

National and District Overview

Recessions, Expansions and Black Employment



By Howard J. Wall

ONE OF THE GREAT SUCCESSES OF THE 1990s ECONOMIC EXPANSION WAS THE RISE IN THE SHARE OF THE BLACK POPULATION THAT WAS EMPLOYED.

Between 1992 and 2000, the employment ratio (or employment-to-population ratio) for black men rose by 3.5 percentage points to 67.8 percent. This was the reverse of the downward trend of the 20 previous years, during which the employment ratio for black men fell by 8.7 percentage points. The 1990s expansion led to even larger gains for black women: In the eight years between 1992 and 2000, the employment ratio for black women rose by 7.7 percentage points to 61.3 percent, having risen by 7.1 percentage points in the previous 20 years.

Of course, because the gains from economic expansion are felt throughout the populace, employment rates for nearly all subgroups rose during the 1990s. But, even accounting for the overall improvements in employment, the 1990s expansion was a great success for African-Americans. In 1992, the overall black employment rate was 58.3, which was 5.3 percentage points lower than for whites. By 2000, however, the black employment rate had risen to 64.2 percent, which was only 1.9 percentage points lower than for whites.

The primary reason for the improvement in the relative position of black employment was that we didn't have

a recession for almost 10 years. Recessions wreak havoc on the relative employment outcomes of blacks. Between 1972 and 2000, the gap between the employment rates of black and white men tended to rise by three-quarters of a percentage point during a year that the economy was in recession for part of the year. But expansions closed the gap more slowly than recessions opened it. For each year of recession, it took three years of expansion for the gap to return to its pre-recession level.

Recessions are even more destructive to the relative progress of black women. As with men, the gap between black and white women's employment ratios has tended to increase during a recession year by three-quarters of a percentage point. But during a year of expansion, the gap has tended to shrink much more slowly than this. In fact, for each year of recession over the past 33 years, it has taken about four years of expansion for the gap to return to its pre-recession level.

2000-03 Slowdown

According to the official recession-dating committee of the National Bureau of Economic Research, the

recent recession began in March 2001 and ended in November of the same year. The employment slowdown, however, began earlier and lasted longer than this: The overall employment rate peaked at 66.2 percent in the first quarter of 2000 and fell steadily until the second quarter of this year, when it stood at 64.4 percent. In terms of their

relative employment position, this recession appears to have had similar, but somewhat less severe, effects for black men than past recessions have had. By the second quarter of 2003, the gap between the white and black adult male employment rates was higher than three years earlier, but only by 1.2 percentage points. Past experience would have predicted an increase more than 2 percentage points.

The effect of the recession on the relative employment position of black women has differed from this somewhat. First of all, in the second quarter of 2000, the employment rate for black women was actually 3.4 percentage points higher than it was for white women. Nonetheless, the recession reduced the employment rate for black women more than it did for white women. By the second quarter of 2003, the employment rate for white women had fallen by only six-tenths of a percentage point compared to three years earlier. But for black women over the same period, the employment rate had fallen nearly four times as much, by 2.2 percentage points. Still, just as for the relative black male employment rate, it appears that this recession has been less severe than the average recession in its effect on the relative employment rate of black women.

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