

## The State News

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# Recession hits minorities harder

By [Marissa Cumbers](#) (Last updated: 09/15/09 11:41pm)

For many Americans, the recession officially began in December 2008, but recent studies show it began much earlier — and had a greater impact — for minorities.

A study published by United for a Fair Economy, a national research and advocacy organization, revealed that minorities experienced unemployment and high foreclosure rates long before 2008, said Jeannette Huezo, coauthor of the study.

“In communities of color, this has been happening for a long time,” Huezo said. “For these communities, it is not a recession anymore; it is a depression.”

Blacks, who accounted for 13 percent of those studied, lost up to \$92 billion of wealth from subprime loans between 1998 and 2006 and Latinos, who accounted for 14.8 percent, up to \$98 billion, according to the report.

A subprime loan is a loan distributed to a risky consumer. These loans typically have higher-than-average interest rates and sometimes rates can fluctuate based on outside influences, such as the economy.

Whites — whose population more than quadrupled the number of blacks or Latinos — only lost up to \$249 billion.

Social science professor Ruben Martinez, an expert in race and ethnic relations, said this report is consistent with other findings.

“Often minorities are not granted opportunities to participate fully in society, so what you find here is an exclusion from education making them vulnerable to conditions in the economy,” Martinez said.

Many minorities rely on jobs in the secondary labor market, such as small businesses and minimum wage jobs which put them at higher risk for economic woes, Martinez said.

“Given that communities of color are differently positioned in the economy, they are more vulnerable,” he said. “So when mortgage companies expanded mortgages through the subprime, they targeted these communities.”

Huezo said financial institutions successfully target minorities by leaving out details of loan conditions.

“Loans were made to people that didn’t have a job, an asset, security, anything,” she said. “They were able to get these loans, and interest was very low. But what they didn’t understand was that it would not be low forever.”

Family community services junior Ashley Johnson said she notices the recession affecting everyone, regardless of race.

“Everyone and anyone could be affected,” she said. “It’s not just minorities or the poor or the middle class. It seems like everyone is getting hit pretty hard.”

However, another report from the Institute on Assets and Social Policy at Brandeis University and the public policy organization Demos, published similar findings.

According to the study, prior to the recession, 33 percent of African American and 41 percent of Latino families were in danger of falling out of the middle class, while only 21 percent of whites faced this risk.

Austin Jackson, an assistant professor in the Residential College of Arts and Humanities and an expert in critical race theory, said there is racial disparity in Michigan, as well.

“The downturn in industrial jobs has especially disproportionately affected the black community in Detroit,” he said.

Allowing minorities to fall behind economically and targeting minorities for subprime loans have occurred for too long, Jackson said.

“The government has been very reluctant to interfere with the financial industry,” he said. “I hope that these financial institutions are held accountable.”

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