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Congressman Cleaver refuses to vote for Financial Stability Improvement Act and demands answers for African-Americans

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In an effort to draw both attention to and answers about the lack of investment in African American communities, Congressman Cleaver, Vice-Chair of the Congressional Black Caucus (CBC) and Chair of its new Job Creation Task Force, refused to vote during a key vote in the House Financial Services Committee. Nine of the Congressman's CBC colleagues joined him in the protest.

The Financial Services Committee approved the Financial Stability Improvement Act (H.R. 3996), passed by a vote of 31-27 without the votes of African American members of the Committee. For weeks Members of the Congressional Black Caucus have been demanding answers about how the government bailout of banks, financial institutions and auto makers is helping minorities.

"The intent of the government propping up lending institutions was to increase lending. As anyone knows who has gone in to get a loan, lending has absolutely not been increased. All the home-buying incentives in the world will not do anyone any good if banks will not loan money," said Congressman Cleaver. "Money may be flowing again on Wall Street, but I can tell you it is not flowing on Kansas City's Eastside. I want to know why that is before I can vote for this bill."

"Today's committee vote on financial regulatory reform asked members to commit to one of the most important pieces of legislation we will pass without first having vital information about the effectiveness of the government's Troubled Asset Relief Program (TARP) and Term Asset-Backed Securities Loan Facility (TALF). The CBC has been concerned that while a disproportionate brunt of the financial crash has been borne by minorities and lower income communities, very little attention or TARP money has been spent to help lenders who serve poor communities."

"Huge Wall Street firms and banks have gotten billions in TARP and TALF funds while community banks, and minority owned banks in particular have received a fraction of one percent of the TARP funds. Congress is left to speculate on those numbers because the Treasury has been having difficulty getting specifics on these funds," continued Cleaver after the hearing.

"In particular it has been hard to get information on TARP funds, and the Treasury Department continues to try find and disclose even the most basic of information. We should know how much money has been spent, where it has been spent and how much benefit have we gotten? If we cannot get solid answers from the Treasury Department on how the TARP funds are being used, how can we make educated choices on how to fix the regulatory system?"

The effects of this recession on minority communities have been devastating. Although unemployment is at record levels nationwide, the impact on the African American community is especially devastating, with the latest figures at 17.4%. The numbers are even higher for youth, topping 35% in many communities. In addition, food stamp assistance, a key economic indicator is at 28% for African Americans, as compared to 8% of Whites. These are among the reasons why the CBC has appointed Congressman Cleaver as chair of its Job Creation Task Force. He is charged with focusing efforts on job creation, economic development and the expansion of small and minority businesses. He will draft the Congressional Black Caucus's proposal for inclusion in the coming jobs package.

Minority communities were targeted by predatory lenders. Fifty-five percent of loans made in 2005 to African Americans were subprime as compared to 17 percent for whites. In addition, 1 in 10 African American homeowners are expected to go into foreclosure, compared to 1 in 25 Whites. African Americans and Latinos could lose up to 164 billion dollars in wealth, over half of the nation's overall foreclosure losses.

In addition to the individual struggles in the African American community, business institutions are facing greater economic strain due to the recession and a continued legacy of lack of access to credit.

In 2001 there were 600 African American-owned automobile dealers; today there are less than 300. African American auto dealers are facing a credit squeeze as the very manufacturers have been bailed out have failed to use their resources to assist in floor plan financing, and other mechanisms to help in the survival of these important institutions.

Despite significant numbers of highly skilled, qualified and experienced minority- and women-owned legal, accounting, asset management and financial services firms, barriers to entry remain high or prohibitive for significant contracting and asset purchase opportunities within the Federal government and its agencies. All ten Members of the committee co-authored a provision in the Financial Services Regulatory reform package that would establish the Office of Minority and Women Inclusion in each of the financial services-focused agencies to ensure parity and access in government contracting.

Over the last decade the number of African American-owned newspapers has decreased by 40 percent. Like other businesses, access to capital has been a challenge for this industry as well. The GAO reported that from 2001 through 2005, the Federal government devoted only 5 percent of its \$4.3 billion ad-related expenditures to small or minority businesses – which included broadcasters, advertising agencies, graphic design houses, etc.

Let us be clear, we understand that many of these issues are not issues that have been created solely in the last 9 months. As is the case in many issues, problems we are having in minority communities are reflective of broader national issues. As the conscience of the Congress, the Congressional Black Caucus has fought and will continue to fight against inequality and injustice. This struggle for economic prosperity is a fight for all Americans.

Members of the Congressional Black Caucus believe American taxpayers deserve to know that their hard earned dollars are being spent wisely and in a way that helps all our communities.

In a statement, White House spokeswoman Jennifer Psaki said: "The president's top priority is economic recovery and we understand the profound impact that the recession is having on the African-American community. We welcome a continuing dialogue with the CBC on how we can collaborate to implement the president's agenda to support economic growth and opportunity for all Americans."

"We have given almost all of the attention to the 'too big to fail' as if everyone else is 'too small to matter'," said Cleaver.

Emanuel Cleaver, II is the U.S. Representative for Missouri's Fifth Congressional District, which includes Kansas City, Independence, Lee's Summit, Raytown, Grandview, Sugar Creek, Belton, Raymore and Peculiar, Missouri. He is a member of the exclusive House Financial Services Committee, House Homeland Security Committee and the Speaker's Select Committee on Energy Independence and Global Warming. Congressman Cleaver also serves as a Regional Whip of the Democratic Caucus and First Vice-Chair-elect of the Congressional Black Caucus.

Issues: [Financial Services](#), [Housing](#)

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