

Economy

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The government's latest estimate has placed the cost of the Iraq War at around \$600 billion. Still other financial analysts have placed the long-term cost at between \$2 and \$4 trillion.

The recent financial troubles of Bear Stearns prompted an emergency bailout by the Federal Reserve and JP Morgan Chase & Co. to avoid what many financial analysts predicted could have been a total economic collapse of financial markets. Another troubled lender, Countrywide Financial Corporation, was rocked by allegations of financial irresponsibility and possible impropriety leading to a downward spiral in stock prices. Well-known companies such as Morgan Stanley, Lehman Brothers, Merrill Lynch, Citigroup, UBS and Goldman Sachs are taking another look at their risky loan processes, analyzing industry trends, and closely monitoring their stock prices.

On March 31, Treasury Secretary Henry Paulson proposed a set of massive changes to the financial system of the United States which included expansion of the power of the Federal Reserve.

Those companies at the very high end of financial wealth management are intricately involved in the financial system of the United States. While losses are heavy among many financial lenders and investors, many are financially insulated from the consequences felt by the average American living paycheck to paycheck.

There is no universally accepted definition of a recession, however some negative economic indicators in-

clude a slowdown in economic activity, less consumer spending and increased unemployment. Despite the current existence of many of these indicators, there is hesitancy among economists and government officials to declare that America is in a recession for fear of widespread panic.

Managing Editor of *Political Affairs* magazine Joel Wendland is a frequent critic of the Bush administration's fiscal policies. He said there are varying opinions of what an actual recession is, based on frame of reference.

"The economists I have interviewed talk about recession in different ways. Some who are oriented toward Wall Street see recessions as starting only when hard times hit Wall Street. Progressive economists talk about recession from the standpoint of the impact of (the) crisis on working families. One economist said workers haven't really recovered from the 2001 recession as high unemployment figures, stagnant real wages, and the enormous cost of Bush-type policies—healthcare cuts, education cuts, tight state and local budgets, no new funding for anti-poverty programs, and so on—indicate that for millions of working families, disproportionately African-American, Latino, but also millions of White, the 2001 recession never went away," said Wendland.

Ginna Green of the Center for Responsible Lending, an advocacy resource for predatory lending opponents, said ironically, the policies and practices of leading financial lenders have brought the American economy to the brink of collapse and caused a loss of economic confi-

dence.

"We've got a major player (Bear Stearns) who has had a major hand in causing the problem getting a federal bailout and yet, we can't do the same for every day hardworking Americans who were put into loans that shouldn't have been offered in the first place," said Green. "And we also know that African-Americans and Latinos are disproportionately impacted because they got the bulk of these problem loans."

According to the Center for Responsible Lending, more than 2 million families will face foreclosure in the next 24 to 36 months. Forty million families living in surrounding neighborhoods will feel the effects of these foreclosures as property values in their areas plunge by an estimated \$350 billion.

In a separate joint study by several regional policy and advocacy groups titled "Paying More for the Ameri-

can Dream" released in March 2008, huge mortgage pricing disparities between loans granted to Black and Latino borrowers, and those granted to Whites was found. In their study of geographic lending patterns, they found this disparity was not limited to subprime mortgage loans but was prevalent among lending institutions granting conventional prime loans as well.

Even during times of greater economic stability, the unemployment rate of Blacks and Latinos is higher than that of Whites leading some experts to suggest the unemployment rate is actually higher than what is being reported.

"Because the government only counts people who are looking for work and who have applied for unemployment compensation benefits, the real figures of unemployed are much higher than reported. One report sug-

gested that about 15 to 20 million jobs need to be created in our economy right now to take care of everyone who is out of work," said Wendland.

Arewa L. Karen Winters, a prevention specialist and cultural programs coordinator at the Bobby E. Wright Comprehensive Community Behavior Health Center, Inc. in Chicago said the dire economic conditions within the Black and Latino communities are resulting in an increase in the abuse of drugs, alcohol, and the use of sex—especially among young people—as a result of what she called "a massive economic void" in the community.

"It's an epidemic and if we don't open our eyes and look at what is really going on in the community, it worries me and it troubles my spirit," said Winters adding that her office has also seen an increase in violent behav-

ior. "A lot of it is [because of] poverty. When you talk about a recession and young people who have no food at home, some of them have no lights or gas, that makes them angry and then they go out here and see other students dressing nice, it makes them angry, it makes them hostile," said Winters.

Carole Grant Hall, the director of the West Englewood Neighborhood Housing Services in Chicago says the predominately Black neighborhood was one of the hardest hit by an "outrageous" foreclosure rate. NHS offers educational programs for first time home buyers, and as those in danger or losing their homes.

"It's having a lot of effect on property values, but even more so, its damaging our community and the people who are living there still," said Ms. Grant Hall.

Ashahed M. Muhammad writes for the *Final Call*.

Entrepreneur

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business, the No. 1 priority is simple. Get customers.

"People try to do too much," she says. "Be direct, clear and sell the niche. When I get customers, I put together the best possible product. You have to work in your passion to do so."

This increase in women-owned businesses has trickled down to youth as well. Campuses are promoting business-savvy curriculum in a liberal arts colleges.

Kyosha Johnson, a native of Tucson, Ariz., says she has an "independent spirit" and a love for fashion. Her desire to start her own fashion magazine and retail company prompted her decision to minor in entrepreneurship at Howard University.

The Kauffman Foundation selected Howard as one of eight institutions to receive funding for entrepreneurial education in 2003, according to the ELI Institute's website.

"Just because society does not offer me a chance to step outside of their expectations does not mean I will not find a way to do it myself," said Johnson, 19, a sophomore fashion merchandising major. "It has always been instilled in me to control my own future."

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