Kellis E. Parker Keynote Address

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CONGRESSMAN GREGORY W. MEEKS

I have spent the past week in contentious debates in the House of Representatives, battling against the pretentious budget proposals from the other side of the aisle. So it is great to be here this afternoon among people who are focused on taking our country forward in the twenty-first century, instead of backward to the worst of the twentieth and nineteenth centuries when segregation and worse ruled the roost.

This conference is convened at an important moment in the nation's civil rights history. It comes at the end of a week in which the Supreme Court heard oral arguments in Grutter v. Bollinger¹ and Gratz v. Bollinger²—potentially the most far-reaching affirmative action cases since the 1978 Bakke³ decision.

Nor could this conference have been organized under a more important topic: namely, the interaction between race, corporate law, and economic development with respect to people of color.

Before getting into the substance of my remarks, I would like to express my gratitude for the honor of being invited to deliver the Ellis E. Parker keynote address. The innovative, intellectual legacy of Professor Parker, a noted and beloved legal scholar, civil rights activist, and jazz musician, inspires us to

† This Article is based upon the Kellis E. Parker Keynote Address delivered by Congressman Gregory W. Meeks of the sixth Congressional district at the Race, Corporate Law, and Economic Development Conference hosted by the Northeast People of Color and the St. John's University School of Law Ronald H. Brown Center for Civil Rights and Economic Development held at the Manhattan campus of St. John's University on April 5, 2003.

¹ 123 S. Ct. 2325 (2003).
³ Regents of the Univ. of Cal. v. Bakke, 438 U.S. 265 (1978) (holding that special-admission standards violated the Equal Protection Clause but proclaiming the goal of an integrated student body was a compelling state interest).
continue the struggle for racial equality with imagination and determination.

Thank you also for this opportunity to take part in a dialogue with thinkers and practitioners on the intersection of race, corporate law, and economic development.

I would also like to thank the Northeast People of Color for existing and persisting in its efforts to expand opportunities for youth in under-represented communities who wish to avail themselves of an education in the field of law.

Finally, I am grateful to the St. John's University School of Law Ronald H. Brown Center for Civil Rights and Economic Development not only for co-sponsoring today's event but also for its ongoing examination of two of the most unresolved issues of American history: (1) How to ensure civil rights progress, and (2) how to enable people of color to fully participate in America's economic mainstream. Actually, we could formulate the latter proposition another way: how to enable America's economic mainstream to flow broadly through the communities of people of color and in ways that are predominantly beneficial to these communities.

I need not offer proof that civil rights progress and minority economic development are still among America's foremost unresolved issues, but I will. I am, after all, not only a member of Congress but also a lawyer. Because I am speaking today primarily to law professors, legal scholars, practicing attorneys, law students, as well as business, government, and civic leaders, and because we all know that under our system of jurisprudence, the burden of proof is on the accuser, I am fully cognizant of the necessity of providing proof of my point.

About a year ago, Franklin Raines, Chairman and CEO of the Fannie Mae Corporation, gave a speech at Howard University's Charter Day Convocation. Raines, who was also the Director of the Office of Budget and Management in the Clinton administration, noted that a 2001 poll indicated that a majority of Americans believe that African Americans are

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equally successful as white Americans in the areas of employment, income, health care, and education.\textsuperscript{5}

Although the facts reveal that the opposite is really the case, Raines nonetheless posed the question of what life for African Americans would be like if the majority of Americans was right. What if there were no racial disparities in jobs, income, education, and health care?

Raines concluded:

If America had racial equality in education and jobs, African Americans would have two million more high school degrees\ldots two million more college degrees\ldots nearly two million more professional and managerial jobs\ldots and nearly $200 billion more income.

If America had racial equality in housing, three million more African Americans would own their homes.

And if America had racial equality in wealth, African Americans would have $760 billion more in home equity value. Two hundred billion dollars more in the stock market. One hundred twenty billion dollars more in their retirement funds. And $80 billion more in the bank. That alone would total over $1 trillion more in wealth.\textsuperscript{6}

Moreover, as Raines also pointed out:

African Americans came from 400 years and 13 generations of subjugation, humiliation, segregation and discrimination, \textit{de facto} and \textit{de jure}. You cannot reverse the impact in 30 years and one generation. African Americans have been denied the miracle of compound interest. One dollar in 1865 at only 3 percent interest would be worth almost 60 times as much today.\textsuperscript{7}

Even more crucially, it is the absence of historic wealth accumulation or asset building that restricts the capacity of African Americans and other minorities that endured historic oppression and discrimination to leverage their labor, particularly assets in the form of property ownership.\textsuperscript{8} From slavery to the preemption of "40 acres and a mule" to redlining,

\begin{footnotesize}
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\item \textsuperscript{5}Id.
\item \textsuperscript{6}Id.
\item \textsuperscript{7}Id.
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African Americans in particular have been systematically prevented or restricted from acquiring wealth and then transforming that wealth into productive capital.⁹

Thus, the evidence not only demonstrates that inequality inherited from slavery and segregation continues into the present but also makes a compelling case for some form of reparations. The evidence is not only a chronicle of how the consequences of systemic and institutional racial discrimination impact on the well-being of African Americans today but also a delineation on how much further our nation needs to go to achieve economic parity in a multi-racial context and to bring about the inclusion of African Americans and other people of color into the American mainstream.

Several observations are in order. First, it is crystal clear that the direct achievements of the civil rights revolution of the 1950s and 1960s, while remarkable and indeed historic, were confined mainly to the political and social arenas. They did not and, perhaps by the very nature of things, could not penetrate deeply into the economic sphere.

The task of making a more fundamental breakthrough in regard to economic inequality awaits the initiative of the post-civil rights generations, particularly the generation that reached maturity on the cusp of the new millennium. This past August, the nation commemorated the fortieth anniversary of the 1963 March on Washington. Those people of color in the thirty to fifty year-old age range are really the sons and daughters and grandsons and granddaughters of the March on Washington generation. They are the first post-civil rights generation to come to maturity. They are the first generation to be raised to maturity on the basis of the gains of the civil rights revolution. They have attained historically unparalleled stature in terms of the presence of people of color in elective office, on the bench, in corporate boardrooms, academia, military command, and as cultural and athletic icons. They have reached heights that their parents and grandparents never dreamed possible.

Yet it is precisely this generation that faces the necessity and hopefully will accept the responsibility for initiating a new civil rights revolution aimed at gaining the full entry of people of

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color into the economic mainstream. Such a civil rights revolution will necessarily have to be accomplished by means and with methods that were not available to Martin Luther King, Jr.; Roy Wilkins; Whitney Young; A. Phillip Randolph; James Farmer; John Lewis; Thurgood Marshall; the Student Non-Violent Coordinating Committee; Caesar Chavez and the United Farmer Workers Organizing Committee; the Black Panthers; the Young Lords; the American Indian Movement; and the thousands upon thousands of grassroots activists who accomplished great deeds but whose names are unfamiliar to us today.

The first fully mature post-civil rights generation of African American, Latino, Native American, and Asian American leaders in politics, business, law, religion, civic affairs, the arts, culture, athletics, science, and technology stands on the shoulders of those who broke racial barriers, of those who dared to struggle, of those who endured the burden of being “the first black” or “the only black.” It is sad that these designations still fall on some of us even today, nearly 40 years after passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965.

Many African Americans have attained unprecedented prosperity and status in our time. There are more African American billionaires, multimillionaires, and millionaires than ever before. There is a sizeable and growing African American middle class. The African American community has spending power greater than whole nations and groups of nations. African American buying power was projected to rise from $308 billion in 1990 to $533 billion in 1999, which was a larger projected percentage increase than that of the total buying power. There are African American CEOs of Fortune 500 companies, including American Express, Merrill Lynch, Fannie Mae, AOL Time Warner, and General Electric. African Americans head major universities. There is even an African American Secretary of

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10 Jeffery McKinney, 30 Years of the B.E. 100s: Banking on Diversity, BLACK ENTERPRISE, June 2002, at 217, 227–37 (listing the top black businesses of 2002).
13 See Cora Daniels, The Most Powerful Black Executives in America, FORTUNE, July 22, 2002, at 61, 64 (detailing the extent of black executives in corporate America).
State and an African American National Security Adviser. Nonetheless, the implications of the legacy Franklin Raines described at Howard University are inescapable.

Despite enormous and undeniable progress, the situation facing a great number of African Americans and Latinos is tenuous at best. African Americans and Latinos are found in disproportionately high numbers among the poor, among the poor in health, among those without health care insurance, among the poorly educated, and among the incarcerated.

Add to that the effects of an administration whose policy favors the rich at the expense of the rest of us. Add to that an administration that opposes the race plus standard set forth in the Bakke decision and judging from the oral argument of his Solicitor General, a President who believes that race should not be a consideration in any area of public policy or governance.

In effect, this amounts to an admission by the administration that we got to where we are today with whites being allowed to drive while African Americans were forced to walk. Although in its argument in Grutter and Gratz, the administration says diversity is a good thing and equal opportunity ought to be guaranteed, it nonetheless maintains that it should be unconstitutional for public or private entities to provide African Americans and Latinos with cars to help them get to the next destination at approximately the same time and pace as whites.\(^\text{14}\) So, while whites continue to go forward in automobiles, African Americans and other people of color will just have to walk or run as fast as possible to make whatever progress they can.

Add to that specter that the fate of affirmative action is in the hands, hearts, and heads of a justice like Antonin Scalia, who responded to the lawyer representing the University of Michigan that if its law school wanted to admit more minorities it could have chosen not to create an elite law school rather than create a program to enhance the admission of minorities to an elite law school.\(^\text{15}\) This was said despite the abundance of evidence that a disproportionate number of United States

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On June 1, 2003, the Supreme Court by a five to four majority issued a landmark ruling in *Grutter v. Bollinger.* The Court not only upheld the admission program by which the University of Michigan Law School sought to enhance the racial diversity of its student body but also said that such efforts, in general, may take race into account as a factor but not the determining factor. Thus, after a generation of uncertainty on the part of supporters of affirmative action as to what is constitutionally permissible and certainty on the part of opponents of affirmative action that any and all efforts to diversify higher education are constitutional violations of the principle of a color-blind society, the nation's highest Court has come down on the side of flexible efforts to achieve racial inclusion.

*Grutter* is a clear victory for affirmative action in university admissions. This decision also establishes a possible predicate for constitutionally permissible programs in other areas of American life. The University of Michigan can refashion its undergraduate admissions policy similar to its law school admission policy. This is why none of the opponents of affirmative action who have dragged the country down the divisive path of perpetual lawsuits, referenda, and demagogic rhetoric, are claiming victory. Indeed, as Abigail Thernstrom, one of the intellectual architects of the anti-affirmative action movement exclaimed, "'Its over... I'm in a complete meltdown.'"19

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In declaring that affirmative action admissions programs must be narrowly-tailored, holistic, and focused on individuals, the Court concluded that racial diversity is in fact a compelling state interest. As Justice Sandra Day O'Connor, writing for the majority, put it: "In order to cultivate a set of leaders with legitimacy in the eyes of the citizenry, it is necessary that the path to leadership be visibly open to talented and qualified individuals of every race and ethnicity."\(^{20}\)

This is the whole point. Without achieving inclusion in the nation's institutions of higher education, particularly its elite professional schools, it is virtually impossible to create a leadership in government, business, the military, the professions, the media, and the arts that corresponds more or less to the diversity of America. Failure to do this not only undermines national unity but also America's role in the global community. That business leaders, labor organizations, military officials, educators, legal scholars, and other prominent Americans from all walks of life, indeed, according to polls, the broader public, understand this was confirmed in the wide range of amicus briefs filed in support of the University of Michigan.\(^{21}\)

But to all of this I would add the following: If racial diversity in education can be a compelling state interest, certainly racial diversity in the equal administration of justice and equity in the delivery of government services should be a compelling state interest. On the basis of the logic developed in *Grutter*, courts and policy makers need to take another look at expanding the boundaries of what is constitutionally permissible in guaranteeing minority participation in government contracting and procurement and understanding how crucial such participation is for businesses to survive and thrive. Indeed, one would be hard pressed to find a single major corporation or financial institution that rose to that status, let alone maintains that status, without participation in government contracting and procurement or without other forms of government facilitation.\(^{22}\)

\(^{20}\) *Grutter*, 123 S. Ct. at 2341.


Organizations like the Northeast People of Color and institutions like the Ronald H. Brown Center for Civil Rights and Economic Development at St. John's University School of Law can make an indispensable contribution to the articulation and implementation of new tactics and a "new sense of direction" that Dr. King spoke about.\(^2\) Indeed, the type of civil rights coalition we must build today requires a synergy among elected officials, business executives, legal scholars and practicing attorneys, universities, policy centers, students, entrepreneurs, labor unions, foundations, corporations, and financial institutions.

The Congressional Black Caucus Foundation (CBCF) has undertaken several initiatives in this regard. The CBCF's With Ownership, Wealth program (WOW), for example, is designed to create home ownership opportunities for African American families and thus help revitalize African American communities throughout the country.\(^2\) Part of this initiative is devoted to offering a wide range of flexible mortgage packages that address issues that many first-time home buyers face, such as lack of funds for a down payment and closing costs, non-traditional credit histories, and insufficient assets or cash reserves.

Empowerment zones and the New Markets Initiative launched during the Clinton administration were also very important steps that helped facilitate African American entrepreneurship and upgrade commercial areas in African American, Latino, and Native American communities.\(^2\) The fact is a record number of African American- and Latino-owned businesses were also started during the Clinton years.\(^2\)

Unfortunately, it appears doubtful that the Bush administration will continue these programs in the spirit and to the extent to which President Clinton did, often in alliance with

\(^2\) Martin Luther King, Jr., A New Sense of Direction (Nov. 28, 1967).
the Congressional Black Caucus Foundation, the Congressional Hispanic Caucus, minority business groups, African American and Latino clergy, as well as major corporations and financial institutions, but there is no reason why these initiatives cannot be continued by a coalition of willing and able public and private participants and partnerships.

Economic development in people-of-color communities is probably achieved best when it becomes the property of those communities, when it is not viewed as gentrification and displacement of the most vulnerable residents. This requires community support and the participation of community-based institutions. This in turn necessitates acquainting neighborhoods with community reinvestment rights, educating residents about economic development plans, and raising their level of financial literacy.

Financial literacy in many ways is the key building block for community-based economic development projects, starting with the expansion of home ownership. People of color need to know how to maintain good credit, how to minimize personal debt, and how to invest and save. They need to understand 401(k) and 457 plans. I support a program here in New York City whose purpose is to make financial literacy a viable component of school curricula to jump start students on the road to financial sophistication.

Let me return to the point Franklin Raines makes about home ownership. It will also explain why the Congressional Black Caucus Foundation has prioritized increasing African American home ownership as the pivot of its African American economic empowerment strategy. Minority home ownership grew four times faster than it did for whites during the 1990s, yet the African American home ownership rate is still only 46.7 percent. This lags far behind the 73 percent rate for whites and the 67 percent rate for the nation as a whole.

A home is the biggest purchase that most working class and middle class people will make in their lives. From the

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28 Id.
29 Id.
standpoint of so-called ordinary folk, home ownership is the fundamental step they can take toward asset-building. For them, home ownership is the primary and very often the only source of equity. That equity can be used toward paying for a college education, starting a business, or investment.

Home ownership helps stabilize communities. What working class and middle class home owners have done in buying a home is invest the bulk of their income as well as their hearts and souls for the next twenty or thirty years in a set piece of property and in the enhancement of the value of that property together with the neighborhood in which that property is located. As a result they think differently about public policy and community issues that affect their deeply personal investment. They are concerned about property taxes, neighborhood schools, infrastructure, and crime. They become more attentive to civic affairs and equity concerns.

In essence, they are an eagerly awaiting mass base for political action on community economic development, effective political representation, fair property taxes, and progressive school reform, and they are the awaiting clientele for upscale businesses and restaurants and decent and safe cultural, recreational, and entertainment outlets. An integrated, comprehensive community economic development strategy is required to meet their needs.

Home ownership is only one side of the economic development triangle. Another is the development of minority-owned businesses. The major impediments in this regard relate to up-to-date business skills, experience, access to innovative management techniques, availability of information and production technology, gaining entry to global markets, dealing with competition from franchises of multinational corporations, and above all, access to credit and capital.

The latter determines everything. No credit, no capital; thus, no prospect for success over the long term. In fact, no credit, no capital; no start-up. The dreams of most would-be African American, Latino, and Native American entrepreneurs are crushed when their applications for business loans are rejected. Because of all the reasons cited by Franklin Raines, most would-be minority entrepreneurs, especially the young minority entrepreneurs coming out of college or professional school or major corporations, just do not have family assets to
draw on for seed money. There is no mother or father, aunt or uncle, granddad or grandma, to stake their claim.

Redlining exists not only in regard to the denial of mortgage loans to prospective African American and Latino home owners but also in relation to loaning capital to minority businesses. What this country needs as a matter of public policy is a profound democratization of access to capital.

It also needs to democratize government contracting and procurement—the second side of the economic development triangle. It is not uncommon for opponents of governmental initiatives designed to stimulate and facilitate minority economic development to put down empowerment zones and other programs as "government handouts." This is propaganda intended to mobilize opposition among white small businesses, and white Americans generally, against affirmative action, especially in the form of economic set asides.

It is not that these folks oppose government assistance to business as a matter of principle. I will bet not a single Fortune 500 corporation achieved that status in the absence of government support—whether zoning, tax concessions, subsidies, infrastructure improvements, subsidies, contracting, procurement, or insider connections.

I am not saying government should not do these things. The problem is that minority-owned businesses are largely excluded from the process. Just look at the way the Bush administration has lined up a handful of favored corporations for the initial contracts for reconstruction of Iraq. It is all right for African Americans and Latinos to do the fighting in numbers beyond their percentage in the population but not for minority-owned businesses to be included in postwar reconstruction. The fact is that none of the companies on the President's insider list would be what they are today without federal and state government facilitation. Some form of minority set asides in contracting and procurement is an absolute necessity.

Civil rights lawyers and law centers need to devote more time, thinking, and resources to overcoming the limitations on economic set-aside programs the Supreme Court imposed in the 1989 *Croson* decision and again in the 1995 *Adarand* 


Contractors\textsuperscript{32} decision. Nowhere is a remedy to racial and, for that matter, gender disparities in government contracting and procurement needed more than in New York City. Indeed, research and strict scrutiny, to use the phrase, is needed to know precisely the standing of minority businesses not only in regard to city and state government but also in Wall Street firms, major contractors, and especially public authorities and corporations like the Port Authority, the Dormitory Authority, and the Lower Manhattan Redevelopment Corporation.

Of course, there is much that minority communities can do for themselves in terms of mobilizing internal resources. Community development corporations set up by African American churches and denominations, for example, are accomplishing great things in housing, neighborhood renovation, investment, and financial counseling.

Public and private sector cooperation is another indispensable component of minority economic development. This is the third side of the triangle. African American and Latino elected officials can play a particularly constructive role in this regard. They can use their positions—particularly when they have seniority and chair key committees and subcommittees—to promote public and private sector joint ventures that are beneficial to their constituents and facilitate minority businesses.

They can write legislation that encourages minority contracting and subcontracting. They can pioneer the adoption of laws and the promulgation of regulations that help level the playing field. They can utilize their legislative oversight authority to ensure enforcement and compliance. They can add amendments to budget resolutions intended to achieve the same effect. They can convince their party caucuses to take action. African American officeholders should also build, where possible, a bipartisan coalition to support these kinds of initiatives.

For my part, I try to do all of the above. Of course, being a minority in the minority party in Congress hampers my efforts. Nonetheless, I have succeeded in my district in creating avenues of inclusion, ranging from projects such as the rehabilitation of a shopping center in Far Rockaway that pairs a majority developer

and owner with a local minority developer and owner to working with general contractors at JFK airport to involve minority contractors to specific programs that strengthen minority business.

As a member of the House Financial Services Committee and the House International Relations Committee, I also work to increase the access capital for minority businesses and to create international business opportunities for minority businesses in my district, particularly with African and Caribbean countries. In 1999, I organized a trade mission to Ghana. I try to use the problem-solving relationships I am developing with African, Caribbean, South Asian, and Latin American countries to create portals of access to global markets for minority businesses.

Membership on the Financial Services Committee brings me into contact with many of the premier financial institutions in the country. I constantly put to them questions about corporate governance reform. Corporate accounting scandals have devastated 401(k) plans and pension funds upon which working people, especially minorities, heavily depend. They are also hurt by redlining and exclusion.

I also coordinate a legislative working group on the New Markets Initiative on behalf of the Congressional Black Caucus. In all of these capacities, I have been able to unfold a dialogue with many of these institutions on achieving greater diversity in hiring, upgrading, and investment. I find some to be more responsive than others, but I discovered that there are more corporations and corporate leaders who are willing to move on this front than one might think. In many instances, they do not know exactly what to do, where to begin, or with whom to work. My hope is that this conference will help provide some of the answers public and private entities are seeking with respect to best practices, innovative public policies, research, and analysis.

Earlier I made reference to the administration's insider approach to granting uncompetitive contracts for postwar reconstruction of Iraq. To be truthful, I do not want to have to fight for the inclusion of minority businesses in the rebuilding of countries our government has destroyed. I oppose this war. I do not think the policy of preemption is going to get us anywhere. A national security strategy and foreign policy based on preemption is a stop and frisk policy in a global context. It will only make the world a much more dangerous place especially for
American interests. This includes American business and by
definition minority businesses.

Furthermore, the administration's approach to international
relations will consume much-needed funds that could be applied
to peaceful, productive, and humanitarian purposes at home as
well as abroad. There is no way that America is going to be able
to spend tens of billions of dollars a year on Iraqi occupation and
reconstruction and at the same time promote equal opportunity
and the development of people of color communities at home.

I close by wishing this conference the best of success in its
deliberations and the conference participants the best of success
in carrying out its recommendations. I sincerely look forward to
working with you in closing the gap, innovating corporate law,
formulating public policy, and leveraging our collective creativity
to economically develop communities of color.