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## Robert Johnson, First Black American Billionaire, Proposes Plan To Reduce Black Unemployment



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As Congress moves toward a test vote on the Obama administration's jobs package, RLJ Companies CEO Robert Johnson is pushing a proposal that he says marshals the capacity of the nation's biggest companies to significantly reduce black unemployment.

Johnson has dubbed his idea the "RLJ Rule." It calls on U.S. Fortune 1000 companies to voluntarily consider a more diverse pool of qualified candidates when filling senior level job openings and hiring contractors. Johnson has described it as the business version of the National Football League's Rooney Rule, a 2003 mandate that required teams consider diverse candidate pools when filling senior positions.

Johnson, the United States' first black billionaire, has been critical of the way that the Obama administration and Congress have tried to address the nation's stubborn unemployment problem. He said he believes businesses can create solutions to social problems.

"You can't have a society where more than 22 million people are falling backwards," he said of the black population in the U.S. "That's just not sustainable. You can say that [the problem is] education or globalization. But you can also point to the fact that corporations are either not reaching out aggressively enough or are actively blocking the door."

Johnson is perhaps best known for founding Black Entertainment Television, in the 1980s. He then promoted the network as a vehicle for airing and addressing black community interests, but critics said BET began televising a shrinking slate of news in favor of an expanded selection of syndicated sitcoms and music videos. In 2000, Johnson sold the network to Viacom for a reported \$3 billion. Johnson founded what would become the RLJ Companies in 2005, and says they have implemented the RLJ Rule.

The rule would have companies consistently -- but voluntarily -- consider at least two black candidates when filling job openings at the vice president level. Johnson also wants the country's largest companies to consider at least two black-owned businesses when contracting out work or buying supplies.

"Right now, when jobs at that vice president and above level come up, the senior VP or president goes out to dinner, maybe the golf course, and mentions, 'We are looking for a VP of this or that,'" said Johnson. "Before you know it, someone mentions a name, the job is filled and nobody feels they have done anything wrong."

He noted that nothing is necessarily wrong with this approach. "But if that's the way that most opportunities flow, then in most cases that's an opportunity stream that doesn't include many African Americans," he concluded. "So, consciously or unconsciously, what happens is a perpetuation of privilege and disadvantage that just goes on and on. "

## **A PRIVATE ANSWER**

Johnson cited the case of one of RLJ's employees, Thomas Baltimore, as an example of a different approach to hiring.

"This guy worked for Marriott and Hilton and was never in line to be CEO of either company, Johnson said. "Now, in our company, he is CEO of a \$2 billion hotel REIT [real estate investment trust]. He's creating jobs, tax revenue and generating economic value. It was just a matter of giving him an opportunity."

Johnson also pointed to Strayer Education, Inc., a for-profit college where he is a member of the board, as an example of the RLJ Rule's potential success.

Karl McDonnell, Strayer's president and CEO, said a policy similar to the RLJ Rule is "something that we have always done."

"What I can do is say to other organizations that many be curious about whether they should adopt it, that kind of effort has worked well for us," he said.

The company's senior management needs to be diverse, McDonnell said, to reflect the school's student body. Strayer's average student is 35 years old, and more than half of those studying at Strayer's schools are African American and about two-thirds are women.

McDonnell estimates that about half of Strayer's senior management -- the dean level and above -- are women or African Americans.

"When we sit down and make decisions that will affect our students," he said, "we want to be sure that those ideas are being heard by people [who] have some first-hand knowledge of the practical impact of those decisions."

When asked about public response his proposal since it was announced Oct. 2, Johnson said a member of the president's Council on Jobs and Competitiveness, *La Opinion* newspaper publisher Monica Lozano, had emailed him about it. (Lozano did not respond to a request for comment from HuffPost.)

Johnson said Lozano endorsed the RLJ Rule in her email, but called for it to include members of other racial and ethnic minority groups. Johnson said he is open to that idea.

But whether it includes other minority groups or not, the proposed RLJ Rule would carry none of the financial penalties that have given the NFL's Rooney Rule teeth. And that, several economists said, is the primary problem. Even if widely adopted by Fortune 1000 companies, the proposal would likely have only a small impact on the country's staggering 16 percent black unemployment rate. That's because it calls on companies to do something most do not do very well.

## A SYSTEMIC PROBLEM

Johnson's proposal is, "interesting," but likely to have only small impact, said Algernon Austin, a sociologist at the Economic Policy Institute, a Washington, D.C.-based nonprofit where he serves as director of the agency's Race, Ethnicity, and the Economy program. Without a law to guide them, people that hire and award contracts evaluate their options and take cues from the broader culture.

"Most Americans have no concept of how bad black unemployment is or what nearly 20 percent unemployment really means," said Austin. "So, what most people do is dismiss it as some kind fluke of the recession or a problem of work ethic. Neither is remotely accurate."

Black unemployment sat at 9 percent when the recession began in December 2007 and reached a high of 16.7 percent -- a figure unseen since 1983 -- in August. Fresh federal data released Friday indicate that black unemployment fell slightly to 16 percent in September.

By comparison, white unemployment sat at 4.4 percent -- very close to what most economists consider full employment -- when the recession began. It rose to a high of 9.1 percent in November 2009. In September, the white unemployment rate was 8 percent.

Johnson says the RLJ Rule would immediately reduce the unemployment disparity between black and white individuals with bachelor's degrees (7.9 percent of African Americans with bachelor's degrees were unemployed compared to 4.3 percent of their white peers in 2010). Over time, it could also reshape hiring decisions throughout participating companies. And the RLJ Rule would also help companies that serve or sell products to an increasingly diverse public better understand their customers, Johnson said.

"This is not a mandate and this is not a program that attempts to appeal to the better angels of anyone's nature," said Johnson. "We've tried that. We are making the business case for fixing this problem."

But the RLJ rule would not address the crippling levels of joblessness among black workers with less education, said John Powell, executive director of the Kirwan Institute at Ohio State University, which produces research on the role race plays in shaping the economic condition of individuals and families.

In 2010, the most recent year for which data are available by race and education level, nearly 23 percent of black workers without a high school diploma could not find work, compared to nearly 14 percent of their white peers.

"Johnson has signed on to the idea of trickle down," said Powell. "But trickle down, as we can all see, does not work."

Margaret Simms, an economist and fellow at the nonprofit Urban Institute in Washington, D.C., considers some of Johnson's ideas to be grounded in well-documented patterns in the labor market and economy. Minority-owned companies are far more likely than others to hire non-white employees, for example, while white-owned companies similarly hire white employees. The contracting portion of Johnson's idea could bolster black businesses and therefore reduce black unemployment, Simms said.

Affirmative action, diversity and inclusion programs have also played a critical role in expanding the number of African Americans with college degrees and the job experience to be qualified for high-level corporate posts. But these programs are only as effective as the managers behind them, Simms noted.

"Right now, companies say, 'We did announce widely, we put this in minority press, we tried,'" Simms said. "This idea might actually put more pressure on companies to make the effort, take action to be sure that their pool -- the people they actually consider -- is broad and in some ways deep."

Tom Shapiro, a Brandies University sociologist who studies racial inequality and public policy, spent the summer examining the impact of employment requirements written into the South African constitution after the end of apartheid. In South Africa, companies must provide evidence of their affirmative action-like efforts in order to remain eligible for government contracts.

In the United States, attempts to address the the economic legacy of slavery, Jim Crow and ongoing discrimination in the labor market and business lending have not been so direct. Any discussion of affirmative action or wealth distribution is highly controversial. In 2008, the Obama administration passed on the opportunity to do something like the RLJ Rule with stimulus funding, Shapiro said.

"Unfortunately, this kind of idea is even less palatable in a moment where the lower 99 [percent], as they are saying now, are being squeezed," said Shapiro. "The majority of families are working harder and running faster on their treadmill. It's an idea that might make a lot of people angry even in the face of real evidence that everyone is not suffering equally."

Powell, of the Kirwin Institute, considers Johnson's proposal to be part of a growing slate of small-scale private efforts to address what are deeply rooted, systemic inequalities. Charter schools, for example, are supposed to solve problems in the public education system. And the city of New Orleans' Hurricane Katrina evacuation plan involved advising people to get in their cars and leave the city before the flood. Calling on private companies to solve the black unemployment crisis is no different, Powell said.

"We like to say a rising tide lifts all boats, but what if you are in a car or you don't have a car or a boat at all?" he asked. "Look what happened in New Orleans."