

EDITORIALS·COMMENTS·OPINIONS



TO BE EQUAL

Vernon E. Jordan
President, Nat'l. Urban League

Who Gets Those Housing Subsidies?

by VERNON E. JORDAN, JR.

High on the list of the budget cutters are housing subsidies for the poor. Washington seems to be walking away from the unmet housing needs of low income families just when those needs are mounting.

It is estimated that some mix million households live in seriously substandard housing--leaky roofs, hazardous electrical wiring, and faulty floors and walls. A third of those are minorities, and over half live in metropolitan areas. Four out of five families living in substandard units are eligible for federal housing aid.

Many others living in standard housing are paying more than they can afford for rent or for mortgage payments. Many face the cruel choice of paying the landlord or skipping meals.

The poor pay more and the poorest pay the most. Millions of poor families pay over half their income for shelter.

All of this takes place in the face of a long-standing national commitment to produce 600,000 housing units annually for low income families. But only once has that goal been met -- in 1976. The Administration's current budget would provide only a third of the annual goal.

Housing is a basic necessity, like food and health care. A humane society has the responsibility to assure that the basics of life are available to all. That is the rationale for federal housing programs. And the failure to meet the housing needs of the poor underscores the

need for more, not less federal housing aid.

Many will object that the government already spends billions on such housing aid. True enough. But what it spends is not enough to meet the needs for adequate shelter. And it spends far more on housing subsidies to the non-poor.

Those subsidies to the well-off are neglected in the debate on housing policy, but they are real and they are massive. They are buried, however, since they are not spending items but revenue losses that don't show up in the budget.

Homeowners can deduct local taxes and mortgage interest payments from their tax bill. The cost of this subsidy amounts to about \$30 billion, and is expected to reach almost \$80 billion by 1986. Most of the huge subsidy goes to the affluent; the top ten percent of taxpayers get the lion's share.

They differ from low-income subsidies in another important way too: homeowner deductions are entitlements taken by all who qualify; low-income housing subsidies only go to one out of ten families who qualify.

It's hard to understand the attacks on low income housing programs based on so-called budgetary restraints. If you add up the total cost of all of those programs, going back to their beginnings in the 1930s and continuing to the present, they amount to less than the cost of housing-related tax expenditures on homeowners in 1980 alone.

Those tax breaks are also fueling the high inflation in today's housing market. Affluent people use them to shelter income from taxation, and so there is a flurry of home-buying and condominium conversion, driving up housing costs.

The nation's housing needs would be better served by putting a cap on the growth of homeowner deductions, either through a limit on how much an individual could deduct, or conversion of the deductions to a tax credit.

Such a move would benefit low and middle income families while stemming the unrestrained loss of federal revenues from the few who can benefit from the present system.

At the same time, funds would be available for a renewed effort to decently house America's poor, many of whom now are forced to live in substandard housing conditions.

A Way To Cut Mortgage Interest Charges In Half

by WILLIAM R. MORRIS

It's not generally known but there's a way to cut mortgage interest payments in half, or as much as you like, just by following a simple procedure that's neither illegal nor immoral. Despite the record high mortgage rates of the last year, home buyers need not be burdened for 20 or 25 years with 14-16 percent interest payments on their home loans.

During the early years of a loan, the major portion of each monthly payment goes toward interest, with very little applied to reducing the principal balance of the mortgage. You can pay off a mortgage twice as fast by doubling up on that part of the monthly payment applied to the loan's principal. For example, with a 30 year, \$50,000 mortgage carrying an interest rate of 13 percent, the monthly payment to principal and interest is \$553.10, an amount that remains constant over the life of the loan. In the first monthly payment, \$541.67 is interest. Only \$11.43 is applied to the principal. It is not until the 24th year of the loan that the payment to principal exceeds the interest payment. Over the life of the mortgage, the borrower will have paid \$149,115.82 in interest (that's right!).

If, however, along with the first monthly payment the borrower also paid the \$11.56 due on the principal for the second month, he/she would accomplish two things: shorten the loan by a month and save \$541.54 in interest! If, to the next monthly payment of \$553.10, the borrower adds the \$11.81 due on the principal for the following month, it will eliminate that month's interest payment of \$541.29. Continuing that process for six months, the borrower will have reduced the mortgage to the same balance had 12 regular monthly payments been made. And in the process, the interest payments due with every other payment that year would be saved.

Applying this pre-payment method over the life of the loan, the borrower would pay off the loan in just 15

years and save \$74,424.25 in interest. You're not limited to paying one month's additional principal at a time. You can pay for any number of months and cut the interest charges accordingly. This will not be difficult to do in the earlier years and even if you should decide to discontinue prepayments at some point and resume only the regular payments, you'll have saved thousands in interest charges. Lenders which made loans when rates were extremely high won't be too happy to have borrowers prepay their mortgages.

If you should decide to proceed, you'll need an amortization schedule for your particular loan. If your lender didn't give you one, they can be ordered from financial publishing companies for less than \$5.00. They're free, upon request, from the Federal Housing Administration and Veteran's Administration if they insured or guaranteed your loan.

Once you make a prepayment, remember that it does not eliminate the need to make your regular payments each month. You cannot skip a month. And always advise your lender of the breakdown of each monthly prepayment of loan principal. Some lenders will be happy to accommodate you, some will be unfamiliar with the prepayment strategy, and others will try to play dumb. Those who don't want to cooperate may try to charge a prepayment penalty. Such penalties are illegal in some states and FHA or VA loans can be paid off at any time without a penalty.

So, if the mortgage on your home is less than 10 or 12 years old and you want to cut-down on the interest you are paying, it may pay you to take a second look at your amortization schedule. If you can afford to prepay the amount allocated to principal every now and then it could save you quite a sum of hard-earned money and accelerate the build-up of equity in your home. For each monthly prepayment you speed up the date for a debt-free home.

LETTER TO EDITOR

Quality Coverage of Washington Middle School

Dear Editor:

I take this opportunity to express our appreciation for your quality coverage of Washington Middle School activities.

On many occasions we have sent you news briefs

with or without pictures. Consistently, our students, staff and community members have remarked on the completeness of articles, the size of the pictures and the way in which you

have featured us in a positive manner.

Your service to us as a school within the community has been invaluable. We feel extra good about the Medium.

I look forward to a con-

tinued positive relationship. Also we welcome at anytime a visit you to get to know our staff and students better.

Sincerely,
Joan Allen
Principal

VIEWPOINT



JULIAN BOND

Cutting economic ties

By Julian Bond

In 1960, U.S. corporate investment in South Africa totaled \$286 million. Last year, U.S. investment in the apartheid state topped \$2 billion, making the United States the second largest investor in South Africa after Great Britain.

American dollars are fueling a South African economy in which 4.5 million whites dominate nearly 20 million blacks, Asians and "coloreds" of mixed races.

Black South Africans are foreigners in their own land. They are prohibited from voting, owning property or deciding where they will work, live or die. They are allowed in "white areas" only to perform menial tasks.

Those "white areas" encompass 87 percent of the land and include all major cities and industrial areas. The black majority is restricted to 13 percent of the land.

The average monthly wage for a white miner in South Africa is \$727. The average wage for a black miner is \$103.

The infant-mortality rate is 25 times greater for blacks than for whites. More than half of all black children born in South Africa die before their fifth birthdays.

COPING

The Psychological Dynamics of Racism: Part I

by DR. CHARLES W. FAULKNER

One of the questions that Black people ask most often is, "Why are white people so cruel to me when I have done nothing to hurt them?" Failure to find a readily available answer to this question has caused more neurosis and hypertension in the Black community than any other factor.

My next four columns will focus on the psychological issues surrounding this question. In order to understand the dynamics of racism you must understand the psychological structure of yourself, the nature of the problem of racism, the future prospects for elimination of the problem and a method that you can use to cope with the problem of racism.

Black people fulfill a very important psychological need for white people. Black people allow white people to maintain a sense of pride and self-respect--even when they are in the depth of depression and are suffering the greatest attack upon their pride. Whites can always rely upon the feeling of psychological comfort that they receive when they compare themselves to Blacks.

They may not be as good as a white businessman. They may not be as intelligent as a white college graduate. They may not be as clean as a meticulous white secretary. But, they are always more competent, more intelligent and cleaner than any Black person--at least in their minds. This gives them a feeling of pride that would, otherwise, not exist.

Without the existence of Black people, it has been said, many white people would develop acute neurosis because of the depression that would result from the absence of self-esteem and the need for a basis for personal pride.

Blacks occupy the bottom rung in society because of

HAPPINESS THROUGH HEALTH

Weight Control Affects Diabetes

by OTTO McCLARRIN

If you're still searching for motivation to rid yourself of fat and flab, consider what "Off Diabetes Pills" has to say. Published by Public Citizen's Health Research Group, this book is more than an eye-opening expose of unsafe medicines. It also tells why and how weight control prevents as well as treats the symptoms of diabetes that develops in adults.

Diabetes is no minor illness. It is believed that more than 10 million Americans now have it (half of them unaware that they do) and that the number afflicted may double in the next 15 years. What's more, diabetes kills about 300,000 people each year, making it the third leading cause of death in this country.

In many cases, what kills is not the ailment itself but its complications which include kidney disease, heart attack and stroke.

The book focuses specifically on the overweight adults who comprise the vast majority of diabetics. (A small number are children and normal weight adults; both groups require insulin injections).

Apparently the latest scientific knowledge holds that overeating triggers the disease in mature people having a hereditary tendency to it. They may or may not develop symptoms of dry mouth, excessive drinking and urinating, or occasional dizziness.

What happens in their bodies is a breakdown in the mechanism by which insulin, a hormone secreted by the pancreas, helps sugar (glucose) reach the cells where it's needed for fuel. Too much sugar accumulates in the blood, a condition called hyperglycemia, and there is often too much insulin as well. As a result, the person overeats. Overeating, in turn, reduces the number of cell receptors where insulin takes effect, thus making the cells less capable of responding to the hormone. When the person starts to eat less, the insulin receptors return to normal and the hormone is then able to do its job.

As the book explains, "The effects of obesity on glucose metabolism is not due to the excess fat but to the overeating needed to maintain the obese state."

More than 300 U.S. companies now operate in South Africa, and U.S. banks have recently tendered more than \$2.2 billion in loans.

When the U.S. Chamber of Commerce opened a branch office in Johannesburg, South Africa, in 1977, the president of the organization's international division argued that the business community could disagree with the wishes of politicians and trade with whomever it chose.

But that premise is being tested by the growing coalition of U.S. trade unionists, local officials, anti-apartheid activists and church groups that has stepped up its campaign to halt the flow of American money into the South African economy.

In the past several years, colleges and universities have divested more than \$50 million dollars from corporations that support apartheid. On more than two dozen college campuses, student groups have pressured trustees to divest and to offer educational programs aimed at building an anti-apartheid constituency.

The AFL-CIO, the International Longshoremen's and Warehousemen's Union, the United Auto Workers and other unions have withdrawn support from banks that make loans to South Africa or have divested pension funds from that country's corporate collaborators.

The United Methodist Church, the American Friends Service Committee, the Reformed Church of America and the majority of the Lutheran Church's regional districts have voted to use their funds to protest South African racism.

State and local governments have required the divestiture of more than \$125 million. Pending actions could push this total to \$300 million.

Political entities -- including Berkeley, Calif.; Gary, Ind.; and the state of Nebraska -- have passed bills and ordinances to break economic ties with South Africa. In Seattle, a coalition of unions and civic and social organizations has pressured local banks to refuse loans to South Africa.

"I'd much rather lose business with Nebraska than with South Africa," said David Packard, the chairman of Hewlett-Packard. But Nebraska's may not be the only business that his company and others like it will lose if they continue to support South African racism.

the psychological need that whites have which is deeply ingrained, traditional and found in every institution of Western society. Blacks are the psychological "whipping boy" for this reason. Several important implications flow from this fact:

1. Most whites react rudely to Blacks in an almost instinctive manner.

2. Whites are often unaware of the psychological reasons for their own behavior. Their behavior is almost automatic. In many cases, whites react discourteously to Blacks because it makes them feel good and allows them an opportunity to release stress that would not have been otherwise released.

It is similar to the disregard that one gives to a pet animal when discussing important business. Blacks are considered insignificant: "who cares what they hear, they are not intelligent enough to understand it, so let's just forget that they exist."

3. Blacks have been accorded such an inferior role in every aspect of society -- radio, television, education, jobs--that many even believe themselves to be inferior to whites. This feeling of inferiority or self-hatred is a conditioned, subconscious, habituated, deeply-ingrained response.

Blacks have been "psyched" into regarding themselves as inferior and, because skin color is the basis for this determination, they regard other Blacks as inferior, also. Thus, Blacks are treated rudely by whites, foreigners and even each other.

(Your questions are welcomed. Suggestions for future articles will be appreciated. Cassette tapes of this and other articles are available for individual use, discussion groups and classroom use. All letters and inquiries should be sent to: Dr. Charles W. Faulkner, Post Office Box 50016, Washington, D.C. 20004.)

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