

People, banks, feds all culpable in credit crisis

By Bill Fletcher Jr.
Special to Sentinel-Voice

Some weeks ago I had a discussion with a very wealthy businessman. When I was getting ready to leave I mentioned to him the devastation being brought about by the credit crisis. His response, which actually should not have surprised me, nevertheless infuriated me: "Yes, it is too bad," he said. "People were trying to live beyond their means."

Barely had the words left his mouth than I was ready to jump at him. I realized, however, that none of my arguments would make any sense to him because his vantage point was that of a rich person who was determined to stay rich, who was not able to see life through the eyes of working people and he had to justify the current state of affairs in order to sleep at night.

So, how was this businessman so fundamentally wrong? After all, in the media we often hear the same thing. Yet the reality is very different.

First, the living standard of the average U.S. working person has been in decline since the mid 1970s. In other words, after you factor in inflation, our earnings have been dropping, so much so that we are at or beneath what workers were earning in 1967; again, factoring in inflation.

While productivity has been rising, our incomes have not. They have been kept down

by various things, including layoffs, the restructuring of work, forced givebacks by employees, efforts to smash labor unions, and changing workplace technology.

Coupled with this have been policies, particularly those instituted beginning with the era of Ronald Reagan, to enrich the rich and the corporations through tax policies, and at the same time, cut or erode what was once called the 'social safety net' (unemployment, food stamps, etc.).

The other thing that happened was that much that we once received for free, or very low cost, started to cost. This would include items such as parks, public transportation, or garbage pickup.

The response to this situation was complicated. Generally speaking, people tried to handle these challenges on their own.

In fact, as they found themselves being squeezed they tended to believe that the problem was them. So, people looked for individual solutions. The most common was credit or debt. Particularly with banks giving out credit cards as if they were candy on Halloween, working people who were squeezed made greater and greater use of credit in order to stabilize their living stan-



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dard.

This is not about people living beyond their means, contrary to what the rich businessman suggested, but instead was about people trying to live.

By the 1990s, the average person who possessed a credit card was carrying over roughly \$5,000 per month in credit card debt.

This was on top of housing payments and car payments. Yet when the housing 'bubble' unfolded, homeowners thought that they had discovered the golden goose and that the value of houses would continue to rise with the result being that homeowners could continue to borrow against the increasing value of their homes.

Things did not quite work out that way.

In the case of the housing bubble, what happened was the equivalent of the pyramid schemes you are probably familiar with. The first people to enter the game and leave, usually do VERY well. It is the rest of us that get stung when the pyramid collapses.

So, what is this all to say? Well, frankly, that too many of us thought that the problem that we faced was a problem of our own making rather than realizing that the economic system has been operating against us.

While a small percentage of the population has become fabulously wealthy, the bottom 80 percent of the population has found itself either stagnating or in free fall. Most of us hoped that credit could keep us afloat, but even a life preserver becomes waterlogged after long periods in the water.

The answer to this situation is collective action. Sure, if you are lucky to hit the 'number' you may be able to walk away free and clear but that is really not an option for most of the millions of people who are pulling their hair out trying to figure out what to do.

Not only do we need to demand of politicians, such as Senator Obama, that if elected they will take steps to address this, but we must also organize ourselves through unions and community-based organizations to insist that the public is protected against the ravages of the economy.

That means that we not only need to improve our living standards, but we need to make sure that society is looking out for those who are falling through the black hole created by conservatives.

Taking personal responsibility in this case — to borrow the term that the conservatives love to throw around — means joining with others to fight back.

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Women deserve to shine at Democratic Convention

By Julianne Malveaux
Special to Sentinel-Voice

New York Senator Hillary Rodham Clinton (D-NY) is scheduled to deliver a major speech at the Democratic National Convention on August 26, 2008.

It is poignant and proper that she should speak on Women's Equality Day, the 88th anniversary of women getting the right to vote. According to some sources, Senator Clinton will be joined on stage by other women legislators, including the Democratic women of the United States Senate. Her speech is likely to touch on major public policy issues, and also to pay tribute to those that paved the way for her glass ceiling-shattering campaign.

Senator Clinton's campaign illustrated that the gender playing field is not yet level. We don't need to use the campaign for that illustration, though. Economic data on the status of women suggest that we have a long way to go before women have the same social, economic, political and cultural clout that men have.

The lens of patriarchy so heavily influences the interpretation of the status of women that women who have left the labor market for economic reasons are perceived

as having "opted out" because they prefer stay-at-home motherhood. The real deal is that women's wages are lower than men's — still. And some of the jobs that are "typically female" have been taking the same kinds of hits as other jobs have been taking.

The Bureau of Labor Statistics released a report on women's earning in September 2007 that is telling. While the gender wage gap is narrowing, women still earn less than men do.

The median weekly earnings for women was \$600, just 81 percent of the \$743 that men earn. To be sure, the 19 percent gap is lower than the 27 percent gap reported two decades ago. Still, as Carol Moseley Braun asked in the 2004 campaign, will grocers charge women less for a dollar loaf of bread? The gap varies by age, education, and other factors, but when we look at the very top, there are glaring inequities.

About 7 percent of women earned the highest wages, \$15,000 or more a week, compared to 15 percent of men. If gender equality is coming, it is coming at a snail's pace.



Julianne Malveaux

If equality has not yet shattered the glass ceiling, women on the sticky floor of the labor market have also been challenged with inequality. Despite a 12 percent increase in the minimum wage on July 24, those who struggle with poverty and inadequate incomes have seen their circumstances improve only modestly. More than half of those who earn the minimum wage — 59 percent to be exact — are women. These women work in essential sectors of the labor market — what would we do without food preparers and servers, home health aides, and others. Yet, their wages do not reflect their value to our nation.

The most recent data from the Bureau of Labor Statistics suggests that women are leaving the labor force. There were about 140,000 fewer women working or looking for work in July than there were the month before. Some would like to say that women are leaving the workforce because they "want" to stay home.

But the reality of this labor market, com-

bined with family economics, suggests that women aren't working because they can't find jobs. With the unemployment rate rising to 5.7 percent, the "r" word is being bandied about. Again, it is clear that women, especially those who head households, are the most likely to be challenged by economic hard times. African-American and Hispanic women are those most likely to live at the bottom, to experience the greatest challenges.

Senator Hilary Rodham Clinton and her colleagues are likely to have much to share in celebration of the 88th anniversary of women's right to vote. I hope that as they celebrate and honor the foundations of women's suffrage that they also illuminate the economic challenges that women continue to face.

Furthermore, a celebration of women must embrace women in all of our diversity. If Women's Equality Day is "Hillary's Day" at the Democratic Convention, the contribution of women of color like Sojourner Truth and Ida B. Wells must be lifted up along with the lives of other suffragists.

Julianne Malveaux is an economist and president of Bennett College for Women in Greensboro, N.C.

Curry

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by more than 14-fold between 1995 and 2004, HIV prevention spending rose by a mere 46 percent, or at a rate roughly comparable to the increase in the cost of living."

A group of AIDS experts attending the international AIDS convention here proposed that the U.S. spend \$1.3 billion a year to implement a comprehensive national prevention strategy.

"It is outrageous that the U.S. AIDS epidemic, especially the Black epidemic, gets

no attention, and that we American citizens have to fight so hard for basic, lifesaving services," said Perness Seale, founder and CEO of the Balm in Gilead. "...As the U.S. has chronically neglected its own AIDS epidemic, that the epidemic has continued and grown — a tragedy that is completely unnecessary and that must be reversed."

George E. Curry, former editor-in-chief of *Emerge* magazine and the *NNPA News Service*, is a keynote speaker, moderator, and media coach.

Malveaux

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quoted political scientist in the nation; Marian Wright Edelman, president of the Children's Defense Fund; George Curry, former NNPA and *Emerge* Magazine editor-in-chief; A. Peter Bailey, former Malcolm X aide; Dr. Barbara Reynolds, author and former columnist for *USA Today*; Marc Morial, president and CEO of the National Urban League; and Harry Alford, president of the National Black Chamber of Commerce.

Hazel Trice Edney, NNPA News Service

Editor-in-Chief, says Malveaux joins NNPA at one of the most crucial moments in modern history in terms of America's future pertaining to equal justice.

"I am elated that Julianne has accepted our invitation to join a team of some of the most prolific and forward-thinking columnists in the nation," says Edney. "As economic woes still hit Black people the hardest and as political and social issues are still race and gender-specific, I am certain that Dr. Malveaux will bring perspectives that will shape public opinion and move this nation forward."