

Faculty Profiles

Rick Devine

The Henry George School is honored indeed to present again this year perhaps the only economist in the city who claims his major academic distinctions to be the spelling championships of his first, third, and sixth grades and the conferring of a baccalaureate with an asterisk.

According to Mr. Devine, he abandoned a life-long desire to explore the synthesis of the DNA molecule after receiving the only negative score ever recorded on the chemistry Regents exam, and turned instead to dedicating his life to uplifting the oppressed masses of the world. This he started to do by learning Swahili in order to obtain directions to the beach while in the Peace Corps in Kenya.

Before he found his present niche at the National Urban League, Mr. Devine distinguished himself as an apprentice short-order cook at a steak house on 42nd Street and Broadway (in the window), leaving this lofty position when it was discovered that he suffered from pyromania. Although Mr. Devine clearly wanted to discuss his hobby, taxidermy, this interviewer persuaded him to report on his current activities at the League, a summary of which follows.

It seems that there is only a general law against discrimination in lending. The intrepid Mr. Devine therefore rushed in to research the mortgage lending policies of the commercial banks and the savings and loan industry, his first discovery being that these institutions declined to display equal opportunity posters. His suspicions aroused by this lobby tactic, Mr. Devine then ran a few regressions on his handy computer and found that the viability of a parcel of property is in some neighborhoods no longer the prime consideration in a bank's decision to make a loan. Instead, some 78% of the variation in lending policies can be attributed to the percentage of black faces in a neighborhood and the percentage of 1-4 family homes. Other factors, such as distance from the central business district, the condition of the building, closeness to transportation lines, and percentage of rent controlled buildings, don't count in making lending decisions to black neighborhoods.

As for mortgages that are given, Mr. Devine outlined the process by which the

banks (such as First National City and Banco Popular) extend a line of credit to mortgage brokers (such as Inter-Island, currently under indictment). The mortgage brokers sell the mortgages to the federal government — and the rub is that when the person taking the mortgage does not have the ability to pay and the mortgage is foreclosed, the federal government is left holding the bag. This has been documented recently in Brooklyn and Queens.

Another way the banks mess up the market is by trading conventional mortgages that may be shaky for FHA mortgage houses (such as Easton Service). These houses turn conventional mortgages into FHA mortgages by the yard, complete with prospectuses, and trade them back to the banks.

As Mr. Devine observes, "the rip-off never ends." The title companies are going along with this: a title search is conducted three times, first when the conventional mortgage is granted, when the FHA mortgage conversion is made, and then when foreclosure occurs. If in fact the landowner, slumlord or otherwise, does not have the ability to pay the mortgage, he may have been defrauded, since foreclosure means receivership by a court-appointed receiver who is often a contractor. Receivers are seldom certified property managers. Landlord and tenant both lose to the system.

The title of Mr. Devine's paper will be either "We're Doing a Lot for America" (the slogan of a large savings and loan institution), or "The Big Squeeze." His ideas about loosening the grip of the grabbers include making it law that banks must invest in the neighborhoods in which their money is originally deposited — whatever rates must be paid. That is, in order to have equality of opportunity in housing, the distribution of capital must be altered; if banks cannot maintain the high interest rate necessary in high risk areas, perhaps the state should guarantee the mortgages. The flaw in this argument, says Mr. Devine, is that the "cushioned" banks could afford to make mistakes — and yet deposits are guaranteed up to a certain amount by the Federal Deposit Insurance Corporation.

Mr. Devine does point out that, simply put, one of the George's statements jibes with the outcome of this study: capital is short only because it is improperly distributed.

Mr. Devine's other research activities concern citizen participation in urban renewal projects. This has made him an habitue of the airports of Detroit, Atlan-

ta, Oklahoma City, San Francisco, Yonkers, St. Louis, New Orleans, Nashville, Buffalo, Washington, Memphis, Boston, and perhaps someday, Burbank.

Brown Acknowledges Award

University of Missouri's professor emeritus Harry Gunnison Brown was given the Henry George Distinguished Service Award at the School's Conference in San Francisco in July. The following are excerpts from his letter of acknowledgement:

I found and read *Progress and Poverty* during my high school days. I went on to read other books by Henry George. It was because of his influence that I decided to become an economist, and his ideas have influenced me all during my professional life.

In my years of teaching — and in my writings — I have tried to present the best which was set forth by George. Or, as expressed in the inscription on the award, I've endeavored to present to my students and readers "the virtues of free men in a free society."

To the School, I want to say "Thank you" for this unexpected honor. It is heartwarming to have this come 22 years after I officially retired from teaching.

Book Fair to be Held

During the last two weeks of classes a book fair will be held at which students and friends can buy, sell and trade books.

Books you want to sell at the fair should be left at the reception desk with a slip of paper stating your name, address, telephone number and the price of the book. After the fair you should pick up your books not sold and your proceeds.

If you have books you no longer want to dust but don't want to go to the trouble of selling, you may donate them to the School — and such donations are tax deductible. Books suitable for the library will have your name as donor inscribed, and the rest will be sold at the fair, the proceeds going for new library books. Magazine subscriptions may also be donated to the library and are tax deductible. Those wishing to donate an entire collection should contact Mr. Gerald Meyer to arrange for transportation.