

“Black Unemployment: An Obama Effect”

The nation and the world continue to be excited about President-elect Barack Obama. Black Americans, too, are excited, but the question remains: “What Will an Obama Presidency Mean for Black Americans?”

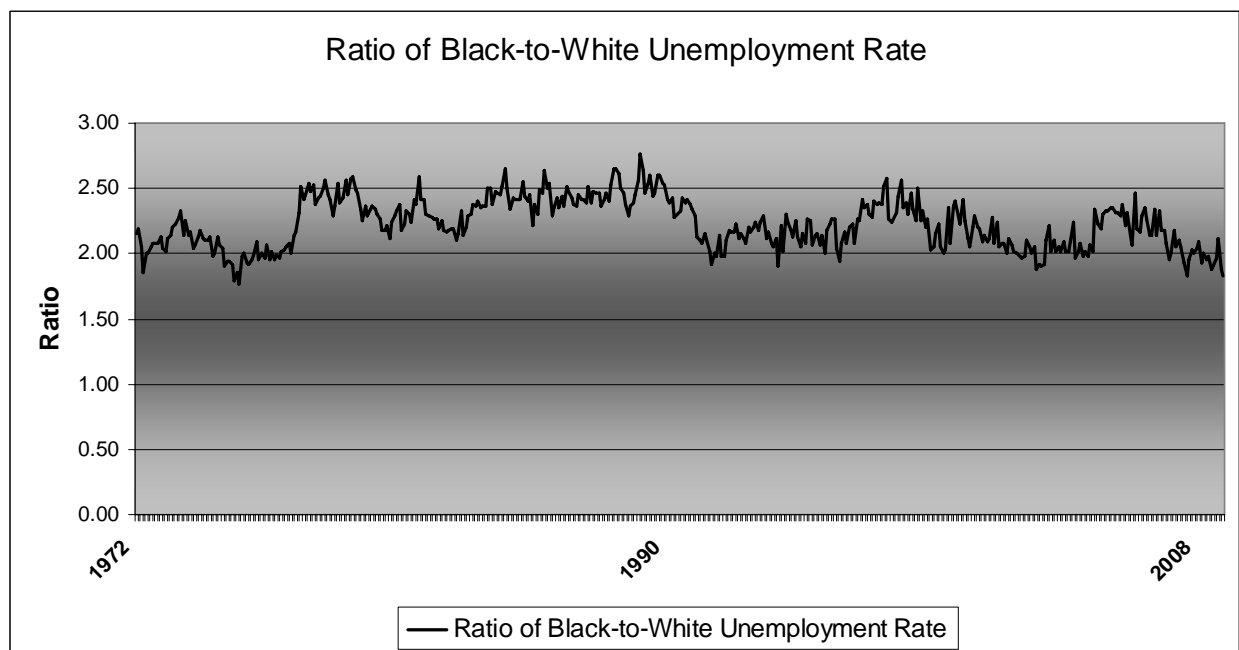
I posed that same question sometime back in a commentary (see it at <http://www.blackeconomics.org/Page5.html>). I argued that an Obama Presidency could not, and would not, mean tremendous change for Black Americans.

As an economist, my focus was on possible improvements to Black Americans' economic circumstances. A key economic variable to watch is the Black unemployment rate.

As economists do, recently, I decided to perform a simple data analysis to determine whether an Obama Presidency was having any impact on the Black American unemployment rate.

Lo and behold, the data are beginning to tell a story that is worth monitoring.

The U.S. Bureau of Labor Statistics (BLS) began measuring the Black and White unemployment rates separately in the early 1970s. Since that time, the Black unemployment rate has generally been twice (two times) that of the White unemployment rate (see the chart below). There were exceptions. The Black unemployment rate dropped to a low point of 1.76 times that of the White unemployment rate during July of 1975 as the nation surfaced from a 1973-75 recession.



It is impossible to determine all of the reasons why the Black unemployment rate relative to the White unemployment rate dropped so low during that period. However, as noted, the nation was coming out of a recession and the rate at which Blacks were brought back to work as the economy grew is clearly part of the story.

The WOW in all of this is that, according to BLS, the ratio of the Black unemployment rate to the White unemployment rate dropped to its second all time lowest level in August of 2007—1.83.

Part of the story here is that the economy was in a growth spurt; gross domestic product grew 4.8% during the third quarter of 2007. However, another part of the story could certainly be the positive effect an Obama presidential campaign had on White hiring officials' perception of Black Americans as workers.

Notably, 12 of the last 23 monthly readings (January 2007 – November 2008) of the ratio of the Black to White unemployment rate have been below the 2.0 mark. Many of those readings came during the current recession, which began last December.

The Obama campaign and election enabled White employers to see that Black Americans can be a very positive force in their workforce, and may have motivated employers to retain and hire Blacks at a faster rate relative to whites.

A Black unemployment rate that is 1.83 times that of the White unemployment rate is nothing to write home about. However, it is the second lowest point on record, and it is accompanied by several other points below the 2.0 mark.

If it is not an “Obama Effect,” then what is it? We should be able to confirm or refute this “Obama Effect” conjecture in the months and years ahead by continuing to follow the unemployment rate data.

We are still early in the game, but President Barack Obama may have the type of positive effect that Black Americans are looking for after all—at least with respect to Black unemployment.

by

B.B. Robinson, Ph.D.
December 17, 2008

B.B. Robinson is Director of BlackEconomics.org. His commentaries and writings may be seen at <http://www.BlackEconomics.org>. He may be reached at blackeconomics@blackeconomics.org.