

A cheap, fair way to give African Americans a fair chance | Robert L. Johnson

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Robert L. Johnson

If you could improve the economic and financial well-being of minority Americans and increase employment opportunities without enacting new legislation or creating new taxes, would you do it?

Most people answer yes.

Next week, when I address the Detroit Regional Chamber's Mackinac Policy Conference, I'll detail two proposals addressing minority employment and access to capital that will not require new legislation or increase taxes.

I am not a proponent of government intrusion in the marketplace, but I am a firm believer in creative and voluntary business solutions to help solve socio-economic problems.

Although many companies have made a verbal commitment to diversity, minorities still lack access to employment and

business opportunities. According to a Pew research study, white Americans have 10 times the net worth of African Americans, and the wealth gap between white Americans and African Americans over the last 20 years has increased from \$20,000 to \$90,000, and black unemployment, according to the Bureau of Labor Statistics, has been double the national average for more than 50 years.

Because of these alarming statistics, I have proposed the RLJ Rule — adapted from the NFL's Rooney Rule, which required the 32 teams to give fair interviews to qualified minorities whenever a head coaching or GM position became available.

The RLJ Rule suggests that companies: 1) voluntarily implement a plan to interview two qualified minority candidates for every job opening at the director level and above; and 2) interview two qualified minority-owned firms for vendor/supplier contracts before awarding a contract.

This voluntary rule is not to suggest quotas or require companies to hire any minority. The RLJ Rule would simply make certain that minorities are fairly considered before any job or vendor opportunity is filled.

The second proposal addresses the undeniable need for access to affordable credit for working Americans who need short-term and emergency borrowing. The Pew Charitable Trust recently reported nearly 12 million Americans take out payday loans when confronting financial challenges. Banks aren't doing any better. The FDIC reports that more than 20 million Americans spend \$1,500 a year in overdraft fees.

The short-term credit phenomenon has created discriminatory and unfair lending practices. Most borrowers being forced to pay exorbitant interest rates are minorities and low-income earners who have few alternatives to payday loans. We have to do better for the millions of people in this country who live paycheck to paycheck.

There are organizations looking for ways to bring lower cost options to the market, like Think Finance, where I serve on the board. Think Finance uses innovative analytic and technology platforms to drive down default rates and, ultimately, the cost to consumers.

My hope is that regulators, lenders and corporations will get behind the need for alternative solutions to help put billions of dollars back into the pockets of the consumers who need it most.

My goal is to bring an end to payday lending.

There will always be a need for short-term and emergency borrowing. Of course, we recognize that lending to this group has risks, but we hope that regulators will embrace alternative lending options and not make the perfect the enemy of a good borrowing solution that will bring about a significant financial change for families who need it most.

■Come back next week to www.freep.com/ABetterMichigan to watch Robert L. Johnson deliver a keynote speech at 2:45 p.m. on Wed., May 29 during the Mackinac Policy Conference.

Robert L. Johnson is the founder and chairman of The RLJ Companies and founder of Black Entertainment Television.

<http://www.freep.com/apps/pbcs.dll/article?AID=2013305190079>