job creation should be targeted to communities of 25,000 people or more in counties and metropolitan areas that have experienced unemployment of more than 6 percent every year in the previous 10 years. Eligible individuals must have resided in an eligible community for a prolonged period and have been unemployed or out of the labor market for at least six months. The program could be phased out in com-
munities over a five-year period after the annual unemployment rate fell below 6 percent.

The proposed program is at a scale large enough to produce a significant reduction in unemployment. It is likely to improve communities plagued by persistent high unemployment in other ways, as well.

Types of Programs

The federal government should support three separate programs for increasing employment in these high-unemployment areas: direct public sector employment, job training with job placement, and wage subsidies for employers who hire unemployed workers. Together these policies should significantly increase employment rates in African American communities with persistently high unemployment.

Direct public sector employment. The federal government should provide funds to local governments for job creation aimed at improving the quality of life in the community. Local governments, with community input, should create projects to improve the human and physical infrastructure, safety, health, and attractiveness of the community. Many African American communities experiencing persistently high unemployment need workers to clean, rehabilitate, and beautify the housing stock and green spaces; assist in the education of children; form auxiliaries to the police to help improve the safety of the community; and participate in many other community projects. These jobs would improve the quality of life of existing residents and make the community more desirable to middle-class households. Unemployed community residents would be hired and trained to perform all program jobs with the possible exception of supervision and training.

Job training and job placement. Black job applicants have a lower likelihood of being hired than equally qualified whites or Latinos (Pager, Western, and Bonikowski 2009; Morris, Sumner, and Borja 2008). Improving the skills of black workers is useful, but it may not be enough to lead to employment. Organizations providing training for black workers also need to provide services to help place those workers in jobs. These organizations need to develop strong relationships with employers and aggressively market qualified black job candidates. They also need to develop other strategies to help well-trained black workers find employment.

For-profit and nonprofit organizations should be eligible for funds for training residents of targeted communities in skills that are in high demand in the local economy and placing them in jobs. Programs should be assessed by the employment rate of their graduates six months after completing the training program. Programs that underperform should lose significant amounts of funding each year, with the freed-up funds redistributed among well-performing programs.

Wage subsidies. Private sector employers who hire residents from targeted communities in new jobs should receive a wage subsidy of 75 percent of the hourly minimum wage for each full-time worker receiving benefits hired and 33 percent of the hourly minimum wage for each part-time worker or full-time worker not receiving benefits hired. Employers located within the targeted community should receive an additional subsidy that is 10 percentage points higher.

Long-term effects of a jobs program in high-unemployment areas

The effects of the proposed program are likely to be felt for several years after it is phased out. Researchers find that positive economic effects last for many years after temporary jobs programs end (Bartik 2001: 141–146). Positive experiences with African American workers may also reduce employer biases, possibly leading them to institutionalize the outreach and hiring of African American workers (Bartik 2001, 141–46). Studies of public sector employment programs find that employers are surprised to find that workers from disadvantaged groups can
perform as well as the workers they usually hire (Bartik 2001, 179–80).

This jobs proposal is designed to increase the overall economic resources in the community. Increasing the number of working and taxpaying individuals would increase the tax base for additional economic development activities while also decreasing local government social service and social welfare costs. It would make the community more appealing for locating a business. The proposal is also designed to increase the attractiveness of the community to middle-class households looking for a new place to live as well as to both new and existing businesses.

Significant growth in employment rates could also lead to increases in the educational achievement of the children in the community and reductions in crime. These improvements would attract more middle-class residents and further increase the economic resources of the community.

Conclusion

The U.S. economy should be one in which everyone who wants to work can find a job. This goal has been elusive for African Americans.

Given the persistence of high unemployment despite improvements in educational attainment and greater suburbanization by African Americans, a concerted national effort is needed to reduce racial disparities that leave blacks twice as likely as whites to be unemployed. Under the proposed plan, the federal government would significantly increase the number of jobs available to African Americans by creating public sector jobs, training and helping place participants in jobs, and subsidizing wages. By substantially increasing employment rates, it would help diminish poverty, improve educational achievement, and reduce crime rates.

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Endnotes

1. A few predominantly white communities—such as Belleville, Illinois, and Niagara Falls, New York—have experienced unemployment rates of more than 6 percent for 10 consecutive years (author’s analysis of Local Area Unemployment Statistics data from the Bureau of Labor Statistics).

2. Author’s analysis of data from population and dissimilarity data from diversitydata.org. The statistic for the 100 metropolitan areas with the largest African American populations is weighted by the population size.


4. Researchers do not understand why this relationship persists. As Duke professor William Darity notes, “I don’t know if there’s anybody out there who can tell you why that ratio stays at 2-to-1. It’s a statistical regularity that we don’t have an explanation for” (Kroll 2011; see also Conrad 2011).


6. Ibid.


References


