



“Challenging People to Shape a Better Future Now”

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The Skanner Newspaper, established in October 1975, is a weekly publication, published each Wednesday by IMM Publications Inc.,

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The Skanner is a member of the National Newspaper Publishers Association and West Coast Black Publishers Association.

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## Racial Wealth Gap is Largest on Record

According to findings from the Center for Responsible Lending's newest report, The State of Lending in America and Its Impact on US Households (State of Lending), the typical household has just \$100 left each month after paying for basic expenses and debt payments. After controlling for inflation, the typical household had less annual income at the end of 2010 than it did at the beginning of the decade, 2000. Moreover, as worker productivity increased, the workplace has seldom rewarded them with higher pay.

Even in households with two wage-earners, the amount of disposable or discretionary income after paying monthly expenses was less in 2010 than it was in 2000. The combined effect

of stagnant wages along with unemployment and under-employment is forcing families to curb spending and use any available assets to keep financial pace. For families with no savings or assets, new debt was incurred.

“The recession and slow recovery have led to declining net worth for the average U.S. household and a disproportionate decline for African-American and Hispanic households”, states the report.



**RESPONSIBLE LENDING**

Charlene Crowell

In communities of color, income declines are higher in part due to declines in over-representation in two types of employment that historically provided stable and secure jobs: manufacturing and

between communities of color and white households is the largest documented wealth gaps since the Census Bureau began publishing wealth estimates in 1984. The net worth for African-Americans dropped 53 percent and among Latino families, 66 percent. By comparison, white household wealth declined only 16 percent in the same years.

Households headed by persons aged 55-65 saw the largest losses in wealth. People at or nearing retirement lost an average of \$90,000 from 2007-2010. As

wealth and retirement resources declined, many older workers remained in the labor force longer than retirees in previous

decades.

As an increasing number of older workers delay retirements, some younger workers experience higher unemployment and declining labor participation. A consequence of their delayed entry in the workplace increases the number of households doubling-up, living with friends or non-family members due to economic hardship. From, 2005-2010, the number of these households grew 50

percent.

CRL further notes that consumer spending accounts for approximately 70 percent of total U.S. economic activity. As large numbers of consumers continue to tighten their fiscal belts, sustainable economic recovery will likely be delayed.

“In order for the U.S. economy to grow again”, states the report, “individual households must find themselves in a position to increase their spending. This will be difficult as long as households continue to face stagnant incomes, increasing expenses, increasing levels of debt, and declining net worth.”

To read more about CRL's Household Balance Sheet, visit: <http://www.responsiblelending.org/state-of-lending/>.

CRL: Typical American Household has only \$100 after monthly expenses

construction. These two industries respectively suffered job losses of 10 and 20 percent. African-Americans who formerly worked manufacturing and construction jobs lost more than twice the number of jobs between 2007 and 2011 than they previously gained in the pre-recession decade.

These losses in income also caused losses of wealth that are even more severe. In fact, the decline in wealth from 2005-2009

## The Moral Case for the Safety Net

By Rev. Jennifer Butler and Gordon Whitman

As cracks form among CEOs and Republican Members of Congress over their hardline anti-tax position in the fiscal showdown, religious leaders from across the ideological spectrum have been united in supporting new revenue over additional spending cuts. And they're speaking for their people. A strong majority of religious Americans favor letting the Bush tax cuts for the richest two percent of Americans expire. Even reliably conservative groups, such as white evangelical Protestants, are evenly divided on the issue.

The outcome of this debate has profound moral consequences. The government's capacity to invest in the common good and responsibly reduce the debt depends on raising more revenue. Letting tax cuts that only benefit the richest two percent expire isn't a magic bullet, but it's a necessary component of a balanced solution that doesn't harm poor families or slash Social Security, Medicare and Medicaid benefits for current or future beneficiaries. Clergy have spoken

clearly about our duty to protect low-income families in the fiscal showdown negotiations. Inspired by the clear mandates of Scripture, many of our nation's most prominent faith leaders have drawn a circle of protection around programs such as education funding, food stamps, and the Earned Income Tax Credit. This stance reflects not only religious teachings about justice and compassion, but also popular opinion among people of faith. A post-election poll by Public Religion Research Institute showed that majorities

Private religious groups alone cannot meet the needs of struggling families

of all major religious demographics (with the lone exception of white evangelical Protestants) oppose cutting protections for the poor in order to reduce the deficit.

In addition to programs aimed expressly at low-income Americans, we also have a responsibility to defend Medicaid, Medicare, and Social Security. Social Security keeps 21 million Ameri-

cans out of poverty every year. Medicaid protects not

avoid destroying them later is a failure of leadership.

clear that nations, not just individuals, will be judged by how we treat the least among us. Furthermore, private religious groups alone cannot meet the needs of struggling families. Just four percent of food aid to hungry Americans

The fiscal showdown is a day of reckoning for the conservative movement's long-term "starve the beast" political strategy

only low-income children and families, but also provides long-term care to millions of older and disabled Americans. And Medicare is the cornerstone of our national commitment that American

Faith leaders of the PICO National Network are telling our elected officials in no uncertain terms that protecting the poor, preserving the social contract and making the richest Americans pay their fair

share are nonnegotiable priorities. This message is particularly important as corporate CEOs intensely lobby both parties to enact an agenda that cuts taxes for rich people and powerful corporations while undermining needed benefits for seniors and working families. Trickle-down economics and austerity benefit only the wealthy and powerful, and the rest of us pay the price.

Some conservative leaders argue that the religious obligation to care for the vulnerable — which is common to all faiths — applies to individuals but not government. But Scripture is

comes from private sources. Government has to play a strong role. Those who would let people suffer rather than have government provide assistance put political ideology before the commandment to love our neighbors.

The fiscal showdown is a day of reckoning for the conservative movement's long-term "starve the beast" political strategy. For decades, they have cut taxes at every opportunity in order to run up deficits that would force the government to dramatically scale back the safety net. As right-wing lobbyist Grover Norquist put it, the objective is to shrink government to the size where he can "drag it into the bathroom and drown it in the bathtub." The moral imperative to ensure that this plan fails is clear, and the well-being of millions of Americans who are precious in the eyes of God depends on it.

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