

Black America 'gets pneumonia' in economy

By Natalie A. Thompson
and Hazel Trice Edney
Special to Sentinel-Voice

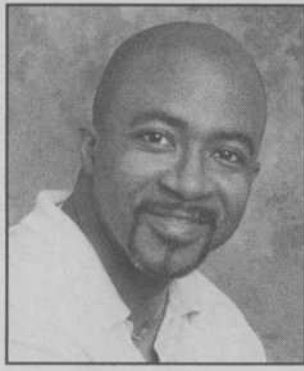
WASHINGTON (NNPA) — As the Black unemployment rate leaped another eight percentage points last month — from 10.6 percent to 11.4 percent, the White unemployment rate actually remained the same — at 5.4 percent, less than half the rate for Blacks.

In addition to that, in every economic category, from the poverty rate to housing loss African-Americans remain historically and consistently at rock bottom — a condition exacerbated by the national housing and Wall Street financial crisis that forced Congress to reluctantly pass a \$700 billion bailout last week.

"We're in a weaker financial position related to the mainstream in the first place," said Alfred A. Edmond, Jr., editor-in-chief of BlackEnterprise.com, in an interview with the NNPA News Service. "The saying goes, 'When the rest of America gets a cold, Black America gets pneumonia.'"

Edmond is just one among Black economic experts across the nation who say as America observes the economic fallout even after the congressional bailout of lending and investment agencies last week, African-Americans must establish creative ways to stay afloat.

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are worse off today than they were in 2000," said National Urban League President and CEO Marc Morial, in an interview following a Black Leadership Forum telephone conference pertaining to get out to vote efforts as well as the economic bailout. "We've lost ground in home ownership; we've lost ground in employment; we've lost ground in wage verses inflation; we have just lost ground economically in the last eight years."

Morial says the bailout was not a rescue but just something to help stop the bleeding.

"The ramifications of not doing it were worse than the ramification of doing it. For there not to be any credit, obviously, when it hurts big businesses, it hurts small business and it hurts the average consumer, automobile loans, personal finance loans, credit cards, that kind of thing," said Morial. "My position would have been that we have to hold our noses and go forth."

Morial, who predicted the mortgage crisis in the spring of last year, said the bailout will not be enough for Black

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people and will take many months to execute.

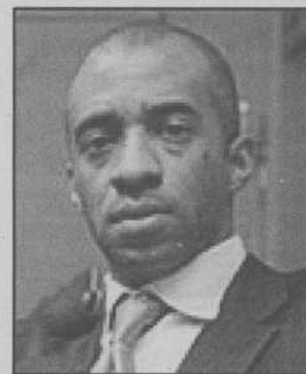
"We have taken the position consistently for six months now that the country needs a jobs stimulous program. We have offered extensive ideas for such a jobs stimulous program — to focus on infrastructure, to focus on an extension of unemployment benefits, to focus on the kinds of things like summer jobs and youth jobs that will put some people to work because the underlying

issue is that we lost 159,000 jobs last year."

The economic climate is hurting Black people from the grassroots to Wall Street.

The credit crisis came to a head when two of Wall Street's largest investment firms folded. As top companies are feeling the pressure to survive in a changing marketplace, some Black-owned investment firms are finding themselves in the red.

In 12 months the Black-owned, Chicago-based Ariel Investments LLC has suffered more than \$1.6 billion



in losses. The once leading firm totals \$2 billion in assets, a decrease from \$21 billion four years ago.

The company's poor performance has lead to a 20 percent downsize in staff and the sale of holdings in several companies.

"The financial sector has been in trouble for the last year and a half," said William E. Spriggs, Chairmen of the Department of Economics at Howard University. "African-Americans lost a

disproportionate share of the jobs as financial managers over the last eight months. A lot of the fallout occurred over the issue of the mortgage crisis."

Since the 2007 mortgage fallout the market has consistently struggled. But, as usual, Black-owned businesses are doubly hurt.

"Minority-owned firms will suffer in this environment. They're already under capitalized; they have difficult times getting extensions of credit, in any capacity. To get the capital to perform is going to be extremely difficult," said Shawn Baldwin, Chairmen and CEO of Capital Management Group, a Chicago-based firm.

Leading White-owned companies who traditionally had the capital to aggressively perform in a stringent environment have also seen their shares plummet. Lehman Brothers, Inc. and American International Group, Inc. (AIG) have lost more than \$163 million in the wake of the mortgage col-

lapse.

"This is a loss of capital in the financial sector. When the financial sector has capital they leverage that to make loans, which gives liquidity to the system," Spriggs said. "If you take a trillion dollars out of the system, that's not a trillion dollars worth of loans, that's like eight trillion dollars worth of loans. That means for at least the next two or three years, as firms try to find capital, there's going to be a time period where unless your firm is on very solid ground you're going to have a hard time getting credit."

Not all minority-owned investment firms are struggling in the current market. Atlanta-based Earnest Partners is ranked number one on the 2008 Black Enterprise List of 100 Asset Managers.

The company totals more than \$27 million in assets under management, and was selected by Hancock Horizon Fund to help manage an international funds project set

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CBC members flip votes, support financial bailout

By Zenitha Prince

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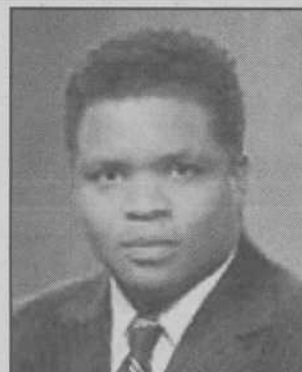
WASHINGTON (NNPA) — Thanks in part to personal calls from presidential candidate Sen. Barack Obama, several Congressional Black Caucus members Oct. 3 flipped their votes and helped pass a Wall Street bailout plan, known as the Emergency Stabilization Act of 2008.

Fourteen of 21 CBC members who helped defeat the bill in the House of Representatives Sept. 29, have now joined the lawmakers who voted 263-171, a margin of 90 votes, in support of the \$850 billion package.

Illinois Rep. Jesse Jackson Jr. said, despite misgivings, he decided to change his vote after he "received

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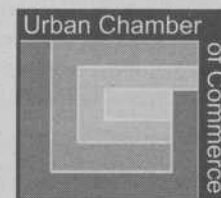
assurances from Sen. Obama that, as president, they 'would aggressively regulate predatory lending and force mortgage modifications to prevent foreclosures.'"

"Sen. Obama and I agree that our financial foundation needs reinforcing. We also agree that homeowners need protections. [But] first things

first. Congress must stabilize the economy or we'll see more Americans facing foreclosures, layoffs, and bankruptcy," said Jackson, one of the Obama campaign's 10 national co-chairs.

Among the three CBC members from the Washington, D.C.-Maryland-Virginia

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