



Research Update:

*The Crisis Deepens:
Black Male Joblessness in Milwaukee
2009*

by:

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I. Introduction

In a series of studies over the past decade (and annually since 2007), the University of Wisconsin-Milwaukee Center for Economic Development has monitored the employment crisis facing working-age African American males in Milwaukee.¹ Once one of the nation's most opportunity-filled urban labor markets for black males, by 2000 Milwaukee registered among the highest rates of black male joblessness and widest racial disparities in jobless rates among U.S. cities and metropolitan areas.

The most recent census bureau data, calculated from the just-released *American Community Survey*, reveal the toll that the Great Recession has taken on black male employment in Milwaukee -- a situation that had already reached crisis proportions after nearly four decades of a "stealth depression" in black Milwaukee. In 2009, the most recent year for which data are available and (well into the Great Recession), a staggering 53.3 percent of metro Milwaukee's working-age African American males were not employed: either unemployed, or, for various reasons (including incarceration), not even in the labor force. ***This is the highest jobless rate among working age black males ever recorded in Milwaukee²***, and a substantial increase from 2008, when the rate was an already shocking 47.1 percent.

In short, in Milwaukee, as well as several other metropolitan areas across the country, *most working-age African American males are not employed*. This is not, as some have speciously argued, simply a matter mistakenly counting disabled adults who are out-of-the-labor market, teenagers staying in school, or numerous older black males retiring early and voluntarily leaving the labor market.³ The long-term data, going back to the 1970s, show how

¹ See Marc V. Levine, *Stealth Depression: Joblessness in the City of Milwaukee Since 1990* (UWM Center for Economic Development, August 2003); Marc V. Levine, *After the Boom: Joblessness in Milwaukee Since 2000* (UWM Center for Economic Development, 2004); Marc V. Levine, *The Crisis of Black Male Joblessness in Milwaukee: Trends, Explanations, and Policy Options* (UWM Center for Economic Development, March 2007); Marc V. Levine, *The Crisis of Black Male Joblessness in Milwaukee: 2006* (UWM Center for Economic Development, October 2007); Marc V. Levine, *The Crisis Continues: Black Male Joblessness in Milwaukee, 2007* (UWM Center for Economic Development, October 2008); and *Race and Male Joblessness in Milwaukee, 2008* (UWM Center for Economic Development, October 2009). All studies are available at the UWMCED web site: <http://www4.uwm.edu/ced/>

² Using a different data set, from the Bureau of Labor Statistics, we reported a black male jobless rate in 2002 in the city of Milwaukee of 58.8 percent [See Marc V. Levine, *After the Boom: Joblessness in Milwaukee Since 2000* (UWM Center for Economic Development, 2004, p. 14)]. However, the BLS statistics included *all* males over the age of 16, including those over the retirement age of 65 and thus technically not of "working-age." The data here include only working-age males, ages 16-64, and therefore more accurately measure joblessness.

³ This argument has been recently advanced by academic staff at the UWM Employment and Training Institute, in a "drilldown" on African American male unemployment, prepared for the Milwaukee Area Workforce

dramatically the employment situation has worsened for black males in Milwaukee over four decades, reaching a new nadir in the Great Recession. Faced with a chronic shortage of accessible jobs in a declining local labor market, the percentage of Milwaukee's working-age black males employed has declined from 73.7 percent in 1970 (compared to 84.9 percent for whites) to a new low of 46.7 percent in 2009 (compared to 77.7 percent for whites).

Even more revealing of the depths of the employment crisis for black males in Milwaukee, the jobless rate among the metro area's black males in their prime working years (ages 25-54) reached a new historical high of 44.0 percent in 2009. This is more than triple the rate for white males in Milwaukee today, and almost *triple* the jobless rate for African American males in the metro area in 1970. Perhaps no statistic more epitomizes the crisis of black male joblessness in Milwaukee: ***by 2009, barely more than half of African American males in their prime working years were employed, compared to 85 percent almost forty years ago.***

As documented in this report, the Great Recession has produced shockingly high rates of black male joblessness and racial disparities in employment in urban centers across the country. ***However, metro Milwaukee holds the dubious distinction in 2009 of recording the second-highest rate of joblessness for working-age black males (behind the disaster of Detroit), and the widest racial disparity in jobless rates among forty of the nation's largest metropolitan areas.*** In short, the crisis of black male joblessness in Milwaukee has deepened, the current mix of policies and strategies remains ineffective, and the need for dramatic new directions in policy remains.

II. Measuring Joblessness

The level of joblessness in a labor market is most often conveyed in one universally recognized and widely reported number: the unemployment rate. This statistic measures the percentage of people over the age of 16 in an area's civilian labor force, actively looking for work, who do not have a job.

However, the official unemployment rate is an imperfect and sometimes misleading indicator of the true extent of joblessness. As calculated by the federal Bureau of Labor

Development Board in December 2009. *Milwaukee Magazine* editor Bruce Murphy then amplified these spurious assertions in an on-line blog (Murphy, "Exaggerating Black Male Unemployment," *Milwaukee Magazine* News Buzz, 4 May 2010). For a thorough refutation of these claims, see Marc V. Levine, "Mismeasuring Joblessness: A Rejoinder to ETI/Murphy," (UWM Center for Economic Development, August 2010).

Statistics (BLS), the officially unemployed do not include working-age people who are not working but, for various reasons, are not in the labor force. Some of these potential workers, such as most students and homemakers, as well as the voluntarily self-employed or voluntarily retired, have chosen not to be in the labor force; thus, it makes sense to exclude them from measures of unemployment. Some suffer from employment disabilities that preclude them from labor force participation and hence are not counted in the official unemployment rate.

Many other potential workers, however, are not included in the official unemployment rate even though they are not necessarily among the *voluntarily* jobless. Some are “discouraged workers,” who have given up looking for elusive employment. Others may simply not enter the labor market, convinced that appropriate jobs are not available. Still others are incarcerated and not in the labor force, a particularly salient category with the rise of mass incarceration of black males since the 1970s. These individuals do not show up in the official unemployment statistics, although they are clearly part of the jobless population in a community. Moreover, some economists believe that the employment disability system may also be camouflaging the true rate of joblessness in many communities.⁴

Thus, because the official unemployment rate ignores those who are not seeking jobs, it understates the full scope of joblessness.⁵ Moreover, as Harvard’s Bruce Western has pointed out, the unemployment rate is particularly defective in gauging inner city labor market conditions. “The unemployment rate is too restrictive for studying socially marginal groups,” writes Western, “because it does not count the long-term jobless who are discouraged from seeking work.”⁶

⁴ See David H. Autor and Mark G. Duggan, “The Rise in the Disability Rolls and the Decline in Unemployment,” *Quarterly Journal of Economics* (February 2003): 157-205; and Austan Goolsbee, “The Unemployment Myth,” *The New York Times*, 30 November 2003. For my discussion on how the disability system may be understating the official unemployment in Milwaukee, see Levine, “Mismeasuring Joblessness,” pp. 8-10.

⁵ Even the federal Bureau of Labor Statistics (BLS) now recognizes the limitations of the official unemployment rate. “Some have argued that this measure is too restricted, and that it does not adequately capture the breadth of labor market problems. For this reason, economists at BLS developed a set of alternative measures of labor underutilization.” As is well known, the BLS now offers various measures of joblessness, ranging from “U-3,” which is the traditional narrow measure of unemployment, to “U-6,” which includes “discouraged workers” who have stopped looking for work, other “marginally attached” workers, and part time workers who want to work full time but cannot due to economic reasons. The U-6 rate is usually around 75% or so higher than the official unemployment rate (U-3). Unfortunately, the BLS does not calculate the U-6 measure for urban labor markets, nor therefore for racial and ethnic groups in those markets, so it has been up to researchers such as Western, Wilson, and me to develop these more sensitive local measures of the degree to which working-age adults are, in fact, working in inner city communities.

⁶ Bruce Western, “Incarceration and Invisible Inequality,” unpublished paper (May 2004), p. 6.

A different way, therefore, to gauge joblessness –and the one I have used in this report, as have such internationally renown scholars as Harvard’s William Julius Wilson and Bruce Western, among others —is to look at the percentage of the *total* working age not employed: *everyone* between the ages of 16-64, not just those actively in the civilian labor force. Obviously, this “jobless rate” will never be zero: aside from “frictional unemployment” (people between jobs), there are always working-age full-time students, homemakers, early retirees, or the self-employed who are *voluntarily* not in the labor force, as well as the disabled incapable of holding a job. But clearly, the more robust the labor market, the lower the jobless rate for the entire working-age population. Typically, in a labor market near full-employment, the jobless rate for the full working-age male population (ages 16-64) will hover in the 18-20 percent range; for the prime working-age male population (ages 25-54), the “full employment” jobless rate will be in the 8-10 percent range.⁷

III. Race and Male Joblessness in Milwaukee: 2009

As Table 1 reveals, the jobless rate for working-age African American males in the four-county metropolitan Milwaukee region stood at 53.3 percent in 2009, a substantial increase from 47.1 percent in 2008. ***At 53.3 percent, the black male joblessness rate is now at the highest level in metro Milwaukee ever recorded in official statistics. The black male jobless rate in Milwaukee is over double what it was in 1970.***

Jobless rates for both white and Hispanic males also jumped between significantly 2008-2009, a sign of the degree to which the Great Recession – and a total employment decline of almost 20,000 in the city of Milwaukee—has ravaged the Milwaukee labor market and hurt all ethnic and racial groups.

But, given the long-term, structural rise in jobless among black males in Milwaukee, the racial disparities in joblessness in this region remain deep. Indeed, as Table 4 below shows, Milwaukee’s racial gap in joblessness remains the widest among large U.S. metropolitan areas. In 1970, the difference between black and white male jobless rates in Milwaukee was 11.4 percentage points; by 2009, that gap had almost tripled, to 31 percentage points.

⁷ The jobless rate is the “flip-side” functional equivalent of a standard economists’ measure of labor market performance: the “employment rate” or the “employment-population ratio.” In a full-employment economy, the employment rate for all working-age males is around 80%; for prime-working age males, it is near 90%.

Table 1:

Male Joblessness in Metropolitan Milwaukee, 1970-2009

(percentage of working-age* males unemployed or not in the labor force)

YEAR	BLACK	WHITE	HISPANIC
1970	26.2%	14.8%	19.6%
2000	47.6%	16.0%	34.1%
2006	46.8%	17.9%	22.7%
2009	53.3%	22.3%	32.0%

Source: U.S. Bureau of the Census, *Census of Population, 2000*; *American Community Survey, 2006, 2009*

*Working-age = between ages of 16-64

Table 2 breaks down male joblessness in metro Milwaukee in 2009, by race and age. Although jobless rates are high in all age categories for black males, one finding stands out. Even in the prime working-age category --between the ages of 25-54, when issues of retirement or schooling are not significant factors removing potential workers from the labor market—44.0 percent of Milwaukee’s black males are either unemployed or not in the labor market. This is a substantial 21.5 percent jump from 2008 (when the rate was 36.2 percent), and a huge jump from the Milwaukee of 1970, when the rate was merely 15.2 percent. And the racial disparity in joblessness for males in their prime working years has grown dramatically over the past forty years. In 1970, the black male jobless rate among 25-54 year olds was 9.7 percentage points higher than the white rate; by 2009, that gap had exploded to 29.6 percentage points.

In fact, Table 2 offers a stunning indicator of racial polarization in polarization in the Greater Milwaukee labor market: the jobless rate for white young adults (ages 16-24) in metro Milwaukee in 2009 was virtually identical to that of African American males in their prime working years (ages 25-54).

In short, the jobless rate for black males in their prime working years in Milwaukee has almost *tripled* in a generation. Moreover, this massive growth in joblessness has occurred even though the percentage of Milwaukee African Americans over 25 with a high school diploma increased from 34.0 to 75.5 percent between 1970-2009, while the percentage

holding college degrees jumped from 3.8 percent to 10.5 percent during that same period.⁸ Although education is crucial for community development for a host of reasons, these statistics suggest that the view of education as a panacea to the crisis of black male joblessness is, at a minimum, simplistic.

Table 2:
Metropolitan Milwaukee Male Jobless Rates: 2009
By Race, Ethnicity, and Age

AGE CATEGORY	BLACK	WHITE	HISPANIC
Young Adults (ages 16-24)	69.2%	44.4%	48.1%
Prime Working Age (25-54)	44.0%	14.4%	25.8%
All Working Age (16-64)	53.3%	22.3%	32.0%

Source: American Community Survey, 2009.

The official *unemployment* rate for black males in Milwaukee has skyrocketed from 8.6 percent in 1970, to 17.6 percent in 2008 (just at the start of the Great Recession), to 27.8 percent in 2009. These numbers are bad enough: but the *jobless* rate for black males in Milwaukee has reached epic proportions today because of a massive decline since the 1970s in labor force participation: working-age black men who are not counted in the official unemployment rate because they are not officially in the labor force, actively seeking work. As I have analyzed elsewhere,⁹ the shrinking percentage of Milwaukee’s black males in the labor force over the past decades can be explained by the rise of mass incarceration, changes in disability rules enabling men who had historically been counted as unemployed to be shifted to disability rolls, and an increase in workers who have dropped out of the labor force, “discouraged” or “marginally attached” to the labor market because of chronically poor employment prospects.

Table 3 shows the degree to which non-participation in the labor force has become a central component of black male joblessness since the 1970s. Again, the category of black males in their prime working years (ages 25-54) stands out: by 2009, over one-quarter of this cohort was not in the Milwaukee labor force (and thus not counted in the official

⁸ U.S. Bureau of the Census, *1970 Census of Population and Housing: Milwaukee, Wis. Standard Metropolitan Statistical Area*; and U.S. Bureau of the Census, *American Community Survey, 2009*, Table B15002B (accessed at www.census.gov, American Factfinder). The data for 1970 include both sexes; the 2009 rates are for males only.

⁹ Levine, *Mismeasuring Joblessness*

unemployment statistics). That is triple the rate of labor force non-participation of this cohort in the 1970s, and almost quadruple the rate for white males in their prime working years in Milwaukee. The non-participation rate for young black males is striking as well: in 1970, the same percentage of white and black males between 20-24 years old was not in the labor force. By 2009, the black rate of non-participation was double the white rate.

Table 3:
Percentage of Working-Age Males Not in the Labor Force, By Race
Metropolitan Milwaukee, 1970-2009

Age Cohort	Race	% not in labor force			
		1970	1990	2008	2009
16-19	Black	59.5	56.5	71.3	69.2
	White	44.5	37.5	43.4	50.5
20-24	Black	16.4	26.2	34.6	34.5
	White	16.4	12.2	13.1	18.3
25-54	Black	8.7	22.1	25.5	25.8
	White	3.4	4.4	6.2	7.4
55-64	Black	27.6	50.8	49.9	52.6
	White	14.1	30.0	23.9	29.6
16-64	Black	20.3	31.7	35.8	36.0
	White	15.1	15.9	13.5	15.0

Source: U.S. Bureau of Census, various years

IV. Race and Joblessness in Milwaukee: A Comparative Perspective, 2009

The crisis of black male joblessness pervades urban America. But, among the largest metropolitan areas in the country, the employment situation for black males in Milwaukee remains near the bleakest. As the chart below shows, in 2009 Milwaukee posted the second highest rate of black male joblessness among a sample of 40 benchmark metropolises from across the country. Only metropolitan Detroit, with a black male jobless rate at an unimaginable 59.5 percent (it is a catastrophic 64.9 percent in the city of Detroit) exceeded Milwaukee's level of black male joblessness.

Not only did Milwaukee register the second worst rate of black male joblessness among the country's large metropolitan areas in 2009, but the racial gap here in male joblessness was, by far, the widest. While Milwaukee posted the *second highest* level of black male joblessness among large U.S. metro areas, it recorded the *ninth lowest* rate of white male joblessness in 2009 among these metropolises (see Table 4 below). The Great Recession has hit Milwaukee with remarkable force: we have lost more employment than all but five of the nation's largest cities during the recession.¹⁰ Yet, the rate of white male joblessness in metro Milwaukee in 2009 remained lower even than metropolises popularly perceived to be thriving – such as Atlanta, Seattle, Jacksonville, Portland, and San Diego—as well as “Frostbelt” cities –such as Boston, Pittsburgh, and Chicago—that the popular media frequently tout as “comeback cities.” On the other hand, Milwaukee's black male jobless rate was higher than in all of these metropolises.

Thus, in 2009, the black male jobless rate in Milwaukee was a staggering 31.0 percentage points higher than the white rate, the biggest racial gap among the 40 large metropolises analyzed here (see Table 4). Only in the economic disaster of Detroit did the racial gap in male joblessness come close (at 27.7 percentage points) to Milwaukee's. In metro Milwaukee, the black male jobless rate was 2.4 times higher than white rate, far and away the largest racial disparity of any benchmark large metropolis. Indeed, to put this massive gap in perspective: in only 7 of the 40 metropolitan areas examined was the black male jobless rate even double the white rate. In Milwaukee, by contrast, the black rate was almost two and half times higher than the white rate.

¹⁰ See UWMCED, *Monthly Employment Watch*, available on the Center's web page.

Black Male Joblessness In Selected U.S. Metropolitan Areas: 2009

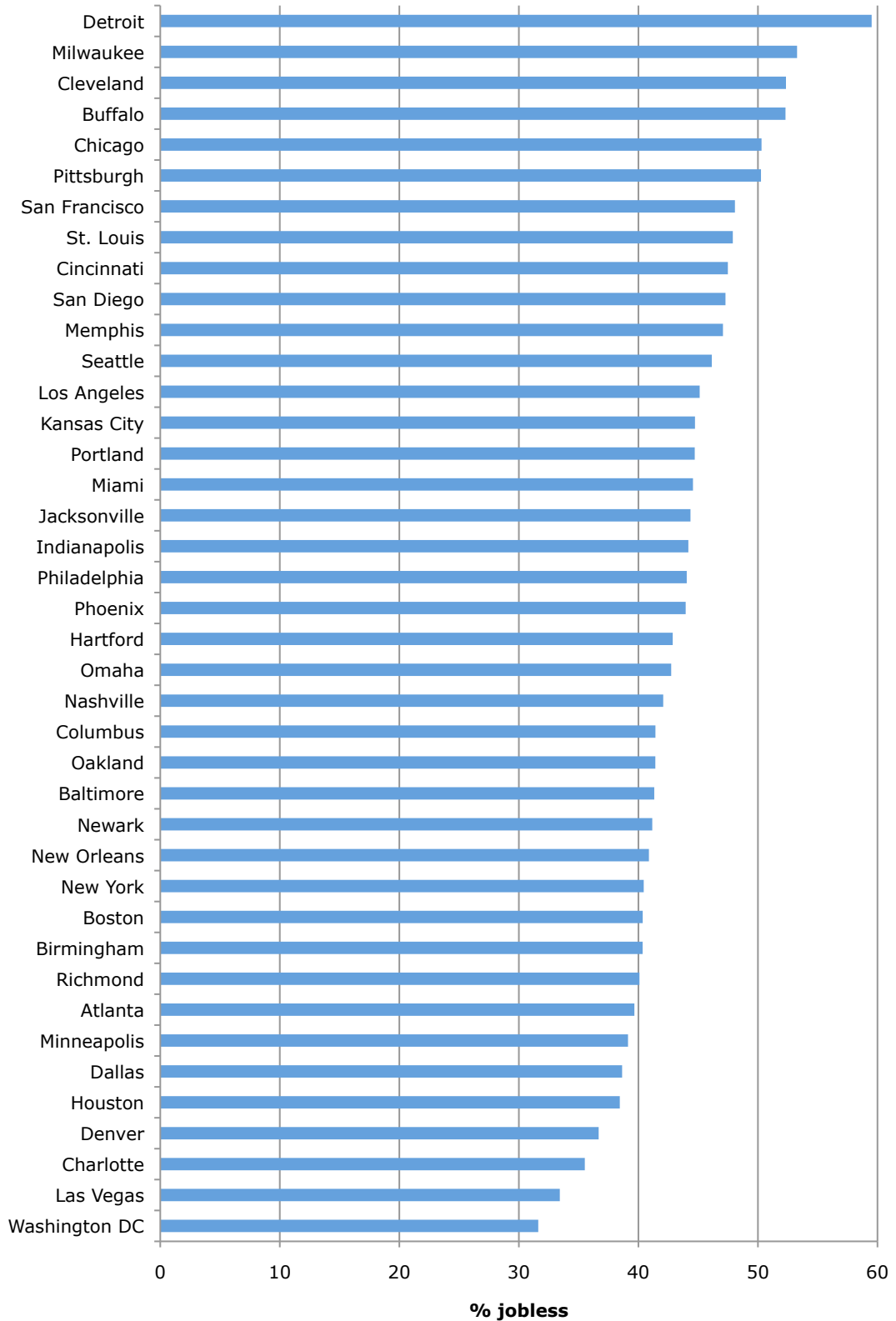


Table 4:**Male Jobless Rates in Selected Metropolitan Areas, By Race: 2009**

Percentage of working-age (16-64) males either
unemployed or out of the labor force

METRO AREA	BLACK JOBLESS %	WHITE JOBLESS %	BLACK/ WHITE RATIO	PCT. GAP IN BLACK/ WHITE RATES
Milwaukee	53.3	22.3	2.39	31.0
Detroit	59.5	31.8	1.87	27.7
Chicago	50.3	23.9	2.10	26.4
Buffalo	52.3	26.0	2.01	26.3
Cleveland	52.3	26.3	1.99	26.0
San Francisco	48.1	22.2	2.17	25.9
Pittsburgh	50.3	26.1	1.93	24.0
Memphis	47.1	23.1	2.04	24.0
St. Louis	47.9	24.3	1.97	23.6
Omaha	42.7	19.5	2.19	23.2
Kansas City	44.7	22.0	1.84	22.7
Cincinnati	47.5	25.8	2.03	21.7
Indianapolis	44.2	23.6	1.87	20.6
Seattle	46.1	25.7	1.79	20.4
Hartford	42.9	23.1	1.86	19.8
Philadelphia	44.0	24.6	1.80	19.6
Los Angeles	45.1	25.9	1.74	19.2
New York	40.4	21.4	1.89	19.0
Atlanta	39.7	20.8	1.91	18.9
Minneapolis	39.1	20.8	1.88	18.3
Baltimore	41.3	23.5	1.76	17.8
Phoenix	44.0	26.3	1.67	17.7
Nashville	42.1	24.7	1.70	17.4
Boston	40.4	23.2	1.74	17.2
Dallas	38.6	21.5	1.80	17.1
Newark	41.2	24.2	1.70	17.0
Jacksonville	44.4	27.5	1.61	16.9
Houston	38.4	21.5	1.79	16.9
Portland	44.7	28.1	1.59	16.6
Miami	44.6	28.0	1.59	16.6
Columbus	41.4	25.5	1.62	15.9
Richmond	40.1	24.3	1.65	15.8
New Orleans	40.9	25.2	1.62	15.7
Denver	36.7	21.3	1.72	15.4
San Diego	47.3	32.5	1.46	14.8
Oakland	41.4	27.4	1.51	14.0
Birmingham	40.4	26.4	1.53	14.0
Charlotte	35.5	23.5	1.51	12.0
Washington, D.C	31.6	20.5	1.54	11.1
Las Vegas	33.4	26.8	1.25	6.6

V. Race and Joblessness in Milwaukee: Policy Implications

The persistent level of black male joblessness and chasm-like racial disparities in employment in Milwaukee are an outrage, a civic embarrassment, and a stain on the community. The failure of local political and corporate leadership to meaningfully combat this calamity threatens the economic fabric of the city and the region.

In earlier reports¹¹, I analyzed the shortcomings in Milwaukee's current portfolio of strategies to combat black male joblessness, and outlined new directions for public policy. In 2010, with fresh new evidence that the labor market situation for black males continues to deteriorate in Milwaukee, it is clear that we need a broad range of aggressive local policies. Civic leaders should immediately set two goals:

- 1) To reduce in five years Milwaukee's black male unemployment and joblessness rates to the *average* of the nation's 40 largest cities;
- 2) To reduce in 10 years Milwaukee's black male unemployment and joblessness rates to the point where we have among the 10 lowest rates among the largest cities.

An outline of policies to achieve these goals might include the following (which we will analyze in detail in future reports):

- 1) *Public job creation and leveraging*. This is premised on two realities: 1) substantial demand-side job shortage in Milwaukee, particularly in inner city, predominantly African American neighborhoods; and 2) failure of private investment markets and government incentives to business to promote adequate job growth in the city of Milwaukee. Public jobs strategies include: a) transitional jobs to meet public needs (parks, street repairs, neighborhood cleanup, etc); b) infrastructure investments, providing medium-term construction employment and longer term job prospects through enhanced economic development (such as bridges, roads, and transit); c) targeted investment in growth sectors, such as green jobs. The Milwaukee Energy Efficiency program (ME2), a building retrofitting program with great potential, is a good example, and should be expanded. Some estimates are that a federal green jobs

¹¹ See, in particular, Marc Levine, *The Crisis of Black Male Joblessness in Milwaukee: Trends, Explanations, and Policy Options*; and Levine, *The Crisis Continues: Black Male Joblessness in Milwaukee, 2007*.

program, funded at \$100 billion nationally, could generate over 11,000 jobs in Milwaukee County, many of them moderate-skilled manufacturing jobs that would be accessible to the region's black male jobless.

- 2) *Enhanced training and job placement.* Targeted to growth sectors of regional economy, such as health care or medical instruments, but others to be identified by economic analysis. Included here as well should be a systematic, adequately funded prisoner reentry program, given the crisis of incarceration among African American males.
- 3) *Drug policy reform and public health policy.* The explosive growth since the 1980s in the number of African-American males in prison or jail has been extensively documented, the vast majority for drug possession offenses. About 10 percent of working-age African-American males not in the labor force in Milwaukee are incarcerated -- about the same percentage as nationally. As Bruce Western has noted, the failed "War on Drugs" has essentially substituted a criminal justice policy for inner city employment policy in cities like Milwaukee. However, in the words of *The Economist* magazine, a criminal justice policy that locks up "so many for so little" (referring to lesser drug offenses), is hardly an example of effective labor market policy.¹²
- 4) *Enhanced procurement by local businesses and large public and non-profit institutions from inner city enterprises.* A "Buy Milwaukee" program, with targeted purchases from inner city businesses, could stimulate African American business growth and the hiring of black males. A good example is in Philadelphia, where the University of Pennsylvania has explicitly targeted purchases of goods and services from inner city suppliers likely to employ minorities. Large local corporations should also target a share of their supplier or service-provider purchases in this manner. Creating jobs near the neighborhoods where the vast majority of African American jobless live is essential.
- 5) *Strategies to better integrate the inner city economy into the regional economy.* A critical element of a jobs strategy in Milwaukee must involve regional equity and "smart growth" policies in transportation, public finance, and land use that go far beyond the timid regionalism of the M-7 (our most visible regional economic development entity). In addition, we need to do a much better job of opening up the

¹² *The Economist*, "Too many laws, too many prisoners," 24 July 2010: 26-29.

suburban labor markets of the region to racial diversity. "Opening up the suburbs" might include several policy options, but the two most important are transportation and housing. Regional transportation policies must be realigned to facilitate the access of central city workers to suburban employment centers; and building affordable housing in the suburbs is essential, so that low-to-moderate-skilled workers, with limited incomes, can live in greater proximity to the location of 90 percent of the region's entry-level job openings. "Regional equity agreements" for hiring jobless workers from the inner city on suburban construction projects (such as schools and hospitals, as well as roadwork) could also help dent the too-high level of African American male joblessness.

About This Report

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