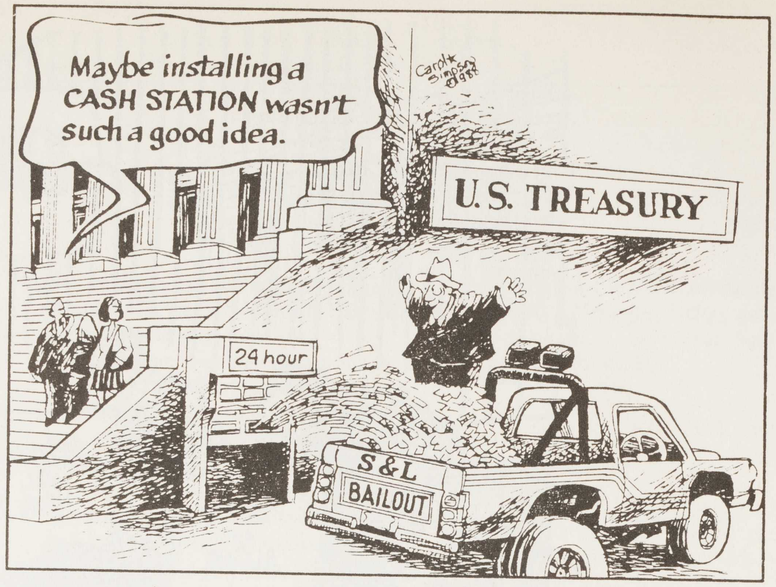
at bank board meetings, but in the whole sordid story is scarcely a single mention of the effects of the disaster on people of color. And yet, communities of color across the U.S. are the biggest losers in the whole catastrophe, and not only because they will have to help pay for a mess they didn't make. Twenty years ago, people were organizing hard to fight discriminatory banking practices that pulled money out of African-American, Latino and Asian neighborhoods without giving anything back. These grassroots movements had some notable successes. In the early 1980s, however, deregulation of the banking industry under the Reagan administration set into a motion a new and vicious cycle of "redlining," the process whereby people of color are systematically denied access to credit on no basis other than their race.



Bailout for Who?

And now, a decade later, despite some potentially progressive legislation included in the Savings and Loan bailout legislation, communities of color are again being redlined. Taxpayer money has begun flowing to bail out the S&Ls made insolvent through greed, fraud and outright theft, but precious little of it is going to communities of color. For example, a recently-completed study of bank lending by bailed-out S&Ls in Texas concluded that "in 1989, only six-tenths of one percent of all mortgage loans originated by [recapitalized Savings and Loans] went to borrowers living in non-white areas of Houston, Dallas, San Antonio and Austin. Yet one out of every five residents of the four cities lives in such a neighborhood." In addition, very few of the foreclosed properties taken over by the federal government as the thrifts went bankrupt are being made available to low-income people as required by the bailout laws.

Despite the almost overwhelming magnitude of the S&L crisis — and the almost daily increases in the cost — the current situation does offer some opportunities for community groups organizing around economic and housing issues. Some community and labor organizations are also organizing on a national level, as one union's campaign slogan has it, to "return the bill to sender," i.e. to make the rich and the banks pay for the costs of the bailout.

The community organizing efforts around the S&L bailout fit squarely in the mold of traditional organizing, centered around themes of redlining and affordable housing. The bailout has, however, given organizers potent new "handles" on these bread-and-butter issues because of deep popular anger at the greed and negligence of the bankers and the federal government. The fights are familiar ones, but the targets are now easier to hit. Formerly impersonal issues such as "disinvestment" or "redlining" now have faces attached to them, as the press drags the dirty dealings of corrupt politicians and avaricious S&L officials into public view. Organizers in Denver, for example, make a point of dragging presidential son Neil Bush (who is under investigation for his role in a number of shady loans that contributed to the demise of the Silverado Savings and Loan) into every action. It is always easier to get people angry and active when they know who is ripping them off.

On a local level, there are three main approaches community groups have taken to the S&L issue in organizing terms:

1) Housing: According to a provisions of the S&L bailout bill fought for and won by community groups, single-family homes valued less than $67,000 foreclosed as a result of an S&L insolvency are designated as part of an affordable-housing program, and must be marketed for 90 days only to low-income buyers. The federal government, through the new agency created to sell properties seized by regulators in the wake of destroyed S&Ls called the Resolution Trust Company (RTC), has about 18,000 properties that fall into this category, according to the *Los Angeles Times*. The RTC has been accused of foot-dragging and of selling homes to speculators instead of community groups or low-income families, sparking an explosion of protests and squatting across the country. The Association of Community Organizations for Reform Now (ACORN) has taken the lead.

2) Banking Services: Under deregulation, many thrifts stopped or cut back on lending to communities, and reduced other services. As the industry is reorganized, community groups can use provisions of the Community Reinvestment Act (CRA) and the S&L bailout legislation to force the industry to meet community needs. In some areas of the country, coalitions are being formed to pressure banks to increase services in underserved communities, many of them inhabited primarily of people of color. As the bailout proceeds, the stage seems set for a renewal of the anti-redlining movements of the 1970s.

3) Accountability: Mary Fricker and Steve Pizzo, two of the three journalists who broke the S&L story, reported that 333 members of the House and 61 Senators "listed significant donations from the industry." All told, the thrifts contributed $11 million to Congressional election campaigns in the 1980s, a favor that was repaid with all kinds of breaks for S&L executives and their businesses. Some community groups and unions have begun demanding that their representatives and senators prove that they did not have their hands in the S&L cookie jar. Beyond simply forcing elected officials to come clean, organizers can use popular anger over how the rich benefited from banking deregulation at the expense of everyone else to demand that existing banking regulations are enforced, and new ones written that meet community needs.

On the national level, most of the organizing on the part of consumer groups, community organizations and labor unions has coalesced around a few basic demands:

1) Make wealthy people pay for the disaster they created by raising taxes on certain kinds or levels of income;

2) Reform the banking system so it doesn't happen again;

3) Include progressive legislation in any future bailout package that insures that low-income people get access to the properties and services left in the wake of the S&L catastrophe.

There is pending legislation sponsored by Rep. Joseph Kennedy (D. Massachusetts), called the S&L Fair Financing and Anti-Fraud Act, that meets most of these objectives. ACORN and 400 community and labor groups in the Financial Democracy Campaign support this bill.

The Roots of Financial Racism

Banking deregulation and the S&L crisis are both causes and reflections of the full-scale assault on inner-city America that took place over the past decade. The Reagan years were an unmitigated disaster for low-income urban Americans, a category in which people of color are disproportionately represented. (In Los Angeles, for example, 91% of neighborhoods defined as low-income are also overwhelmingly part African-American and Latino.) Relatively well-paid, unionized jobs dried up as employers closed shop for good or relocated overseas, to be replaced by low-skill and low-pay service and production jobs. Although in many cities total employment increased during the 1980s, the per-capita wage bill paid to inner-city residents declined precipitously. People who could afford to leave or who could move into white collar jobs did so, while much larger numbers drifted downward economically into poverty. At the same time, Reagan and Bush took free-market approaches to social problems, cutting programs that had enabled people to stay on their feet through temporary hard times. As the chart on the left demonstrates, money formerly used to meet social needs was spent on colossal increase in military spending.

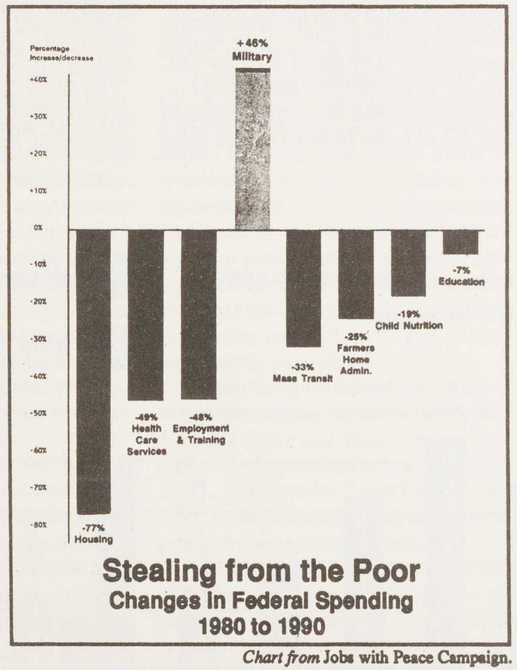


Chart from Jobs with Peace Campaign.

The social symptoms of the underlying economic problems in the nation's big cities are as obvious as they are horrifying — drugs, homelessness, unemployment, violent crime — and they are by no means restricted to communities of color. But deregulation systematically cut off communities of color from one of the key elements of a healthy community and economy — access to credit. Economists describe credit, in the form of business loans, mortgages, credit cards, consumer loans and the like, as the oil that keeps the economic engine lubricated. Without access to credit, it is almost impossible to open a small business or buy a home — which is one reason why these two things are so lacking in many inner-city communities. To make matters worse, the same banks that redlined certain neighborhoods and refused loans to people of color were extensive holders of savings deposits from these communities.

Getting Some of it Back

Redlining was a major community organizing issue in the 1970s. Led by the Chicago-based National People's Action, hundreds of communities across the country mobilized to demand reinvestment in their neighborhoods, and the movement led to several important legislative victories on the national level. Most important of these were the Home Mortgage Disclo-