

Bob Johnson: We Need Access to Capital

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- [Black American](#)

In an exclusive interview with The Network Journal, BET founder Bob Johnson laid out in stark terms what he calls the “real civil rights issue” facing black America and made a point to dispel any notion that a rift exists between himself and the Obama administration.

According to Johnson, a lack of access to capital by African-Americans has caused a “tsunami” that threatens to permanently bury blacks in a never-ending cycle of poverty.

“The wealth gap between white families and African-American families has more than quadrupled over the past decade,” Johnson explained citing U.S. Census data. “Over the last decade the median income for African-Americans was \$11,800 compared to \$118,000 for whites. The truth is the history of institutionalized racism and economic discrimination against African-Americans is the primary cause of wealth disparity between whites and blacks.”



Johnson, who now runs the RLJ Companies, a portfolio of strategic investments in markets underrepresented by African-Americans such as hospitality and hotels, is calling for a national dialogue on the wealth gap.

“We have to be willing to talk about race-based remedies. This discussion must take place at the highest levels of government. And Congress and the Obama administration are going to have to put race and income disparity on the table,” Johnson explained.

“I know that race and racial preferences are not things people want to talk about but the discussion needs to be had. Are people going to hate blacks any more or less? Are white folks heads going to explode if we have a racial dialogue?” Johnson, of course, is not the first to address the issue of wealth disparity between the races but Johnson is among the few who has a potential solution.

Johnson wants Congress to institute an affirmative action type of program designed to provide capital and tax breaks to minority business owners to allow those business owners to grow and expand. Johnson makes it clear that there, unlike other race-based programs, needs to be limits on who qualifies.

“Any program needs to be restricted to African-American and Latinos only,” explained Johnson. “No other groups should be involved in it. While the other groups may be considered minorities in this country, these groups have different situations. We should not have to compete with groups such as Asian Indians who have social and capital structures in their native countries they can tap.”

Johnson suggests a tax credit certificate program similar to the program introduced by Congress in the 1980's that allowed radio station and other media property owners to sell to minorities and receive a significant capital gains tax credit.

“If we had a tax certificate program it would encourage majority businessmen to sell to minorities and provide real economic opportunity. When I bought my first four hotel properties I immediately became the largest black owner of hotels in the country. A tax certificate type program would allow minorities into industries where we have no representation at all and provide real economic opportunity.

” The media tax program Johnson refers to was at once wildly successful, --at least 50 % percent of current minority owned stations trace their ownership lineage back to the Tax Certificate Program-- and at times denounced as a sham by critics of set aside programs.

The program was canceled by the Republican controlled Congress in 1995 after the Viacom corporation tried to sell its cable television systems for more than \$2 billion to a minority-controlled enterprise headed by Sacramento businessman, Frank Washington. The deal would have given Viacom a federal tax break of as much as \$400 million.

While conservatives blanched at such a large corporate give away, members of the minority community complained that Washington was nothing more than a front for John Malone's Liberty Media and Malone's business partner, TCI Communications.

In fact, Johnson himself has long denied rumors that it was Malone who actually owned Black Entertainment Television and that Johnson was nothing more than his front.

“People have said that but the truth is John Malone was an early investor and played a role in getting BET cable carriage,” Johnson said. “But I conceived, owned and ran BET.” “

Ivan Seidenberg is considered the owner of Verizon and he owns less than one percent of the outstanding stock and no one questions his position. But if he was a black man people would say he is a front. This is what I have said about some of our people who spend their time attacking their own instead of doing something to improve our condition.”

While Johnson admits that in the current political climate any programs that give preferences to blacks would meet a stiff resistance from the “You have a black president what are you whining about?” crowd.

“I know race and racial preferences are not something people want to talk about but the discussion needs to be had and something needs to be done. This is in our national interest.”

Johnson also pushes back against the idea that his support of Hillary Clinton during the 2008 presidential primaries means he has no relationships within the Obama administration.

“Look, Hillary is the Secretary of State. It was always the intention that whoever lost in the primaries would help support the winner. The decision to support Hillary Clinton was simply politics and business. I have had a relationship with the Clintons going back two decades. I have no issues with our president and I am willing to be of any help to his administration in any way that I can. This is about wealth disparity and lack of access to capital, not about political maneuverings between candidates dating back more than two years ago.”

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