



## HIGH UNEMPLOYMENT MEANS NATIVE AMERICANS ARE STILL WAITING FOR AN ECONOMIC RECOVERY

BY ALGERNON AUSTIN

The Great Recession has kept the American Indian unemployment rate above 10 percent for five years. The American Indian unemployment situation is particularly bad in the Midwest, Northern Plains, and Southwest. If policymakers make wise investments in infrastructure, it could greatly improve the jobs picture for American Indians as well as for all other Americans.

This issue brief presents unemployment rate estimates for American Indians nationally and by region. It uses data from the Bureau of Labor Statistics' Current Population Survey, the source of the "official" national unemployment rate statistics. In this issue brief, the terms "American Indian," "Native American," and "Native" refer to individuals identifying as American Indian or Alaska Native alone or in combination with other racial categories. The white and American Indian categories both

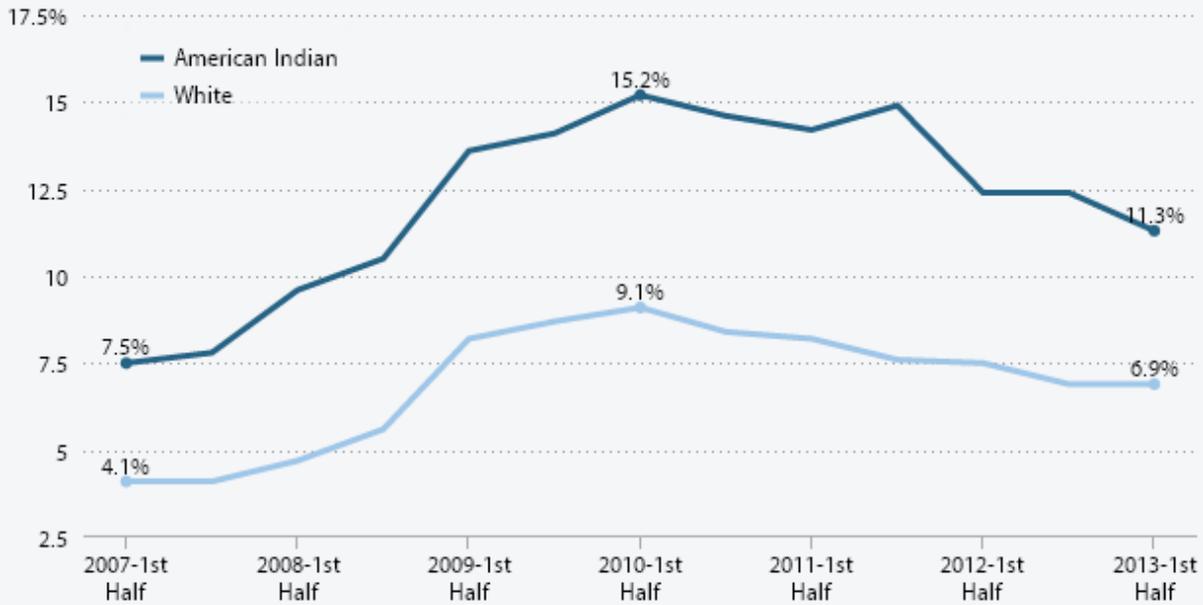
include Hispanics. Different definitions of these categories would yield different unemployment rate estimates.

In the first half of 2013:

- The American Indian unemployment rate was 11.3 percent. American Indians have endured five years of unemployment rates over 10 percent.
- American Indians had the highest unemployment rates in the Midwest (16.8 percent), Northern Plains (15.0 percent), and Southwest (15.0 percent).
- The highest ratio of American Indian to white unemployment rates was 3.3-to-1, in the Northern Plains. The lowest ratios were in the Northeast (1.2-to-1) and Southern Plains (1.2-to-1).

FIGURE A

## Unemployment rates for American Indians and whites, 2007–2013



**Note:** "American Indian" refers to individuals identifying as American Indian or Alaska Native alone or in combination with some other racial category. Both American Indian and white data include Hispanics.

**Source:** EPI analysis of basic monthly Current Population Survey microdata

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## National unemployment rates

Four years after the technical end of the Great Recession, American Indians are still experiencing unemployment rates in the double digits. The unemployment rate for whites peaked in the single digits, at 9.1 percent, in the first half of 2010. Three years later, the American Indian unemployment rate was still much higher than this peak. In the first half of 2013, the American Indian unemployment rate was 11.3 percent. American Indians have endured five years of unemployment rates over 10 percent (Figure A).

As Figure A shows, the Native American unemployment rate follows the same trend as the white rate. This pattern indicates that broad economic trends can harm or benefit both whites and Native Americans. Policies that help the economy generally can help American Indians. However,

it is also true that the Native American unemployment rate far exceeds the white unemployment rate, and has at times approached nearly twice the white rate. Ensuring that American Indians fully participate in the American economy will require policies that target American Indians. Given similarities between African American and American Indian labor market conditions, the policies for reducing African American unemployment explored by Austin (2011) would also benefit American Indians.

## Regional unemployment rates

Because of the relatively small American Indian sample in the Current Population Survey, we cannot produce reliable estimates of American Indian unemployment rates by state except for Alaska. We do provide unemployment rates by region. The region definitions are presented in Table 1.

TABLE 1

## States by Region

Region	States
<i>Alaska</i>	Alaska
<i>Midwest</i>	Arkansas, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin
<i>Northern Plains</i>	Idaho, Montana, Nebraska, North Dakota, South Dakota, and Wyoming
<i>Northeast</i>	Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
<i>Southern Plains</i>	Kansas, Oklahoma, and Texas
<i>Southeast</i>	Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia
<i>Southwest</i>	Arizona, Colorado, Nevada, New Mexico, and Utah
<i>West</i>	California, Hawaii, Oregon, and Washington

In the first half of 2013, American Indians had the highest unemployment rates in the Midwest (16.8 percent), Northern Plains (15.0 percent), and Southwest (15.0 percent) regions (**Table 2**). The lowest rates were in the Southern Plains (6.8 percent) and the Northeast (8.3 percent).

Although the Northern Plains had a high Native American unemployment rate, it also had the lowest white unemployment rate (4.6 percent), giving the Northern Plains the highest American Indian-to-white unemployment-rate ratio (3.3-to-1). The lowest ratios were in the Northeast (1.2) and Southern Plains (1.2) where the American Indian unemployment rate was only about 1 percentage point higher than the white rate.

**Table 3** allows us to examine whether regions have returned to the unemployment rates they had just before the start of the Great Recession. The most positive picture is in Alaska. In the first half of 2007, American Indians in Alaska had a very high unemployment rate, 15.1 percent. This was the highest rate for American Indians of all the regions at the time. In the first half of 2013, the American Indian unemployment rate in Alaska had

fallen to 11.7 percent—not the highest rate for American Indians of all the regions.

In the Southern Plains and the Northeast, the unemployment rates of American Indians as of the first half of 2013 are fairly close to where they were in the first half of 2007. Compared with the first half of 2007, the American Indian unemployment rate is down 0.8 percentage points in the Southern Plains and up 0.9 percentage points in the Northeast.

The largest increases in the American Indian unemployment rate from 2007 to 2013 are in the Midwest, where the American Indian unemployment rate is up 7.8 percentage points, and in the Southwest, where it is up 7.7 percentage points.

TABLE 2

**American Indian and white unemployment rates and American Indian-to-white unemployment rate ratio by region, 1st half 2013**

	<b>American Indian</b>	<b>White</b>	<b>American Indian-to-White Ratio</b>
<i>Alaska</i>	11.7%	5.5%	2.1
<i>Midwest</i>	16.8%	7.0%	2.4
<i>Northern Plains</i>	15.0%	4.6%	3.3
<i>Northeast</i>	8.3%	7.1%	1.2
<i>Southern Plains</i>	6.8%	5.7%	1.2
<i>Southeast</i>	11.5%	6.4%	1.8
<i>Southwest</i>	15.0%	6.9%	2.2
<i>West</i>	10.8%	8.5%	1.3

**Note:** "American Indian" refers to individuals identifying as American Indian or Alaska Native alone or in combination with some other racial category. Both American Indian and white data include Hispanics.

**Source:** EPI analysis of basic monthly Current Population Survey microdata

TABLE 3

### Change in American Indian and white unemployment rates from the first half of 2007 to the first half of 2013

	2007 1st Half	2013 1st Half	Percentage-point change
<b>American Indian</b>			
<i>Alaska</i>	15.1%	11.7%	-3.4
<i>Midwest</i>	9.0%	16.8%	7.8
<i>Northern Plains</i>	9.6%	15.0%	5.4
<i>Northeast</i>	7.4%	8.3%	0.9
<i>Southern Plains</i>	7.6%	6.8%	-0.8
<i>Southeast</i>	5.1%	11.5%	6.4
<i>Southwest</i>	7.2%	15.0%	7.7
<i>West</i>	7.1%	10.8%	3.7
<b>White</b>			
<i>Alaska</i>	5.3%	5.5%	0.2
<i>Midwest</i>	4.8%	7.0%	2.1
<i>Northern Plains</i>	3.0%	4.6%	1.6
<i>Northeast</i>	4.1%	7.1%	3.0
<i>Southern Plains</i>	3.9%	5.7%	1.9
<i>Southeast</i>	3.4%	6.4%	3.0
<i>Southwest</i>	3.3%	6.9%	3.7
<i>West</i>	4.9%	8.5%	3.6

**Note:** "American Indian" refers to individuals identifying as American Indian or Alaska Native alone or in combination with some other racial category. Both American Indian and white data include Hispanics.

**Source:** EPI analysis of basic monthly Current Population Survey microdata

## Conclusion

American Indians have endured very high levels of unemployment in the wake of the Great Recession. The American Indian unemployment situation is worse than average in the Midwest, Northern Plains, and Southwest regions.

One way to begin to address this problem is with infrastructure investments. The country as a whole has great infrastructure needs (ASCE 2013), and the needs are even greater in Indian Country (National Congress of American Indians 2007). Infrastructure investments can create millions of jobs (for example, see Pollack 2011). Today, the costs of these projects are relatively low (Pollack 2012). Wisely done programs can also target some job creation to high-unemployment American Indian communities (Austin 2011).

## About the author

**Algernon Austin** directs the Economic Policy Institute's Program on Race, Ethnicity and the Economy (PREE). PREE works to advance policies that enable people of color to participate fully in the American economy and benefit equitably from gains in prosperity. As director of PREE, Austin oversees reports and policy analyses on the economic condition of America's people of color. Prior to joining the Economic Policy Institute, Austin was a senior fellow at Dēmos and assistant director of research at the Foundation Center. He received his Ph.D. in sociology from Northwestern University.

## Appendix

*How the unemployment estimates in this paper differ from those reported by the Bureau of Indian Affairs*

The unemployment-rate estimates in this issue brief are based on a different sample and methodology than those in the *American Indian Population and Labor Force Report* from the Bureau of Indian Affairs (BIA). The statistics from these different reports, therefore, should not be

compared. The BIA *Labor Force Report* is based on the American Indian and Alaska Native population that lives on or near a reservation and is eligible for BIA-funded services. This population is only about one-third of the total American Indian and Alaska Native population. This issue brief uses the total American Indian and Alaska Native population to generate the statistics for this analysis. Additionally, the Current Population Survey, the data source for the analysis in this report, only counts as unemployed those individuals who are actively looking for work. The BIA *Labor Force Report* does not state that it has this restriction.

## References

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The average weekly unemployment benefit is now \$638 - \$300 more than what it was 2019 That means people are earning around \$16-an-hour - more than double minimum wage. It is forcing business owners to pay higher wages to attract workers, after a devastating year when they were financially knee-capped. Restaurant owners, for example, say it's already driving inflation and the country isn't fully open again. Republican states are cutting unemployment benefits to get people back to work. Mitch McConnell said the government has 'flooded the zone with checks' and it has dissuaded people from looking for jobs. Montana's Gov axed federal unemployment checks and instead, is giving people \$1,200 bonuses to get jobs. " whose unemployment insurance ran out and are still unemployed, " who stopped looking because it was futile, " who became disabled to the extent that getting around to apply for jobs was not feasible, " whose disability means the only jobs available will be impossible for them to do within anywhere from a few hours to a few days due to increased pain and disability by attempting to do the job. There are many poor people in America who are native citizens and so were their parents, their grandparents, and so on. To them certain media respond as follows: by Ted Rall, 22 December 2011, The Los Angeles Times. Is the US heading for a recession in spite of the low unemployment rate? Let me see. Half the S&P-500 is now down 20%, in what's called "correction territory." The economic and related development conditions of Native American nations and their members chronically and severely lag behind accepted standards for the rest of the United States. One-third of reservation-based Native Americans fall below the poverty line, and aggregate Native American unemployment is twice the U.S. average.3 Tribal governments, "unable to spur economic development" within reservation territories and operating without a typical municipal tax base, "struggle to provide even the most basic services" and infrastructure.4 The significant and chronic disparity in economic advancement. 5. Algernon Austin, High Unemployment Means Native Americans Are Still Waiting for an Economic Recovery, ECON. Policy Inst. (Dec. South-Eastern Europe: higher unemployment and negative fallout from trade linkages. In South-Eastern Europe, the crisis has led to an increase in unemployment from already high levels. Early lockdown measures managed to quickly contain the spread of COVID-19 in China, which paved the way for a relatively quick economic recovery starting from the second quarter of 2020 " China is only major economy in the world that registered positive growth in 2020. The region's investment prospects have been further dampened by heightened uncertainties and risk aversion.