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and the Scarring Effects of Unemployment Following the Great Recession**

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# **“The Help that We Get”: Racial Differences in Private Safety Nets and the Scarring Effects of Unemployment Following the Great Recession**

Alix Gould-Werth

## **ABSTRACT**

*Though the Great Recession came to a close in June 2009, workers are still feeling its effects due to continued high rates of underemployment and long-term unemployment. The long-term unemployed are more marginally attached to the labor force than their short-term unemployed peers, yet less is known about how people sort into long-term unemployment or cope with this status, nor why African Americans are disproportionately represented in this group. Using data from qualitative interviews with a diverse group of individuals who experienced job loss between 2007 and 2011, this study identifies the important role private safety nets play in ameliorating the scarring effects of unemployment in the aftermath of the Great Recession. Private resources, which are unequally distributed along racial lines, connect job losers to satisfactory jobs, provide high quality re-training opportunities, and facilitate more comfortable labor force exits. Private resources also augment the living conditions of individuals who find themselves long-term unemployed or underemployed, buffering them from the potential negative consequences of the decline in the quality of their employment situation. Because these resources are unequally distributed along racial lines, African Americans who lose their jobs experience worse labor market outcomes and greater decreases in their wellbeing than their White counterparts. These results suggest that job loss is a turning point in the life course—like incarceration, eviction, or high school completion—in which racial inequality is magnified and reproduced.*

## **INTRODUCTION**

This paper investigates how inequality is reproduced in the contemporary economic context. In 2007, the United States experienced its most severe macroeconomic contraction since the Great Depression: by October 2009 one in ten members of the labor force was unemployed. The length of unemployment spells during this downturn was unprecedented. In 2009, 40% of the unemployed had been looking for work for six months or more and underemployment remains high relative to other historical periods (Krueger, Cramer and Cho 2014). Rates of long-term unemployment, too, remain elevated, though they are falling over time (Acs 2013; Krueger, Cramer and Cho 2014). The loss of a job means more than an income drop: individuals who lose jobs, termed “job losers” in the existing literature, struggle with unstructured days that affect mental health. The loss of a work-based identity shakes one’s sense of self: Americans interpret job loss not as a career setback, but as a personal deficit (Newman 1988; Sandage 2005).

Quantitative analyses have long established that poor and minority workers are more likely to be laid off than more affluent and White workers (Keys and Danziger 2008; Hoynes, Miller and Schaller 2012). Less is known about *why* this occurs or how individuals of different demographic groups buffer themselves from negative consequences of long-term unemployment. This paper shows how individuals of different demographic groups fare when confronted with the same shock—job loss. This has important implications for understanding trajectories of downward mobility and the reproduction of inequality in an anemic economy. Who achieves the best outcomes in this environment? Who is able to move on from the shock of job loss?

Using in-depth interviews with 45 socioeconomically and racially diverse individuals who experienced job loss between 2007 and 2011, I find that though all respondents I interviewed experienced long-term unemployment, *Black and White respondents who had been in similar labor market positions and had similar levels of educational attainment prior to job loss had followed divergent trajectories following job loss: on average, African American respondents were worse off.* By deploying individual resources—private assets and personal connections—White job losers of all educational levels escape the deepest scars of unemployment by achieving one of the following three outcomes (1) finding satisfactory re-employment despite experiencing long-term unemployment, through re-training or otherwise; (2) comfortably exiting the labor force; or (3) buffering the emotional and material consequences of prolonged unemployment or underemployment with emotional support and material resources.

I find that recovery from job loss is a key site where racial inequality is magnified and reproduced because African Americans lack the private resources that their White counterparts employ to prevent downward mobility and move on from the experience of job loss. This finding adds to the well-developed body of work on racial inequality in the United States by identifying

job loss as a disruption in the life course setting individuals of different races who formerly occupied similar labor market positions on divergent economic trajectories. This analysis also contributes to a growing body of literature on recession-era experiences by uncovering an important mechanism—the private safety net—affecting the labor market status and wellbeing of 8.7 million Americans who experienced job loss during the Great Recession (CBPP 2014).

## **BACKGROUND**

This paper’s findings connect to two main bodies of literature: research on *outcomes* of job loss—“scars” or the effects of job loss that persist over the life course— and research on private *resources* or “the private safety net” used to deal with economic difficulty. Understanding differences in resources available to job losers suggests a possible factor contributing to the racial differences in outcomes experienced by job losers.

To draw out the important features of these literatures, I begin by reviewing the literature describing the persistent, “scarring,” effects of job loss, racial differences in these effects, scars in the current economic context, and the way individuals perceive these scars. I then review a largely separate body of literature on the importance of private resources for getting through economic difficulty and racial differences in the levels of these resources. The empirical work that follows shows how individuals attempt to leverage these resources to prevent these negative outcomes, as well as the differential success of these individuals by racial group.

### ***The Scarring Effects of Job Loss***

Even in good times, job loss has long-reaching consequences. Extant work shows that following job loss, workers are “scarred” with diminished wages even after securing re-employment, and that these scars persist for the remainder of their careers (Davis and von Wachter 2011; Ellwood 1983; Jacobson, LaLonde and Sullivan 1993; Ruhm 1991). Racial and ethnic minorities face deeper and more persistent scars, earning less for longer as a result of their

unemployment; in other words, their downward mobility is characterized by a steeper decline (Moore 1992; Ong 1991; Ong and Mar 1992; US GAO 1994). Some of this difference can be explained by racial differences in occupation and educational attainment (Fairlie and Kletzer 1998). The remainder of this association is unexplained.

While the economic consequences of job loss alone are significant, job loss also affects other domains of life. Complementing this literature on the economic consequences of job loss is a literature documenting the long-term negative consequences of job loss for occupational prestige (Brand 2006); psychological well-being (Knabe and Ratzel 2011); physical health (Sullivan and von Wachter 2009); and social participation (Brand and Burgard 2008). This research identifies average effects, rather than variation in response to treatment, convincingly demonstrating that on average, after experiencing a short-term job loss, workers suffer in the long-term and that this suffering persists through re-employment. This research does not, however, examine the differential impact of these experiences by racial group. Cristobal Young's (2012) study of the scarring effects of job loss on subjective wellbeing notes that the persistent effects he finds vary by subgroup, with Blacks experiencing deeper scars than Whites, though these differences are not statistically significant, perhaps due to sample size.

In research using more recently collected data, Krueger, Cramer and Cho (2014) show that the Great Recession resulted in a large pool of long-term unemployed workers that, even when re-employed, tend to be *underemployed* and often churn back into unemployment: only one in ten long-term unemployed workers that they observed between 2008 and 2012 were employed in steady, full-time employment one year after being observed. Worker heterogeneity is unlikely to be driving the unemployment duration dependent nature of these re-employment

outcomes. Krueger, Cramer and Cho note that African Americans are over-represented among the long-term unemployed, though racial disparities are not the focus of their inquiry.

This literature quantifies the serious—and racially disparate—consequences of job loss; qualitative research complements this work by uncovering perceptions of job loss. Famously, Newman’s *Falling From Grace* (1999) documents the subjective experience of downward mobility among corporate executives, air traffic controllers, sewing machine manufacturers, and divorced women. For each group, an emotional toll complements and interacts with their “wage scar”: in a society deeply invested in the meritocratic ideal, being unemployed is not simply a circumstance one encounters but rather a state that reflects symbolically on an individual’s character. The most recent edition of Newman’s work is subtitled “Downward Mobility in an Age of Affluence,” suggesting that the experience of job loss is ripe to be explored in the current macroeconomic context, more aptly characterized by depletion than by plenty.

In the analysis below, I provide insight into how individuals who lost jobs during the Great Recession avoid or fall prey to the vagaries of long-term unemployment. I illustrate how some individuals buffer their experiences and “move on” from the initial devastation of job loss, despite wage scars. These individuals achieve one of the following three labor market outcomes: 1) satisfactory re-employment, through re-training or otherwise; (2) comfortable labor force exits; or (3) labor market failure buffered by emotional support and material resources. I provide an explanation for one factor leading to racial disparities this ability to move on, which I term “the private safety net.” Before moving into my analysis, I review the literature on the use of private resources, and racial disparities in these private resources.

### ***Getting by During Hard Times: the Importance of Private Resources***

While the literature reviewed above illustrates long-reaching *outcomes* of job loss, a separate body of research examines the *resources* individuals deploy to stave off these outcomes.

An extensive body of literature documents the tools poor people use to make ends meet, demonstrating that they rely on a mix of state support, help from social networks, and income from sporadic or unsatisfactory work arrangements in order to get by (Edin and Lein 1997; Seefeldt 2008; Stack 1975; Venkatesh 2006). A clear finding emerging from this research is that, while important, the public safety net is too paltry to support poor families on its own. When individuals are unable to support themselves through labor force participation or through the public safety net, they can turn to *private safety nets* for support. Private safety nets have been defined as non-cash resources and cash support from family and friends (Edin and Lein 1997); emotional and/or material support from family and friends (Harknett and Harnett 2011); social support (Turney and Kao 2009); and material and instrumental support from family and friends (Ryan et al 2009). Work in this tradition examines only poor individuals and is sometimes restricted further to a single ethnic group, making it difficult to determine whether the strategies documented in this research are unique to the groups under study or more broadly shared.

In the current research, in addition to expanding the scope of analysis to examine individuals across demographic groups, I broaden the term “private safety net” to include personal assets including savings and homes, credit, and resources accessed through social networks like jobs, cash, housing, and emotional support. In short, in this analysis *private safety net* refers to personally held resources that individuals can use to meet their needs when they are unable to do so through the labor market.

Private savings and access to credit are important tools that can be leveraged to smooth consumption when temporarily unable to meet basic needs through labor force participation. Though most individuals restrict spending following job loss, “liquidity constrained” individuals, lacking credit and savings, limit spending more than their less-constrained peers (Browning and

Crossley 2001; Seefeldt 2010). Due to current and historical discrimination, African Americans have less access to credit and less wealth than their White counterparts, making this piece of the private safety net less available to them (Barsky et al 2002; Conley 1999; Oliver and Shapiro 1995; Rice and Swesnik 2013). This shortage of wealth includes more meager housing stock (Galster 1990; Galster and Godfrey 2005; Jackson 1985; Lacy 2012), a crucial disadvantage for consumption-smoothing, as owning one's home outright means that one can maintain a housing arrangement even when payments for a mortgage or rent would be hard to come by, and that housing payments do not compete with other priorities for allocation of limited dollars.

While a person's own assets and credit can be deployed to smooth consumption, family, kin-like friends (Edin and Lein 1997; Nelson 2000; Stack 1975), and even new affiliates (Desmond 2013) can provide crucial financial and material resources to poor Americans who cannot meet these needs through the labor market. Additionally, these social networks are important when seeking employment. Across the business cycle, searching for a job through family and friends is consistently one of the most popular and effective search methods (author's calculations using CPS data; Eubanks and Wiczer 2014). Service workers and the managerial elite alike rely on personal connections to find and advance in employment (Brown and Konrad 2001; Fernandez and Weinberg 1997; Granovetter 1973; Royster 2003).

Though social networks are crucial to staving off hardship, finding work, and achieving upward mobility (Silva 2013), the networks of racial minorities are generally less well-resourced and provide fewer work opportunities<sup>1</sup> and tangible resources than those of their White peers (Desmond 2013; McDonald, Lin and Ao 2009; McDonald 2011; Petersen, Saporta and Seidel 2000). Because contemporary American social life is racially segregated and because the African

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<sup>1</sup> For an alternate perspective, see Mouw 2003.



Americans in their networks face barriers to upward mobility, even when individual Black Americans achieve upward mobility, they remain tied to poorer social networks than White peers of a similar class status (McPherson, Smith-Lovin and Cook 2001; Patillo 1999). This network structure overburdens African Americans with plentiful resources, and as a result, the well-resourced may be unable to facilitate job connections or provide other assistance for all needy ties (Smith 2005; Smith 2010; Stack 1975). For example, African Americans' networks are populated by other African Americans who face contemporary labor market discrimination (Bertrand and Mullainathan 2004; Pager 2009). Thus, the networks of these racial minorities may contain fewer connections to potential employers and fewer individuals with incomes ample enough to share liberally. Thus, fewer resources are available to African Americans through their social networks.

In the current research, I build on the extant typologies of network theorists (Granovetter 1973) and ethnographers (Desmond 2013) to describe the three distinct and unequal types of ties available in the social networks of job losers. *Horizontal ties* are connections to individuals who possess similar levels of resources to the respondent and/or ties where the respondent is expected to engage in a reciprocal sharing relationship with the individuals to whom they were connected. *Vertical ties*, in contrast, provide significant one-way transfers without the obligation of repayment. Finally, *negative ties* do not provide resources to job losers, but rather drain them.

The research reviewed above suggests that private safety nets could prevent downward mobility among job losers. Extant research shows racial inequality in *outcomes* (scarring effects of job loss are worse for racial minorities) and racial inequality in *resources* (racial minorities have weaker private safety nets), prompting the question: *how does this disparity in resources affect the disparity in outcomes?* Below, I examine the role of private safety nets in the lives of a

diverse group of job losers, showing how racial disparities in private resources affect mobility trajectories and reproduction of inequality. I examine who secures a job of comparable quality to the one they lost, or ameliorates the consequences of a decline in job quality or prolonged unemployment, and how they do so (see Table 1 for summary). In contrast to survey methods, my qualitative inquiry allows me to uncover nuanced differences in how individuals evaluate their own complex situations, including whether they consider themselves to have “moved on” from job loss despite prolonged unemployment or underemployment. This methodological approach provides for a more precise depiction of racial disparities in resources and outcomes.

{{Table 1 About Here}}

## **RESEARCH METHODS**

The metro-Detroit area provides a useful case for examining diverse individuals’ experiences of unemployment during the Great Recession. Home of the auto-industry, Detroit was hard hit by the economic contraction of 2008, and while no single geographic area can stand in for the U.S. as a whole, Detroit is a case that illustrates the experiences of many Americans in de-industrialized metropolitan areas. Importantly for this research, the metro area is home to both White and African American individuals of varying levels of economic success: according to the American Community Survey, between 2008 and 2012, the median household income in Detroit was \$26,995 while in the nearby suburb Farmington Hills, it was two and a half times as much.

To identify respondents, I used a subsample from the Michigan Recession and Recovery Study (MRRS), a stratified random sample panel survey, representative of the population of working age adults in the Detroit Metropolitan Area (who are primarily Black and White). MRRS completed three waves of hour-long, in-person interviews with adults aged 19-64 at baseline. Wave 1 took place between October 2009 and April 2010 with 914 adults and had a response rate of 82.8%. The next wave, in 2011, had a respondent retention rate of 93.9%, and

was followed by a third wave of data collection in 2013 with a respondent retention rate of 90.8%. The survey gathered information about household demographics, income, education, physical/mental health, benefit receipt, and an employment calendar tracking respondents' monthly employment situations from 2007 through 2013.

Using the characteristics reported in the second survey interview, I stratified the large group of MRRS respondents into six categories by race/education, as shown in Table 2.

{{Table 2 about here}}

I follow the approach of survey researchers who use education level as a proxy for class status, a difficult concept to operationalize, particularly when earnings histories are interrupted by unemployment. Within each category I drew a subsample of working-aged respondents (aged 25-64) who, according to the survey's employment calendar, had experienced involuntary joblessness between 2007 and 2011, directly following at least four months of steady employment. My sample contained individuals who were unemployed at Wave 2, and to avoid the "hospital beds problem<sup>2</sup>," individuals whose unemployment spell resolved prior to Wave 2. Despite this sampling strategy, every respondent experienced long-term unemployment, likely due to local labor market conditions. This unplanned consistency allows me to examine variation in how individuals of different demographic categories respond to long-term unemployment, a particularly challenging labor-market experience (Krueger, Cramer and Cho 2014).

I interviewed 45 respondents, between summer 2013 and summer 2014, two to five years after the unemployment documented in the survey's Wave 2. At interview, all respondents retained salient memories of their experience of job loss, recounting specific details such as: the

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<sup>2</sup> For example, imagine a hospital with six beds. Over the course of a year, the hospital has 61 patients, 60 of whom stay for one month (98%) and one who stays for the year (2%). Observing in any given month, however, our cross-sectional sample contains five patients (83%) staying for one month and one patient (17%) staying for a year, overstating the number of patients with long stays. Similarly, if we sample only individuals who were unemployed at a given point in time, we will disproportionately sample long-term unemployed individuals.

order of events on the day they lost their job; conversations with former employers and loved ones; specific dates and circumstances surrounding their termination, search for re-employment, and the lapse of unemployment benefits. While not enough time had passed since the initial job loss to lose the rich narratives surrounding these experiences, sufficient time had passed for different trajectories to unfold following the job loss: some respondents perceived themselves to be “back to normal,” while others reported continuing struggle, as documented in Table 1.

Respondents were compensated with 80 dollars and the modal interview lasted for two hours, though some were as short as 1.5 hours and others lasted over three hours. The majority of the interviews took place in respondents’ homes, though eleven respondents preferred to meet in public places like libraries and restaurants, and one in the waiting room of a health clinic. Two interviews were conducted over the phone because respondents had relocated out of state following their job losses. The interviews elicited respondents’ own narratives in three areas: the job loss itself; financial and emotional coping; interaction with government programs. Several respondents experienced multiple job losses, so I asked respondents to discuss all job losses, or if one felt more prominent to them, to focus on it and contrast experiences related to this job loss with other reported job losses. Interviews were audio-recorded and transcribed professionally.

The majority of the analysis presented here is drawn from narratives elicited in the second section of the interview, the portion designed to evoke descriptions of coping strategies following job loss. Data were analyzed using a grounded theory approach (Corbin and Strauss 1998), and theory was generated inductively by paying close attention to: (1) the rich detail respondents provided regarding the level of support they held independently and accessed from various individuals in their social networks, (2) the ways in which they accessed these resources, and (3) their evaluation of their current material situation and labor force status.

## RESULTS

### *The Initial Experience of Job Loss: Devastation in All Demographic Categories*

I find job losers across the socioeconomic spectrum and across racial divides to be devastated by their initial experience of job loss. Ann Shaw<sup>3</sup>, a White woman without a high school diploma, describes the way job loss affected her independence, saying, “You know, I cried a lot. I, it really, really devastated me because at that time, you know I’d been single for 45 years. I took care of myself. I worked. I didn’t ask anybody for anything. I was very independent, very independent and that just took my independence away.... I loved my job. I always loved my job. Athalia Gordon, a 41-year-old Black woman describes conflicting feelings about the loss of her job, factory work that caused her chronic pain: “[I felt] glad sometimes because I know [my job] was really, really hard, but I miss my paycheck, I miss it, I really do so and it's hard now, it's really hard now.” In addition to missing her paycheck, Ms. Gordon misses her old routine, characterizing her days as, “kind of sad in fact. I mean it was just like my whole life had been taken away from me because everything that I was used to doing on a regular basis was gone.”

Respondents also felt shame. Gary Richards, a White truck driver describes his sudden shift in status, “I guess I think you’re too ashamed of really you know it’s hard to... you’re in one category then the next you know you’re in another you know? You’re like fully gained employed, doing great, and then now you’re a bum, you know what I mean?” These feelings of shame persist even when respondents know they lost jobs because of economic conditions. Matt Schuster, a 28-year-old White chemist puts it succinctly: “regardless of whether it was your fault that you lost your job, you feel a little... ashamed, disappointed, and without a clear purpose<sup>4</sup>.”

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<sup>3</sup> Names are pseudonyms; identifying details not central to the analysis have been anonymized.

<sup>4</sup> This internalization of labor force status is consistent with historical literature showing that in the American context career loss is treated as a personal shame, despite its structural origins (Sandage 2005). Here, this construction persists despite the worst economic conditions since the Great Depression. See Sharone (2013) for more on structural causes of this personal shame.

The emotional toll of job loss goes hand-in-hand with a drop in standard of living. Shoquana Davis, a college educated Black woman explains, chiding me, “Now mind you Alix, I went to bed one night making over \$100,000... And I woke up the next morning zero... I can remember one time I got a shut off notice. The first time in my life I ever got a shut off notice... it just blew my mind it’s like I didn’t even have any money or anything.” Whether their actions were new or familiar, Black and White respondents across the socioeconomic spectrum describe delaying payments on bills, leaving cars unrepaired and non-functional, foregoing meals out and even meals altogether, and leaving important prescriptions unfilled. Respondents struggled especially with their newly constrained ability to provide for children. Cutting back didn’t bother Cecelia Doyle, a 26-year-old Black woman, “because I’m not a picky person. It’s my kids, it’s a little different for them when sometimes I say; well mommy can’t afford it today. You know it’s a little irritating and painful sometimes, you know they can’t just get what they want like I was used to before because of the money issue, so they know sometimes I have to say, ‘no.’”

Respondents also struggled emotionally with the loss of housing. Only half of those not already doubled up (living in a combined household) at the time of job loss were able to preserve their housing situation. Fred Henninger, a White engineer who, in rapid succession, experienced job loss, his spouse’s death, and paraplegia, describes the loss of his house as “the most terrible time in my life.” Mr. Henninger gets lost in his words as he describes better times in his home:

*...to lose it like that after so much had happened there... I still got my initials, [my late wife’s] initials and my kids’ initials in that cement that’s there. I don’t know if that’ll ever stay that way, but I could go over there right now and see that. Of course I’d be in tears, but you know. But uh, there was so many things there. She won two awards from the city for two years with her Christmas light display. She went up and got these damn, (sigh) got these damn uh, made me go out and get these lights (short laugh) and I hated to put the lights up, (laughter) I swear to God.... you know she bought these these, (sigh) the little deer things. She found this one that actually would bob its head... she just loved to do that stuff. I couldn’t believe all the things we did at that house.*

For many, the loss of a home was not simply an alteration in living arrangements, but a symbolic loss representing the end of an era that could not be packed up and brought along on moving day.

Many respondents “doubled up” by moving in with friends and family following the loss of their jobs. Some felt tension in these new housing arrangements. Patricia J. Henderson, a woman with a high school diploma, lost her job when her repetitive factory work caused her debilitating pain in her joints, leaving her unable to sit or stand at times. When her application for disability payments was denied, her mother moved into Ms. Henderson’s home and began paying the rent. Ms. Henderson describes the constant tension in the house saying, “You know and everything was really strained for [me] when mom had to come back... We don’t get along. Yeah and [for my mother] it’s like, ‘uh well I got to move back here to take care of a grown lady,’ you know, ‘I don’t like that I had to give up my apartment and I don’t like it,’ you know, complaining all the time, ‘I hope your disability hurry up and come through so I can get out of here.’” While some respondents made smooth transitions into smaller homes or learned to enjoy living with their new roommates, for others life felt cramped and family conflict flared.

At the moment of job loss, suffering was almost universal, regardless of the respondent’s demographic group. Respondents describe emotional difficulty, financial hardship, and the loss of the places they held most dear. While respondents shared this initial difficulty, as time passed they faced unequal trajectories toward recovery, described below and summarized in Table 1.

***When Public Safety Nets are Insufficient, Private Safety Nets are Important***

Perhaps surprisingly, job losers in every demographic profile accessed public benefits. 37 of the 45 reported assistance from the array of public programs that together comprise our “public safety net.” Respondents turned to Temporary Assistance to Needy Families; Worker’s Compensation; State Emergency Relief; Section 8 Housing; Pell Grants; publicly funded job re-training programs; Social Security (disability, survivor’s, or old age benefits) and—most

prominently—the Supplemental Nutrition Assistance Program (formerly food stamps) and Unemployment Insurance. This assistance was important to respondents: Shoquana Davis reports

*It helped me through a time when mentally I wasn't there. You know I really had to get my mind; my mind had to get right. You know so having the unemployment benefits allowed me time; that time that I needed to spend some time in prayer. You know because when the unemployment benefits was there, I could write out my tithe check, write out my mortgage, write out my lights, gas, water, phone and have some left over for gas.*

While respondents appreciated these benefits, they also repeatedly noted that these benefits alone could not meet their needs. Brett Teruel and his fiancée Lauren together described the shortcomings of Mr. Teruel's unemployment check for meeting their household needs:

*Lauren: As a household though by the time you get the first check...*  
*Brett: Oh you might as well be...*  
*Lauren: You're already...*  
*Brett: ...playing catch up...*  
*Lauren: ...six weeks behind on bills. So if they're going to say, like I know some people think like; oh well it keeps you on track. No it's you're behind already and it's not exactly the same kind of money you were working for.*  
*Brett: ...it's a fiasco.*

Unemployment benefits and the bricolage of programs described above provided financial assistance to many respondents, but these programs alone are rarely sufficient to help job losers get by. Indeed, the unemployment benefits program is purposefully designed to provide a level of support that is less substantial than the amount recipients earned while working in order to incentivize unemployed individuals to return to work (Douglas 1932 in O'Leary 1995). As their unemployment stretched on, most respondents turned to “private safety nets” for assistance.

Above, I define the “private safety net” as resources not provided through the state that individuals deploy in times of need to make ends meet, secure employment and housing, and preserve their mental health. These resources include private savings, credit, homes owned outright, and social ties that provide resources. Existing research suggests that along each of these dimensions, White job losers are likely to have more extensive resources (Barsky et al



2002; Conley 1999; Galster 1990; Galster and Godfrey 2005; Jackson 1985; Lacy 2012; McDonald 2011; Petersen et al 2000; Oliver and Shapiro 1995; Rice and Swesnik 2013; Smith 2005; Smith 2010), and this is consistent with what I find. Below I detail the similar strategies Black and White job losers use to make ends meet, and their divergent levels of success.

### ***Making Ends Meet***

Unable to quickly secure new work, respondents had to adapt to their changed cash flow and continue to pay for housing, regular bills, food, and other basic expenses. Being unable to “make ends meet” prevents job losers from 1) finding satisfactory re-employment; (2) exiting the labor force comfortably; or (3) buffering labor market failure. The time, effort and added stress necessary to meet basic needs is psychologically wearing and prevents a person from engaging in job search activity, using resources to retrain, and taking other necessary steps to secure one of the three labor market outcomes under examination here. Some respondents—mostly White—deployed their private safety nets to make ends meet with relative ease.

### ***Using the Private Safety Net To Make Ends Meet: Wealth***

Some, disproportionately White, respondents leaned on personal savings. For example, Keith Kazanski—a White businessman—“had a five plus year cash reserve basically,” that he used to sustain his consumption patterns over the three years he waited for labor market conditions to improve. With no trouble making ends meet, Mr. Kazanski turned down a variety of unsatisfactory jobs, waiting for an opportunity that was right for him. Just over half of White respondents successfully borrowed from their 401k and savings accounts to cover expenses previously paid for with employment income.

In contrast, other respondents with savings accounts quickly spent through them. Few Black respondents had 401k accounts to fall back on, and many spent the few thousand dollars they had saved. Athalia Gordon remarks, “I did have a savings account. Depleted. Zero. No

actually I have \$19.76, I think it is in there right now...before I lost the job, well heck I don't know [how much was in there]... but it was more than nineteen dollars.” Other respondents reported spending down 401k accounts, declaring bankruptcy, not having personal savings to begin with, and depleting these resources but being unable to stave off the inevitable. Valerie Clayton had built a cushion of savings through diligent saving behavior across her career: she describes, “I paid myself every pay period. Just like I wrote a bill, and X amount of dollars went into my savings, no matter what. That was a bill. So, I was grateful though because I was able to live off some years with that.” Though her \$10,000 in savings sustained her and her dependents for a period of time, drawing down these funds was difficult. Yet, Ms. Clayton, like other respondents, believed that spending these funds was the logical choice. She explains,

*I cried but I said I couldn't be stupid. What sense did it make for me to have money but I don't have anything? Or we get kicked out on the street or we're sitting in the dark. So I mean, realistically, you have no other choice. Just be grateful for the fact that you have it in there to use it anyway. It may not be what you wanted to use it on but be grateful that you have it is how I looked at it. I think what hurt me the most was when I closed it out. When it had zero dollars. That was the most hurting thing.*

In lieu of savings, some, mostly White middle-class respondents leaned heavily on their credit cards. Matt Schuster explains, “In order to pay rent I had to put it on a credit card, didn't have enough, you know?” Linda Bruno, who was laid off from her clerical job four months before she'd been planning to return to college fulltime to pursue a nursing career, explains her strategy and discomfort with it, “there were times when we um, used the credit card for things like buying gas and paying grocery, which I absolutely hate, so we did incur a little bit of credit debt during that year, a lot more than we would normally.” Mr. Schuster and Ms. Bruno were unhappy to still be working to pay off their debt at the time of interview, but the credit allowed them to stay in their homes and meet their basic needs. This risky strategy was most successful for individuals who secured re-employment or had ties to individuals who could help them

mitigate the financial consequences of ruined credit or bankruptcy. Less-educated and Black respondents in my sample less often used this strategy, and when they did, were less successful<sup>5</sup>.

### ***Using the Private Safety Net To Make Ends Meet: Social Ties***

Most respondents who leaned on assets or credit to make ends meet complemented this strategy with help from their social networks. These relationships were the cornerstone of the private safety net, in terms of prominence and the amount of assistance provided. Drawing on these ties in order to make ends meet was rarely easy for respondents. Brett Teruel explains,

*I would rather... have everything taken care of, be able to take care of everything, but I do appreciate the help that we get, but I would prefer to be able to do it myself. But I'm not too proud, I'm not going to have the kids go without because I'm too proud.*

In response to feelings of failure, respondents did the emotional work necessary to accept the assistance they needed. Discussing her aunt's financial assistance with foreclosure-related moving costs, Sherry Fuller initially remarks that accepting help was hard, but then reconsiders: "It wasn't hard. I needed the money to move for my babies. Did I want to borrow the money from anybody? No." She reconfigures what would have been shameful: "thank God I get to pay her back.... That would be the hard part if I wasn't able to pay her back." Almost all respondents accepted assistance from family or friends, confirming the importance of social ties for getting by not just for poor people as previously documented (Stack 1975; Edin and Lein 1997; Seefeldt 2008), but for all demographic groups.

African Americans' private safety nets often were composed of extensive horizontal (reciprocal) ties. Edward Jones, a 28-year-old Black man who has contingent work sorting parts for a distributor, describes how he gets support from his family when he is not called in for work:

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<sup>5</sup> In a typical remark, Reggie Greene explains why he doesn't use credit cards: "You can be spending in credit and don't have a job tomorrow. So that's, why would I put myself in that position?" Other low-income and Black respondents had prior negative experiences with credit and were unable or unwilling to use credit cards. Others still hit credit limits or had cards canceled before credit use became a long-term strategy. For more on credit see Seefeldt 2010.

*I'll call my mom or my aunt or we'll—my sister—and we'll all sit down and I'll just tell them like; work hasn't been what it was, I'll paint your house or something like that you know. You know I try to work it off. I don't want to owe anyone. So I would rather work it off cause owing family... I don't like asking anybody for nothing so. What, I mean, they don't mind. They'll be there for me you know, they'll be there for me.*

While Mr. Jones notes the reciprocal nature of his ties, when Patricia J. Henderson thought she was accessing support from vertical ties—one-way transfers without the obligation of repayment—her creditors (friends and family) were actually expecting the repayment associated with a horizontal tie. Ms. Henderson explains, “a lot of times when I would borrow twos and fives I didn't know that they were keeping a list [so] when I did get my money... you owe me this and you owe me that.” In the end, Ms. Henderson paid back her friends and family \$10,000 of her \$25,000 worker's compensation payment. Without access to a competent lawyer to help her successfully claim disability benefits, ensconced in a network expectant of repayment, and physically unable to work, Ms. Henderson spent her payout in a year and ended up unhappily living in close quarters with her mother and donating plasma to get by. Like Mr. Jones and Ms. Henderson, most Black respondents received help from horizontal ties. When Black respondents accessed support through vertical ties, these ties—parents on fixed incomes and siblings who provide for a large number of less affluent family members—were often stretched thin.

This was not completely unique to African Americans: some white respondents found themselves in similar situations. For example, when I asked Tim Jones, an engineer who bitterly accepted a meager early retirement package from a Big Three Auto manufacturer in lieu of a lay-off, why he elected not to borrow money from family and friends, he responded, “They don't have any. And I have a small family and I have no aunts and uncles or nothing so I just have a sister and she has her own problems.” These situations, however, were more common among African American respondents. More typical White respondents had networks containing

amply-resourced vertical ties. For example, while Patricia J. Henderson’s creditors kept careful tally of what she owed, Jenny Chilcott—a White respondent with the same educational level as Ms. Henderson, but with a family with higher socioeconomic status—was indebted to more lackadaisical lenders: the resources were “usually a gift and I make an effort to pay back when I can.” Similarly, Kathleen Barthel describes the help she receives from her aging parents:

*[My parents] were very generous. Anytime we get short they’re more than happy to loan us the money and right now I work it off by cleaning their house.... It’s a very generous and well-suited arrangement for both of us. So we have a set amount that they will pay me for cleaning and then if I need, you know, my son, we were taking him to a, trying a new alternative thing for his back and it was an extra 500 dollars we just didn’t have, so I borrowed from my parents and so I’m cleaning their house to pay that off, so it works out well. But they helped us out with Catholic High School. My dad really wanted, my dad graduated from Catholic High School, as did my brother, so my dad very generously said he would pay half their tuition, because we couldn’t have afforded it otherwise.*

Though these transfers could be considered horizontal as they are repaid, the once a week housecleaning Ms. Barthel provides is likely more a symbolic effort than a material exchange. Vertical ties not only helped White respondents to meet their basic material needs, they provided extras that met additional recreational, religious, and emotional needs.

Additionally, private safety nets helped job losers to navigate bureaucracies and access resources. For example, friends who were lawyers secured unemployment benefits for two White respondents without high school diplomas and a Black respondent with a bachelor’s degree. Unlike their Black counterpart, the White respondents received their friends’ services pro bono. Similarly, when Melissa Johnson was unable to save her home by piecing together the discordant advice of bank employees who were prohibited from explicitly communicating that she needed to intentionally default on her mortgage to negotiate a lower rate, her husband stepped in. Mr. Johnson’s skills as a math teacher translated to effective advocacy with bank bureaucrats: “I deal with things like that all the time. I deal with kids that [say] “This is not what I’m gonna do...” [I

say,]“You need to get this done.” [They say,] “Well I can’t do it.” [I say,]“Yes, you can.” [With the bank] I’m the same way. It also helps that as a math teacher, I have a deeper understanding of how some of those things work just by the sheer nature of what I do. Them telling me certain numbers are happening; no, it doesn’t work that way.”

Both Black and White job losers maintained relationships with negative ties (people that needed care and assistance). These relationships, particularly with children, brought joy to respondents, but the time, energy and resources they took to maintain detracted from respondents’ abilities to stabilize their own situations. For example, Athalia Gordon’s grandson moved in with Ms. Gordon during her spell of unemployment. Ms. Gordon describes this time as “terrible, it’s been rough, it has been rough, it’s been hard and um, I really feel bad for my daughter because I know that she wants to help and she’s not able to. I mean again the baby’s here with me and I know that she needs help, but right now he may be better off here with me because she’s struggling also.... So overall, it has been one of the hardest times in my life.”

While in some cases adult children act as resources and sources of strength during their parents’ times of need, Ms. Gordon’s daughter needed to receive—rather than give—assistance.

Similarly, following her job loss, Valerie Clayton found herself providing housing for seven family members despite having depleted her own savings. This financial strain left her unable to purchase toilet paper, “Everybody else has their own issues so it worked out where I was able to keep this house, cause everybody had to come here (laughter). So I have to, I have to try to look at it positively like that but finances are.... I told you I’m borrowing money [from the neighbors] and just to get a roll of tissue yesterday.... It’s just everybody’s struggling.”

While White respondents, too, had negative ties in their networks, these ties often refrained from burdening respondents with requests for assistance, instead turning to employed

members of their networks. An exception was Tad Smith, who went from owning a business with 312 employees to facing unemployment himself. Simultaneously, his family was suffering: Mr. Smith's son was dismissed from college due to his low grade point average, and "he moved back in which was an enormous strain. Yeah, my daughter is over in Springfield, Illinois and she was testing our mettle at the same time... Yeah and [my wife] had her mother with cancer and my mother with Alzheimers in nursing homes...Talk about the sandwich. We're on both ends. And we're in the middle looking at each other like it's gonna get better and it didn't." Mr. Smith experienced hardship as his business dissolved and his family struggled. Unlike many Black respondents whose networks were composed solely of horizontal ties, he was buoyed by one crucial vertical tie, his wife, who maintained employment as a nurse anesthetist. Across the sample, live-in partners provided the strongest vertical ties described by respondents. At the time of interview, fifteen respondents—four Black and eleven White—had live-in partners. Several respondents divorced following the initial months of their unemployment spell, though none would attribute the divorce to the job loss. In Mr. Smith's case, his relationship nearly ended due to financial and emotional strain, but eventually his family situation stabilized. Though he struggled, like other White respondents, as time passed following job loss Mr. Smith managed to meet his basic needs through his private safety net. When respondents had secured a strategy for making ends meet, they were more able to turn their attention toward their search work.

***Labor Market Outcome 1, Re-employment, Through Private Safety Net Connections***

The experience of unemployment pushed the desire for work into sharp relief for many respondents. Edward Jones remarks that unemployment "makes me more hungry for work. So it makes me want to work more." Social ties can be leveraged to sate the appetite for employment by providing connections to jobs, but racial disparities in these networks affect whether

respondents are able to find work and the quality of jobs secured. Below, I examine how respondents leverage private safety nets to arrive at Labor Market Outcome 1: Re-employment.

It was a blow when new management laid off Barbara Silverman, a college-educated White woman, from her long-time position as a bookkeeper for a car repair shop. She remarks,

*It was very, very difficult, yeah and a lot of anger towards [the new owner] who I had helped.... He had come in as the owner of this company not knowing a lot about it. I mean he knew some but not much and I really helped him tremendously and then for him to go do this me; it almost felt like a stab in the back, I took it real personal.*

When she was unable to obtain another office position, Ms. Silverman's friends encouraged her to substitute at their workplace, a preschool. After substituting for several months, Ms.

Silverman converted the sporadic work into a permanent position. Ms. Silverman remarks, "I'm happy with what I'm doing... I don't want to go back to being in an office at this point." Other White respondents had connections that similarly linked them to jobs of comparable quality to their old positions. Brett Teruel's father secured a maintenance position for his son. Mr. Teruel explains: "he got my foot in the door, I'm the one that's keeping myself there is what I'll say."

While the low-educated Mr. Teruel benefitted from his familial ties, Keith Kazanski, a highly educated White man, maintained ties to his business networks: "As much as I was disappointed [by my financial situation]," he explained, "I never gave up, I never stopped you know networking and pursuing opportunities keeping in touch with people and so forth." Eventually these efforts paid off. Mr. Kazanski described a business relationship dating back to 2003 "with an individual who is a very high level senior partner of a well-known law firm in Tampa." Mr. Kazanski maintained this relationship and after several years of unemployment received lucrative consulting work in Tampa through the connection. With no negative ties confining him to his Michigan residence, Mr. Kazanski packed his bags and moved to corporate housing in Tampa, there to stay until the next lucrative opportunity came through.



African Americans, too, turned to their networks for re-employment. Among those African Americans who did use personal connections to find new jobs, however, the majority<sup>6</sup> found themselves in jobs of lower quality than their former jobs, and many quickly relinquished these positions. Frank Morning, a former fine-dining waiter, was connected to a job at a hospitality staffing agency by a cousin. Mr. Morning details problems with the job, including understaffing, insufficient and sporadic hours, low wages despite the high price of the food and wine served, and concludes, “I was sitting there getting that check and I was looking at it like this ain't even worth it. You know this ain't even worth me wasting my gas, my time and effort; and they treating me like a slave.” Other Black respondents who secured jobs through personal connections also decided that, in these new jobs, they bore too much of the economic risk and their employers too little. Bonnie Adams left a job at an upscale clothing store because she was being paid less than minimum wage under the table, and her employer was often late with payment. Debra Brown took work at an in-home daycare center that paled when compared to the 60-hour-a-week job she'd held previously: the new center had difficulty retaining clients and Ms. Brown was often told not to come in at the last minute. Ms. Brown, too, left the position, disappointedly returning to cash assistance and the mandatory “employment training” that she detested, where she and her fellow cash assistance recipients just “sat there ... every day that I can remember. Going to sign our name [and then] from 8:30 all the way to 5:30 doing nothing.”

Negative ties also affected the ability to access re-employment. Lastelle McCammon, a college educated Black woman, describes how adopting her three nieces affected her ability to search for a job, contrasting her current situation to when her nieces entered her household,

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<sup>6</sup> Some Black respondents leveraged personal ties to secure re-employment. Charles Safford, like Keith Kazanski, maintained his professional network and was re-employed in his field. Shoquana Davis found a job through a fellow church member. Though these exceptions are important, they remain exceptional: African Americans rarely found satisfactory work through network ties.

*now I can concentrate more at [looking for a job]; there's no way when I got [my nieces] in 2008 I could've did that. I was up at the school every day. Getting them adjusted too because my sister [their mother] had... wasn't a functioning person in society.*

Ms. McCammon's college education couldn't insulate her from the long stretch of unemployment accompanying the adoption that resulted from the dysfunction in her sister's life. Racial variation in resources—in this case, social ties—provided by the private safety net affects the ability to move on from job loss by securing adequate employment through connections.

***Labor Market Outcome 1, Re-employment, Through Private Safety Net Provided Retraining***

Though social ties are a component of the private safety net that is crucial to recovery from job loss, the importance of skills should not be underestimated. Of the 22 former factory/low-skill service workers I interviewed, only nine were re-employed at the time of interview and only two found jobs of comparable quality to the ones they had lost without the help of their social network. In contrast, respondents with skills in high demand in the current economy, such as teaching, translation, engineering, and finance secured re-employment much more easily, without the help of social connections, or through their professional networks. This pattern held for respondents of both races. It should be noted that skills are not equivalent to credentials. Many Black respondents had high levels of credentials, but inferior training or skills when compared to less-educated White respondents. For example, two respondents were interested in translation. The White respondent had no post-secondary education, but had grown up speaking Chinese in China where her father conducted international business. The Black respondent had a master's degree in her language of interest, but despite hours of study, was not fluent and unable to work in her field. A considerable literature (see Kao and Thompson 2003) details inequities in the educational system that result in these differential educational outcomes, and concomitant employment prospects, for Black and White students.

Perhaps surprisingly, without connections, two low-educated respondents found blue-collar jobs with benefits after extended spells of unemployment. Jacques Beauchamp leveraged his mechanic's tools and knowledge to find work, but Dareon Voss, a Black man without a diploma, was hired even without skills. While searching for lawns to mow, he stopped by a steel plant with unkempt grass. Rather than having Mr. Voss mow the lawn, the owner offered him a position as janitor. Mr. Voss took the job and quickly worked his way up the plant hierarchy. He remarked, "You know I went in just asking did they want the grass cut you know randomly and ended up getting a job yeah and moving up in the job and now I don't cut grass. I cut steel." Mr. Voss had replaced his newspaper delivery job with a salaried position with benefits.

Mr. Voss' story illustrates that while blue-collar workers who struggle with prolonged unemployment are unlikely to find satisfactory long-term employment, even in Detroit—harbinger of de-industrialization—there is variation around this pattern of downward mobility. Yet, following unsuccessful job searches, most respondents who had worked in office, factory, or service jobs recognized that a skill mismatch made their chances for re-employment low and elected to retrain. Respondents without strong private safety nets participated in state programs, using the public safety net with little success. M.T. Carson, a high school educated African American with a long history in factory work, first tried to retrain as a chef, but lacked the support needed to travel to class and succeed in his math coursework. Mr. Carson explains,

*I had been out of high school so long and they told me that I needed to go back and take a, something like an equivalent test to get my math up to speed and I tried that for quite a while and I said; I couldn't seem to get the hang of it. I had been out of school for like 35 or 40 years. And then it got hard and difficult then I had to... travel to go to school; I had to catch the bus but at the time I still didn't have a car and then you know it was wintertime and it's six or seven inches of snow so you know that was a little bit difficult so. I stood with it as long as I could so you know that just didn't pan out.*

He then enrolled in an HVAC training program, but was unable to find employment in the field:

*I was hopeful... me and a friend of mine went and took the course and the class together and we had both graduated and we both found it difficulty. I don't understand why, but every time we went to places and put a resume in they told us, well we needed four or five years experience.*

Unable to translate his state-sponsored skills into employment income, Mr. Carson lost his apartment and doubled up with his cousin. Discouraged, he reflects, "So basically I was just one of, one of the; I was one of the homeless people in Detroit basically." Like Mr. Carson, none of the Black respondents that retrained were re-employed at the time of interview.

Only two White respondents chose to pursue retraining and both followed successful trajectories into nursing careers. When Melissa Johnson lost her administrative staff position, she took it as a sign that she should follow through with her plan to become a nurse. She knew that this job was in high demand, paid well, and had a schedule compatible with raising her children. So, she drew heavily from her private safety net to make her plan a reality. Her husband took on extra teaching duties to augment their income. Ms. Johnson took out student loans, pulled money from her 401k, and enrolled in a reputable nursing program. This time was difficult:

*My husband was gone a lot you know. So it was me and the kids home a lot. And that was hard because he wasn't able to be with the kids a lot and they weren't able to be with him and he was gone. He was working so much... I think that's a struggle for him to be working constantly; not being able to chill out, you know be with his family. That was hard. And then I didn't get help...while I was trying to study for school. So it was like me with the kids. So I think that was one of the hardest things other than like yeah, okay making the money work. It was just our family was split apart for a while.*

Still, the combination of 401k dollars, loan money, unemployment benefits, and her husband's income and skill navigating their mortgage provider's bureaucracy proved just enough to avert the loss of their home and allow Ms. Johnson to complete school. Her private safety net provided a temporary break from the labor force, retraining, and eventually a job that paid nearly double what she earned pre-job loss. Other respondents also chose to exit the labor force and, as was the case with Ms. Johnson, their private safety nets determined how comfortably they could do so.

### ***Labor Market Outcome 2: Private Safety Nets Provide Comfortable Labor Force Exits***

In total, about one quarter of respondents retreated from the labor force to retrain, wait for the economy to improve or take care of children. The ability to take these breaks, the quality of life during the breaks, and the ability to end the breaks to take satisfactory jobs when desired, were all influenced by the strength of the respondent's private safety net. Though their initial experiences of job loss were devastating, because White respondents' private safety nets provided more resources than those of Black respondents, they were able to draw on these resources emotionally to re-frame their situations, and materially to support them as they withdrew from the labor force and constructed unfamiliar but comfortable new lives. These White respondents used their private safety nets to arrive at the second labor market outcome under examination: a comfortable labor market exit.

While Ann Shaw ached for the excitement and independence that accompanied employment, when she failed to find work and depleted her savings, she left the labor force, called herself retired, and moved in with her longtime beau, who provided a spacious home, a car, and vacations to Michigan's northern beaches: "I'm lucky I have a man that pays the bills and I don't have to worry about you know a house over my head. I don't have to worry about those things. He takes care of those.... So I'm lucky in that aspect you know where many aren't." Ms. Shaw, a White woman, pined for independence, but was grateful that her private safety net provided for her material needs. In contrast, when African American Debra Brown left the labor force to return to school, her private safety net could not provide a high standard of living. Her mother and the father of her children gave what they could, covering utility payments and household supplies. Other needs went unmet, "like right now, my kids starting back to school. I'm like my kids need the shoes. I was only able to buy two pair of shoes. I'm like I got seven more to buy. So I got a kid that's gonna start kindergarten and like she don't got nothing;

no uniform, no shoes, no nothing. I said, ‘But God gonna make a way. He gonna make a way.’”

Ms. Brown provides for the 14 children in her household with deft navigation of the meager private, public, and charitable safety nets available to her. Yet, this causes stress: “every day, I sit here and think about like, ‘What I’m gonna do now?’ ...that’s kind of stressful, too, to sit here every day and think about what you gonna do, you know, and you ain’t got the money to do it.”

Ms. Brown and Ms. Shaw had the same level of education (neither completed high school) and both lost jobs that they loved and could not replace. Yet, they experienced very different labor force exits because of their private safety nets: Ms. Brown felt deeper scars.

Other respondents left the labor force to care for children after they lost their jobs<sup>7</sup>.

Happy to rely on the income from her husband’s work as a boilermaker, Sherry Fuller, a Black woman, chose to care for her two girls rather than re-enter the labor force after she was laid off from her job in billing. Ms. Fuller came to understand how fragile her private safety net was when her spouse was suddenly incarcerated and—though pregnant—she had to sell cable subscriptions door-to-door on commission. Her aunt provided financial assistance with moving costs, but “the other people really (sigh) didn’t have any to loan because... I was the person they would borrow money from.” Social ties of similar class positions were sparse in her network, and the one that existed—her aunt—was overburdened. Ms. Fuller’s fall from grace showcases what a private safety net can do: it can be the difference between comfortably caring for children regardless of employment status versus taking the only job that fits your children’s schedule and struggling to make adequate commission. It also shows how fragile these private safety nets can be, particularly for African Americans whose safety nets contain few well-resourced ties.

### ***Labor Market Outcome 3: Buffering Labor Market Failure Using the Private Safety Net***

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<sup>7</sup> This occurred because children needed intensive care, or simply because respondents preferred spending time with children to working and this option was financially feasible for their family.

In addition to helping job losers to comfortably retreat from the labor force, private safety nets augmented the living situations of respondents who took jobs that were worse than those they had held prior to their unemployment. These respondents arrive at the final labor market outcome of interest: buffered labor market failure. For example, after a long unemployment spell, Gary Richards' old employer rehired him, but the quality of his employment decreased: "I lost all my vacation time, all my seniority, all my pay, I started right back down." Remembering the depression, listlessness, family conflict, foreclosure and bankruptcy that characterized his two years of unemployment, though, Mr. Richards was pleased to be back at work. His wife's salary augmented his decreased earnings and Mr. Richards seemed not quite to feel the drop in his labor market condition. At the time of interview, he and his wife had just put down carpeting in their newly purchased home and, reflecting on his unemployment, Mr. Richards remarks, "It's kind of like it didn't happen. You know 'cause now we're doing good again, we just bought a new car yesterday.... you know we're turning our life around again you know what I mean? So it's kind of like it didn't happen. But in your heart you know what happened you know?" His private safety net had almost, but not quite, erased the scar of unemployment. In contrast, Bert Taylor, who is Black, went from a \$79,000 salary at a white-collar job to being largely unhireable because of a misdemeanor. Lacking a robust safety net, he relied on a part-time fitness coach position paying \$9,000 annually. Mr. Taylor remained resilient: "I don't take it as a negative," he remarked, "I take it as challenge," though it was a challenge he bore on his own.

For the underemployed and long-term unemployed, the private safety net can provide the emotional and material support necessary to prevent a slide into depression and allow job losers to see silver linings in their situations. Tad Smith—who was buffered by his wife's salary—feels that unemployment "grounds your ego. You know it makes you look at what's truly important in

life. You know I think a lot of us go through life and we look at the materialistic things in life and that's important and we forget the most important part is your family." This side of unemployment is harder to see when one struggles to meet his or her basic needs unsupported, as was the case for many African Americans in the sample. For example, when I ask Edward Jones—whose network was composed of horizontal ties only—if anything good had come out of his time unemployed he responds, "nope. Just hardships, bad." Reggie Greene elaborates on the consequences of facing unemployment with only horizontal ties to buffer you,

*it can wear on you. ...it can cause some people to, you know have a depression and you know it can wear on you physically, you know a lot of mental strain you know. So because you never know, you've got a family you're providing for or; you know it's a lot of things that come with it so you have to deal with the good and deal with the bad. So it can get real ugly if you're not careful, so.*

Jeanette Brown, a former health aide who experienced homelessness and felt she had no ties to turn to in her time of need, reflects on the feelings accompanying unbuffered hardship,

*when you have something and it be taken from you and you don't have no place to go or nothing like that, you going to feel a lot of overwhelmness. You have anger, you know, disappointment cause you, cause you know there's something different you could've, you know you would thought you would do something different, but didn't do it cause you didn't think of it or something like that you know.*

Ms. Brown feels that she alone determines her material circumstances. Though Ms. Brown was re-employed and feeling positive at the time of the interview—"I smile more than I ever did"—the scars of her experience still cast shadows. She reflects, "It still bothers me that I went through it, you know ...And I got to still try to keep myself from getting there again." Without the private resources employed by their White counterparts, African Americans feel the full force of their diminished labor market position: they scar deeply. This unbuffered experience causes feelings like depression and anger—and circumstances like homelessness and car-lessness—that make it difficult to advance in the labor force or come to peace with one's new circumstances.



## DISCUSSION AND CONCLUSIONS

Individuals who face long-term unemployment are faced with bleak prospects: they are unlikely to find re-employment, and if they do they are likely to be underemployed or quickly find themselves unemployed again (Krueger, Kramer and Cho 2014). My research uncovers one mechanism, the *private safety net*, affecting who is able to (1) find satisfactory re-employment despite experiencing long-term unemployment, through re-training or otherwise; (2) shed their long-term unemployed status by comfortably exiting the labor force; or (3) buffer the emotional and material consequences of prolonged unemployment or underemployment with emotional support and material resources. Job losers of every class background and every racial group attempt to draw on their privately held assets and their personal connections—their *private safety nets*—to ameliorate the scarring effects of job loss and arrive at one of these three outcomes. African Americans, however, have weaker safety nets than their White peers. Though holding similar jobs may permit African Americans and Whites to maintain similar standards of living despite private safety net differences, unemployment brings the inequalities in private safety nets into sharp relief. The inability to effectively deploy private resources means that Black job losers face deeper scars and steeper trajectories of downward mobility than their White counterparts.

This finding brings together research in several distinct domains: the scarring effects of job loss; strategies for making ends meet; and racial disparities in social networks and wealth. At the nexus of these literatures sits an important turning point in the life course, job loss, that I show to be associated with the magnification and reproduction of racial inequality. While extant research shows that African Americans face unique barriers to securing employment (Bertrand and Mullainathan 2004; Pager 2009; Smith 2010), the current research both broadens the scope of examination to consider all coping strategies available to job losers, and narrows the focus of inquiry to look at the specific experiences of job losers (not job changers or labor market

entrants). When the frame of analysis is shifted, *the private safety net* emerges as an important tool influencing the depth of scarring experienced by job losers. Importantly, my analysis breaks with much of the extant literature on making ends meet to examine the strategies of a diverse group of job losers. I find that individuals across the socioeconomic spectrum and racial divides employ the same strategies—using public benefits and private safety nets—but that differences in the quality of resources available to African American job losers result in the inability to “move on” from job loss. My results suggest that *resources* rather than *behavior* drive the disparate outcomes experienced by Black and White job losers. Ethnographic work is called for to better understand how behavior influences the labor force trajectories of job losers.

This research finds that Black and White Americans turn to both public and private safety nets following job loss, but that disparities in private resources leave Black job losers on unequal footing in the labor market compared to their White peers. Public resources plentiful enough to mitigate this inequality largely are unavailable: employers and the state are embedded in a logic that emphasizes market solutions and the deployment of private resources (Harvey 2005; Mudge 2008). Despite the calls of advocates for the unemployed, in 2014 Unemployment Insurance was not extended and many states are scaling back their programs by cutting the number of weeks available to job losers and emphasizing reduction of fraud rather than program expansion (Evangelist 2013; Peters 2014). In addition, some evidence suggests that racial disparities in public safety net access complement and reinforce disparities in the strength of private safety nets (Gould-Werth & Shaefer 2012; Grant-Thomas 2011). Reversing this trend and bringing public resources to African Americans at the point of job loss may be an important intervention at a crucial juncture in the life course in order to ameliorate racial inequality. However, the same

ideology that brings job losers to internalize the scarring effects of unemployment may preclude policy makers from providing a public solution to a problem that is constructed as private.

**Table 1: Respondent Characteristics**

Pseudonym	Race	Gender	Age	Education	Status at Interview	Sufficiently Buffered?*
Charles Safford	Black	Male	47	College degree	satisfactory re-employment	
Jane Parks	Black	Female	53	College degree	satisfactory re-employment	
Shoquana Davis	Black	Female	52	College Degree	satisfactory re-employment	
Jeanette Brown	Black	Female	51	Less than High School	satisfactory re-employment	
Dareon Voss	Black	Male	27	Less than High School	satisfactory re-employment	
Barbara Silverman	White	Female	58	College degree	satisfactory re-employment	
Keith Kazanski	White	Male	53	College Degree	satisfactory re-employment	
Linda Bruno	White	Female	49	College degree	satisfactory re-employment	
Matt Schuster	White	Male	28	College degree	satisfactory re-employment	
Sean McCormick	White	Male	63	College Degree	satisfactory re-employment	
Brett Teruel	White	Male	37	High school diploma	satisfactory re-employment	
Craig Hendricks	White	Male	32	High school diploma	satisfactory re-employment	
Jenny Chilcott	White	Female	54	High school diploma	satisfactory re-employment	
Melissa Johnson	White	Female	34	High school diploma	satisfactory re-employment	
Jacques Beauchamp	White	Male	28	Less than High School	satisfactory re-employment	
Fred Henninger	White	Male	61	High school diploma	labor force exit	Y
Ann Shaw	White	Female	61	Less than high school	labor force exit	Y
Krystal Stamper	White	Female	26	Less than high school	labor force exit	Y
Kathleen Barthel	White	Female	45	College degree	underemployment	Y
Tad Smith	White	Male	57	College Degree	underemployment	Y
Gary Richards	White	Male	53	Less than high school	underemployment	Y
Paul Hadad	White*	Male	59	High school diploma	underemployment	Y
Bert Taylor	Black	Male	50	College degree	underemployment	N
Lastelle McCammon	Black	Female	49	College degree	underemployment	N
Travis Rorke	Black	Male	58	College degree	underemployment	N
Cecelia Doyle	Black	Female	26	High School Diploma	underemployment	N
Sherry Fuller	Black	Female	28	High school diploma	underemployment	N
Athalia Gordon	Black	Female	41	High school diploma	unemployment	N
Frank Morning	Black	Male	52	High school diploma	unemployment	N
Patricia J Henderson	Black	Female	44	High School Diploma	unemployment	N
Valerie Clayton	Black	Female	49	High school diploma	unemployment	N
Bonnie Adams	Black	Female	32	Less than High School	unemployment	N
Gregg Williams	Black	Male	46	Less than High School	unemployment	N
Reggie Greene	Black	Male	31	Less than high school	unemployment	N
Wendy Campbell	Black	Female	46	Less than High School	unemployment	N
Tim Jones	White	Male	58	College degree	unemployment	N
Thomas Rudaj	White	Male	41	Less than high school	unemployment	N
Danielle Darby	White	Female	31	High school diploma	labor force exit	?
Kayla Hutchins	Black	Female	31	College degree	underemployment	?
Celia Woodall	Black	Female	49	College Degree	underemployment	?
Edward Jones	Black	Male	30	High School Diploma	underemployment	?
Ben Adler	White	Male	35	College Degree	underemployment	?
M.T. Carson	Black	Male	55	High School Diploma	unemployment	?
Debra Brown	Black	Female	31	Less than high school	unemployment	?
Paul Remington	White	Male	42	High school diploma	unemployment	?

\* Lebanese Respondent

\*\* Determining what amount of buffering is "sufficient" is challenging, as most respondents had some level of buffering from their social networks. The body of the paper provides nuanced explanation. Respondents marked "?" had support that provided for their basic needs, but reported continued dissatisfaction with their situations. It should be noted that even within this group, White respondents had access to ties with ample resources (e.g. parents that provided rent, siblings with high-paying jobs) while Black respondents were buffered by more strained and less well-resourced ties.

<b>Table 2: Sample Characteristics</b>		
	<b>Black</b>	<b>White</b>
<b>No High School Diploma</b>	8	5
<b>High School Diploma only/ Some College</b>	6	8
<b>Bachelor's Degree or Higher</b>	9	9

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