

The Black-White Unemployment Gap over Time and Over the Cycle

based on work with Qingyuan Chai

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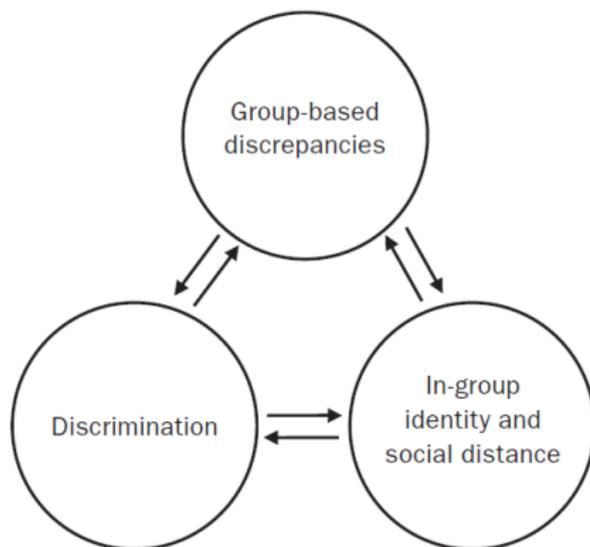
November 17, 2023

Major Points

- ① Labor market should not be discussed in isolation
- ② What we know about the black-white (un)employment gap levels
 - ① Even harder to “explain” than wage gap
 - ② Accounting: Disparity in employment exit more important than disparity in entry
- ③ Cyclical:
 - ① black (un)employment (rises) falls more in recessions
 - ② Entry into unemployment, not exit, more cyclical
- ④ Some of what we ‘know’ affected by missing (black) men

Disparities and Discrimination: Interactions

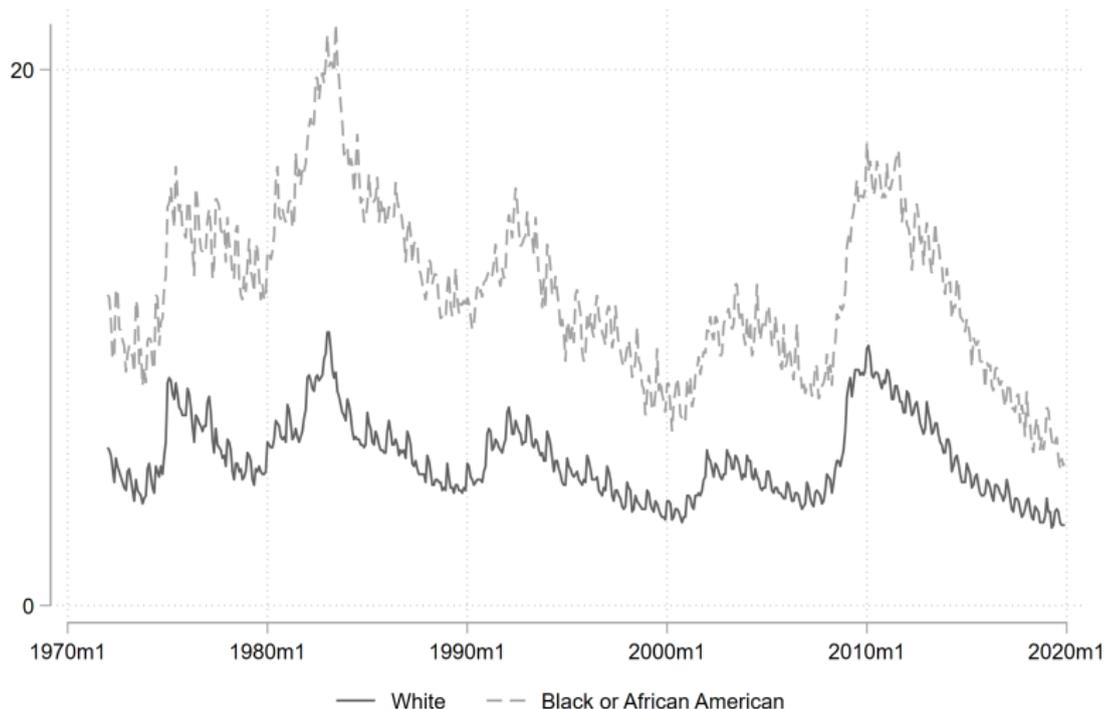
Figure 1. Mutual Reinforcement: Disparities, Identity, and Discrimination.



Source: Lang, K. and Spitzer, A. K-L. "How Bias and Discrimination Shape Outcomes," *Future of Children*, 30:1 (Spring 2020): 165-186.

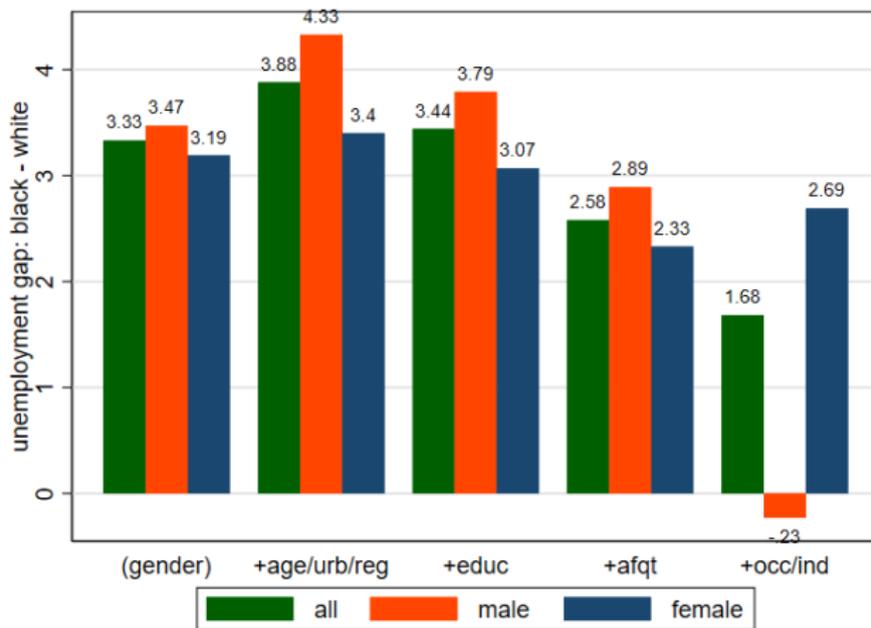
Unemployment

Figure: Time series of monthly unemployment rate by race



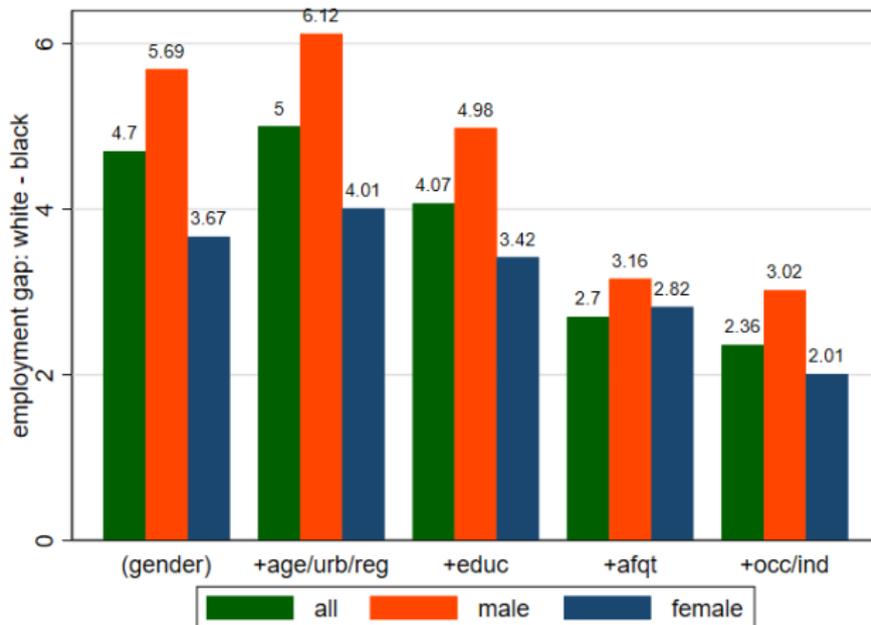
Black-White Unemployment Gap

NLSY79, 1996, Age 31-39



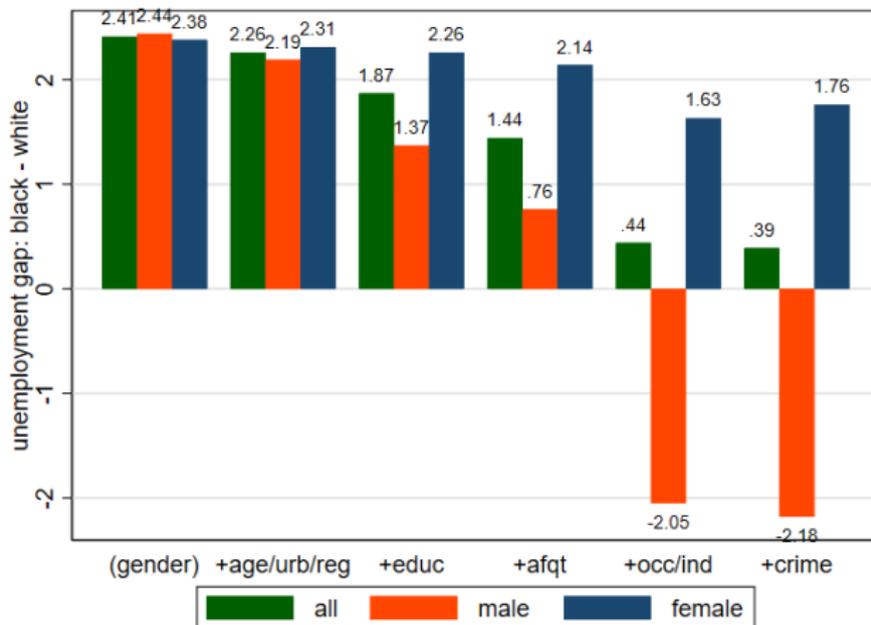
Black-White Employment Gap

NLSY79, 1996, Age 31-39



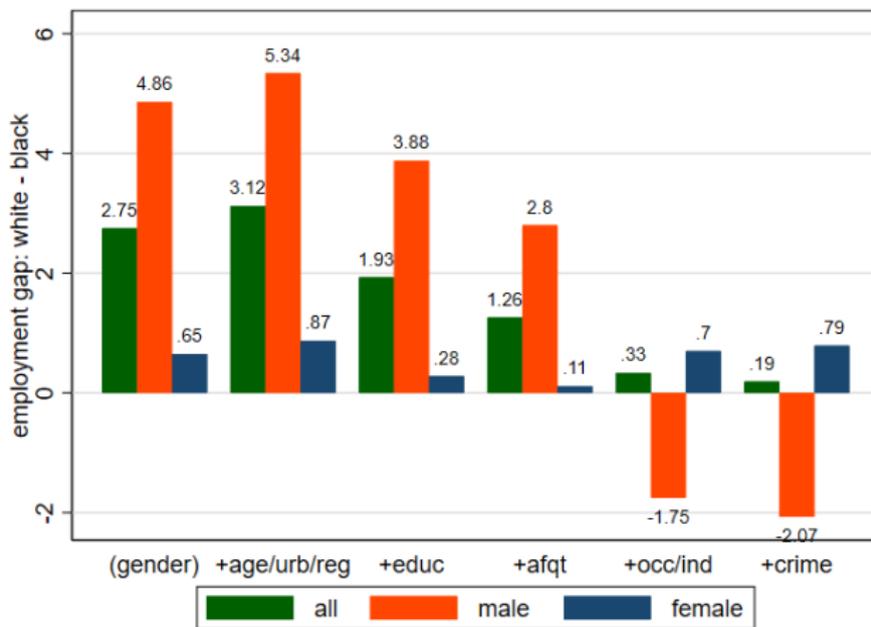
Black-White Unemployment Gap

NLSY97, 2017, Age 33-37



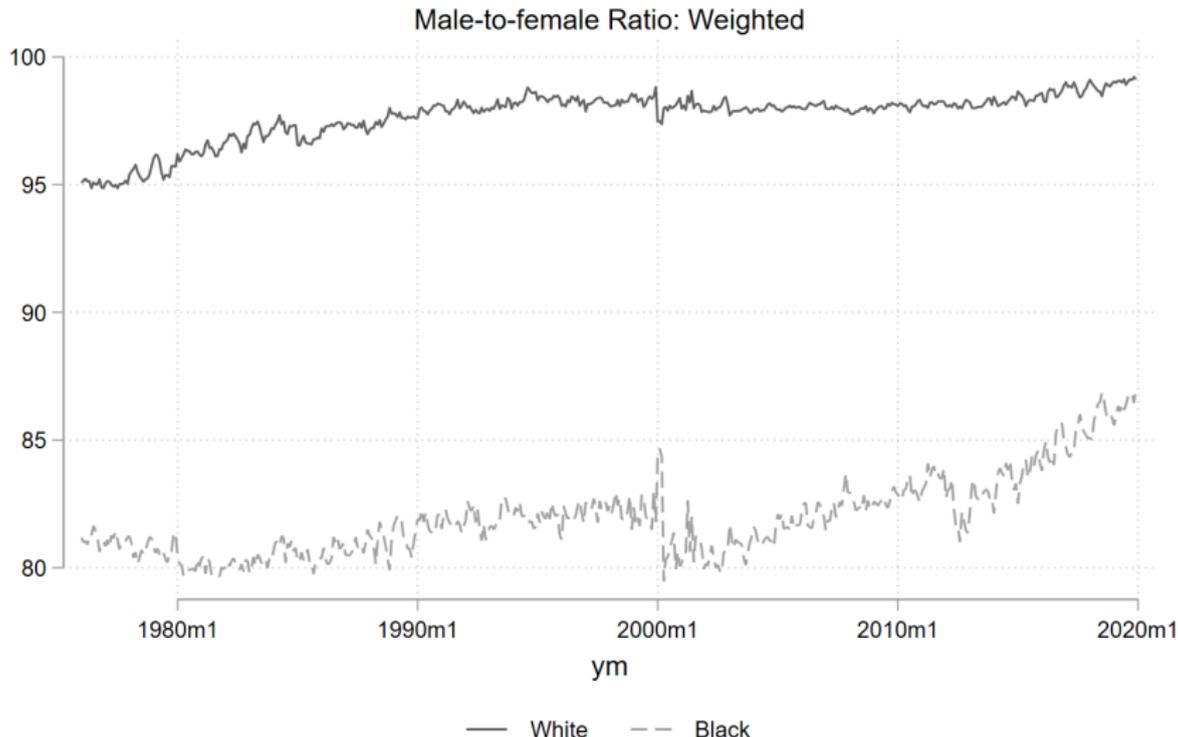
Black-White Employment Gap

NLSY97, 2017, Age 33-37



Missing Black Men

Adrienne Sabety & Ariella Kahn-Lang Spitzer, Missing Black Men? The Impact of Under-Reporting on Estimates of Black Male Labor Market Outcomes



Unemployment Gap over The Cycle

Current Population Surveys, Ages 25-54

ALL

White Unemp.	-0.76	-0.57	-0.59
Sample Mean	-7.33	-4.13	-3.52

MEN ONLY

White Unemp.	-0.86	-0.62	-0.74
Sample Mean	-11.96	-9.30	-4.09
		+Schooling	+Occupation Industry

Dep. Var. = unexplained coefficient on black in month.
1st stage controls for (gender), state, age and urban.
2nd stage controls for ratio of men to women by race
weighted, linear time trend, dummies for post 1994, 2000

Labor Market Flows: Men and Women

Flows between Employment and Unemployment/OLF: All

	E to NU	E to NU	NU to E	NU to E
Black	0.83	0.53	-7.94	-5.43
White Unem. Rate	0.14	0.14	-3.78	-3.58
Black*White Unem. Rate	0.05	0.06	0.05	-0.10
Educ., Occ., & Industry	No	Yes	No	Yes

All regressions control for month, state, age, post 2000, linear trend urban, white/black male/female ratios, white/black linkage rates

Labor Market Flows: Men Only

Flows between Employment and Unemployment/OLF: Men

	E to NU	E to NU	NU to E	NU to E
Black	0.91	0.59	-3.11	-2.30
White Unem. Rate	0.19	0.19	-3.75	-3.62
Black*White Unem. Rate	0.08	0.09	-0.34	-0.40
Educ., Occ., & Industry	No	Yes	No	Yes

All regressions control for month, state, age, post 2000, linear trend urban, white/black male/female ratios, white/black linkage rates

Labor Market Flows: Black Men Only

Flows between Employment and Unemployment/OLF: Black Men

	E to NU	E to NU	NU to E	NU to E
White Unem. Rate	0.26	0.28	-4.31	-4.11
Black male/female		0.01		0.98
Black link rate		-0.05		-0.24

All regressions control for month, state, age, urban, education, occupation, industry, post 2000, linear trend