



BlackEconomics.org

“We Made a Difference!”

After the murder of Michael Brown in Ferguson, Missouri on August 9, 2014, it became abundantly clear that White supremacy and institutional racism underpinned an American political economy that facilitated the murder of Black males. Without well-organized political or militaristic mechanisms to address these horrors, Black Americans sought to express our outrage through economic channels. Specifically, Black Americans were urged to withhold some of our over \$1 trillion in spending power from White businesses, which sustain the deplorable American political economy. Was this effort successful?

There was a concerted effort in 2014 and 2015—and it carried over somewhat to 2016 and 2017—to encourage Black Americans to curtail spending on Black Friday (the day after Thanksgiving in late November), and to redirect as much Christmas (December) spending as possible away from White businesses and toward Black businesses. Given that certain Black businesses are likely to be more of the informal variety than White businesses, these “boycott” efforts should be reflected in the statistics that capture US retail spending—especially for the formal economic sector.

We sought to identify this boycott effect in US Census Bureau retail sales statistics from the *Monthly Retail Trade Report*.¹ We obtained historical unadjusted monthly retail sales data (January 1992 – December 2017) for: (1) Retail sales, total (excluding motor vehicle and parts dealers); (2) Grocery stores (North American Industrial Classification System (NAICS) code 4451); and (3) Clothing stores (NAICS code 4481).² We ran these data through a time series filter (a J-Demetra+ seasonal adjustment program). We used a model approach to seasonal adjustment (the X-13 ARIMA (autoregressive integrated moving average)), and treated the series for seasonal, holiday, and trading day effects—the same approach adopted by the Census Bureau.³ The seasonal adjustment program identified the trend, seasonal, and irregular components of the series, along with the relevant factors—indicating that a “Good” seasonal adjustment process had occurred.

¹ These statistics are available at; <https://www.census.gov/retail/index.html>

² We emphasized retail food and clothing operations because the US Bureau of Labor Statistics reports that Black and African Americans spend a disproportionately high share (compared to the national average) of income on food and apparel. See Table 2100, Race of reference person: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Survey, 2016. <https://www.bls.gov/cex/2016/combined/race.pdf>.

³ We cloned and modified the J-Demetra+ RSA5C X-13 Arima model to include a user-defined Holiday calendar. The calendar included the following 10 US national holidays: New Years, Martin Luther King Day, George Washington’s Birthday (Presidents’ Day), Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans’ Day, Thanksgiving, and Christmas. The standard trading day and moving Easter holiday effects were retained in the model.

Typically, the boycott effect would be apparent in the irregular component of the series; however, some of the effect is likely to be absorbed in the series' seasonal component. That is the boycott effect should be measurable in the irregular and seasonal factors.

Factors for the irregular component of the series measure the extent to which there is irregular activity (randomness) in the series. Positive irregular activity pushes the irregular factor above 1.000; conversely, negative irregular activity pushes the irregular factor below 1.000. Irregular factors less than 1.000 would signal a boycott effect.

Seasonal factors represent the extent to which a particular portion of a year (usually a month or quarter) is different from the year as a whole due to seasonal effects that are present during that portion of the year. Seasonal effects are due to weather, institutional, or cultural factors. For example, consider construction economic activity. If the total value for construction activity for a year is symbolized by 1.000, then we expect less than 1.000 of construction activity to occur during the cold or winter months of the year, while greater than 1.000 should occur during the warmer or summer months. Consequently, when we look at seasonal factors for construction, we find that their values are generally less than 1.000 during the winter months and greater than 1.000 during the summer months.

A sign that seasonal adjustment of a time series has occurred well is that the seasonal adjustment process identifies "stable" seasonality; i.e., the seasonal factors for specific inter-year periods do not vary considerably over several years; rather, they are relatively constant.

Given that both the irregular factors and seasonal factors are likely to reflect elements of the boycott effect, we sought to measure the boycott effect in the following way. First, we subtracted 1.0 from November and December irregular factors to identify the first part of a potential boycott effects for 2014-17. Second, we prepared ten-year averages (2004-13) of seasonal factors for November and December. These averages represent the average levels for the seasonal factors leading up to when the boycott was performed. Third, we computed the difference between actual seasonal factors and the related ten-year averages for November and December to identify the second part of a potential boycott effect for 2014-17. Fourth, we combined the two potential boycott effects to realize the total potential boycott effect.

It is important to note that the difference in seasonal factors during the boycott period (i.e., the average for 2004-13 versus the actuals for 2014-17) may not reflect only a boycott effect; the difference may be confounded by other factors. However, given that no efforts were made to remove the boycott effect and because no other obvious factors are apparent, it is logical to conclude that that large differences likely signal a boycott effect.

Table 1 reveals that potential boycott effects for November (negative values for the irregular component (column B), negative differences in the seasonal factors (columns E), the total being reflected in column F) were small and mainly apparent for total retail sales for 2014 and 2015. These data infer that Black Americans' restraint on purchases had small effects on a broad spectrum of retail sales—not on food or apparel purchases.

Table 1.—November Black American Boycott Effect from Irregular and Seasonal Factors

Categories	(A) Irregular Factors	(B) Potential Boycott Effect from Irregular Factors (A-1.0)	(C) 2004-13 Averages of Seasonal Factors	(D) Actual Seasonal Factors	(E) Potential Boycott Effect from Differences in Seasonal Factors (D-C)	(F) Total Potential Boycott Effect (B+E)
Retail sales, total (excl. motor vehicle and parts dealers)						
2014	1.0023	0.0023	1.0315	1.0267	-0.0048	-0.0024
2015	0.9998	-0.0002	1.0315	1.0278	-0.0037	-0.0039
2016	0.9988	-0.0012	1.0315	1.0431	0.0116	0.0103
2017	1.0035	0.0035	1.0315	1.0516	0.0201	0.0235
Grocery stores (NAICS 4451)						
2014	1.0007	0.0007	0.9991	1.0008	0.0017	0.0023
2015	1.0035	0.0035	0.9991	0.9896	-0.0095	-0.0060
2016	1.0014	0.0014	0.9991	0.9979	-0.0013	0.0001
2017	0.9958	-0.0042	0.9991	1.0054	0.0062	0.0020
Clothing stores (NAICS 4481)						
2014	1.0239	0.0239	1.1157	1.1259	0.0102	0.0341
2015	1.0027	0.0027	1.1157	1.1132	-0.0025	0.0002
2016	0.9949	-0.0051	1.1157	1.1273	0.0116	0.0065
2017	1.0097	0.0097	1.1157	1.1448	0.0291	0.0387

Table 2 shows that the potential boycott effect for December was widespread. Considering column F, the total effect was relative small, but was present for all four years (2014-17) for total retail sales. Also, it was small for Grocery stores for 2014-15. However, the effect was sizeable for Clothing stores for three of the four years. This is logical because food purchases are known to be relatively inelastic, while purchases of apparel are known to be more elastic. These data infer that Black Americans made overt efforts to restrain purchases of clothes during the Christmas period since Michael Brown’s death and the resurgence in egregious violations of Black male human rights in the form of police murders.

However, the effect was sizeable for Clothing stores for three of the four years.

Table 2.—December Black American Boycott Effect from Irregular and Seasonal Factors

Categories	(A) Irregular Factors	(B) Potential Boycott Effect from Irregular Factors (A-1.0)	(C) 2004-13 Averages of Seasonal Factors	(D) Actual Seasonal Factors	(E) Potential Boycott Effect from Differences in Seasonal Factors (D-C)	(F) Total Potential Boycott Effect (B+E)
Retail sales, total (excl. motor vehicle and parts dealers)						
2014	1.0014	0.0014	1.2256	1.2044	-0.0213	-0.0199
2015	1.0077	0.0077	1.2256	1.2141	-0.0116	-0.0039
2016	0.9942	-0.0058	1.2256	1.2297	0.0041	-0.0018
2017	0.9996	-0.0004	1.2256	1.2040	-0.0217	-0.0220
Grocery stores (NAICS 4451)						
2014	1.0000	0.0000	1.0575	1.0376	-0.0199	-0.0200
2015	0.9993	-0.0007	1.0575	1.0464	-0.0112	-0.0118
2016	0.9965	-0.0035	1.0575	1.0682	0.0106	0.0072
2017	1.0037	0.0037	1.0575	1.0606	0.0030	0.0068
Clothing stores (NAICS 4481)						
2014	1.0120	0.0120	1.5267	1.4457	-0.0810	-0.0690
2015	0.9968	-0.0032	1.5267	1.4651	-0.0616	-0.0648
2016	0.9974	-0.0026	1.5267	1.5158	-0.0109	-0.0135
2017	0.9961	-0.0039	1.5267	1.4791	-0.0476	-0.0515

What was the potential impact of the boycott in dollar terms? Taking the largest potential boycott, which is reflected for Clothing stores in December of 2015 (both the irregular and seasonal components reflect a potential boycott effect), we find that the effect is -0.0648. This accounts for about a \$1.5 billion reduction in sales of apparel than would otherwise occur.⁴ By doing your part, we all made a difference!

These results should inform us that, if and when we want to turn up the heat on White American businesses, then “Yes we can.” Combine this dollar pressure with political and other types of pressure, and we can impact outcomes and create change.

But this semi-unorganized (boycott) pressure is insufficient to halt the loss of young Black American males’ lives. There remains a need for a long-term and systematic strategy and leadership to apply pressure and create change. Even without such a strategy and leadership, it seems prudent for Black Americans to continue our boycott of White American businesses again on Black Friday 2018, for December 2018, and into the future.

⁴ The December 2015 value for retail sales by Clothes stores was \$22,791 million.

B.B. Robinson
06/24/18

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