

Point of View

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TO BE EQUAL

BANKS UNDER PRESSURE OVER LENDING BIAS

By John E. Jacob

Despite long-standing laws and regulations banning bias in lending, African Americans continue to face discrimination in home mortgage loans or loans to start or expand a small business.

Finally, the federal government seems ready to apply the kind of tough pressures that get lenders' attention.

Last month the Federal Reserve refused to approve a big New-England bank's purchase of a smaller bank because

it is under investigation for possible violations of the fair lending laws.

This is the first time that has happened. In the past, evidence of lending discrimination has been treated like crossing against a red light — a minor

offense that could be ignored.

Now, it is being treated as a major offense that will prevent banks from implementing such strategic business plans as mergers or acquisitions.

That should make their executives sit up and take notice,

but the irony is that very often those senior executives have framed strong anti-discrimination policies and programs.

But they haven't been able to get those principles embedded in their corporate cultures, and unless branch loan officers change their behaviors the best-sounding policies are doomed to failure.

Some of those biased behaviors may even be unconscious, since racial stereotyping is so pervasive that lenders may think they are objective when in fact they set the bar higher for mortgages for minorities.

As a result, in 1992, applications for mortgages by African Americans were rejected at more than double the white rate — about 36 percent for blacks versus 16 percent for whites.

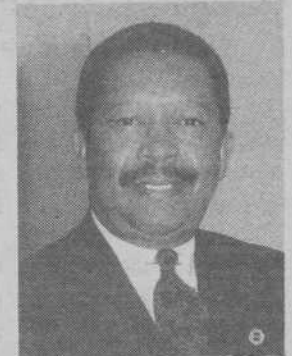
The discriminatory pattern holds for applicants with similar incomes and credit histories. And very often white applicants who might otherwise be turned down for loans will get advice and help to qualify while minorities are simply rejected.

The new mood of activist government enforcement is having a healthy effect.

Many banks are hiring minority staff, adjusting loan criteria, and working with community-based organizations such as the Urban League to help applicants qualify for loans and to review procedures that discourage minority applicants.

We can expect that trend to accelerate after the Federal Reserve Board's action.

In 1993, there have been over 320 mergers and buyouts totaling over \$20 billion. As the industry continues its trend toward consolidating, even those huge numbers will rise.



JOHN E. JACOB

With the stakes that high, it would be incredibly irresponsible for bank management to risk losing a merger opportunity because some loan officers at faraway branches let prejudice guide business decisions.

But even more is at stake, for other federal agencies are getting into the act.

The Office of the Comptroller of the Currency for example, is examining mortgage lenders to determine whether their practices have a "disparate impact" on minorities.

Evidence indicating discrimination is turned over to the Justice Department for possible prosecution, and that agency is itself initiating investigations that could lead to prosecution.

The Department of Housing and Urban Development made ending racial discrimination a priority, and is using white and minority "testers" to apply for mortgages to see if they are treated alike. So the message is getting out loud and clear, that the anti-discrimination laws can no longer be broken at will.

Now the government should be as vigilant in enforcing community lending mandates, so that the credit squeeze that chokes off investment in low income neighborhoods can be overcome.

CLINTON CRIME PLAN JEOPARDIZES BLACKS

Black Americans will continue to suffer a disproportionate portion of America's problem if President Clinton relies exclusively on his gun-control-intensive crime plan to combat violence in America, say black activists who have studied the proposal.

"Most of the guns used in the violence crimes we hear about are already illegal," says Horace Cooper, Legislative Director to Congressman Dick Arney (R-Tx). "Pretending that crime is

Proposal slammed for relying on gun control to fight crime

going to disappear if we just pass more gun control legislation is just fantasy. The danger is that while the people in Washington are feeling good about passing useless legislation, criminals continue to roam the streets and the number of crime victims, especially blacks, grows."

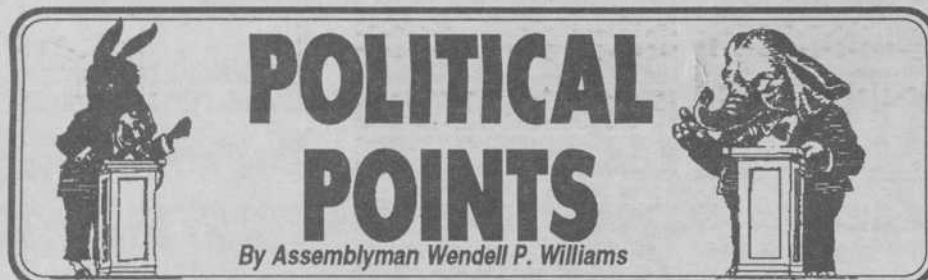
On August 11, President Clinton presented an anti-crime proposal which includes the controversial Brady gun control bill. The bill requires a five-day waiting period for anyone legally purchasing a handgun.

Critics charge that the motives for the Brady bill are based on political, rather than law en-

forcement considerations. "The Brady bill is feel-good legislation. It's appealing because it allows politicians to look like they're fighting crime without having to build expensive prisons or hire more prosecutors," says Cooper.

A 1993 survey of 11,000 police officers by the Southern States Benevolent Association revealed that most officers view stricter gun control laws as being the least effective means of

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POLITICAL POINTS

By Assemblyman Wendell P. Williams

TURKEY SOUP

It's easy to remember one of the best things about Thanksgiving growing up as a young boy in rural Louisiana. In fact, for me the highlight of the Thanksgiving Holiday was actually two days after Thanksgiving Day. That's right, each year on the Saturday after Thanksgiving, my grandmother, Carrie Williams would never fail to throw down on her famous turkey soup. Even if you watched her make it, it was absolutely impossible to duplicate. Impossible. However, the most interesting thing to me about the soup was that its ingredients were comprised totally of leftovers from turkey day.

Now if you saw it being made, you would easily wonder how such a combination of things such as greens, turkey, dressing and the like, could ever produce such a tasty dish. It is one of those things that many have tried but few have successfully attained. I still sincerely be-

lieve that the secret was in the way that she stirred the big pot that made it special.

You know it had to have been good, because even today some people are still trying to produce a turkey soup. Case in point, down at Uncle Tom's Cabin (formerly City Hall) the lady chef and her helper tried to prepare a hearty pot of the soup over a year ago. First they threw in all the left over community clean up ideas, left from the old days of CETA. These leftovers had been hanging around the cabin since the 1970's. However, at least in the seventies the program had money tied to it. They let the pot set for over fifteen months before ever checking to see if it was boiling. Even one of the "Adopt-Your-Block" captains has been waiting to pick up some paint from her to start the project. It's still there. I wonder what the cook's helper was doing? Now that the chef is interested in leaving the cabin with hopes of moving to a mansion, she now wants you to do the job that you

already pay taxes to have done. This way she'll come around campaigning for your vote by telling you, "vote for me because I convinced you to volunteer to do the work that your tax dollars already paid for and city employees do in every other community." The helper even threw it some okra and hamhocks, but it still just didn't have the flavor.

I think they forgot to wash the okra and remove the stems. Besides, why would anyone living in the 1990's have to adopt their own block? I guess the chef and her helper are sending the message, "Adopt-Your-Block, because we're spending your tax dollars somewhere else and we ain't never provided basic services before and you are on your own now."

But in the mean time, I need you on video so I can use clips of you working like you are on a plantation for my upcoming campaign TV spot. Sorry wrong leftovers - next time use the leftovers you use in your neighborhood.



Assemblyman

Wendell P. Williams

Since the chef has been trying to bring the pot to a boil, she forgot that she had dropped 2,800 people in the pot who were all looking for jobs. Actually, she dropped 3,000 people in the pot promising them all that if they would let her cook their goose, she would get them employed. That was over a year ago. Today, only 320 people have come to the surface of the pot, the other 2,800 are missing. The chef is now so busy campaigning for that new job, she does not have time to find out where they are. Recently, she sent her helper to try to find them, but he didn't know where to look. Maybe she thought they were black-eyes peas and threw them out.

Each Thanksgiving I miss your turkey soup made from leftovers, grandmother. If only you were here, everything would be o.k. Today things have changed; the leftovers are foul and the turkeys are cooking the soup.

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