



Research Update:

*The Crisis Continues:
Black Male Joblessness in Milwaukee
2007*

by:

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I. Introduction

In the past weeks, as the U.S. economy has teetered on the edge of the worst financial panic since the 1930s, the specter of economic Depression has been raised by many observers. For black Milwaukeeans, however, a “stealth depression” in the region’s labor market has been underway for decades.¹

In a series of studies over the past five years, the University of Wisconsin-Milwaukee Center for Economic Development has documented the alarming extent to which joblessness among working-age African American males has grown in Milwaukee since the 1970s.² Once one of the nation’s most opportunity-filled urban labor markets for black males, by 2000 Milwaukee registered among the highest rates of black male joblessness and largest racial disparities in jobless rates among U.S. cities and metropolitan areas. In our in-depth study, *The Crisis of Black Male Joblessness in Milwaukee*, we analyzed the reasons for the sharp racial disparities in the Milwaukee labor market, examined the shortcomings of existing policies, and recommended a sweeping set of new strategies to meet the challenge – nothing short of a Milwaukee “Marshall Plan” to attack the city’s job crisis.³

This research update, based on newly released data from the U.S. Bureau of the Census’ *American Community Survey*, reveals that the crisis of black male joblessness is once again intensifying in Milwaukee. In 2007, the most recent year for which data is available, a staggering 51.1 percent of metro Milwaukee’s working-age African American males were out-of-work: either unemployed, or, for various reasons (including incarceration), not in the labor force. *This is the highest jobless rate among working age*

¹ We first called attention to this “stealth depression” in a 2003 report: Marc V. Levine, *Stealth Depression: Joblessness in the City of Milwaukee Since 1990* (UWM Center for Economic Development, August 2003).

² See Marc V. Levine, *The Crisis of Black Male Joblessness in Milwaukee: Trends, Explanations, and Policy Options* (UWM Center for Economic Development, March 2007); and Marc V. Levine, *The Crisis of Black Male Joblessness in Milwaukee: 2006* (UWM Center for Economic Development, October 2007).

³ See Levine, *The Crisis of Black Male Joblessness in Milwaukee: Trends, Explanations, and Policy Options*, pp. 56-63.

*black males ever recorded in Milwaukee*⁴, and a substantial increase from 2006, when the rate was an already unacceptable 46.8 percent.

Moreover, although the rate of black male joblessness remains shockingly high in urban centers across the country, metro Milwaukee holds the dubious distinction in 2007 of recording the second-highest rate of joblessness for working-age black males, and the widest racial disparity in jobless rates among a sample of the nation's largest metropolitan areas. In short, the crisis continues, the current mix of policies and strategies remains ineffective, and the need for dramatic new directions in policy remains.

II. Measuring Joblessness

The level of joblessness in a labor market is most often conveyed in one universally recognized and widely reported number: the unemployment rate. This statistic measures the percentage of people over the age of 16 in an area's civilian labor force, actively looking for work, who do not have a job.

However, the official unemployment rate is an imperfect and sometimes misleading indicator of the true extent of joblessness. As calculated by the federal Bureau of Labor Statistics (BLS), the officially unemployed do not include working-age people who are not working but, for various reasons, are not in the labor force. Some of these potential workers, such as most students and homemakers, as well as the voluntarily self-employed or voluntarily retired, have chosen not to be in the labor force; thus, it makes sense to exclude them from measures of unemployment. Some suffer from employment disabilities that preclude them from labor force participation and hence are not counted in the official unemployment rate.

Many other potential workers, however, are not included in the official unemployment rate even though they are not necessarily among the *voluntarily* jobless. Some are "discouraged workers," who have given up looking for elusive employment.

⁴ Using a different data set, from the Bureau of Labor Statistics, we reported a black male jobless rate in 2002 in the city of Milwaukee of 58.8 percent [See Marc V. Levine, *After the Boom: Joblessness in Milwaukee Since 2000* (UWM Center for Economic Development, 2004, p. 14)]. However, the BLS statistics included *all* males over the age of 16, including those over 65 who were out of the labor force. The data here include only working-age males, ages 16-64, and therefore more accurately measure joblessness.

Others may simply not enter the labor market, convinced that appropriate jobs are not available. These individuals do not show up in the official unemployment statistics, although they are clearly part of the jobless population in a community. Moreover, some economists believe that the employment disability system may also be camouflaging the true rate of joblessness in many communities.⁵

Thus, because the official unemployment rate ignores those who are not seeking jobs, it understates the full scope of joblessness. A different way, therefore, to gauge joblessness –and the one we will use in this report—is to look at the percentage of the *total* working age not employed: *everyone* between the ages of 16-64, not just those actively in the civilian labor force. Obviously, this “jobless rate” will never be zero: aside from “frictional unemployment” (people between jobs), there are always working-age full-time students, homemakers, early retirees, or the self-employed who are *voluntarily* not in the labor force. But clearly, the more robust the labor market, the lower the jobless rate for the entire working-age population. Typically, in a labor market near full-employment, the jobless rate for the full working-age male population (ages 16-64) will hover in the 18-20 percent range; for the prime working-age male population (ages 25-54), the “full employment” jobless rate will be in the 8-10 percent range.

III. Race and Male Joblessness in Milwaukee: 2007

As Table 1 reveals, the jobless rate for working-age African American males in the four-county metropolitan Milwaukee region stood at 51.1 percent in 2007, a substantial increase from 46.8 percent in 2006. At 51.1 percent, the black male joblessness rate is now at the highest level in Milwaukee ever recorded in official statistics. The black male jobless rate in Milwaukee is now double what it was in 1970, and up over 35 percent from as recently as 1990.

By contrast, the jobless rates for both white and Hispanic males remained unchanged between 2006-2007. As a result, the region’s racial disparity in joblessness remains imposing: in 2007, the jobless rate for black males was almost *three times* the white rate

⁵ See appendix to this report for a brief discussion of the complicated connections between employment disabilities, official unemployment rates, and accurate measures of joblessness.

and is now more than *double* the Hispanic rate. Milwaukee’s racial gap in joblessness, as Table 6 below shows, remains the widest among large, racially diverse U.S. metropolitan areas.

Table 1:

Male Joblessness in Metropolitan Milwaukee, 2000-2006

(percentage of working-age* males unemployed or not in the labor force)

| YEAR | BLACK | WHITE | HISPANIC |
|------|-------|-------|----------|
| 2000 | 47.6% | 16.0% | 34.1% |
| 2006 | 46.8% | 17.9% | 22.7% |
| 2007 | 51.1% | 18.6% | 22.9% |

Source: U.S. Bureau of the Census, *Census of Population, 2000; American Community Survey, 2006, 2007*

*Working-age = between ages of 16-64

Tables 2-4 provide more detail on male joblessness in metro Milwaukee in 2007, breaking down jobless rates by race, age, and place of residence. Three observations stand out. First, jobless rates are high in all age categories for black males in metro Milwaukee. Even in the prime working-age category --between the ages of 25-54, when issues of retirement or schooling are not significant factors removing potential workers from the labor market—43.2 percent of Milwaukee’s black males are either unemployed or not in the labor market. Once again, this represents a substantial, 30 percent increase over 2006, when the jobless rate for African American males in their prime working years was 33.1 percent. And it is a huge jump from the Milwaukee of 1970, when the rate was merely 15.2 percent. In short, the jobless rate for black males in their prime working years in Milwaukee has almost *tripled* in a generation. This massive growth in joblessness has occurred even though the percentage of Milwaukee African Americans over 25 with a high school diploma increased from 34.0 to 76.1 percent between 1970-2007, while the percentage holding college degrees jumped from 3.8 percent to 10.5 percent during that same period. These statistics suggest that the view of education as a panacea to the crisis of black male joblessness is, at a minimum, simplistic.⁶

⁶ U.S. Bureau of the Census, *1970 Census of Population and Housing: Milwaukee, Wis. Standard Metropolitan Statistical Area*; and U.S. Bureau of the Census, *American Community Survey, 2007*, Table B15002B (accessed at www.census.gov, American Factfinder). The data for 1970 include both sexes; the 2007 rates are for males only.

Table 2:

Metropolitan Milwaukee Male Jobless Rates: 2007

By Race, Ethnicity, and Age

| AGE CATEGORY | BLACK | WHITE | HISPANIC |
|---------------------|--------------|--------------|-----------------|
| 16-24 | 64.5% | 37.8% | 44.4% |
| 25-54 | 43.2% | 10.4% | 15.7% |
| 55-64 | 61.8% | 28.4% | 25.6% |

Source: *American Community Survey, 2007.*

Second key observation: a huge racial gap in male joblessness exists in all age categories in metro Milwaukee. As Table 2 shows, black male joblessness in the key 25-54 year old age group was *four times* the white rate in 2007, the widest racial disparity in joblessness Milwaukee since large-scale black migration to the city began in the 1960s.

Moreover, the jobless rate in 2007 among prime working-age black males was also significantly higher than the rate for Hispanic males in metro Milwaukee – almost three times as high (43.2 percent to 15.7 percent). As we first noted in the *Crisis of Black Male Joblessness in Milwaukee*, since the early 1990s Hispanic males have increasingly gained a foothold in jobs requiring low to moderate skills in the Milwaukee area labor market. In 2007, for example, although African Americans outnumbered Hispanics by 64 percent among working age males in Greater Milwaukee, there were 56 percent more Hispanic males than black males employed in construction and 59 percent more Hispanic males than black males in production jobs in the region. As Table 4 shows, although Hispanics represented 8.5 percent of all employed males in metro Milwaukee, they represented 11.3 percent of construction and repair workers (compared to blacks, who represented 7.3 percent), and 17 percent of production workers (compared to blacks, who constituted 10.7 percent). The reasons for these disparities are unclear and would certainly warrant additional research.

Table 3:

**Employment By Race and Ethnicity in
The Metropolitan Milwaukee Male Labor Market: 2007**

Total Employment in Selected Occupations, by Race and Ethnicity

| OCCUPATION | BLACK | WHITE | HISPANIC |
|--------------------------------|--------------|--------------|-----------------|
| Total: Working-Age Males | 69,476 | 370,567 | 42,677 |
| Total: Employed Males | 34,981 | 313,779 | 33,641 |
| Managerial and Professional | 8,022 | 119,076 | 3,310 |
| Construction/Repair | 3,719 | 40,288 | 5,807 |
| Production | 5,332 | 34,318 | 8,478 |
| Transportation/Material Moving | 5,479 | 24,096 | 5,574 |

Source: Same as Table 2

Table 4:

**Ethnic and Racial Disparities in
The Metropolitan Milwaukee Male Labor Market: 2007**

% of employment in selected occupations, by race and ethnicity

| OCCUPATION | BLACK | WHITE | HISPANIC | OTHERS |
|--------------------------------|--------------|--------------|-----------------|---------------|
| Total: Working-Age Males | 13.8% | 73.6% | 8.5% | 4.1% |
| Total: Employed Males | 8.8% | 79.1% | 8.5% | 3.6% |
| Managerial and Professional | 5.8% | 86.8% | 2.4% | 5.4% |
| Construction/Repair | 7.3% | 78.7% | 11.3% | 2.7% |
| Production | 10.7% | 68.8% | 17.0% | 3.5% |
| Transportation/Material Moving | 15.1% | 66.4% | 15.4% | 3.1% |

Source: Same as Table 2

Finally, as Table 5 shows, for both black and white males in metro Milwaukee, there is a substantial disparity in the jobless rates posted in the city of Milwaukee as opposed to the suburbs. Among prime working-age white males (ages 25-54), for example, the jobless rate in the city is almost double the rate in the suburbs. However, since the vast majority (78 percent) of working-age white males in the region live in the suburbs, the impact of this city-suburban disparity on overall rates of metropolitan area white male joblessness is mitigated. On the other hand, this city-suburban disparity overlaps with the racial segregation of metro Milwaukee’s labor market: almost 90 percent of the region’s

black male workers live in the city of Milwaukee where, as we have documented in earlier reports, there has been no net job growth since the late 1970s. Consequently, as Table 5 clearly shows, in 2007 there was a sharp racial polarization of the region's male labor market, with the largest gaps in jobless rates separating white suburbanites from black residents of the central city. For example, among prime working-age males (ages 25-54), the jobless rate for black males living in the city of Milwaukee (43.8 percent) was *five times* the rate white suburbanites (8.4 percent) in 2007. Indeed, in a stunning indicator of racial polarization in the Greater Milwaukee labor market: the jobless rate for white young adults (ages 16-24) living in the Milwaukee suburbs was *lower* in 2007 than the jobless rate for prime working-age (25-54) African American males.

Table 5:

City-Suburban Disparities in Male Joblessness in Metropolitan Milwaukee: 2007

Jobless Rates (%), by Race, Ethnicity, Age, and Place of Residence

| AGE | BLACK CITY | BLACK SUBURBS | WHITE CITY | WHITE SUBURBS | HISPANIC CITY | HISPANIC SUBURBS |
|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|-------------------------|
| All Working Age | 51.7% | 46.8% | 25.0% | 16.7% | 23.9% | 20.0% |
| Young Adults | 65.5% | 58.6% | 44.6% | 35.6% | 45.9% | 39.5% |
| Prime Working Age | 43.8% | 38.5% | 16.5% | 8.6% | 16.5% | 12.9% |

Source: Same as Table 2. All working age= 16-64; Young adults = 16-24; Prime working age = 25-54

IV. Race and Joblessness in Milwaukee: A Comparative Perspective, 2007

The crisis of black male joblessness pervades urban America. But, among the largest metropolitan areas in the Northeast and Midwest, the employment situation for black males in Milwaukee remains near the bleakest. As the chart below shows, in 2007 Milwaukee posted the second highest rate of black male joblessness among a sample of 35 benchmark metropolises from across the country. These large metropolises represent a broad variety of regions and overall economic conditions, and each has a significant African American population.

Not only did Milwaukee register the second worst rate of black male joblessness among the country's large metropolitan areas in 2007, but the racial gap here in male joblessness was, by far, the widest. While Milwaukee posted the second *highest* level of black male joblessness among large U.S. metro areas, it recorded the *third lowest* rate of white male joblessness in 2007 in these metropolises (see Table 6 below). Remarkably, the rate of white male joblessness in metro Milwaukee was lower even than in booming Sunbelt metropolises such as Phoenix, Las Vegas, Atlanta, and Houston, and lower than in high tech and "creative class" meccas such as Seattle, Boston, or San Francisco.

Thus, in 2007, the black male jobless rate in Milwaukee was a staggering 32.5 percentage points higher than the white rate, by far the biggest racial gap among the 35 large metropolises analyzed here. Only in depressed, deindustrializing Buffalo did the racial gap in joblessness come close (at 26.1 percentage points) to Milwaukee's. In metro Milwaukee, the black jobless rate was 2.7 times higher than white rate, far and away the largest racial disparity of any benchmark large metropolis. Indeed, to put this massive gap in perspective: in only 9 of the 35 metropolitan areas examined was the black jobless rate even double the white rate; in Milwaukee, by contrast, the black rate was nearly *triple* the white rate.

Black Male Joblessness in Selected U.S. Metropolitan Areas: 2007

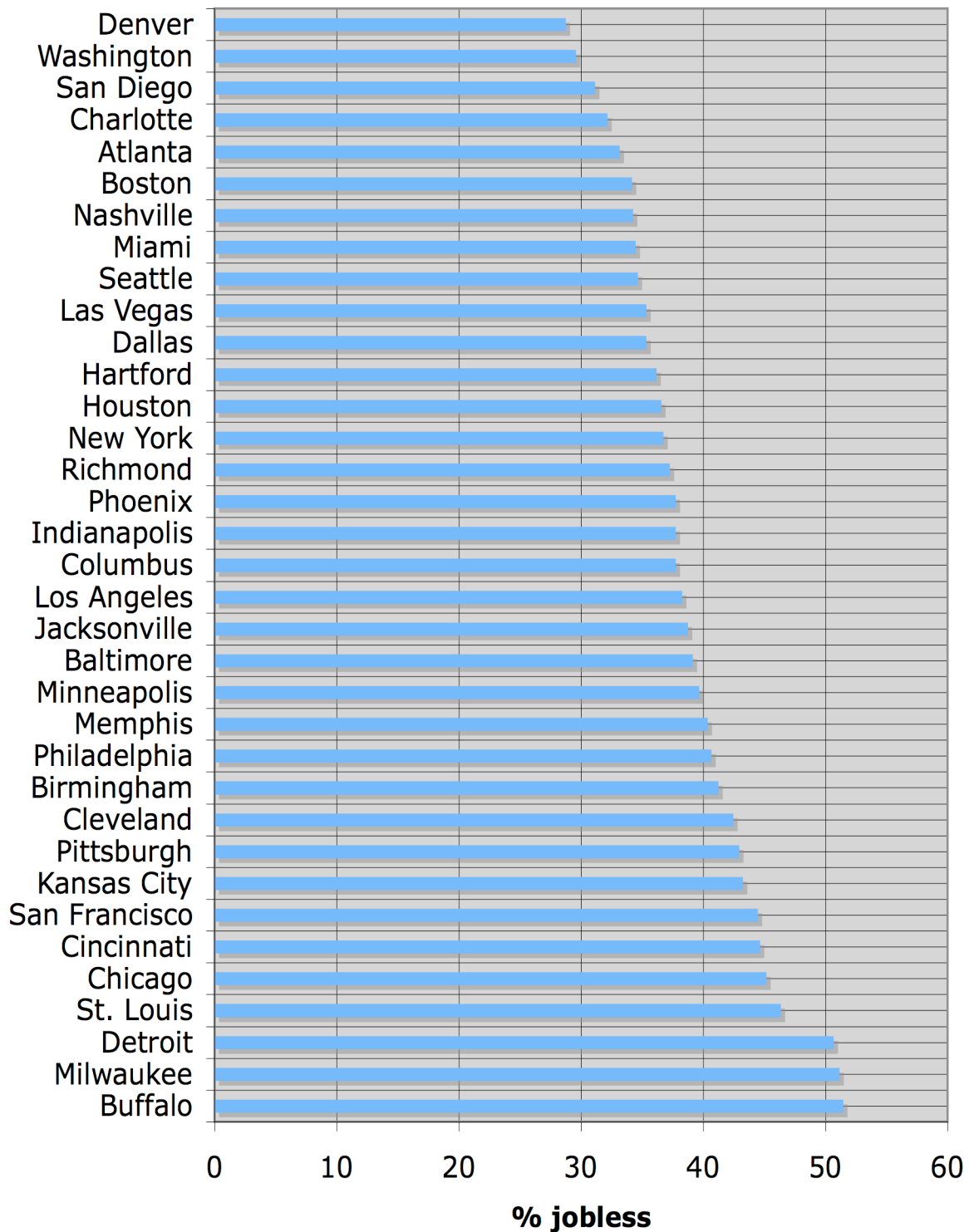


Table 6:**Male Jobless Rates in Selected Metropolitan Areas, By Race: 2007**

Percentage of working-age (16-64) males either
unemployed or out of the labor force

| METRO AREA | BLACK JOBLESS % | WHITE JOBLESS % | BLACK/ WHITE RATIO | PCT. GAP IN BLACK/ WHITE RATES |
|-------------------|----------------------------|----------------------------|-----------------------------------|---|
| Milwaukee | 51.1 | 18.6 | 2.74 | 32.5 |
| Buffalo | 51.4 | 25.3 | 2.03 | 26.1 |
| Detroit | 50.6 | 25.6 | 1.97 | 25.0 |
| St. Louis | 46.3 | 21.4 | 2.16 | 24.9 |
| Chicago | 45.1 | 20.4 | 2.21 | 24.7 |
| Kansas City | 43.2 | 18.9 | 2.28 | 24.3 |
| San Francisco | 44.4 | 20.8 | 2.13 | 23.6 |
| Cincinnati | 44.6 | 22.2 | 2.01 | 22.4 |
| Minneapolis | 39.6 | 18.0 | 2.21 | 21.6 |
| Memphis | 40.3 | 18.9 | 2.13 | 21.4 |
| Cleveland | 42.4 | 22.3 | 1.90 | 20.1 |
| Birmingham | 41.2 | 22.1 | 1.86 | 19.1 |
| Pittsburgh | 42.9 | 23.8 | 1.80 | 19.1 |
| Philadelphia | 40.6 | 21.7 | 1.87 | 18.9 |
| Baltimore | 39.1 | 21.4 | 1.82 | 17.7 |
| Indianapolis | 37.7 | 20.3 | 1.85 | 17.4 |
| Hartford | 36.1 | 19.5 | 1.85 | 16.6 |
| Houston | 36.5 | 20.1 | 1.8 | 16.4 |
| Phoenix | 37.7 | 21.9 | 1.72 | 15.8 |
| Dallas | 35.3 | 19.5 | 1.81 | 15.8 |
| Columbus | 37.7 | 22.6 | 1.66 | 15.1 |
| Richmond | 37.2 | 22.1 | 1.68 | 15.1 |
| Los Angeles | 38.2 | 23.2 | 1.64 | 15.0 |
| New York | 36.7 | 22.1 | 1.66 | 14.6 |
| Jacksonville | 38.7 | 24.5 | 1.57 | 14.2 |
| Charlotte | 32.1 | 17.9 | 1.79 | 14.2 |
| Las Vegas | 35.3 | 21.3 | 1.61 | 14.0 |
| Nashville | 34.2 | 20.4 | 1.67 | 13.8 |
| Atlanta | 33.1 | 20.0 | 1.65 | 13.1 |
| Seattle | 34.6 | 21.6 | 1.60 | 13.0 |
| Boston | 34.1 | 21.7 | 1.57 | 12.4 |
| Miami | 34.4 | 23.4 | 1.47 | 11.0 |
| Washington | 29.5 | 19.0 | 1.55 | 10.5 |
| Denver | 28.7 | 18.7 | 1.53 | 10.0 |
| San Diego | 31.1 | 21.6 | 1.43 | 9.5 |

Source: See Table 2

V. Race and Joblessness in Milwaukee: Policy Implications

The startling surge in the level of black male joblessness in Milwaukee reported here comes at an anxious time in the city and the nation's economic history. Consider this ominous fact: between 2006-07, as black male joblessness climbed here by over nine percent, total employment in the city of Milwaukee—where the overwhelming majority of the region's black workers live—actually increased by 549. Now fast forward to 2008: *since* mid-2007, Milwaukee has lost employment for twelve consecutive months, between July 2007 and July 2008, shedding almost 2,800 employed residents in the process.⁷ With a national economy poised on the edge of a major recession—or worse—and on top of an already deteriorating labor market in Milwaukee, the city faces the grave prospect of further increases in black male joblessness.

The persistent level of black male joblessness and chasm-like racial disparities in employment in Milwaukee are an outrage, a civic embarrassment, and a stain on the community. The failure of local political and corporate leadership to meaningfully combat this calamity threatens the economic fabric of the city and the region.

In *The Crisis of Black Male Joblessness*, we analyzed the shortcomings in Milwaukee's current portfolio of strategies to combat black male joblessness, and outlined new directions for public policy. With the surging rate of joblessness registered in 2007 as a backdrop, we offer below the highlights of the original analysis (with a few new wrinkles).

Local Policy and the Crisis of Black Male Joblessness in Milwaukee

Milwaukee's civic leadership appears to have settled into a three-pronged "jobs strategy" to combat predominantly minority inner city joblessness: workforce development, minority entrepreneurship, and regionalism. All are worthy policy objectives and, in principle, can contribute to improving the local labor market. All, however, are deeply flawed as cornerstones of a local jobs strategy; in particular, without

⁷ See UW-Milwaukee Center for Economic Development, *Monthly Employment Watch: Milwaukee and the Nation's Largest Cities* (September 2008).

other more direct job creation policies ("demand-side"), these ('supply side") approaches are unlikely to have a significant impact on the crisis of black male joblessness in Milwaukee. Milwaukee's recent history, as is the case nationwide, is littered with disappointing results from job training programs. Workforce development is predicated on the fallacious assumptions that enough jobs exist for properly trained workers, or that with adequate training enough private-sector jobs will be created for all workers. In fact, in 2005, by conservative estimate, there were 88,294 more jobless than available jobs in metro Milwaukee; there were six jobless Milwaukeeans for every available job in 2005; there were an astounding nine jobless for every available full-time job. Given the contraction of the labor market over the past twelve months, and the prospect of a deep recession on horizon, it seems likely that this "job gap" has grown since 2005 and will continue to grow in the near-term. The primary need in Milwaukee is not improved job training but rather policies that increase the demand for low- to moderate-skilled labor and attack the critical shortage of available jobs in the region.

Minority entrepreneurship also offers little prospect of improving the employment picture for working-age black males. In the 50 largest metro areas in the country, there is no evidence that high rates of black business ownership produce low rates of black joblessness. Black-owned businesses employ a tiny fraction of workers (less than one percent in Milwaukee), so even huge growth in black-owned businesses would have a trivial impact on the black jobless rate. Again, as in the case of job training, minority entrepreneurship surely has a role in Milwaukee's policy mix, for a host of social justice and economic development reasons. But, it is not a viable cornerstone for the kind of anti-joblessness policy necessary in this community.

Finally, Milwaukee 7 (M-7) "regionalism" could contribute significantly to alleviating the crisis of black male joblessness. But, so far, the M-7 seems focused on micro-fixes and gimmicks, such as: a) "better" branding and marketing Milwaukee; b) pursuing what one researcher has dubbed the "job training charade" as a response to mythical labor shortages; and c) focusing on under-researched, under-debated, and much-hyped gimmicks such as turning Milwaukee into the "Silicon Valley of water technology." There has been no real attention by the M-7 to the kinds of regional "equity" policies in transportation, public finance and housing that could make a difference in

combating minority joblessness.

New Directions to Combat Black Male Joblessness in Milwaukee

We have identified four strategies that offer far greater likelihood of reducing black male joblessness in Milwaukee than the approaches above:

Public infrastructure investment, which will not only meet pressing needs in a community with aging infrastructure, but could also play a critical role in boosting, Keynesian-style, local demand for low- to moderate-skilled labor. Particularly if accompanied by explicit minority-hiring goals or low-income resident preferential hiring programs, public investments could be a central element in a real Milwaukee "jobs strategy." The examples of the Marquette Interchange project and the city of Milwaukee's "Residents Preference Program" (RPP) show the promise of this "demand-side" approach to the labor market.

In particular, we recommend that Milwaukee leaders vigorously pursue development of a jobs-producing, competitiveness-enhancing regional light rail transit system. In its political resistance to light rail, Milwaukee is increasingly isolated among U.S. cities.

The more Milwaukee remains immobilized on this issue, especially in an era of skyrocketing gas prices, the more the region risks falling further behind our competitors economically, and the more we lose the opportunity for a "big bang" investment that could ameliorate the labor market for low- to moderate-skilled workers. Moreover, in a segregated Milwaukee that suffers from the nation's most entrenched spatial and racial labor market mismatch, rail can better knit together the region's employment hubs and residential neighborhoods, in particular making jobs more accessible to a public transit-dependent central city working-age population.

Mayor Barrett has taken some welcome steps in promoting rail transit in Milwaukee, although his proposed "starter" system – a downtown "Circulator"—would do little to either stimulate local economic growth, create many jobs, link workers to employment centers, or generate support for the necessary larger rail network. Indeed, it's likely that the mayor's trolley to nowhere would draw meager ridership, thus

providing ammunition to the opponents of light rail, foreclosing future investments and leaving us with an underutilized white elephant ringing downtown. A bolder vision is necessary.

Properly concerned about fiscal responsibility, Mr. Barrett says that “advocates have failed to explain how to fund a more extensive system.” Yes, public finances are tight here, but this is hardly a fiscal state of affairs unique to Milwaukee. Somehow, though, leaders in places as varied as Denver, Baltimore, Dallas, Minneapolis, Charlotte, Salt Lake City, Portland, and St. Louis have financed the construction or expansion of their systems in recent years. Moreover, even in fiscally strapped Milwaukee, we’ve found a way to spend billions in the past decade on a baseball stadium and a convention center, mega-projects that nearly all economists agree contribute precious little to regional economic growth.

Given the economic development importance of transit investment for Milwaukee, a financially sensible rail plan must be crafted, linking key employment hubs and neighborhoods. Even in that bastion of big government liberalism –Dallas, Texas— voters have approved bond issues to pay for such an investment. In Milwaukee, a plan could be funded by existing federal dollars; extensive use of existing rail rights of way; creative deployment of tools such as tax incremental financing and the sale of station-area development rights; and, yes, a regional sales tax (with rebates or exemptions to low-income residents).

In the last analysis, the biggest obstacle to getting this done is political, not fiscal. The mayor needs to advocate a more extensive rail plan, one that provides travel speed and network scope. The region’s corporate leaders, represented by the Metropolitan Milwaukee Association of Commerce (MMAC) and the Greater Milwaukee Committee (GMAC), supposedly support regional rail transit. If that’s true, they should get behind the mayor, and firmly denounce the obstructionism and intransigence of political leaders they support, like County Executive Scott Walker, who are the primary causes of political gridlock over transit. The MMAC and GMC should support a comprehensive regional light rail plan, including adequate financing, and make it the centerpiece of the Milwaukee 7 initiative that could underpin an economic revitalization of the city and region.

National policy should also help fiscally constrained cities like Milwaukee make these kinds of jobs-producing investments. Democratic presidential candidate Barack Obama includes in his economic platform a proposal for a \$60 billion “National Infrastructure Reinvestment Bank” that could provide an infusion of funds to cities such as Milwaukee to invest in transit as well as in other infrastructure vital to economic development. Some analysts, such as legendary investment banker Felix Rohatyn, suggest that such a commitment could leverage perhaps \$250 billion for infrastructure around the country. That would make a huge impact in jump-starting stagnant urban economies such as Milwaukee’s.

Green Jobs. A coalition of organizations, including a “blue-green alliance” of the Sierra Club and the United Steel Workers, recently released a report showing how a “green economic investment of \$100 billion” nationally in energy efficiency and renewal energy could create 2 million new “blue/green collar” jobs across the country. These investments would be in retrofitting buildings; mass transit and freight rail; smart grid electrical transmission systems; wind energy; solar energy; and advanced biofuels. Such investments are, of course, vital to national priorities of energy independence and fighting global warming. But they will also stimulate economic development and job growth, particularly in jobs accessible to low and moderate-skilled workers – the crux of the crisis of black male joblessness. For example: “Constructing wind farms creates jobs for sheet metal workers, machinists, and truck drivers, among many others. Increasing the energy efficiency of buildings through retrofitting requires roofers, insulators, and building inspectors. Expanding mass transit systems employs civil engineers, electricians, and dispatchers.”⁸

“This green recovery program,” the report continues, “will provide a major boost to the construction and manufacturing sectors throughout the United States through much needed spending on green infrastructure.” Indeed, according to the researchers’ projections, the “green recovery” program could create 18,988 jobs in the M-7 counties, including 11,397 in Milwaukee County alone – the epicenter of black male joblessness in

⁸ Robert Pollin, Heidi Garrett-Peltier, James Heintz, and Helen Scharber, *Green Recovery Program: Impact Wisconsin* (Center for American Progress and Political Economy Research Institute, September 2009), p. 3. Accessed at www.peri.umass.edu/green_recovery

Wisconsin.⁹ This is a much more promising job-creation strategy than the current array of M-7 schemes such as the failed “Initiative for Competitive Milwaukee,” or hyped-up plans to turn Milwaukee into the “Silicon Valley of water technology.”

Fortunately, Milwaukee does have some embryonic plans that put us potentially at the forefront of green jobs development. The UW-Madison Center on Wisconsin Strategy, working with Mayor Barrett and the City of Milwaukee, has designed an innovative Milwaukee energy efficiency initiative: the Me2. This project, focusing on building retrofitting, offers a promising beginning to blue-green economic development in Milwaukee, and could provide thousands of job opportunities for inner city workers.¹⁰ It should be fast-tracked and fully funded, and it could pave the way to the more comprehensive green development strategies sketched above.

Community Benefits Agreements. The RPP and Marquette Interchange projects show that targeted hiring standards attached to local investments can improve the employment prospects for minorities and the disadvantaged. Milwaukee should follow the example of a growing number of cities around the country and attach "community benefits agreements" (CBAs) to major redevelopment projects, to give preferential hiring to inner city residents and minorities, and to require developers receiving public subsidies to meet job creation and wage standards. Moreover, all developers doing business in Milwaukee should be encouraged to meet these standards. The “Park East Redevelopment Compact” (PERC) and the recently proposed “Milwaukee Opportunities for Restoring Employment” (MORE) ordinance offer excellent examples of how community benefits agreements tied to economic development projects could ensure that Milwaukee’s jobless get first crack at the jobs created by public subsidies and investments.

Muscular Regionalism. A critical element of a jobs strategy in Milwaukee must involve regional equity and “smart growth” policies in transportation, public finance, and land use that go far beyond the timid regionalism of the M-7. In addition, we need to do a much better job of opening up the suburban labor markets of the region to racial diversity. "Opening up the suburbs" might include several policy options, but the two

⁹ Sierra Club and United Steelworkers, *Wisconsin’s Road to Energy Independence*. Accessed at www.sierraclub.org/energy/bluegreenjobs

¹⁰ For a description of the Me2 project, see: http://www.cows.org/collab_projects_detail.asp?id=54

most important are transportation and housing. Regional transportation policies must be realigned to facilitate the access of central city workers to suburban employment centers; and building affordable housing in the suburbs is essential, so that low-to-moderate-skilled workers, with limited incomes, can live in greater proximity to the location of 90 percent of the region's entry-level job openings.

Technical Appendix: Employment Disabilities, Unemployment, and Joblessness

We have argued in this report that the official unemployment rate is a flawed statistic for measuring the true extent of joblessness in a community, primarily because the official rate leaves out portions of the working-age population who, for a variety of reasons, are not in the labor force. This is why, for example, many economists look to the “employment-population” ratio –essentially the flip-side equivalent of our “jobless” statistic—as a better measure of joblessness than the unemployment rate.

The official unemployment rate for black males in metro Milwaukee in 2007 was 21.7 percent – awful enough, but lower than the 51.1 percent jobless rate that headlines this report. A legitimate question: does the joblessness statistic overstate the number of able-bodied jobless, by including those with employment disabilities who are not counted in the official unemployment statistics because they are not actively seeking work? For example, if we subtract all “not employed” working-age black males reporting any disability (not necessarily a technically defined “employment disability”), the jobless rate reported in this study would drop to 33.8 percent.

The problem is that “employment disability” has become something of a controversial topic among labor economists. For example, Austan Goolsbee, an economist at the University of Chicago (and currently Democratic presidential nominee Barack Obama’s chief economic adviser) argues that the official unemployment rate has been kept artificially low “only because government programs, especially Social Security disability, have effectively been buying people off the unemployment rolls and reclassifying them as ‘not in the labor force.’ In other words, the government has cooked the books.” He calls it “a kind of invisible unemployment” – moving, in record numbers, “people who would normally be counted as unemployed...[with] hard-to-verify disabilities like back pain and mental disorders, into the disability system.”¹¹

Importantly, Goolsbee concludes: “The point is not whether every person on disability deserves payments. The point is that in previous recessions these people would have been called unemployed. They would have filed for unemployment insurance. They

¹¹ Austan Goolsbee, “The Index of Missing Economic Indicators: The Unemployment Myth,” *The New York Times*, November 30, 2003.

would have shown up in the statistics. *They would have helped create a more accurate picture of national unemployment, a crucial barometer we use to measure the performance of the economy, the likelihood of inflation and the state of the job market.*” (my emphasis).

Tables 7 and 8 illustrate the extent to which this explosion in disabilities may have distorted the official unemployment rate in Milwaukee. Between 2000 and 2007, among working-age males of *all* racial and ethnic groups, the number reporting employment disabilities shot up by 63.8 percent, and the number reporting “any disability and not employed” increased by 23.9 percent – yet, the total number of working-age males in metro Milwaukee grew by just 6.3 percent during this period. Table 8 breaks down the disability numbers by race, and shows that the number of black males with “any disability, not employed” almost doubled between 2000-2007. Again, following Goolsbee, the issue is not whether these disabilities “deserve payments;” it is that, historically, these individuals would have been included in the unemployment statistics. They *are* included in the jobless statistics presented in this report.

Table 7

**Rising Disability Among Working-Age Males
In Metropolitan Milwaukee: 2000-2007**

| CATEGORY | 2000 | 2007 | % CHANGE |
|--|-------------|-------------|---------------------|
| With employment disability, not employed | 16,071 | 26,320 | +63.8% |
| With any disability, not employed | 28,480 | 35,285 | +23.9% |
| Total # working-age males in population | 465,301 | 496,830 | +6.3% |

Source: U.S. Bureau of the Census, *Census of Population, 2000; American Community Survey, 2007*

Table 8

**Disability Among Working-Age Males
In Metropolitan Milwaukee, by Race and Ethnicity: 2000-2007**

| RACIAL/ETHNIC GROUP | 2000 | 2007 | % CHANGE |
|--------------------------------|-------------|-------------|---------------------|
| Black | 6,547 | 12,168 | +85.9% |
| White | 14,857 | 19,807 | +33.3% |
| Hispanic | 3,560 | 2,176 | -38.9% |

Source: Same as Table 7