



# EPI BRIEFING PAPER

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**THIS IS AN EXCERPT FROM EPI BRIEFING PAPER #220:**

## REVERSAL OF FORTUNE

### Economic gains of 1990s overturned for African Americans from 2000-07

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#### **Incarceration, crime, and African American economic outcomes**

Crime and criminal justice policies are increasingly entangled with the economic outcomes of African Americans and particularly of black men. Since the 1970s when the U.S. embarked on “tough-on-crime” sentencing policies, the U.S. incarceration rate has skyrocketed. Prior to the 1970s, the U.S. incarceration rate was roughly 100 per 100,000 residents. Today, the U.S. incarceration rate is about 700 per 100,000 residents. Although the United States leads the world in incarceration, it does not have the lowest crime rate. While the U.S. homicide rate is very high, the overall U.S. crime rate is within the range of other developed nations. Other developed nations, however, still have incarceration rates around 100 per 100,000 residents (Mauer 2006).

For a variety of reasons, America’s tough-on-crime policies have been toughest on blacks (Mauer 2006). The rate of African American involvement with the criminal justice system is massive and unprecedented (Western 2007). **Table 10** shows that between 1990 and 2000, the number of black males in state and federal prison increased by 66.4%, and the number of black females increased by 86.1% (Beck and Gillard 1995; Harrison and Beck 2006). It should be noted that these numbers do not include individuals in jail<sup>1</sup> or on parole or probation.

African Americans who are ex-offenders have a very difficult time finding work. **Figure C** shows the results of an employer survey from four major U.S. cities. Researchers found that 19.5% of employers stated that they definitely would not hire ex-offenders. Another 42.1% stated that they probably would not hire ex-offenders (Holzer et al. 2004). These findings paint a bleak picture for the job prospects of ex-offenders, but the situation is even worse for African American ex-offenders.

Researchers find that African American ex-offenders have the added difficulty of racial discrimination on top of the employer biases against people with criminal

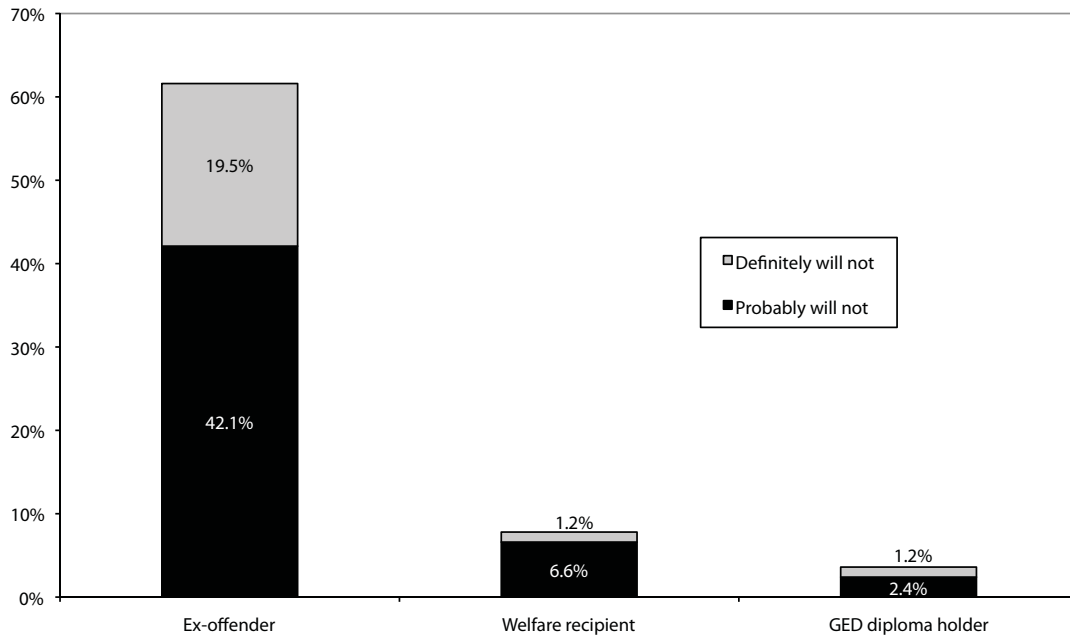
**TABLE 10**  
**Number of blacks in prison and black violent crime victimization rate, 1990-2005**

Year	Male	Female	Violent crime rate (per 1,000)
1990	344,300	20,100	31.8
2000	572,900	37,400	16.2
2005	547,200	29,900	13.6
Percent change 1990-2000	66.4%	86.1%	-49.1%
Percent change 2000-05	-4.5	-20.1	-16.0

**SOURCE:** Beck and Gillard (1995); Harrison and Beck (2006); BJS (2006a).

**FIGURE C**

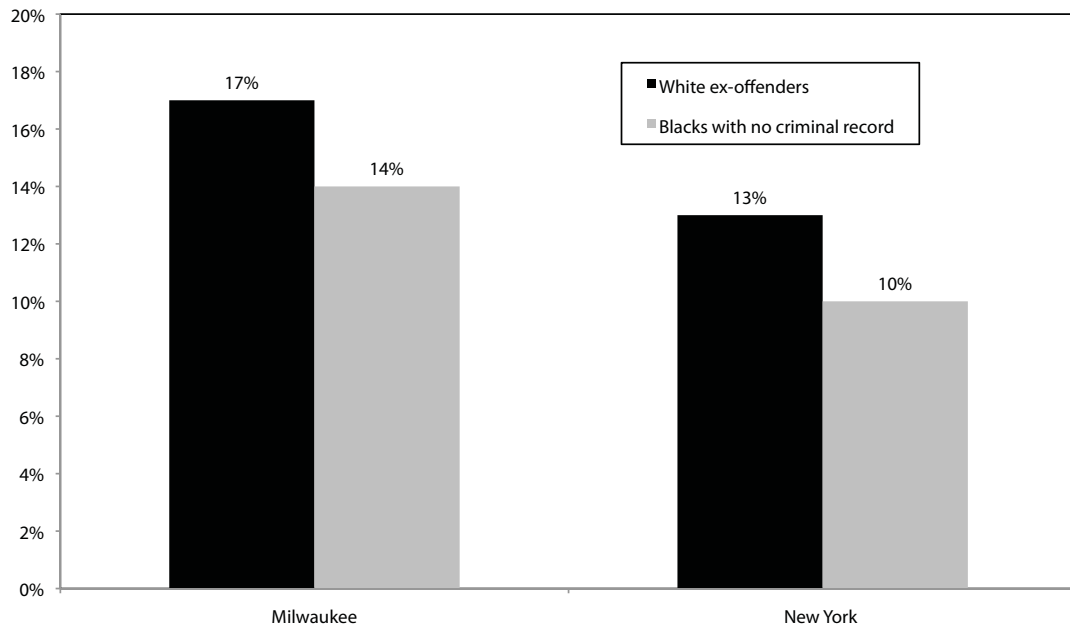
**Percent of employers indicating that they will not hire an ex-offender, welfare recipient, or a GED holder**



SOURCE: Holzer, Raphael, and Stoll (2004).

**FIGURE D**

**Percent of call backs or job offers by race and criminal record**



SOURCE: Pager (2003); Pager and Western (2005).

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records. **Figure D** shows that in the low-wage labor market, young African American men *without a criminal record* are treated worse than young white men *who are ex-offenders*.<sup>2</sup> Young black men who are ex-offenders fare even worse than black men without a record (Pager 2003; Pager and Western 2005).

The increase in incarceration over the 1990s occurred during a historic decline in crime in African American communities. From 1990 to 2000, the rate of blacks victimized by violent crime declined by 49.1% (Bureau of Justice Statistics 2006a), and there was also a significant decrease in property crime (Bureau of Justice Statistics 2006b).

While incarceration played a role in crime reduction since 1990, most criminologists argue that increased incarceration was responsible for less than half of the decline. In fact, one leading scholar argues that it was responsible for only 10% (Western 2007). There is a growing body of research pointing to the improved economic conditions over the 1990s as playing a significant role in crime reduction (Blumstein and Wallman 2006; Gould et al. 2002; Western 2007).

As already mentioned, the increased incarceration rates of African Americans reduce their likelihood of finding employment upon release. Further, if one adjusts the employment rate of African American men by counting men in prison as non-working and men in the military as working, the African American male employment rate drops by about 3 percentage points, and the female rate is reduced by about 0.1 percentage points.<sup>3</sup> High incarceration rates among blacks mean that official employment rates substantially overstate black male employment levels.

African American men with a criminal record who do find work tend to work less and have lower earnings than similar men without a record. One study finds that black male ex-offenders work 15% fewer weeks a year and earn 12% less than black males who have never been in prison (Western 2007). The upward mobility of black America is impeded by high incarceration rates.

The good news about the historic crime drop since the 1990s is that many African American communities became much safer. The black violent crime victimization rate was down 16% from 2000 to 2005. Furthermore, since 2000, the decline in crime seems to have finally led to some decrease in the numbers of African Americans incarcerated. The number of African American males incarcerated declined by 4.5%, and the number of African American females by 20.1%. This is a hopeful development.

The dark lining of the crime drop is that safer African American communities led to the gentrification of many of these communities. The average black community today is safer than the average white community was in the 1970s and 1980s (Bureau of Labor Statistics 2006). Inexpensive homes and low rents in relatively safe urban communities were very inviting to adventurous non-blacks and to middle-class individuals of all races. Of course, as demand for these homes and apartments increased, so did their prices. In turn, higher prices have displaced lower-income African American residents in longstanding black communities in many cities across the country.