

Remarks
by
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We are here tonight because of the power of one word -- the word "community." No other idea -- no other ideal -- has defined who we are -- and who we want to be -- more than community does. It is embedded in the words: "We, the people . . ." It resonates in the proposition that we all are "created equal."

Its earliest expression in our history came in 1630, just before the Puritans landed in Salem Harbor, when their leader, John Winthrop, told them to "delight in each other" because they were members "of the same body" and urged them to build a "city on a hill" that would enlighten the world. That thread continues to tie us together more than 350 years later.

Alexis de Tocqueville, in his book *Democracy in America*, in 1831 described his understanding of the concept of community in this young country. He observed that a covenant exists among our people that "they all feel themselves subject to the same weakness and the same dangers; and their interest, as well as their sympathy, makes it a rule with them to lend each other mutual assistance when required."

Alexis de Tocqueville was before my time -- and yours, I am sure -- but I met Dr. Martin Luther King in April of 1967 when I was a senior in college, and I remember well sitting transfixed in front of the television in 1963 listening to the speech he delivered from the steps of the Lincoln Memorial. When Martin Luther King dreamed, he dreamed of a "beautiful symphony of brotherhood" -- a community where, as he said, "black men and white men, Jews and Gentiles, Protestants and Catholics" join hands to build a better future for us all.

Each one of us has something to offer to the great, unending purpose of building a better future -- and each one of us deserves a place in the community in return. If a member of the community is denied the opportunity to make his or her contribution, not only does that person suffer, but the community suffers as well. We may be in different boats, but we are all afloat on

the same lake. Nothing could be more American than the ideal that the community holds a place for everyone.

To paraphrase an old saying -- ideals have consequences. Certainly our ideal of community has had great consequences. Over the years, millions have come to America to find their places -- to build a life of promise and accomplishment -- and people moved to California for the same reason. People still come, attracted by the opportunity to build promising lives. As long as we hold out hope, people will grasp it.

Another consequence of our ideal of community is that we -- who already fully enjoy its benefits -- must affirm the ideal not only through words, but also through deeds. Our ideal calls on us to remove the obstacles that prevent other members of the community from finding their places and making their contributions and compels us to create affirmative opportunity for everyone eager to contribute to our society. In that regard, for more than 30 years, we have tried to come to grips with the economic problems of our nation's inner cities and the other areas that have not kept pace with the growth and prosperity of the rest of the nation. We have tried government programs -- some have worked, others have not, and the problems remain. The experience has taught us a number of lessons. We have learned -- through experience -- that there is no magic that will make problems go away -- effective solutions require hard work. We have learned -- through experience -- that problems are linked, and that solutions must be linked, too.

Investment, employment, and home ownership flow from economic stability and sustained growth -- and flow to them as well. We have learned -- through experience -- that if the problems are to be resolved, we must turn to the marketplace to have sustained development and economic opportunity.

We have -- more recently -- learned through experience that this investment is a source of profit for the private sector. No one has shown us that way more than one of the men being honored at this dinner tonight -- Dick Rosenberg.

Under his leadership, Bank of America came to view lending to develop the community -- lending for homes, lending to small businesses -- as a business opportunity. After pursuing that opportunity, Bank of America discovered that the delinquency and foreclosure rates on its portfolio of mortgages made in lower income neighborhoods were no higher than the rates on home loans for middle and upper income individuals, and were sometimes better. That opened a lot of eyes at Bank of America -- and it opened a lot of eyes elsewhere, too. A mortgage enables people to have a stake in where they live that goes beyond the value of property. For that reason, a mortgage makes a house into a home -- it creates a feeling of stability and

permanence -- it makes people feel they belong -- it is tangible proof that people are members of the community.

Home mortgage lenders -- such as banks, savings associations, and mortgage companies -- have been doing a better job in recent years in expanding ownership opportunities to people who have traditionally been underserved. In 1991, they granted approximately 45,000 mortgage loans to African-American customers. In 1995, they granted more than three times as many -- 138,000 -- a 207 percent increase. In 1991, mortgage lenders granted 62,000 mortgage loans to Hispanic customers. In 1995, they granted more than double that number -- nearly 135,000 -- a 117 percent increase. In terms of income, the movement is also striking. In 1991, 17 percent of conventional mortgages went to customers who earned less than 80 percent of median income in their area. Last year, the proportion of loans granted to low- and moderate-income customers had risen to 24 percent. In 1995, lenders made 494,000 -- an increase of 125 percent since 1991.

Last year, the institutions the FDIC insures -- all the banks and savings associations in this country -- made 41 percent of all home purchase loans, mortgage companies made 57.5 percent, and many of these mortgage companies are also owned by bank and thrift holding companies. There is, therefore, no question that banks and thrift institutions see a new mortgage market emerging.

Mortgages, however, are not the entire solution to inner city economic problems. Just as mortgages carry a value beyond the worth of property, jobs mean more than just a paycheck. As the Harvard scholar, William Julius Wilson, has noted, a job is a framework for life. Where there is a lack of investment, there is a lack of business, and where there is a lack of business, there is a lack of jobs. Where there is a lack of jobs, neighborhoods fall apart. Investing in business in our neighborhoods creates jobs and knits the community together. If a mortgage symbolizes membership in the community, a job lets someone contribute toward its prosperity.

For many in the private sector, the business opportunities offered in our urban neighborhoods in mortgage lending and business investment are new and different from what they have traditionally known. Fortunately, they do not need to explore these opportunities alone. There are organizations in our towns, cities, states and nation that have first-hand knowledge of where the demands and the rewards are.

No organization has worked harder to bring the strengths of the private sector to bear on the problems of our inner city neighborhoods than has the Greenlining Institute. No organization has labored more diligently to find long-term market solutions to neighborhood needs for home ownership, business investment, and jobs. The Greenlining Institute has been successful because it has worked cooperatively with financial institutions. As a result of its efforts, Bank of

America committed \$12 billion for community development lending and support in 1991. In 1995, Wells Fargo committed \$45 billion and Union Bank committed \$11 billion. In recent years, banks have been doing a much better job of lending in our nation's neighborhoods, but there is more to do and they cannot do it alone. There are lending and investment opportunities for others in addition to banks -- credit unions, insurance companies, utilities, retail and manufacturing companies, and securities firms. The Greenlining Institute has successfully opened avenues to investment by businesses in addition to banks and thrifts, and AT&T, GTE, Pacific Gas & Electric, and Southern California Edison, among others, have responded to that opportunity.

I welcome -- as I am sure you do -- the ground-breaking partnership that Merrill Lynch & Company announced last week with the Greenlining Institute and the Orange County Alliance. Over the next three years, Merrill Lynch will invest at least \$77 million in neighborhoods in Orange and Los Angeles counties, including \$40 million in mortgage loans, \$20 million in small business loans, and \$5 million in equity investments in small businesses. Merrill Lynch has also put aside \$4 million for investments in education, job training, literacy and other programs. It will offer consulting services free of charge to established small businesses. This is the first time that a securities firm has entered this kind of partnership, but it should not be the last.

The Greenlining Institute is devoted to working in partnership with private sector companies to bring long-term investment and support to community development. I am pleased to be here to applaud its achievements in fostering sustainable economic growth and to applaud the commitments made by the financial institutions and other businesses with which it has worked. Efforts like these bring us together, when there are so many forces in the world that would tear us apart. Without them, we would all be poorer. We at the FDIC support working relationships between the private and public sectors for community development. These partnerships bring business judgment into the community development process and create opportunity for the community and for business. We at the FDIC have sought to serve as a catalyst across America to join business judgment and community development.

A friend of mine tells the story of two people who were walking along the beach, after low tide stranded thousands and thousands of star fish along the shore -- where they were drying out in the hot sun. Every time one man came across a star fish, he would pick it up and throw it into the water. The other man finally said to him: "Why do you keep doing that -- there are thousands of star fish on the shore -- why does it matter?" The first man replied: "It matters to each star fish."

Community development -- community by community -- matters. It matters house by house -- block by block -- neighborhood by neighborhood. We are here tonight because it matters, not just to the people who live in urban neighborhoods, but to all of us. In responding to the need for economic growth in these neighborhoods, we remain true to the community that lived in John Winthrop's imagination, in Alexis de Tocqueville's observation and in Dr. Martin Luther King's dream.

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