

## Black Unemployment Still Double the U.S. Average

When unemployment numbers were released on Friday, commentators reacted joyfully. Alan Krueger, who heads the White House Council of Economic Advisors, described the creation of 247,000 jobs as a victory because the predictions were that the economy would only generate 170,000 jobs. Unemployment rates went down to 7.7 percent, while predictions were that they would drop to 7.8 percent. Some might call this good news, but many might wonder who is affected by this good news.

A deeper examination of the unemployment data shows the disappointing reality that African American unemployment rates remained level, at 13.8 percent. Meanwhile, White unemployment rates fell to 6.8 percent and the rate for White men dropped to 6.3 percent. The racial disparities in unemployment rates are not new, but it is hypocritical to celebrate a drop in White unemployment rates, without noticing or mentioning the stagnation in Black unemployment rates.

More than new construction jobs were generated last month, but since Black unemployment rates remained level, that suggests that



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African Americans are not being brought into that industry (if at all) at the same rates that Whites. Implicitly, these data make the case for continued affirmative action, especially in well-paid jobs. In times of economic hardship, those hiring are inclined to look after their own instead of spreading the jobs around. And recent data suggests that African Americans enter the labor market with a shallower rolodex than Whites. Fewer contacts mean fewer job opportunities.

Whose employment situation has improved?

The number of long term unemployed remained level at 4.8 million people who have been unemployed for 37 weeks or more. To be sure, this is a drop from the 39 weeks of a year or so ago. Still, the situation for some of the unemployed has simply not improved. One of the reasons that

the unemployment rate dropped is because 130,000 people dropped out of the labor force because they could not find jobs.

Eight million people work part-time for economic reasons. They would take full time work if only they could find it. The number of "marginally attached" workers stands at 2.4 million. If underutilized workers are included, the unemployment rate is 14.3 percent for everyone. If the relationship between underutilization and reported unemployment is the same for African Americans as for

paying attention to the plight of the unemployed, underemployed, or out of the labor force Black worker. The White House and others love to talk about all of us being in the same boat. Yet some are hanging onto the board by their fingernails, and others are drowning. And some are struggling to row. Others are riding relatively smoothly through this recession, watching their situation improve.

CEA Chairman Krueger says the data from this employment report suggests that we are well on our

leaders are asleep at the wheel when it comes to the employment situation. Unemployment rates become a line in their speeches, not a lode for their leadership. High unemployment rates explain why so many African Americans, at the economic margins, don't support civil rights organizations. They are asking what's in it for me.

What if huge numbers of unemployed people were mobilized? What if, in their economic misery, some rose up and demanded that Congress and others pay attention to their situation? To watch the situation of Whites improve, while Black unemployment rates remain the same, suggests that the vision of a post-racial society is extremely unrealistic. African American people are bearing a disproportionate amount of pain in the current employment situation. Black people are starving, and it seems that no one, not even civil rights advocates, will act on their behalf.

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One of the reasons the unemployment rate dropped is 130,000 people left the labor force because they could not find jobs

Whites, then the real unemployment rate is 25.5 percent, or almost a fourth, for African Americans. That's alarming, yet as I watch televised reports on Black unemployment rates, this is unmentioned.

Black unemployment rates are at more than Depression levels, which ought to be completely unacceptable. It is not. Yet few are

way to economic recovery. From my perspective this recovery is neither robust nor inclusive. In order for this recovery to be fully celebrated, every sector of Americans should see their material conditions increase. They've increased for some. What about the others? Where are their advocates?

Too many African American

## America's Racial Wealth Gap Triples Over 25 Years

As long as most of us can remember, Black communities have taught and believed that a college education is the key to social and economic advancement. But according to a new research and policy brief by Brandeis University scholars, that long-held belief is only one of several factors affecting Black America's ability to build wealth.

After Brandeis University's Institute on Assets and Policies traced 1,700 working Americans households over 25 years, the researchers found that the wealth gap between white and black families nearly tripled, increasing from \$85,000 in 1984 to \$236,500 in 2009. For each dollar in income increase during these years, white wealth grew



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ing wealth. With more white families able to receive family financial assistance, make larger up-front payments for home purchases, they benefited from lowered interest rates and lending costs. By contrast, black homeowners were more likely to have high-interest, risky mortgages even when income and credit scores were comparable to those of whites. As labor market instability tended to affect blacks more negatively than whites, accrued monetary assets became the vehicle to with-

stand the lack of income and eliminated many opportunities to invest to build wealth. As a result, black mortgage borrowers became more than twice as likely to lose their homes to foreclosure.

Brandeis also found that for white families, homeownership represents 39 percent of family wealth; but is 53 percent of black wealth. Due to historic differences in access to credit, the homeownership rate for white homeowners is also 28 percent higher than the same rate for black families.

The State of Lending in America and its Impact on U.S. Households (State of Lending, <http://rspnsb.li/stateoflending>) published earlier by the Center for Responsible Lending cited similar Pew data that found from 2000-2010, black family wealth dropped 53 percent, and Hispanic families lost 66 percent. By comparison, average white household wealth dropped only 16 percent.

According to the IASP report, "The paradox is that even as homeownership has been the main avenue to building wealth for African-Americans, it has also increased the

black mortgage borrowers became more than twice as likely to lose their homes to foreclosure.

wealth disparity between whites and blacks. . . Wealth in black families tends to be close to what is needed to cover emergency savings while wealth in white families is well beyond the emergency threshold and can be saved or invested more readily."

So is a college education still a part of building wealth? The answer is still yes. But the rising costs of college and mounting student loan debts together lead to more students

– both black and white - leaving school to earn a steady income before graduation. For black college graduates, 80 percent begin their careers with student debt. For white college grads, the corresponding debt is 64 percent.

Reflecting on these findings, Tatjana Meschede, the report's co-author observed "Public policies play a major role in widening the already massive racial wealth gap, and they must play a role in closing it. We should be investing in prosperity and equity. Instead we are advancing toxic inequality. A U-turn is needed."

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Brandeis U study says policies and practices - not personal behavior – drive disparities

\$5.19 while black wealth growth amounted to 69 cents.

Commenting on these findings, Brandeis' Institute on Assets and Social Policy (IASP) stated, "Our analysis found little evidence to support common perceptions about what underlies the ability to build wealth, including the notion that personal attributes and behavioral choices are key pieces of the equation. Instead, the evidence points to policy and the configuration of both opportunities and barriers in workplaces, schools, and communities that reinforce deeply entrenched racial dynamics in how wealth is accumulated and that continue to permeate the most important spheres of everyday life."

IASP ranked the biggest drivers of America's racial wealth gap:

1. Years of homeownership;
2. Household income;
3. Unemployment;
4. College education and
5. Inheritance/other financial support

On average, white families became homeowners eight years earlier than black families. Oftentimes inheritance and other financial support favored families with pre-exist-

### HELP FOR HOMEOWNERS.

If you're having trouble making your monthly mortgage payments and are worried about losing your home, contact a local housing counselor or dial 211 for help.

