



# AMERICAN INDIANS AND THE GREAT RECESSION

## Economic Disparities Growing Larger

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American Indians,<sup>1</sup> like Hispanic Americans and African Americans, have had the misfortune of experiencing double-digit unemployment rates for most or all of 2009.<sup>2</sup> In the first half of this year, the American Indian unemployment rate averaged 13.6%. This rate is up from 7.8% in the last half of 2007, and it is 5.4 percentage points higher than the comparable 2009 white<sup>3</sup> rate (see **Table 1**). All groups are being hurt by the Great Recession, but the pain is more severe in communities of color.

To be counted as unemployed, one has to be actively looking for work at the time of being surveyed. Individuals experiencing long spells of unemployment or who have an especially difficult time finding work are more likely to drop out of the labor force by not actively looking for work. The Great Recession has caused large numbers of workers to drop out of the labor force.<sup>4</sup>

For some groups, however, even during non-recessionary times, they experience long spells of unemployment and a difficult time finding work. American Indians, African Americans, and teens are three such groups. For these groups, it is useful to examine the employment-to-population ratio or the employment rate. The employment rate simply identifies what portion of the working-age population is working. All individuals without jobs are counted as not working whether or not they are actively looking for work at the time of the survey.

American Indians have had a lower employment-to-population ratio than whites over the entire recession. In the latter half of 2007, the American Indian employment rate was 58.2%. The white rate was 63.7%, 5.6 percentage points higher. In the first half of 2009, the American Indian employment rate had fallen to 53.0%. The white rate fell to 60.6%,

**TABLE 1**

**American Indian and white unemployment rates, 2007 and 2009**

	2007, 2nd half	2009, 1st half	Percentage-point change
<i>American Indian</i>	7.8%	13.6%	5.8
<i>White</i>	4.1	8.2	4.1
<i>American Indian/white percentage-point difference</i>	3.7	5.4	

**SOURCE:** Author's analysis of Current Population Survey data from the Bureau of Labor Statistics.

which made it 7.6 percentage points higher than the American Indian rate. Although both groups have seen employment rate declines, it has been larger for American Indians (see **Table 2**).

The national data hide considerable variation for American Indians in different regions of the United States. This Issue Brief examines the change in the unemployment rate and employment-to-population ratio for American Indians in eight regions of the country: Alaska, the Midwest, the Northern Plains, the Northeast, the Southern Plains, the Southeast, the Southwest, and the West. Because of the small American Indian sample size by state in the Current Population Survey (the data source for this analysis), it is necessary to combine states into regions to produce reliable statistics (see the Appendix on p. 7 for more on data and methodology). Alaska is the state with, proportionally, the largest Native population (U.S. Census Bureau 2007). It also has a sample size large enough for a separate analysis.<sup>5</sup>

**TABLE 2**

**American Indian and white employment-to-population ratios, 2007 and 2009**

	2007, 2nd half	2009, 1st half	Percentage-point change
<i>American Indian</i>	58.2%	53.0%	-5.2
<i>White</i>	63.7	60.6	-3.2
<i>American Indian-white percentage-point difference</i>	-5.6	-7.6	

**SOURCE:** Author's analysis of Current Population Survey data from the Bureau of Labor Statistics.

**Alaska: consistently high unemployment**

Alaskan Natives and American Indians in Alaska experienced consistently high levels of unemployment over the length of the current recession. In the latter half of 2007, when the recession began, the unemployment rate for Alaskan Natives and American Indians in Alaska was 14.8%. This unemployment rate was the highest for all regions in the period. Alaska has not seen any significant increase in the Alaskan Native unemployment rate over the recession. It has only increased to 15.0% in the first half of this year. Nonetheless, this rate is still twice the unemployment rate for whites in Alaska (see **Table 3**).

The employment-to-population ratio presents a similar picture to the unemployment rate. The native employment rate in Alaska, at 54.4%, was the second lowest of all the regions in the latter half of 2007. As with the unemployment

**TABLE 3**

**American-Indian and white unemployment rates by region 2007 and 2009**

<b>American Indian</b>	<b>2007, 2nd half</b>	<b>2009, 1st half</b>	<b>Percentage-point change</b>
<i>Alaska</i>	14.8%	15.0%	0.1
<i>Midwest</i>	8.8	16.5	7.6
<i>Northern Plains</i>	11.1	15.7	4.7
<i>Northeast</i>	7.7	12.7	5.1
<i>Southern Plains</i>	6.5	8.9	2.4
<i>Southeast</i>	7.4	10.9	3.5
<i>Southwest</i>	9.2	12.4	3.2
<i>West</i>	6.4	18.7	12.3

  

<b>White</b>	<b>2007, 2nd half</b>	<b>2009, 1st half</b>	<b>Percentage-point change</b>
<i>Alaska</i>	4.7%	7.4%	2.8
<i>Midwest</i>	4.5	8.9	4.4
<i>Northern Plains</i>	2.6	5.7	3.1
<i>Northeast</i>	3.9	7.2	3.3
<i>Southern Plains</i>	3.7	5.9	2.2
<i>Southeast</i>	3.8	8.4	4.6
<i>Southwest</i>	3.6	7.9	4.3
<i>West</i>	5.2	10.5	5.3

**SOURCE:** Author's analysis of Current Population Survey data from the Bureau of Labor Statistics.

rate, there was little change from the latter half of 2007 to the first half of 2009. The Alaskan Native employment rate was 54.3% in the first half of 2009; the white rate was 66.9%, 12.6 percentage points higher (see **Table 4**).

**The Midwest: second largest increase in unemployment**

The Midwest region consists of Arkansas, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin. The Midwest saw the second largest increase in the American Indian unemployment rate. In the latter half of 2007, the American Indian unemployment rate in the Midwest was 8.8%. By the first quarter of 2009, it had nearly doubled to 16.5%, making it the region with the second highest unemployment rate. The white unemployment rate in the Midwest doubled, reaching 8.9% in the first half of 2009. This white unemployment rate was slightly more than half the American Indian rate (see **Table 3**).

The picture from the employment-to-population ratio in the Midwest was somewhat better. In the latter half of 2007, the Midwest had the highest employment rate for American Indians among the eight regions. By the first half of 2009, the American Indian employment rate had declined 5.8 percentage points to 55.6%, dropping the Midwest to the third highest for the regions. The white employment rate decline in the region was smaller, 3.8 percentage points, bringing the white employment rate to 61.4%. (see **Table 4**).

**The Northern Plains: unemployment rate in double digits in 2007**

Idaho, Montana, Nebraska, North Dakota, South Dakota, and Wyoming make up the Northern Plains region. In the latter half of 2007, the Northern Plains unemployment rate for American Indians was already in the double digits

**TABLE 4**

**American Indian employment-to-population ratios by region, 2007 and 2009**

<b>American Indian</b>	<b>2007, 2nd half</b>	<b>2009, 1st half</b>	<b>Percentage-point change</b>
<i>Alaska</i>	54.4%	54.3%	-0.1
<i>Midwest</i>	61.4	55.6	-5.8
<i>Northern Plains</i>	59.2	46.1	-13.1
<i>Northeast</i>	59.5	57.6	-1.9
<i>Southern Plains</i>	57.7	58.0	0.3
<i>Southeast</i>	57.3	54.6	-2.7
<i>Southwest</i>	52.3	45.0	-7.3
<i>West</i>	60.8	51.4	-9.4

  

<b>White</b>	<b>2007, 2nd half</b>	<b>2009, 1st half</b>	<b>Percentage-point change</b>
<i>Alaska</i>	69.1%	66.9%	-2.2
<i>Midwest</i>	65.2	61.4	-3.8
<i>Northern Plains</i>	69.5	66.0	-3.5
<i>Northeast</i>	63.4	61.4	-2.0
<i>Southern Plains</i>	63.5	62.2	-1.2
<i>Southeast</i>	61.8	57.8	-4.0
<i>Southwest</i>	66.3	62.4	-3.9
<i>West</i>	62.9	59.4	-3.5

**SOURCE:** Author's analysis of Current Population Survey data from the Bureau of Labor Statistics.

at 11.1%. This unemployment rate was the second highest among the eight regions. By the first half of 2009, it had increased 4.7 percentage points to a rate of 15.7% (see Table 3).

While the Northern Plains had the second highest American Indian unemployment rate in the latter half of 2007, it had the *lowest* white unemployment rate: 2.6%. The recession has pushed the white unemployment rate up to 5.7% by the first half of 2009, but this rate is still the lowest regional unemployment rate for whites and 10 percentage points lower than the American Indian rate (see Table 3).

The Northern Plains region illustrates the importance of examining the employment-to-population ratio. The increase in unemployment over the recession for American Indians in the Northern Plains at 4.7 percentage points was below the national average for American Indians of 5.8 percentage points (see Table 1 and Table 3).

The decline in employment for American Indians in the Northern Plains, however, was more than twice the national average. The employment rate for American Indians in the Northern Plains declined from 59.2% in the latter half of 2007 to 46.1% in the first half of 2009. In 2009, the Northern Plains had the second-lowest American Indian employment rate. The American Indian employment rate in the Northern Plains declined 13.1 percentage points (see Table 4). Nationally, the employment rate decline was 5.2 percentage points (see Table 2). The employment rate indicates that the degree of job loss for American Indians in the Northern Plains is much more severe than the unemployment numbers convey.

While the employment rate declined 13.1 percentage points for Northern Plains American Indians from the latter half of 2007 to the first half of 2009, it only declined 3.5 percentage points for Northern Plains whites. This differential rate of decline in employment means that in the first half of 2009 the American-Indian-white employment rate gap is almost 20 percentage points (see Tables 4 and 5).

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## **Northeast: about average unemployment**

The Northeast states are Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. In unemployment rates, the Northeast is about average for American Indians. From the latter half of 2007 to the first half of 2009, the unemployment rate increased 5.1 percentage points from 7.7% to 12.7%. In the first half of 2009, the white unemployment rate in the Northeast was 7.2% (see Table 3).

The employment-to-population ratio for American Indians in the Northeast was the third highest in the latter half of 2007. By the first half of 2009, it was the second highest. The shift upward was due to the small decline in employment for Northeast American Indians. The employment rate only declined 1.9 percentage points, falling from 59.5% to 57.6%. The white employment rate fell a similar amount, 2 percentage points, to 61.4% (see Table 4).

## **The Southern Plains: lowest unemployment in 2009**

The Southern Plains states are Kansas, Oklahoma, and Texas. In terms of unemployment and employment, American Indians in the Southern Plains are currently doing the best. In the first half of 2009, the Southern Plains unemployment rate for American Indians was 8.9%. This was the lowest regional rate for American Indians. Over the recession the Southern Plains unemployment rate has only increased 2.4 percentage points. The white unemployment rate showed a similar increase of 2.2 percentage points, rising to 5.9% (see Table 3).

The perspective from the employment-to-population ratio is also relatively good. In the first half of 2009, the employment rate in the Southern Plains at 58.0% was the highest for American Indians. This rate was up 0.3 percentage points from the start of the recession. In contrast, the white employment rate declined 1.2 percentage points (see Table 4). Nonetheless, in the first half of 2009, the white employment rate was still 4.2 percentage points above the American Indian rate (see Table 5).

## **The Southeast: second lowest unemployment in 2009**

Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia make up the Southeast. American Indians in the Southeast are faring relatively well in comparison with Indians in other regions. Among the eight regions, the Southeast had the second-lowest unemployment rate in the first half of 2009. The rate had increased 3.5 percentage points from the start of the recession to 10.9% (Table 3), but was smaller than the national-rate increase of 5.8 percentage points (Table 1). Whites in the Southeast experienced a larger percentage-point rise in unemployment than the American Indians in the region (4.6 percentage points versus 3.5 percentage points), but the white rate of 8.4% in the first half of 2009 was still less than the 10.9% American Indian rate.

Comparing employment-to-population ratios, American Indians in the Southeast are also not faring too badly relative to American Indians in other regions. From the start of the recession to the first half of 2009, the employment rate declined 2.7 percentage points (Table 4). Nationally, the American Indian employment rate decline was 5.2 percentage points (Table 2). As with unemployment, whites in the Southeast experienced a larger employment rate drop than American Indians (4 percentage points to 2.7 percentage points). At 57.8%, the white employment rate in the first half of 2009 was 3.3 percentage points higher than the American Indian rate (see Table 5).

## **The Southwest: lowest employment-to-population ratio**

The Southwest consists of Arizona, Colorado, Nevada, New Mexico, and Utah. In the latter half of 2007, American Indians in the Southwest had the third-highest unemployment rate among the eight regions. By the first half of 2009, American Indians in the Southwest had the third *lowest* unemployment rate. This shifting of rank was due to the

relatively small increase in the American Indian unemployment rate over the recession. The unemployment rate only increased 3.2 percentage points to rise to 12.4% in the first half of 2009. Whites in the region, however, saw a larger increase of 4.3 percentage points, which lifted the white unemployment rate to 7.9% (see Table 3).

Again, the employment-to-population ratio paints a different picture. In the latter half of 2007, American Indians in the Southwest had the lowest employment rate among the eight regions. Over the recession, they have experienced a fairly strong decline in their employment rate of 7.3 percentage points, dropping the rate to 45.0%, which is again the lowest rate regionally for American Indians. The white employment rate declined only 3.9 percentage points in the recession, dropping it to 62.4% (see Table 4).

## The West: from lowest to highest unemployment

The states making up the West are California, Hawaii, Oregon, and Washington. Over the recession, the American Indian unemployment rate in the West has gone from being the lowest among American Indians to being the highest. In the latter half of 2007, the American Indian unemployment rate in the West was 6.4%. By the first half of 2009, it had increased 12.3 percentage points to 18.7%. Nearly, one out of every five American Indians in the labor force in the West cannot find work (see Table 3).

Both whites and American Indians in the West have been hit very hard by the recession. But while the American Indian unemployment rate in the West has nearly tripled over the recession, the white unemployment rate has only doubled. In the first half of 2009, the white rate was 10.5%, rising from 5.2% in the last half of 2007 (see Table 3).

Although American Indians in the West had the highest unemployment rate in the first half of 2009, they did not have the lowest employment-to-population ratio. At 51.4%, their employment rate was third from the bottom. The size of the employment rate decline was the second largest over the recession. In the first half of 2009, the white employment rate in the West was 59.4%, 8 percentage points above the American Indian rate (see Table 4).

## The American-Indian-white regional disparities

Some regions have fared better economically than others in recent years, and some regions have been hit harder by this recession. One way to begin to assess whether the economic distress among American Indians is merely part of a general

**TABLE 5**

### Percentage-point gap in the American Indian-white employment-to-population ratios by region, 2007 and 2009

	2007, 2nd half	2009, 1st half	Percentage-point change
<i>Alaska</i>	-14.6%	-12.6%	2.1
<i>Midwest</i>	-3.8	-5.8	-2.0
<i>Northern Plains</i>	-10.3	-19.9	-9.6
<i>Northeast</i>	-3.9	-3.8	0.1
<i>Southern Plains</i>	-5.8	-4.2	1.5
<i>Southeast</i>	-4.5	-3.3	1.3
<i>Southwest</i>	-14.0	-17.4	-3.4
<i>West</i>	-2.1	-8.0	-5.8

**SOURCE:** Author's analysis of Current Population Survey data from the Bureau of Labor Statistics.

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regional distress or disproportionate to American Indians is to look at the employment-rate gap between American Indians and whites by region.

**Table 5** shows that in all dates and regions examined, American Indians had lower employment-to-population ratios than whites. In some regions, the gaps were particularly large. In Alaska, the Northern Plains, and the Southwest, the employment-rate gap was in double digits in the latter half of 2007 *before the start of the recession*. In the Northern Plains, the already large employment-rate gap in 2007 widened 9.6 percentage points by the first half of 2009. In the Northern Plains in the first half of 2009, about 20 percentage points more whites than American Indians were employed. This is an incredibly large disparity. The situation is only slightly better in the Southwest where, in the first half of 2009, the employment-rate gap was 17.4 percentage points.

## Conclusion

Even before the recession started, the employment-to-population ratios of American Indians were lower than those of whites by region. These gaps were very large in Alaska, the Northern Plains, and the Southwest. These three regions are also the regions of the country where the ratio of the Native-to-non-Native population is among the highest (U.S. Census Bureau 2007). These facts suggest that the problem of low employment rates among American Indians may be at least partially due to conflicts between the two groups. The Great Recession is hurting all groups, but for American Indians, in some areas, it is worsening pre-existing economic disparities.

## Appendix

### ***How These Unemployment Estimates Differ from the Bureau of Indian Affairs Labor Force Report***

The unemployment rate and employment-to-population ratio estimates in this Issue Brief are based on a different sample and methodology from the Bureau of Indian Affairs (BIA) *American Indian Population and Labor Force Report*. The statistics from these different reports, therefore, should not be compared. The BIA Labor Force Report is based on the American Indian and Alaskan 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 Alaskan Native population.<sup>6</sup> This report uses the total American Indian and Alaskan 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.

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## Endnotes

1. In this Issue Brief, “American Indian” is defined to include bi-racial or multi-racial individuals who indicate that one of their racial identities is “American Indian or Alaskan Native.”
2. For second quarter unemployment rates for Hispanics and blacks, see Filion and Austin (2009).
3. In this analysis, “white” excludes white Hispanics.
4. For example, in September of 2009, 571,000 workers dropped out of the labor force (Shierholz 2009).
5. In our analyses, Alaska begins above our cut off point, but then falls below it. The Alaskan data is therefore less reliable statistically than for the other regions.
6. Author’s analysis of Current Population Survey data from the U.S. Department of Labor, Bureau of Labor Statistics.

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