

Hallahan, Kirk (1992, August). The mortgage redlining controversy, 1972-75. Paper presented to Qualitative Studies Division, Association in Journalism and Mass Communication, Montreal.

THE MORTGAGE REDLINING CONTROVERSY, 1972-1975

National People's Action Takes on the Lenders and Wins Anti-Discrimination Legislation in Congress

A Case Study in Social Problems and Agenda Building:
The Role of Reformers, Lawmakers and Media in Public Policy Making

Abstract: This study chronicles how a small coalition of social activists captured the attention of a sympathetic lawmaker, who adroitly manipulated coverage in the Washington media in a campaign to gain passage of the federal Home Mortgage Disclosure Act of 1975. After documenting the case, the author analyzes redlining within the framework of Cobb and Elder's agenda-building model. The case represents an extraordinary example of the symbiotic relationship between reformers, lawmakers and media in formulating public policy in response to social problems.

I. Introduction

In 1975, Congress passed the Home Mortgage Disclosure Act.¹ The bill, which required banks and savings institutions to keep and disclose records on mortgage lending patterns, seemed innocuous and captured comparatively little national attention at the time. However, HMDA was a major victory for a small network of community activist groups who had organized to reform what they believed was a serious social problem: mortgage redlining.

This case study analyzes the success of these activists, who accomplished what many thought was an impossible feat: passage of national legislation in a brief three-and-a-half year period, from 1972 to 1975. It traces the origins of the anti-redlining movement, its success in capturing the attention of a sympathetic lawmaker and his staff, and the reformers' and lawmakers' use of the media to advance the issue on the public policy agenda.

Redlining: A Classic Example of A Social Problem.

Redlining is defined generally as the refusal by lending institutions to make mortgage or home improvement loans in geographic areas they deem risky. The term stemmed from the allegation that lenders drew lines on maps using red pens to demark areas where they would not

¹ PL94-200; 89 Stat. 1125 et seq.; 12 USC 2801-2809.

lend. The result is disinvestment, or the outflow of existing and potential investment capital from the neighborhood. Such practices had been prevalent in mortgage lending for many years, and the worst abuses might have actually ended by the time the problem was discovered in the 1970s and made into a major political issue.²

Redlining was constructed as a social problem when neighborhood groups identified lending practices as a contributor to neighborhood deterioration and recognized that private financing was essential in the aftermath of a reduction in federal housing programs.³ These groups believed that they could reverse the trend and promote community reinvestment by bringing pressure on banks, state and local governments, and Congress.

A Case in Agenda-Building.

Beyond its significance as a social problem, the passage of HMDA is an interesting case in the interactions of social reformers concerned with a particular issue and the political and media institutions.

This examination relies on the agenda-building model proffered by Cobb and Elder, who define an issue as "a conflict between two or more identifiable groups over procedural or substantive matters related to the distribution of positions or resources."⁴ Cobb and Elder suggest that, first, issues are identified, usually by one or more contending parties who perceive an unfair bias. These parties then attempt to expand the issue, utilizing symbols and often employing the media, to gain access to the public (or systemic) agenda of discourse. Issues then emerge on the policy (legislative or regulatory) agenda. Following an in-depth review of the events, this paper analyzes the anti-redlining movement within the context of the social movements, agenda-building and public policy.

II. Prelude: Origins and Development of the Movement; Identification and Early Expansion of the Issue

The anti-redlining movement began at a conference of neighborhood organizations held in March 1972, in a parish hall on the Northwest side of Chicago. The organizer was Gale Cincotta, a Chicago activist, who would emerge as the leader of the movement.⁵ The 1,600 attendees, who

² Jack M. Guttenberg and Susan M. Wachter, Redlining and Public Policy (New York University School of Business Administration Salmon Brothers Center for Study of Financial Institutions Monograph, 1980):49.

³ For a review of housing history, especially the major equal housing advancements in the 1960s under John F. Kennedy and Lyndon Johnson, and the subsequent dismantling of federal housing programs in the early 1970s under Richard Nixon, see Nathaniel S. Keith, Politics and The Housing Crisis Since 1930 (New York: Universal Books, 1973).

⁴ Roger W. Cobb and Charles D. Elder, Participation in American Politics: The Dynamics of Agenda Building, 2nd ed., (Baltimore: Johns Hopkins University Press, 1972), 82.

⁵ Cincotta, a 40-year-old housewife with six children, whose Irish and Italian husband managed a filling station, was described as "La Pasionara" of the anti-redlining movement. She began her community activism with local schools, and was president of a several community groups involved in housing issues, including the Organization for a Better Austin and later the West Side Coalition, which were incorporated into her later activities. As an organizer, Cincotta represented one of the many women who have provided a high proportion of the leadership in American reform movements. See Kurt Lang and Gladys Lang, "The Dynamics of Social Movements," in Louis Genevie (ed.), Collective Behavior and Social Movements (Itasca, IL: Peacock, 1978). Today, she continues as a housing activist as head of National People's Action and the National Training and Information Center in Chicago. For details on the movement's early history, see Bob Kuttner, "Ethnic Renewal," New York Times Magazine (May 9, 1976), ___; Mike Kolbenschlager, "Guerrilla War Over Redlining Jars Chicago, Threatens to Spread," Housing & Home 47 (July 1975), 8; and Jerry DeMuth, "How Housing Alliance Pulls Neighborhood Groups Together," Chicago Sun-Times, June 1, 1975; Ernest Holsendolph, "Neighborhoods Turn to Self-Help for Preserving and Improving," New York Times, July 6, 1976.

represented cities in 39 states, were all concerned with community problems. These included housing-related issues, such as then-prevalent racial blockbusting, housing speculation, and the displacement of conventional lenders (banks and savings and loans) by mortgage bankers (who offered FHA-insured loans). A informal network between groups in various cities had emerged over the years, but there was no formal structure.

Cincotta recalls that she had little idea beforehand that the event would be so successful or would be the catalyst for a major national movement. "We all recognized that even though we had made advances in our own cities, at a certain point we had to make an impact nationally. We touched a nerve," she adds.⁶

Cincotta called upon a dozen politicians to appear (including Presidential hopeful Eugene McCarthy) and invited media to cover. New York Times reporter John Herbers captured the flavor of the event:

It was an unusual gathering in that it brought together in a display of harmony racial groups that traditionally have been antagonistic to each other in changing central city neighborhoods.

"We have a new enemy now," said Mrs. Bernice Davis, a black leader in the West Side Coalition, which organized the conference, as Edward Stedaniak, a leader in the Chicago Polish community, nodded in agreement.

The enemy is felt to be a combination of the F.H.A and real estate, lending and insurance interests that the delegates charged had damaged the various inner-city groups in different ways as the more affluent residents moved to the suburbs.

Mrs. Gale Cincotta, a coordinator of the conference and platinum blonde who wears an "I'm Staying" (in the central city) button on her blouse, summed up the disturbing belief that is moving inner-city residents to anger against institutions rather than against other residential groups.

"What for so long has been considered a natural phenomenon--change in neighborhoods, deteriorating cities--are not natural," she said. "It's a plan and somebody's making a lot of money out of changing neighborhoods."⁷

Out of the conference, National People's Action for Housing was organized. An affiliated organization, the Housing Technical Information Center, which Cincotta would direct, was created to provide communications and training support to local groups.⁸ HTIC, also distributed mimeographed bulletins and began producing a full-fledged newsletter in August 1974, aptly titled Disclosure. In Chicago, Cincotta created the Metropolitan Area Housing Alliance as an affiliate of

⁶ Gale Cincotta interview with author November 7, 1991.

⁷ John Herbers, "1,600 From Ethnic Groups Organize Against Institutions They Say Are Destroying Central Cities," New York Times, March 20, 1972.

⁸ NPAH's name was soon shortened to National People's Action (NPA), and the Housing Technical and Information Center's name was changed to the National Technical and Information Center (NTIC), reflecting the broader emphasis on neighborhood issues, not just housing, that the groups would eventually tackle.

HTIC to coordinate local activities.⁹ These ranged from lobbying local housing officials one-on-one and at public meetings¹⁰ to an array of disruptive tactics. Although the group never advocated nor employed violence, Cincotta was no stranger to utilizing protest tactics. Before the formation of NPA, her group who held "bank-in's" at local institutions,¹¹ and the group subsequently engaged in a variety of protests. The group held a "Slum Day" in the municipal court targeted against slumlords¹² and drew attention to neighborhood rat problems by putting a dead rodent in an alderman's office.¹³ The group also organized front-porch confrontation against the state attorney general,¹⁴ staged sit-ins and organized challenges of the Chicago HUD and FHA offices¹⁵, staged surprise visits to the Chicago offices of the S&L trade association¹⁶, and picketed allegedly unscrupulous mortgage bankers.¹⁷

Apart from such protest actions, NPA and its HTIC affiliate recognized that being able to document instances of neighborhood deterioration was going to be critical for obtaining reforms. In instances of discrimination, such as refusal to sell a house to a minority purchaser, proof was generally not necessary. Everyone could agree on the facts, and the arguments could be principally on moral grounds.

Neighborhood disinvestment was different. Banks consistently denied that redlining took place and argued that neighborhood decay was due to many factors. The unit of analysis was whole neighborhoods, and in order to establish that disinvestment occurred as a result of loan practices, NPA had to have proof.

⁹ By the time MAHA was formed in November 1973, the old Westside Coalition had reorganized as two different issue-oriented groups--the Chicago Area Mortgage Coalition, which fought redlining, and the Chicago Area FHA Coalition, which tried to cope with HUD problems. About 12 community organizations belonged to each at the time of MAHA's creation, and they continued. By June 1975, about 30 community groups were part of MAHA.

¹⁰ See "Housing Rehab Cited Most Often in Housing, Austin (Ill.) Journal, December 26, 1974; "MAHA Asks More Community Involvement in Urban Renewal," Chicago Sun-Times, December 8, 1974.

¹¹ New York Times, 1976

¹² See Richard Philbrick, "7 City Slumlords to Appear in Court," Chicago Tribune, December 22, 1973; "Metro Housing Group Prompts Court Action," The Journal, January 2, 1974; Jerry Kohler, "Court to Lump Continuances," Uptown News, January 2, 1974; Jerry Kohler, "Housing Court Judge Takes Firm Hand in Case," Uptown News; Scott Jacobs, "Same Slum Story: To Be Continued," Chicago Sun-Times, January 29, 1974; Larry Weintraub, "Tenants, Landlords Thrash Out Woes in Civic Center," Chicago Sun-Times, January 23, 1974; "Judge Orders Action on Vacant Buildings," The Journal, January 30, 1974; "Ready for Slumlords," (photo), Chicago Defender, January 23, 1974; Robert Unger "Slumlords Face Fines, Jail: Judge," Chicago Tribune, February 17, 1974.

¹³ Carol Memmott, "Activist Fights for Housing," USA Today, April 10, 1989, 2A.

¹⁴ See Martin Fisher, "MAHA Members Pay Surprise Visit to Carey," Community Publications, February 6, 1974; "City Building Removal Team Called Remiss by Carey," Chicago Sun-Times, February 1, 1974, 30; Lillian Williams, "Carey Pledges Push to Stiffen Slumlord Terms," Chicago Sun-Times, February 6, 1974; Mark Fazlollah, "Landlords Sign for Repairs," Lerner Newspapers, February 25, 1974.

¹⁵ See Stanley Ziemba, "HUD OKs City Coalition's Demands on Vacant Homes," Chicago Tribune, August 22, 1974; "MAHA Sues HUD on Vacancies," South End Review, September 18, 1975. Also, "Adlai Blasts HUD's Footdragging in Program Aiding Home Owners," Chicago Tribune, December 26, 1974; "Housing Coalition Gains Aid," South End Citizen, December 27, 1974. Also Stanley Ziemba, "FHA Office Here Occupied in Protest," Chicago Tribune, October 9, 1975; Terry Shafer, "HUD Chief Promises Crackdown on Quick Foreclosures," Chicago Daily News, October 21, 1975; William E. Farrell, "HUD Secretary Jeered by Chicago Homeowners," New York Times, October 21, 1975; Mike Kolbensschlag, "Carla Hills Jeered at Homeowners Protest Meeting in Chicago," Housing & Home, December 1975; "Mrs. Hills Takes the Heat," Chicago Tribune (editorial), October 24, 1975.

¹⁶ See "Activist Group Calls on U.S. League with Urban Lending Demands," Savings & Loan News 96 (June 1975), 15. Also see Stanley Ziemba, "Savings Group's Plan Assailed as Redlining," Chicago Tribune, November 24, 1975 and "Clash on Redlining," (photo), Chicago Tribune, November 25, 1975. As background, see Dennis Bryne, "S&Ls Map Red-Line Strategy," Chicago Daily News, May 9, 1975; "Antireline Disclosure Drive Hit by Annunzio," American Banker, July 16, 1975; and "Call for Aid on Loans in Cities," Chicago Daily News, September 20, 1975.

¹⁷ See Stanley Ziemba, "Many Facing Eviction March on Mortgagee," Chicago Tribune, May 28, 1975; Michael Flannery, "Loan Firm Sues to Bar Protesters," Chicago Sun Times, May 29, 1975; "Refuses to enjoin Protesters," South End Citizen, June 13, 1975.

Beginning in 1972, MAHA, as the NPA local affiliate, began studying housing patterns in Chicago. The group would select particular neighborhoods to determine demographics, the kind of housing stock, costs and family income figures based on census data. Then, using property records available on microfilm in the basement of Chicago City Hall, they would compare lender data.

Cincotta recalls, "One neighborhood would have all conventional financing; and the other was all FHA. The only difference was that one was in the suburbs and all white, and the other was inner-city and black."

The work was time-consuming, but essential. And while MAHA's initial studies were crude, they became increasingly sophisticated. HTIC also trained affiliate groups in other cities to do similar analyzes. The process not only provided essential data, but underscored what was needed: access to information. While groups such as NPA could ferret out the facts themselves, a more expedient way would be to require lenders to disclose the data themselves.

Redlining Emerges as a National Issue

In 1972, redlining as a term was virtually unknown.¹⁸ Cincotta claims that she and her group popularized the term, although NPA might not have been the first to coin the phrase.¹⁹

At NPA's third annual conference, held in April 1974, the group announced plans to take on the redlining issue. Their tactic was simple: to press for the full national disclosure of savings and loan data by institutions in order to show the extent of redlining and disinvestment from older neighborhoods. As a neighborhood newspaper noted, delegates "agreed to use whatever tactics they felt comfortable with -- letter writing, petitioning, picketing or lobbying -- to put pressure on Congress and the federal regulatory agencies...."²⁰

The timing was right. Across the country affiliates of the NPA had made significant gains in Chicago, Baltimore, Minneapolis-St. Paul, Cincinnati, Milwaukee and other cities.²¹ Meanwhile, in Cincinnati, a middle-age professional couple was turned down for a loan on a house in a racially transitional neighborhood. They sued the lender, and the first court decision on the redlining issue concluded that redlining was illegal.²²

NPA launched its campaign partly in frustration with the lack of action by federal regulators. They had chastised the four federal banking regulators and HUD for failure to enforce the anti-discrimination provisions of the Civil Rights Act of 1968, after two regulatory studies revealed clear evidence of discrimination.²³

In particular, the groups targeted the now-defunct Federal Home Loan Bank Board, because

¹⁸ Kuttner, "Ethnic Renewal," 25.

¹⁹ Gale Cincotta interview.

²⁰ Martin Fischer, "Disclosure Drive Planned by NPAH," *Austin Journal*, April 24, 1975.

²¹ For a recap, see Terry P. Brown, "Critics Say Lenders Hasten Urban Decay by Denying Mortgages," *Wall Street Journal*, April 5, 1974, 23; "The Fight for Urban Reinvestment," *Savings and Loan News* (June 1975), 46; Jean Caffey Lyles, "The Self-Fulfilling Prophecy of Redlining," *The Christian Century* 91 (April 3, 1974), 355-57; "Greenlining of America," *Time* 103 (May 27, 1974), 73.

²² The U.S. District Court, Southern District of Ohio, later upheld the trial court decision that redlining was a violation of the Civil Rights Acts of 1968 on February 13, 1976. 404 F.Supp. 761 (DC Ohio) 1976. See "The Law Closes in on Mortgage Discrimination," *Business Week* (March 22, 1976), 143.

²³ John N. Collins, "Redlining: A Black and White Issue?," *Illinois Issues* 9 (July 1979):4-9.

the savings and loans they regulated were organized as specialized mortgage finance institutions and originated half of all mortgage loan volume. A Wall Street Journal story summed the regulators' attitudes this way:

Thomas R. Bomar, chairman of the Federal Home Loan Bank says his agency "probably has the authority to require full disclosure" from the more than 2,000 federal savings and loans it regulates nationally but "we're not sure this is an appropriate function for us to get into." He adds: "We're set up to regulate primarily the solvency of these institutions. To make a major jump into this new field would require at least a \$100 million addition to our budget and a 50% increase in our 850-member examining staff. We're not sure it's worth it."²⁴

In the same article, Cincotta replied:

"We think the industry and the regulatory agencies should be able to come up with some ideas for ways to stop redlining," says Mrs. Cincotta. "So far we're only getting a lot of stopgap measures and bureaucratic runaround while our neighborhoods are going down the drain.

"I'm not sure we need new laws and regulations, but something has to be done," she continues. "If we don't get responsible action from more savings and loan executives soon, a lot of them are going to get tired of seeing us on their front yards and in their offices."

NPA pursued the Bank Board aggressively, roasting the Bank Board representative who agreed to appear and at its national conference,²⁵ lambasting the agency in successive issues of Disclosure,²⁶ and picketing the home of the regional principal supervisory agent for the agency. As a result, federal regulators finally announced they would conduct a joint study program, which could be drawn into the debate later (see page 26).

Gaining Local and State Government Support

In part, because of the NPA's agenda, national media had started to focus on the issue. In May 1974, for example, Time noted, "Now a spirited fight against redlining is mounting across the U.S. by the residents of declining neighborhoods. Their tactic: to make investments in the inner city financially attractive to lenders once again, a process that community groups call 'greenlining.'"²⁷ Local officials had also begun to respond.

As part of Cincotta's local strategy to gain legitimacy for the issue, NPA had held extensive discussions with the staff of Chicago Mayor Richard J. Daley, who was sympathetic to concerns of neighborhood decay. When Daley attended NPA's third annual conference, the controversial politician was greeted by a combination of boos and applause. However, he received rave applause when he announced support for disclosure of loan and deposit data by local banks.²⁸

²⁴ Brown, "Critics Says Lenders Hasten Urban Decay...", 23.

²⁵ Martin Fisher, "Disclosure Drive Planned by NPAH," Journal, April 24, 1974. See also Dexter Hutchins, "Fuss Develops Over Redlining By the S&Ls--But There's No Rule Against It," Housing & Home 46 (August 1974):24.

²⁶ HTIC, "The Next Move," Disclosure, no. 2 (September 31, 1974):12.

²⁷ "Greenlining of America," 72.

²⁸ Peggy Constantine, "Daley Backs Full Disclosure of Redlining Data by S&Ls," Chicago Sun Times, April 27, 1974.

Chicago soon thereafter passed the first municipal disclosure ordinance in the country--a pivotal event in the movement.²⁹ By getting a major city to agree to require disclosure, the group could prove that a legislative remedy worked. They also had a tool that they could use to generate the important most commodity in their fight: facts. The March 1975 issue of Disclosure reported the first results under the new reporting scheme:

HTIC found that 41 Chicago banks, including all of the large loop banks except Harris Trust and Savings Bank and Northern Trust Bank, who filed completed disclosure information invested less than one-tenth of one percent of their \$442 billion of assets in home loans in Chicago neighborhoods in 1973. Even if you compare their total housing lending to their savings deposits, you still find that their total housing investment in 1973 was only 1.5 percent of their savings deposits from Chicago neighborhoods. Traditionally, people's savings have been the primary source of housing credit and, consequently, when the bankers decide to use that money elsewhere, there is a serious shortage of housing credit. The result of the banker's failure to invest in housing loans is that many of Chicago's most viable communities are threatened by the destructive forces associated with the unavailability of mortgage funds.

In concluding, the newsletter added:

One interesting aspect of the Chicago disclosure is simply that the banks did it. All across the country, the bankers are crying that disclosure is too expensive for them to do. Yet in Chicago, we find that at least 41 banks found the incentive of holding city funds strong enough to compensate for any additional costs of disclosure. Any number of these banks found that disclosure by census tract was just as easy as disclosure by zip code and, consequently, disclosed by census tract in the first year although it was not required. The experience in Chicago clearly proves that the arguments of the banks against mandatory disclosure are not realistic in any way.³⁰

Not to be outdone by Mayor Daley, Peter Kasaros, an aide to Governor Dan Walker, told the same conference attendees that his boss would appoint a 27-member Blue Ribbon Panel Commission on Mortgage Practices and announced the state would issue a regulation barring state-chartered banks from redlining.³¹ Illinois' 350 state-chartered savings institutions had been prohibited from redlining by a regulation had gone into effect on January. Cincotta and her group had met with S&L regulators on several occasions before adoption of the new regulations, which were the first in the U.S. to define redlining.³²

The state legislature also got into the act by creating a 12-member Illinois Legislative

²⁹ A month earlier, MAHA had persuaded Alderman Dick Simpson to introduce an ordinance specifying that any bank wanting to serve as city depository had to prove observance of an anti-redlining pledge by providing detailed annual reports. When considered by the Council's Finance Committee in early June, the bill was actually strengthened to include business loans, to make reporting by census tract versus zip code, and to include savings institutions. The ordinance passed in late June after industry opposition dissipated; major institutions said they could live with the ordinance. See Harry Golden, Jr., "Aldermen Beef Up, Move Ahead Plan to Limit Redlining," Chicago Sun-Times, June 5, 1974. Also, "Anti-Redlining Law Moves to City Council," Austin Journal, June 12, 1974.

³⁰ HTIC, Disclosure, no. 6 (March 1975):5-6

³¹ James Campbell, "Walker Plans Probe of Redlining," Chicago Sun-Times, April 29, 1974. Also, "Walker Appoints Panel to Investigate Redlining," Chicago Tribune, May 3, 1974.

³² "New S. and L. Rule Bars Redlining on Mortgage Loans," Journal, January, 23, 1974.

Investigating Commission. The Commission, which heard testimony from Cincotta and others,³³ issued a 409-page report that called for annual disclosure of each institutions' savings and mortgage activity (including figures for their primary service area), five-year reviews of performance, public hearings about the relocation of facilities (which would give consumer groups opportunities to testify) and public hearings on redlining complaints.³⁴ The ultimate result of these dual efforts were two bills requiring disclosure and barring geographic discrimination.³⁵

III. Reformers' Battle Shifts to Washington; Lawmakers Help Expand The Issue to the National Scene

Even before their successes in Chicago and Illinois, NPA had focused its sights on Washington. Their eventual success at the municipal and state levels would provide much needed leverage and legitimacy for the ultimate goal of a national disclosure law.

Cincotta and her colleagues were familiar with Washington and its workings. She had already appeared before four Congressional hearings. The first two occurred just after the creation of NPA. In testimony before Senator Philip Hart's Subcommittee on Antitrust and Monopoly, Cincotta had first raised the issue of redlining and voiced their frequently made claim that the enemy was "the real estate companies, the insurance companies, the savings loans and banks and the big powers. And to our amazement, it was the Federal Government, the FHA and HUD that is destroying our communities."³⁶ She would repeat the collusion claim later in the same week in a hearing on FHA defaults³⁷. The following year, Cincotta gave testimony at hearings on HUD oversight³⁸, and one on the problems of the "credit crunch," in which she repeated her call for full mandatory disclosure.³⁹ She also lobbied HUD at both the regional and national levels, and had met frequently with the Bank Board.

NPA had learned how to work Capitol Hill, identifying legislators' staff members who were sympathetic to the cause. On one such visit, in Spring 1974, just prior to the announcement of the national drive for disclosure, Cincotta and others met with Ken McLean, a staffer for Wisconsin Senator William Proxmire.

McLean had grown up on the southwest side of Chicago and understood the neighborhood's problems. The group had met several times before with the aide, who had discussed the problems of neighborhood decay with Proxmire. On that visit, McLean arranged for Cincotta and her group to

³³ Linda Wertsch, "Report Official of S&L Admits Red-Lining," Chicago Daily News, July 25, 1974. See also Martin Fischer, "Local Groups Demand Disclosure at Hearing," Journal, July 31, 1974

³⁴ Albert Jedlicka, "State Asks S&L, Bank Rules to Curb Redlining," Chicago Daily News, February 7, 1975, pp. 17-18.

³⁵ Illinois already had a policy, dating from the tenure of State Treasurer Adlai Stevenson III in the mid-1960s, to allocate deposits of state funds to banks according to their record in making "social investments" -- loans for housing rehabilitation, minority businesses, and businesses in high unemployment areas. See Roger Neville Williams, "People's Banks," New Republic 175 (December 4, 1976):19. See Ed Manus, "Backers Mildly Optimistic for Laws Curbing Redlining," Chicago Tribune, May 4, 1975; James Eisener, "2 Bills to Save Homes Approved by House Unit," Chicago Tribune, June 14, 1975; Chris Mount, "New Redlining Proposals Hailed," Chicago Tribune, June 19, 1975, p. 2-7; John Camper, "Senate Passes Tough Red-lining Curbs," Chicago Daily News, June 25, 1975; "Walker Sings Two Anti-Redlining Bills," Austinite, September 3, 1975

³⁶ Senate Subcommittee on Antitrust and Monopoly of the Committee of the Judiciary, Competition in Real Estate and Mortgage Lending, 92nd Cong., 2nd Sess., pt.2A (May 1, 1972), 4-8.

³⁷ House Subcommittee of the Committee on Government Operations, Defaults on FHA-Insured Mortgages, 92nd Cong., 2nd Sess., pt. 2 (May 4, 1972), 571.

³⁸ Senate Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing and Urban Affairs, Oversight on Housing and Urban Development Programs, Chicago, Illinois, 93rd Cong. 1st Sess., (March 30, 1973), 26-33.

³⁹ House Committee on Banking and Currency, The Credit Crunch and Reform of Financial Institutions, 93rd Cong., 1st Sess., pt 2, (September 17, 1973), 588-590.

visit with the Senator.

"We were in his office--he was one of many lawmakers we had visited that day. He was especially interested in our concerns, and was familiar with the progress of our Milwaukee affiliate in fighting redlining in his home state," Cincotta later recalled.

"He said that if we wrote a bill calling for disclosure, similar to what we had proposed in Chicago, he would introduce it."⁴⁰

Proxmire, then a fourth-term Democrat from Wisconsin, was an exceptional ally. He was sympathetic to consumer issues and to housing and had been instrumental in passage of truth-in-lending legislation. In 1973, following Nixon's slashing of housing programs, Proxmire introduced legislation to reinstate HUD and Farmers Home Administration programs.

Proxmire's involvement was also fortuitous. As the second-ranking Democrat on the Senate Banking Committee, he was in line to become chairman in the event that Chairman John Sparkman moved to the more prestigious Appropriations Committee -- which is exactly what occurred the following January.⁴¹

Proxmire, a former journalist and publishing executive, also was adroit in capturing media attention. His monthly "Golden Fleece" awards spotlighted examples of governmental waste and inefficiency and regularly captured press attention. His shrewd media relations would prove helpful in advancing the cause.

Upon Proxmire's ascent to the chairmanship of the Banking Committee, McLean became committee staff director and hired several investigators. Bob Kuttner, a journalist by training and a self-professed "progressive type," was given the project and served as the principal liaison with NPA and its affiliates. He would orchestrate testimony on the bill and help publicize the cause.⁴²

Redlining Bursts on the Washington Agenda, Spring 1975

The Wisconsin senator's bill was read for the first time on the floor of the Senate on March 21. In his remarks, he cited specifically the work of Cincotta and HTIC in Chicago.⁴³

Proxmire vigorously worked the bill by scheduling four days of hearings in early May; the proceedings would eventually fill 1,633 pages. In a well-orchestrated publicity campaign, Proxmire and his staff reached out to media to promote the legislation.

The first publicity in the Washington Post appeared in the Saturday real estate section ten days prior to the hearing. The author was a reporter for a leading industry newsletter:

⁴⁰ Gale Cincotta personal interview. Cincotta explains that NPA's leadership returned to Chicago and wrote the first draft of what was originally called the Financial Institutions Fair Reporting Act on the gymnasium floor of St. Sylvester's Hall in Northwest Chicago in the late night hour of a workshop being held for Catholic community workers. "We laid giant scratch pads out on the floor and hammered out something we thought everyone could live with," she explained. They sent their draft to McLean.

⁴¹ The national banking lobby was so concerned about Proxmire's possible chairmanship during the 1974 elections that the bankers contributed generously to J. William Fulbright's re-election in Arkansas, simply to avoid a string of committee changes that would make Proxmire committee chair. As one political biographer notes, "Many bankers felt they were in for a reign of hostility." See Alan Ehrenholt (ed.), Politics in America: The 100th Congress (Washington, D.C.: Congressional Quarterly, Inc., 1987), 1631.

⁴² Bob Kuttner interview with author December 1991.

⁴³ 94th Cong. 1st Sess., Congressional Record 121, 8138.

While citizens groups are mobilizing support for the measure, the banking industry and its regulatory bodies are less enthusiastic.

Proxmire pushed the legislation as a painless, all-American way to provide citizens with information they need to make informed judgments about their banks' lending performance. In a Senate speech, he said that the measure would allow citizens to "exercise their sizeable consumers' power to reward institutions that rewarded them"⁴⁴

Proxmire's media savvy was evident when, on the Sunday prior to the hearings, the Washington Post ran a page-one story on the results of a Library of Congress study on the local lending practices of the District's 17 savings and loans. The paper noted "The study was released by Sen. William Proxmire (D-Wis.), chairman of the Senate Banking and Housing Committee." The Post went on to quote Proxmire extensively, even though the study was local in nature:

The study shows, Proxmire said, a clear pattern of redlining by mortgage lenders. Redlining is the failure of lenders to make mortgage loans in particular neighborhoods," a practice he said results in "perfectly sound neighborhoods in every major city in America dying premature deaths for a lack of mortgage credit."

The Post later observed:

Proxmire and other critics of the S&L industry argue that this pattern not only is illegal under federal civil rights laws, but violated the whole purpose for which the S&Ls were created--to enable working people to pool their resources through savings and then obtain loans to buy homes in their own communities.

Anti-redlining groups have been formed in cities throughout the country to oppose what they see as a pattern of the lending institutions writing off whole neighborhoods because the houses are old or the residents are black and considered poor loan risks.

Representatives of several of these groups are expected to testify at public hearings before Proxmire's committee that begin Monday on a bill that would attempt to discourage redlining by requiring S&Ls to disclose where they get their deposits from and where they make their loans.

In Proxmire's view, citizens who see that their neighborhood S&L has written off their own community and is putting its money in the suburbs will create their own enforcement system by depositing their savings in more responsive institutions.⁴⁵

The hearings proceeded on an orderly fashion. First among the witnesses were Illinois Governor Dan Walker and Cincotta. The Governor's presence added credence to the claims made by the activists that action was needed.

In her oral testimony, Cincotta melded her role as a grassroots activist with her credentials as

⁴⁴ Barry Zigas, "Proxmire Bill Would Require Lenders to Open Their Books on Mortgages," Washington Post, April 26, 1975, p. E14. Concurrent with the hearings, Zigas noted that the District of Columbia City Council had scheduled hearings on the issue for the following Friday and that the District of Columbia Public Interest Research Group (PIRG) was mounting a local campaign against alleged redlining.

⁴⁵ Thomas W. Lippman, "D.C. Suburbs Got 90% of S&L Loans," Washington Post, May 4, 1974, p. A1 +.

an experienced testifier to argue "this destructive practice of mortgage financing has caused irreparable damage to the existing housing stock of our major metropolitan areas." Her principal testimony recounted many of the same points she had made previously in her lobbying efforts in Chicago and Illinois. Using charts in the hearing room and 118 pages of tables, charts and figures analyzing savings and conventional and FHA lending trends in various zip codes around metropolitan Chicago -- some over a 25-year period -- she demonstrated disparate lending trends.

Cincotta concluded her analysis by passionately stating:

The redline is there because the bankers made a decision that they would no longer make conventional loans in my community. The only effective way the neighborhoods, the cities,

and Congress can deal with this redlining crisis is full mandatory national disclosure, so that every case like [an example cited] can be exposed and the pattern of redlining documented.⁴⁶

Attacking the FHLBB chairman, she later noted:

Mr. Bomar has testified several times before Congress in favor of variable rate mortgages without any data to substantiate his claims. We are before you today with limited but accurate data which clearly illustrates the need for mandatory disclosure.

Lending institutions have this data. They know where their investments are. Why shouldn't the people and the Congress have this data?⁴⁷

Following Cincotta, representatives of eight other community groups from around the country, arranged by Cincotta and Kuttner, and bombarded lawmakers with an additional 220 pages of studies.⁴⁸ Walker and Cincotta's testimony were not reported by the Washington Post nor the Wall Street Journal. The New York Times described Cincotta's testimony this way:

Gale Cincotta, a Chicago housewife, told the committee: "We can no longer afford to destroy the communities our parents have built. We need to preserve our communities for our children and our children's children.

Mrs. Cincotta, a resident of Chicago's working class Austin section, is the head of National People's Action on Housing, an umbrella group for community housing groups across the nation.

She cited a case where two University of Illinois professors with a joint income of \$40,000 a year sought to buy a house near hers and were refused a conventional mortgage.

"Why the redline?" she said. "Because the community is old? My house is 35 years old.

⁴⁶ Senate Banking Committee Hearings, 170.

⁴⁷ Senate Banking Committee Hearings, 170-71.

⁴⁸ Speakers were: Theodore Snyder, Alliance of Concerned Citizens, Milwaukee; Alice Chase, president, People Acting Through Community Effort, Providence; William O'Grady, Coalition of Neighborhoods, Cincinnati; Ann M. Hanlon, Coalition to End Neighborhood Deterioration, Indianapolis; Monsignor Geno Baroni, president, Center for Urban Ethnic Affairs, Washington, D.C.; Paul Bloyd, Oak Park Community Organization and Chicago Metropolitan Housing Alliance; Frances Matarrese, East Oakland Housing Committee; and Edwina Cloherty, Jamaica Plain Community Council, Boston.

If they couldn't get a conventional loan, what about the rest of my neighbors?

"The saver as consumer has a right to know how his or her deposits are being reinvested," Mrs. Cincotta said. "We're not looking for handouts. All we are asking for is a fair return on our savings into our communities."⁴⁹

The Chicago Tribune and Sun-Times devoted sizeable articles to the testimony, focusing on Walker's appearance, but mentioning Cincotta. Referring to the then-pending legislation in Illinois, Walker argued:

The question is ... is an institution which is given a near monopoly with its charter serving the community? Let the people know where the banks are lending their money. Then let them decide if they want to put their savings there."⁵⁰

Wednesday's appearance by federal regulators and lenders drew local press attention to the conflict. On Thursday, May 8, the Post's business section reported that representatives of lending groups voiced "vigorous objection" and told the committee "the bill is unnecessary and economically unsound, would put the information into the hands of 'pressure groups' and would be costly...." Interestingly, the two major banking executives who testified were from Chicago, where the redlining issue had first festered. Grover J. Hansen, president of First Federal Savings and Loan Association of Chicago, called the plan unworkable and unnecessary because there was still no proof that redlining existed. Underscoring the power that the activists had exhibited, he said that the bill would lead to "private enforcement of public policy by special interest pressure groups."

John Perkins, president of Continental Illinois National Bank, said "... surely the Congress would not desire that sound lending policy be abandoned in favor of an equal dispersion of mortgage loans in each area of a given city so as to avoid any appearance of unfair discrimination on the basis of property allocation." Commented the Post reporter:

This is just the point that supporters of the measure, including Proxmire, are attacking. They say that the lenders' notion of 'sound lending policy' is based on unsubstantiated belief that certain neighborhoods or certain classes of people are not good credit risks and write them off when there is no sound reason for it.⁵¹

On Friday, May 9, the Post took an editorial position. Recalling a past slogan used by lenders, "Invest in Your Community," the Post observed, "The evidence unfolding before the Senate Banking Committee this week suggests rather strongly that it is not true any longer if the community happens to be located near an urban center." The Post continued:

⁴⁹ William E. Farrell, "Homeowners Back 'Redlining' Curb," New York Times, May 6, 1975.

⁵⁰ Arthur Siddon, "Walker Urges U.S. Probe of Redlining," Chicago Tribune, May 6, 1975. See also Tom Littlewood, "Walker in D.C.: Redlining is Hit; Welcome is Rare," Chicago Sun-Times, May 6, 1975, p. 3; Stanley Ziembra, "MAHA Charge: 2 Loop Banks Deny Redlining," Chicago Tribune, May 6, 1975.

⁵¹ Thomas W. Lippman, "Disclosure Bill Hit by Lenders," Washington Post, May 8, 1975, p. C1. See also, "Tom Littlewood, 'Home-loan Chief Sees Redline Data Folding S&Ls,'" Chicago Sun-Times, May 8, 1975; "S&L Chief Warns of Loan Disclosure Boomerang," Chicago Tribune, May 9, 1975; Roberto Suro, "Redlining Doesn't Exist: S&L Chief," Chicago Sun-Times, May 9, 1975.

Although spokesmen for the lending institutions vigorously deny it is true, the weight of the evidence seems to be against them. Representatives of 20 cities have told the committee of situations not substantially different from the one in Washington reported last Sunday in this newspaper. ...

The Post added later:

The legislation under consideration by the committee is designed to discourage "red-lining" by requiring major lenders to disclose the geographic patterns of their depositors and their loans. The banking industry is opposing the bill on the grounds that "red-lining" does not exist, and if it did, this would not be a fair or effective way of stopping it. These grounds seem to us to be weak. If "red-lining" does not exist, the information required by the legislation would merely uphold the argument of the banking industry, although the kinds of data required by the proposal might need to be altered in order to make interpretation easier. If "red-lining" does exist, we see nothing unfair in letting depositors know where their money is being invested. You might call that "truth in savings."⁵²

Editorial support for the anti-redlining legislation was augmented on the following Monday by a blistering commentary by liberal syndicated columnist Nicholas von Hoffman, which appeared in the Post's feature section. The opening salvo:

It was the banking industry's time to have its say, and, per custom, the representatives displayed an admirable spirit of not rising to the occasion, of obtuseness, and thorough-going negativism. There they sat in the Senate Committee hearing room, the gentlemen from the American Bankers Association and the U.S. League of Savings Associations, unable to think of anything constructive while outside in America their members were giving away toasters, devising cunning leaseback deals and generally showing that when a banker who really wants to be creative can sometimes come up with a new idea.

Terming the legislation "a timid piece of work that would do no more than require banks and savings and loan associations to publish statistics showing what communities their depositors live in compared to what communities the banks loan in," von Hoffman continued to broil the bankers:

From the reaction of the bankers sitting at the long table looking at Prox, who was in a courtly, civilized mood, you'd think they'd just been held up. "We are not social welfare agencies," said William O'Connell of the Savings Association League, as if such a case of mistaken identity were likely. "Once you begin to disclose you open the door for some groups to come and pound on the table," one of the bankers protested. "We should be reminded that there is such a thing as social decay ... this is going to put us right in the middle of a racial conflict."

The arguments were many, wondrous, contradictory, and, most of all, revealing of the thinking of the institutions which advanced them: "This could cause bank runs," although nobody explained how or why; lending money in credit-starved neighborhoods will "accelerate the process of neighborhood change," or "We don't lend money in those kinds of

⁵² "Truth in Savings," Washington Post (editorial), May 9, 1975, p. 28. The major Chicago papers also editorialized on the issue on the same day: see "Get Tough on Red-lining," Chicago Daily News, May 9, 1975, p. 12; and "Raising Redlining Scare," Chicago Sun-Times, May 9, 1975, p. 57.

neighborhoods because everybody pays cash and there's no demand;" or best, of all, "You're asking us to put ourselves into a position where we will be social-pressured into making unsound loans."

von Hoffman proceeded to lambast the bankers for "a multi-billion dollar dunking by lending to real estate investment trusts" and for losing "sizeable wads gambling on the international currency markets." He concluded, "Had they kept their money at home and lent it on safe and stable collateral like houses in the communities where their own depositors reside, they'd be in far better shape than they are now."⁵³

While the von Hoffman commentary was not without bias, it summed up what many in Washington felt: the community groups had scored a impressive win.

von Hoffman's commentary culminated a week of high visibility for the issue, but was not the end of what turned out to a monthlong press fight that focused mainly on the local dispute. However, Proxmire and his staff utilized these opportunities to keep the issue visible.

In a May 18 letter to the editor published in the Post, John Raymond, president of Home Federal Savings and Loan Association, wrote to contest four fallacies in the Library of Congress study. His introduction summed up the media scene:

All of a sudden it has become fashionable to castigate savings and loan associations for allegedly "red-lining" certain urban areas. Would-be political heavies turned TV commentators, editorial writers, Capitol Hill headline seekers, and others are all jumping on this poorly constructed wagon.

He concluded:

As to the slogan "Invest in Your Community," we may already be overloaned in a number of areas, considering the minimum amounts of savings provided by residents of those areas. Senator's Proxmire's proposal would be a guarantee against further lending in the very places where the funds are most needed. Before you beat this dead horse any further, why not look at the facts?⁵⁴

Proxmire lashed back with a response, which was published as a letter to the editor on June 6. He attacked the statistics for Home Federal, which had been used by Raymond to disprove the local allegations of redlining. Proxmire used this opportunity to further plead the case for his legislation:

I continue to believe that if savers know which institutions are doing a good job of serving the community, they will tend to put their money in the community-minded institutions. The institutions generally will become more community-oriented, and we will all be better off. There is nothing in my bill that requires a lender ever to make an unsound loan.⁵⁵

The issue would resurface a week later, when a banking reporter covering the meeting of the

⁵³ Nicholas von Hoffman, "Hemming, Hawing and Redlining," Washington Post, May 12, 1975, p. B1. The syndicated column ran in numerous newspapers, including the Chicago Tribune on May 13, 1975.

⁵⁴ John U. Raymond, "Defending Savings and Loan Policies," Washington Post (letter to the editor), May 18, 1975, p. C7.

⁵⁵ William Proxmire, "Redlining," Washington Post (letter to the editor), June 6, 1975, p. A11.

Metropolitan Washington Savings and Loan League reported that attendees staunchly defended themselves against redlining charges.⁵⁶ Then, on June 1, the Washington Post published its own survey in the Sunday business section. The Post wrote:

Most Washington area savings and loan institutions historically have made mortgage loans for homes in neighborhoods throughout the city and its suburbs in rough proportion to savings deposits generated from the same neighborhoods.

That is the conclusion of a Washington Post survey last week of most of the largest S&Ls in the area:

While there are exceptions, the S&L figures would appear to contradict conclusions reached in research presented recently to the D.C. City Council and Senate Banking and Housing Committee--which point out that most mortgages in 1973 were for suburban homes.⁵⁷

Proxmire rebounded again with a letter to the editor on June 15 that attacked the article as "rallying to the defense of D.C. savings and loan associations" and calling the article "misleading in the extreme ... Clearly, one reason why there is such a low homeownership ratio in D.C. is precisely because of red-lining. You have the cause and effect out of order."⁵⁸

IV. Onto the Policy Agenda: The Congressional Battle Begins

Intense Lobbying Efforts

Following their testimony, NPA publicized widely their victory in Washington in Disclosure. The cover prominently showed the leadership testifying with the blaring headline, "From the Streets to the Halls of Congress." Subsequent issues also informed followers of the progress of the legislation, and other milestone events, such as the influential endorsement of the U.S. Conference of Mayors the following month. NPA also used Disclosure to spur political action by its members as critical votes approached.

Cincotta and others also took their redlining outside through publicity,⁵⁹ and speeches before community organizations⁶⁰ and seniors groups.⁶¹ She, Mayor Daley and others also testified in Chicago at a Senate subcommittee hearing, held by Senator Proxmire at the request of Illinois Senator Adlai Stevenson, to explore the problem of "fast foreclosure" and mismanagement at the FHA.⁶²

Besides its own affiliates, NPA and Proxmire's staff aggressively sought out endorsements from other groups, who were influential in bringing pressure on Congressmen. These included the

⁵⁶ Nancy L. Ross, "D.C. Savings-Loan Policies Defended in Industry Talks," Washington Post, May 25, 1975, p. B7.

⁵⁷ William H. Jones, "S&Ls Match Neighborhood Deposits," Washington Post, June 1, 1975, p. G1.

⁵⁸ William Proxmire, "Savings and Loans: City vs. Suburb," Washington Post, June 15, 1975, p. C7.

⁵⁹ Mark Starr, "To Fight 'Redlining,' Citizens Groups Turn, Yes, to 'Greenlining,'" Wall Street Journal, August 25, 1975, p. 1,19.

⁶⁰ Martin Fischer, "Cincotta, DeVise Battle Over Redlining Practices," News Journal, July 23-24, 1975.

⁶¹ Joel Schatz, "Fight Redlining Seniors Urged," Sunday Star, August 17, 1975.

⁶² See Martin Fisher, "Cincotta Testifies to Failures of FHA," The News, July 16, 1975. Also, HTIC, Disclosure, no. 10 (August 1975):1-2.

U.S. Conference of Mayors, the AFL-CIO, leading civil rights organizations, the Ralph Nader organization, and the Consumer Federation of America. The civil rights groups, in particular, supported the measure because the fight was against lenders and "they saw the virtue of having a non-racial framing of the problem."⁶³ Similarly, labor and the consumer groups were influential in raising the issue with Senators from outside of the 10 or 15 states where redlining was not perceived as an issue.

Also a critical element was building visibility about redlining at the local issue among local and state lawmakers. Throughout the process, Cincotta and others gave testimony on state and local issues, such as that pending in Illinois as the hearings began. Although other states had "jawboned" lenders about the problem,⁶⁴ only Massachusetts had proposed similar disclosures at the regulatory level.⁶⁵ A significant move took place in August, when California regulators announced plans to crack down on redlining through disclosure based on census tracts.⁶⁶ Similarly, Ralph Nader's D.C. Public Interest Research Group had made a proposal to the District of Columbia Council based on rewarding urban lenders through city tax reductions.⁶⁷

Senate Deliberations Begin

The momentum was building.

With fierce lobbying on both sides, HMDA proceeded through the legislative process.⁶⁸ Upon the conclusion of the hearings, the Senate Banking Committee began bill mark up on May 22. The 8-5 vote to approve was largely along party lines.⁶⁹

The impact of community advocates was reflected in the committee report prepared for the full Senate:

During the course of four days of hearings, the Committee received well documented testimony from neighborhood groups through the country, representing the communities that typically suffer.⁷⁰

...

⁶³ Bob Kuttner interview.

⁶⁴ One example is Wisconsin Governor Patrick J. Lucey. See "Greenlining of America," 73.

⁶⁵ For a discussion of the Massachusetts proposal, which was the subject of litigation by bankers, see Robert M. Bleiberg, "Thin 'Redline,'" Barron's 55 (June 23, 1975):7; and Patricia Jordan, "Mass. Thrifts Planning Suit Over Redlining; Commissioner Stands Firm," American Banker, June 12, 1975. The regulation set off a controversy later when the regional office of the Comptroller of the Currency advised national banks that complying with the state's request was not in the public interest. See "FN Boston, Shawmut Agree to Request for Redlining Data," American Banker, September 2, 1975.

⁶⁶ California state-chartered savings and loans had been required for a decade to file reports which listed home loans by census tract, but the data was not open to the public. The California experience showed that census tract tracking was possible. See Ron Cooper, "California to Crack Down on 'Redlining' with Tough Rules for Mortgage Lenders," Wall Street Journal, August 26, 1975, 10. See also, "Major Coast Concern Will Back Home Loans for 'Redlined' Areas," New York Times, July 27, 1975; "On Redlining," The Nation, September 20, 1975, 228-229; "California Proposes Goldfish-bowl Rules to Half S&L Redlining," Housing & Home 48 (October 1975):16.

⁶⁷ HTIC, "D.C. Investment Plan," Disclosure, no. 10 (August 1975):9.

⁶⁸ The Wall Street Journal reported that, "Banks and savings and loan association conducted a heavy letter-writing campaign against the bill, complaining it would require costly bookkeeping and possibly subject them to local pressures to make risky loans. Big-city mayors, the AFL-CIO and civil rights groups pressed hard for the bill." See "Bill to Require Disclosing Neighborhoods that Get Mortgage Loans Clears Senate," Wall Street Journal, September 5, 1975.

⁶⁹ "Bill Requiring Mortgage Lenders to List Areas that Gets Loans Clears Senate Unit," Wall Street Journal, May 23, 1975, p. 2; "Senate Unit OKs Antiredline Bill," Chicago Tribune, May 23, 1975.

⁷⁰ Senate Committee on Banking, Housing and Urban Affairs, "Home Mortgage Disclosure Act of 1975," Committee Report 94-187, 94th Cong., 1st Sess. (June 6, 1975), 4.

Committee witnesses presented impressive evidence documenting the degree of disinvestment in such communities. In most cases, neighborhood groups have developed the data by tabulating property records, one by one, available from the local recorder of deeds. The raw statistics were then sorted by lender and neighborhood, an extremely time-consuming process. More sophisticated computerized studies using census-tract mapping were conducted by the Baltimore city Housing Department, the Center for New Corporate Priorities in Los Angeles, the Phoenix Fund for St. Louis, the National Urban League in Bronx, New York....⁷¹

The majority pointed to the experience in Massachusetts, California, Illinois as examples of how disclosure was being implemented by the states. Reflecting Governor Walker's concerns, the report made special note of the fact that institutions under state jurisdiction might be at a competitive disadvantage to those regulated at the federal level if other states adopt a patchwork quilt approach to disclosure--a common legislative concern.⁷²

The Republican minority, in its dissenting commentary, complained that "Most of the supporters of S.1281 who testified see it as tool to give community groups leverage over the financial institutions to achieve their ends."⁷³ They chided the hearings for being stacked in favor of the community groups, listed several urbanologists who should have been invited to testify, and raised industry-originated concerns related to the costs and complexity of compliance. Most significantly, they complained about the "misleading" data that had been originated by the Library of Congress in its D.C. Redlining Study, and used by Proxmire to fuel the issue. They responded with their own study using data obtained from the Metropolitan Washington Savings and Loan League.⁷⁴

Upon Senate Banking Committee approval, the bill went to the Senate floor, where in an usual Saturday session, Senators took up HMDA after related legislation, the appropriation for HUD.⁷⁵

Not coincidentally, on the day before the debate began, Proxmire released the results of the 1974 survey conducted by the Comptroller of the Currency studying possible discrimination practices by national banks in six cities. The study showed that minority loans were rejected almost twice as often as white applicants in the same financial brackets. The story was covered in a small jump story on page one of Post. Proxmire argued, "except for this pilot survey, the agencies do not have any system for monitoring banks' compliance with the law. The entire burden is on the individual who thinks he may a been the victim of discrimination."⁷⁶ In the New York Times, he similarly attacked the Administration for not prosecuting a single case.⁷⁷

The Senate debate lasted about an hour and was carried over the August recess. The bill was

⁷¹ Senate Banking Committee Report, 5.

⁷² Senate Banking Committee Report, 13.

⁷³ Senate Banking Committee Report, 17.

⁷⁴ This was the same information cited in Raymond's letter to the Washington Post on May 25, but he made no reference to the data having been compiled at the request of the Senate Banking Committee Minority Staff.

⁷⁵ Congressional Record 121, 25154-55 and 25159-25168.

⁷⁶ Austin Scott, "Bias Found in Mortgage Rejections," Washington Post, July 25, 1975, p.1, 23.

⁷⁷ Linda Carlton, "2-to-1 Turndown of Minorities for Mortgage Loans Is Found," New York Times, July 26, 1975, p. 26. The announcement also was covered by CBS Morning News on its July 26 broadcast, p. 8. A month later, the Federal Home Loan Bank Board became the third agency to release its figures, which received comparable coverage. See "Rejection Rate on Home Loans Found Highest Among Blacks," New York Times, August 19, 1975, p. 67 and CBS Evening News, August 18, 1975, p. 9. In releasing its study, the Bank disparaged the validity of the results. See "Board Cites Caveat on Loan Bias Findings," Savings & Loan News 96 (October 1975), 24.

taken up again on September 4, in an exhausting afternoon session in which the Republicans systematically attempted to dismantle the bill through amendments. Senator Jake Garn, the former mayor of Salt Lake City who eventually became Banking Committee Chairman in the early 1980s, had led the primary Republican attack by introducing an amendment on June 28. The amendment, which was co-sponsored by Senator John Tower and others, limited the bill to a three-year demonstration project in only the 20 largest Standard Metropolitan Statistical Areas and using zip code coding instead of census tracts.⁷⁸

Garn argued that the hearings failed to show that the problem was found in all 265 SMSAs and countered that the proponents had failed to show that the legislation as written would solve the problem of disinvestment. The Republicans also complained that the mechanisms of reporting mortgage lending was not feasible nor justifiable.

During the rancorous debate that ensued, Republicans and Democrats squared off over minutiae related to implementation. During the debate, Garn inserted into the record text from the quarterly magazine of First Federal of Chicago, provided by industry lobbyists,⁷⁹ arguing::

I shall not take the time to read it, but just offer it to show Senators an example of how these [figures] can be misused. Do not think that there are not groups who would misuse them to prove anything they want. The old statistical game, where you take the same figures and show in a different way how a total savings balance of \$245 million and mortgages made of \$5 million would show that savings dollars returned to the neighborhood are only 3.6 percent. You can take the same figures and show that the ratio of mortgages to savings gains are 118.6 percent--you get more than you put in.

In a similar vein, Garn attacked the group's evidence:

Much of the so-called documentary evidence presented to the committee is of a questionable nature. Although community groups presented statistics which they claimed established the existence of redlining in Chicago, a survey by the Federal Home Loan Bank Board (cx) of Chicago showed that the city's savings and loans were making a significant amount of loans from June 1971 to June 1973 in areas claimed to be redlined.⁸⁰

The Garn Amendment failed, 40-41, only a one-vote margin. After additional debate, including comments by Senator John Sparkman and Jesse Helms (R-NC), the legislation passed 45-37, with 18 members absent or not voting.⁸¹

House Deliberations Follow

Similar to the Senate, the House of Representatives, under Fernand St Germain, held extensive hearings.⁸² The tone, however, was in sharp contrast to the antics of Senator Proxmire. In his opening remarks, St Germain, a staunch supporter of the bill, said:

⁷⁸ Congressional Record 121, 27600-05, especially 27604.

⁷⁹ Congressional Record 121, 27608-9

⁸⁰ Congressional Record 121, 27611.

⁸¹ Congressional Record, 121, 27623.

⁸² S. 1281 was originally introduced in the House as H.R. 8024, with several comparable versions also introduced, notably H.R. 6595 by Rep. Moakley. Later, Proxmire shrewdly would arrange for the bill to be attached as Title III to H.R. 10024, a piece of priority legislation that extended the flexible ceilings on deposit interest rates and extended a moratorium on electronic funds transfers. This move helped assure speedy House Consideration since the other matters were considered essential -- and veto-proof.

Now we turn to title III, which deals with the controversial issue of redlining. We all know that this issue has been with us for many, many years, and we feel that, as a result of what has been happening in our cities, together with the fact of redlining, I think we can all agree that the death of our cities is being accelerated by the lack of credit at reasonable terms. Accordingly, I would hope the oversimplified approach to the problem by use of such words as redlining can ... be abandoned, since it has served to polarize in a manner wherein the dialog to date has been increasingly destructive, rather than constructive.⁸³

Cincotta and many of the same testifiers from the Senate hearings appeared before the House, including Governor Dan Walker. The main thrust of their testimony was the same, but slightly condensed form. The House Banking Committee did not consider the legislation until October 3, when it passed 25-12. Four Republicans joined 12 Democrats in voting for the bill, while three Democrats and nine Republicans opposed it.⁸⁴

Testimony from the House Banking Subcommittee, which ran 2,234 pages on all three titles of the legislation, was summarized in the House committee's report, along with previous testimony by FHLBB Chairman Bomar about the agency's reluctance to take action. The committee report concluded, "clearly the time has come for Congress to intercede by working cooperatively with the states in the development of a mortgage disclosure system that will bring to an end the confrontation tactics of the past decade."⁸⁵

Many of the same arguments voiced in the Senate were repeated by House members in the Banking Committee's conference report and in the floor debate, which took place October 31.⁸⁶ St Germain was floor manager for the bill; his principal adversary was Republican John Rousselot of California.⁸⁷

Rousselot attempted to kill the bill by offering an amendment that would strike the entire title from the three-part legislation in which it was considered. When that effort failed, 152-191, he introduced a series of nuisance amendments. Separately, Rep. Garry Brown, a Republican from Michigan, introduced an amendment similar to the Senate action that would limit the bill to only 20 SMSAs--a action that was barely failed to pass, on a 165-167 vote.⁸⁸ Eventually, S.1281 passed the full House, 177-147.⁸⁹

Passage Achieved

S. 1281 became law after a joint conference committee that ironed out minor differences in the

⁸³ House Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Currency and Housing, Bank Failures/Regulatory Reform/Financial Privacy, Hearings on H.R. 8024. 94th Cong., 1st Sess. (June 26, 1975), 4.

⁸⁴ "Bill on Disclosure of 'Redlining' Data Clears House Panel," Wall Street Journal, October 18, 1975, p. 14.

⁸⁵ House Committee on Banking, Currency and Housing, Depository Institutions Amendments of 1975, Report to Accompany H.R. 10024., Rpt. 94-561, 94th Cong., 1st Sess., (October 10, 1975), 11.

⁸⁶ Congressional Record, 121, 34562.

⁸⁷ Rousselot's ties to the savings and loan industry were well-known. He would later serve a five-year term as president and chief staff officer of the National Council of Savings Institutions, the industry's second largest trade association. He would also be involved in an effort to purchase the failed Lincoln Savings and Loan in California.

⁸⁸ Congressional Record 121, 34574-5.

⁸⁹ Congressional Record 121, 34578.

legislation⁹⁰ President Ford signed the bill on December 31. The Presidential message reiterated many of the same counter-arguments that the bank lobby and Republican lawmakers had proffered as reasons to oppose the bill. Ford's staff-written message stated, in part:

I am concerned that this Mortgage Disclosure Act may impose a burdensome and costly requirement for additional recordkeeping and paperwork. Unless this new disclosure program is very carefully administered, the Federal Government will be placing yet another requirement on the private sector--a requirement which will impose substantial costs but will do very little to increase the total availability of mortgage funds in our housing markets.

I trust that the agencies administering Title III of this bill will assess carefully the costs and benefits to both the lenders and borrowers. As presently enacted, this legislation will have a 4-year life. If, within that period, undue burdens result from the implementation of this program, I shall not hesitate to recommend amending legislation.⁹¹

Passage went unnoted in the Post and Wall Street Journal, but the New York Times ran a UPI item upon agreement in the conference:

Washington, Dec. 11 (UPI) -- Under a compromise bill agreed upon by the House and Conferees yesterday, citizens groups would be given a weapon for boycotting banks that refuse to make mortgage loans to home buyers in old neighborhoods.

The bill would make Federally regulated banks and savings and loan institutions in metropolitan areas post lists showing in which areas they made mortgage loans.

Neighborhood groups could then try to convince the banks' depositors to withdraw savings from the banks that discriminate against the areas they considered to be declining, a practice known as "redlining."⁹²

The community organizers had taken on the lenders and won.

The passage of the Home Mortgage Disclosure Act marked a significant milestone in the fight against mortgage discrimination. Since 1975, Congress has taken action three times to strengthen the HMDA's disclosure requirements, and the information that lenders are now required to make available to the public provides the principal ammunition used by community activists concerned with lending issues.⁹³ As late as 1991, lenders sought to dismantle HMDA's provisions, despite evidence that discrimination persisted.⁹⁴

⁹⁰ U.S. Congress, Home Mortgage Disclosure Act Conference Report on S. 1281., Rpt. 94-726, 94th Cong., 1st Sess. (December 15, 1975). For Senate concurrence, see Congressional Record 121, 40603. For House concurrence, see Congressional Record 121, 41708.

⁹¹ U.S. President, Public Papers of the Presidents of the United States: Gerald R. Ford (1976) National Archives and Records Service, (Washington, D.C.: Government Printing Office, 1979), 3.

⁹² "Bill on Mortgage Listing Backed," New York Times, December 12, 1975, p. 67.

⁹³ The most significant of these was the Community Reinvestment Act of 1977, which was drafted by Proxmire's staffers to require lenders to delineate the markets they serve and to affirmatively make know the availability of their services. Regulators were to take an institution's performance into account when considering applications for new branches, new services or mergers and acquisitions. The Home Mortgage Disclosure Act itself was made permanent in 1980, and the scope of the reporting requirements were expanded. In 1989, the CRA was further strengthened to require regulators to rate institutions on their performance on 12 broad performance measures and to make these ratings public. HMDA's legacy has been to provide a vehicle through which more than 5,000 community groups now actively monitor lending performance.

⁹⁴ In October 1991, the Federal Reserve System released a study of 9,300 banks across the country that showed that the

V. Agenda Building Through Claims-Making and Symbols

As a social movement, there is little question that NPA was the unifying force that raised the issue, captured the attention of lawmakers, documented the problem and mobilized considerable grassroots support. Yet, NPA's success was dependent on its ability to go beyond affected groups and to develop redlining as an issue that would capture the sympathy of additional supporters, politicians and the press.

Identifying and Documenting Redlining as an Issue. From a constructionist⁹⁵ perspective, redlining emerged as a social problem because it was defined as one by NPA and its affiliates. Redlining reflected their collective sentiments, rather than simply mirroring objective conditions in society.⁹⁶ Even NPA would admit that lenders no longer drew red lines on maps to delineate where they would not lend--if, indeed, they had ever done so. Yet, the concept provided a powerful metaphor for claims-making.

Redlining was typified by the community groups as a moral issue involving bankers, not an economic issue.⁹⁷ The bankers themselves acknowledged that it wasn't a lack of funds that prevented them from making loans in the disputed areas; they deliberately chose to make loans elsewhere because they felt the collateral was better or they could get a better return. NPA's studies demonstrated that these effects were typical.

As is the case with most social problems, the anti-redliners drew upon a series of grounds, warrants and conclusions to make their case. Among their most powerful grounds was their definition of redlining itself, which they changed periodically to suit their needs.

Whereas "redlining" was originally conceived to mean the outright refusal to lend in certain areas, HTIC successively expanded its definition, prompting First Federal of Chicago to complain in its quarterly customer magazine:

Not only does the data demand clarification, but the ground rules on what is and is not redlining have shifted a number of times. First, redlining was the refusal to make improvement loans. Then it became mortgage loans which were denied by neighborhood. More recently, the emphasis changed so that now redlining is the denying of conventional

mortgage rejection rate for minorities far exceeded that for whites. See Paulette Thomas, "Mortgage Rejection Rate for Minorities is Quadruple that for Whites, Study Finds," Wall Street Journal, October 21, 1991, A1. Replications conducted by newspapers in major cities, using HMDA data, revealed similar local results. As examples, see Jack Norman, "Blacks Face Loan Disparity," Milwaukee Journal, October 25, 1991, A1,A6; and Mike Dorning and Michael Arndt, "Rich or Poor, Minorities Denied Loans More Than Whites," Chicago Tribune, October 22, 1991, A1.

⁹⁵ See Joseph W. Schneider, "Social Problems Theory: The Constructionist View," American Review of Sociology 11 (1985):209-29. Also Joel Best, Images of Issues (Hawthorne, N.Y.: Aldine de Gruyter, 1989) and Herbert Blumer, Symbolic Interactionism (Berkeley: U. of California P, 1969); Stephen Hilgartner and Charles L. Bosk, "The Rise and Fall of Social Problems," American Journal of Sociology 94, 1 (July 1988):53; and Clarice N. Olsen, Philip J. Tichenor and George A. Donohue, "Media Coverage and Social Movements," in Charles T. Salmon (ed.), Information Campaigns: Balancing Social Values and Social Change, (Newbury Park, CA: Sage, 1989), 139-163.

⁹⁶ Hilgartner and Bosk, "The Rise and Fall of Social Problems," 53. Although some objectivist research had been done by academics on the economic realities of redlining, the passage of HMDA triggered a rash of economic and other studies that attempted to validate the contention. At least 20 studies were published in the years that followed, many contending there was no empirical evidence of redlining. As an example of one popularized version of a study, see George J. Benston, "The Persistent Myth of Redlining," Fortune 97 (March 13, 1978):66-69.

⁹⁷ Best, Images of Issues, xix-xxi.

mortgage loans. Governor Walker's Commission on Mortgage Practices gave 11 definitions⁹⁸, and the notice of the hearing of Senator Proxmire's bill listed another, saying redlining was "more typically an insistence on higher down payment and shorter pay-back terms."⁹⁹

Similarly, the NPA selectively redefined its definition of their principal goal (conclusion) -- the need for disclosure.¹⁰⁰ In defining the issue, NPA portrayed redlining in abstract (non-concrete) terms and attempted to overcome the complexity inherent in disinvestment, which was the real result of discriminatory lending. They also stressed its social significance and temporal relevance. The social significance theme was best summed up when Cincotta told the Wall Street Journal:"

Redlining is one of your major causes of urban decline. ... There's a whole set of problems that start--like flight to the suburbs and crime in the streets--and they definitely start somewhere. I think they start with the institutions pulling money out of the neighborhoods.¹⁰¹

The temporal relevance of issue was developed largely through the theme of self-fulfilling prophecy: if action was not taken, the problem would only get worse and feed upon itself.¹⁰² These elements helped broaden the base of support.¹⁰³

NPA and its allies also used examples as grounds. But instead of anecdotal evidence, NPA used studies based on extensive research. Their examples were whole cities -- power examples, which represented the home districts of many Congressmen.

NPA's use of extensive research might be its most distinguishing tactic. One New York Times writer summed up NPA's acumen this way:

In contrast to the 1960s, when antipoverty funds led to numerous community action groups being able to obtain hasty concessions from city officials through sit-ins, the new groups

⁹⁸ Senate Banking Committee Hearings, 35. Redlining included: 1) Requiring down payments of a higher amount than are usually required for financing comparable properties in other areas; 2) Fixing loan interest rates in amounts higher than those set for all or most other mortgages in other areas; 3) Fixing loan closing costs in amounts higher than those set for all or most other mortgages in other areas; 4) Fixing loan maturities below the number of years to maturity set for all or most other mortgages in other areas; 5) Refusing to lend on properties above a prescribed maximum number of years of age; 6) Refusing to make loans in dollar amounts below a certain minimum figure, thus excluding many of the lower-priced properties often found in neighborhoods where redlining is practiced; 7) Refusing to lend on the basis of presumed "economic obsolescence" no matter what the condition of an older property might be; 8) Stalling on appraisals to discourage potential borrowers; 9) Setting appraisals in amounts below what market value actually should be, thus making home purchase transactions more difficult to accomplish; 10) Applying structural appraisal standards of a much more rigid nature than those applied for comparable properties in other areas; 11) Charging discount "points" as a way of discouraging financing.

⁹⁹ "Redlining: Our View of the Matter," cited in the Senate's floor debate by Senator Jake Garn, Congressional Record 121, 27609.

¹⁰⁰ HTIC's newsletter wrote, "Most of this newsletter has dealt with redlining. but that is not our only concern. Our housing crisis has many facets.... We hope to cover other issues in future editions, such as tenants' rights, senior housing, abandonment, absentee landlords, co-ops, rehabilitation programs, CDCs and continual review of FHA programs... We're called this newsletter Disclosure not only because its our major demand on redlining, but because it stands for our right to know on all these issues." See HTIC, "The Next Move," Disclosure, no. 2 (September 1974):12. Later, the definition was redefined in the newsletter as follows: "Disclosure is not only our demand in our redlining fight, disclosure is our decision to know the developer, the lending institution, and the governmental officials who are destroying our cities." See HTIC, "The Next Move: Gale Cincotta," Disclosure, no. 10 (August 1975):12.

¹⁰¹ See Gale Cincotta quoted in Starr, "To Fight 'Redlining' Citizens Groups Turn to, Yes, 'Greenlining,'" 19.

¹⁰² For examples, see Jean Caffey Lyles, "The Self-Fulfilling Prophecy of Red-lining," The Christian Century 91 (April 1974):355-57. Cincotta cites the self-fulfilling prophecy theme in Brown, "Critics Say Lenders Hasten Decay by Denying Mortgages," 1.

¹⁰³ Cobb and Elder, Participation in American Politics, 112-124.

tend to rely on carefully assembled facts to press their arguments.

Groups opposed to redlining ... quote financial balance sheets showing that the lenders risked and lost much money on real estate trusts than they did on loans to poor or marginal applicants.¹⁰⁴

Bankers would invariably challenge the data, says Cincotta. But statistics were more than merely a way to make claims. They represented another way to establish NPA's legitimacy.¹⁰⁵ "These

groups are really a new breed of cat," Carl Holman, president of the National Urban Coalition, told the Times. "They are effective because they use property owners, shopkeepers, and others in their coalition, and they do their homework."¹⁰⁶ The power of having facts was suggested at the Senate vote, where Proxmire told his aides that Cincotta and her group's studies were chiefly responsible for the Senate's favorable action.¹⁰⁷

Symbol Utilization. While NPA used studies extensively, they did not win the battle on numbers alone. Indeed, specific city statistics were inconsequential in making the argument in Congress, and of interest only to affected groups only when published in local newspapers. The battle was principally won using symbols.¹⁰⁸

Edelman stresses the importance of symbols in politics, noting that the public wants symbols -- not news¹⁰⁹ -- and that symbols involve people emotionally.¹¹⁰ Cobb and Elder similarly suggest that the quicker an issue can be converted to a emotional issue, the quicker it will gain public visibility.¹¹¹ They state it is both possible and analytically useful to separate symbols from their meaning and that, within any particular time context, certain symbols will be salient to most people, provoke positive or negative reactions, and lead to expansion of involvement by persons not concerned with the initial definition of the dispute.¹¹²

Throughout the controversy, redlining and its spinoff concept, greenlining, were useful symbols themselves. Both were rich in imagery. However, these were essentially metaphorical devices. The deeper symbols found in the discourse included: neighborhood, equality, people's right to know, and plain folks.

From the outset, neighborhood was probably the most powerful symbol and served as the chief warrant why action was needed. Indeed, redlining was a neighborhood-based issue that was steeped in historical traditions and that conjured up a sense of a community of carrying,

¹⁰⁴ Holsendolph, "Neighborhoods Turn to Self-Help for Preserving and Improving."

¹⁰⁵ Gale Cincotta interview.

¹⁰⁶ Holsendolph, "Neighborhoods Turn to Self-Help for Preserving and Improving."

¹⁰⁷ Bill Neilark, "Senate Passes Bill to Halt Redlining," Chicago Tribune, September 5, 1975, p. I-3. See also Williams, "People's Banks," 18. The Senator made similar comments when asked by the author in preparation of this paper.

¹⁰⁸ Housing issues have been replete with rhetoric and symbols for decades. See Michael A. Quinn, "Much Sound and Little Fury: The Place of Rhetoric in the Politics of Housing," Chapter 3 in Robert E. Mendelsohn and Michael A. Quinn (eds.), The Politics of Housing in Older Urban Areas (New York: Praeger, 1976). See also Vernon E. Jordan Jr., "The Disinvestment in Urban Areas," Vital Speeches 42 (January 1, 1976):190-2.

¹⁰⁹ Murray Edelman, The Symbolic Uses of Politics (Urbana: U. of Illinois Press, 1985):9.

¹¹⁰ Edelman, The Symbolic Uses of Politics, 15.

¹¹¹ Cobb and Elder, Participation in American Politics, 124.

¹¹² Factors influencing symbols include their historic meaning, credibility, saturation, reinforcement by other symbols, and urgency. Symbols can arouse, provoke, dissuade, strengthen commitment or affirm by stressing unity and solidarity. See Cobb and Elder, Participation in American Politics, 142-150.

interdependent people looking out for one another. Neighborhoods were worthy of preservation.

Equality played an equally significant role in the discourse, representing the democratic premise that individual should have equal access and that credit was a community resources that should be shared, especially if the funds came from within a neighborhood. This was a matter of fairness that piggybacked on the heightened sense of equality that emanated from the civil rights movement.

People's Right to Know formed the basis of NPA's primary conclusion in the claims-making process: the only way the community would know whether redlining existed was through disclosure. This theme was repeated throughout the initiative to circumvent objections: All the bill did was to give the community (or Congress) the facts so they could decide for themselves.

The fourth and final symbol was plain folks. In keeping with its origins, NPA effectively positioned itself as made up of truly working class people; the group's very name underscored this emphasis. It could be argued that the sophistication with which NPA used data, contrasted to their appearance as ordinary citizens, proved especially persuasive. Cincotta expressed the importance of their approach this way:

Not knowing the rules -- and being really grassroots -- we came in as citizens. Maybe they [Congressmen] were tired of hearing from trade associations and groups in Washington. ... If you think of Congress never seeing real people and remember we were operating nationally, we came in as Hispanics, and blacks and whites. We weren't talking about overthrowing the government, but how we needed banks. We weren't asking to nationalize the banks. We said we needed them -- and their brains -- to stabilize our cities.¹¹³

¹¹³ Gale Cincotta interview.

Significantly, both the *neighborhood* and *equality* symbolism enabled the anti-redliners to create *enemies* and characterize themselves as *victims*, which themselves are powerful symbols.¹¹⁴ Interestingly, although NPA fiercely attacked HUD and the Bank Board (which might be interpreted as an *inept bureaucrats* symbol), NPA never actively sought to invoke *greedy banker* symbolism, despite the fact that imagery is pervasive throughout society.¹¹⁵ The symbolism utilized by NPA in their argument is most insightful when contrasted to the responses of the banks, whose arguments were surprisingly short of symbolism, or at least positive symbols. Proxmire noted in his Senate speech, "I seldom have been a more panicky reaction by an industry to such a benign, simple, easy proposal."¹¹⁶

The lenders' principal counter-claims centered around *denial*, the *limited scope* of the problem in only urban areas (if it existed at all), the *cost*, *complexity* and *paperwork* related to compliance (especially for small and rural institutions), *data problems* related to validity and reliability, their preference for *zip code versus census tract* reporting, the specter of *credit allocation*, and opposition to *social engineering* that removed decision making from the lenders and forced them to make imprudent loans. The lenders simply never generated an argument that either Members of Congress or the public found compelling.

Two objectivist authors concerned with the economic reality of redlining summed up the effect as follows:

In having their way in the halls of Congress and in many state legislatures, these upstart Davids with very meager resources have routed the Goliaths of a major industry. How that would happen is a major puzzle ... but one factor has clearly been their ability to place financial institutions on the ethical defensive.¹¹⁷

Equally interesting is the close alignment between the pro and con arguments made by the combatants in their testimony and in the press,¹¹⁸ compared to the debate on the Senate and House floors. To a large measure, Congressional representatives replayed the arguments almost verbatim, due to their dependence on the media as well as direct lobbying sources.

VI. Use of Media to Frame and Expand The Issue

Cobb and Elder suggest that in addition to symbols, groups use publicity in the public media to channel their demands beyond identification groups and attentive groups to the broader public.¹¹⁹ In a similar vein, Molotch notes that mass movement and media need one another¹²⁰, while Olien, Tichenor and Donohue note that media do not possess independent, knowledge-generating sources and, as a

¹¹⁴ Cobb and Elder point to the symbolism invoked by victims and note that one of the most successful strategies is to create an "enemy." See Cobb and Elder, *Participation in American Politics*, 57.

¹¹⁵ Cincotta later explained that NPA knew that the organization would need to be work closely with the banks to achieve their goals once disclosure was obtained. There was little to be gained by attacking the banks or antagonizing them further.

¹¹⁶ *Congressional Record* 121, 25160.

¹¹⁷ Guttenberg and Wachter, *Redlining and Public Policy*, 49-50.

¹¹⁸ For a recap of lenders' arguments as they appeared in media during the period, see Kolbensschlag, "Guerrilla War Over Redlining..." 8-9; Hutchins, "Fuss Develops Over Redlining by S&Ls..." 24; Brown, "Critics Say Lenders Hasten Urban Decay by Denying Mortgages," 1,23; "The Law Closes in on Mortgage Discrimination," 143-44; "The Fight for Urban Reinvestment," 38-46; and Farrell, "Redlining by Lenders is Called Cause of Old Communities Decay," 20.

¹¹⁹ Cobb and Elder, *Participation in American Politics*, 16.

¹²⁰ Harvey Molotch, "Media Movements," in M. Zald and J. McCarthy (eds.), *The Dynamics of Social Movements* (Cambridge,

whole, are dependent upon political institutions for definitions and for information about social problems.¹²¹ The manner in which NPA identified the issue and utilized symbols generally -- in its communications to affected homeowners, supporters, lawmakers and the media -- directly impacted the types of messages found in the press coverage on the redlining problem and in the coverage of HMDA in Washington. Yet, the strategies used in the early Chicago and the later Washington campaign provide a curious contrast.

NPA And Early Chicago Coverage

During her early Chicago organizing, Cincotta says she never sought publicity for its own sake. However, she and her colleagues quickly understood the important role that the media played -- a lesson she said she learned early in her career as a community activist, beginning with the PTA. She recalls that as her local organizing activities drew the attention of community weeklies, she would keep them informed. "We regularly invited the press to events we had. And, they soon knew that if we said we were going to have a protest, we would pull it off."

Publicity was always secondary to extracting whatever concession that the group wanted from their opponent, although publicity stirred up support. As the group gained experience, however, cultivation of the media became more sophisticated and extensive. For example, the Chicago Tribune Index from 1972 to 1975 contains a total of 57 mentions of redlining; Cincotta was quoted a total of 22 times in that paper alone.¹²²

Theorists argue that media coverage of social movements is largely concerned with maintenance of the status quo and social control (which variously are defined as damage control and conflict management).¹²³

An analysis, drawn heavily from available clippings obtained in NPA's archives, suggests that coverage during the early Chicago period portrayed NPA consistently within a *confrontational* package, framing the issue as a battle between the *plain folks* and the *rich and powerful*.¹²⁴ Almost without exception, this conflict frame applied, whether the group was fighting slumlords, mortgage bankers, or government officials. As is the case with much media coverage of social problems, little attention was paid to the underlying issues in any depth.

Generally, however, the coverage was sympathetic. The author found few cases of negative treatment of any of NPA's protests, including efforts to marginalize or trivialize the group.

MA: Winthrop, 1979), 70.

¹²¹ Olien, Tichenor and Donohue, "Media Coverage and Social Movements," 148. Although the authors do not specify so, formal social movement organizations such as NPA can be viewed as a "power institution" that serves as a source of information for media in the same way as Establishment institutions. For example, they note that mass media are relied on increasingly to let members know what is happening and that much of what the general public knows about social movements reaches them through printed pages and airwaves.

¹²² Since none of the other papers, including the important suburban weeklies, were indexed during this project, comparisons are not possible without embarking on a full search.

¹²³ See Molotch, "Media and Movements." Also Olien, Tichenor and Donohue, "Media Coverage and Social Movements," 141 and 147; Edward Herman and Noam Chomsky, Manufacturing Consent: The Political Economy of Mass Media (New York: Pantheon, 1988).

¹²⁴ See William Gamson, "A Constructionist Approach to Mass Media and Public Opinion," Symbolic Interaction 11,2 (1988): 161-174. Also William Gamson and Andre Modigliani, "Media Discourse and Public Opinion on Nuclear Power: A Constructionist Approach," American Journal of Sociology 95, 1 (July 1989):1-37; and Todd Gitlin, The Whole World is Watching: Mass Media in the Making and Unmaking of the New Left (Berkeley: University of California Press, 1980), esp. pp 6-7.

The harshest treatment by the Chicago Tribune could be found on two successive days in which the newspaper reported on passage of the Illinois bills and the Senate's passage of the federal bill. In the first story, a Chicago-based reporter wrote:

The tactics of her group and others like hers in the city, the Citizens Action Program coalition and the Southwest Parish and Neighborhood Federation, have been calculated to embarrass officials and gain publicity.

They have included street protests outside savings institutions, attempted proxy fights, visiting officials at home, and trapping institution and regulatory agency officials before hostile audiences in the presence of reporters and television cameras. And withdrawals, totalling millions of dollars from savings and loan associations accused of redlining is called a 'greenlining' tactic.

Critics have called the tactics intimidation and some bankers consider greenlining a step from extortion.¹²⁵

On the next day, a Washington bureau writer mildly referred to protests, while citing NPA's mainstream use of research:

The group's tactics in seeking anti-redlining legislation have ranged from street protests outside Chicago savings institutions to making in-depth studies to prove the existence of and show the effects of redlining.¹²⁶

Indeed, the only example of outright attack on the group came in a article in a housing trade publication, in which the president of First Federal of Chicago described Cincotta as a "self-proclaimed organizer" who did not represent a constituency. In the same article, the president of the Federal

Home Loan Bank of Chicago described NPA as dangerous, adding, "These are professional radicals at work to take over allocation of credit as a power base. These are Saul Alinsky-radical protest groups."¹²⁷

Two explanations are probable.

First, Cincotta effectively facilitated coverage, although she did not seek it out for its own sake -- by keeping the media informed, by being accessible, and by providing dependable newsworthy events. She also had a knack for providing glib, quotable quips that played off the symbolism of the movement -- a fact evident in both news coverage and in testimony transcripts. In essence, Cincotta quickly learned what the press wanted and was able to routinize coverage.¹²⁸

¹²⁵ Allan Merridew, "Fight Against Redlining Turns to Drive for Tough Federal Laws," Chicago Tribune, September 4, 1975.

¹²⁶ Bill Neilark, "Senate Passed Bill to Halt Redlining," Chicago Tribune, September 5, 1975.

¹²⁷ See Kolbenschlager, "Guerrilla War Over Redlining," 9. In fact, one affiliate of NPA, the Citizens Action Program, was a unit of Alinsky's Chicago-based Industrial Area Federation. The group was the primary advocate of "greenlining," a practice that Cincotta didn't support because she didn't think it would be effective and potentially could harm participants.

¹²⁸ Many social movement authors have pointed to the disadvantage that many social movements encounter because the media routinely depend on "establishment" organizations as sources of information and to legitimate the news. In the case of NPA's early Chicago activities, it could be argued that this advantage was diminished. Slumlords, real estate brokers, and mortgage bankers were small organizations that were not necessarily responsive nor authoritative sources. Similarly, the regional

Second, and more important, NPA was involved in an issue that affected media consumers on a broad, albeit local, scale: neighborhood preservation. Not only did media consumers have a vested interest, but the community press organizations did as well. Molotch notes, "Media can be expected to respond negatively to any movement that threatens the surrounding economic base and to be sympathetic to those movements, on the relatively rare occasion when they exist, that are seen as enhancing the future of that economic base."¹²⁹

HMDA Coverage in Washington

While NPA's tactics in Chicago combined high levels of conflict with a relatively low-key approach to publicity, these components were reversed when the issue was tackled in Washington. In the capital, a high-powered (and contrived) publicity campaign was combined with intensive, but routine lobbying.

Proxmire and his staff recognized that redlining simply did not have sufficient visibility to capture the serious attention of Congress. If they were to be successful, they needed to stir up awareness and interest. As Kuttner recalled, the story of a multi-racial neighborhood group going up against the rich and the powerful was "good copy."¹³⁰

Olien, Tichenor and Donohue note that news media coverage tends to be greatest at periods of controversy and that coverage and intensity are interactive processes.¹³¹ In that regard, Hilgartner and Bosk speak to the role of "feedback" in their model of public arenas, noting "those problems that gain widespread attention and grow into celebrities that can come to dominate not just one arena of public discourse but many."¹³²

Proxmire and his staff masterfully raised visibility for the redlining issue timed to their needs. Such activity is not usual. In fact, it is common. Hilgartner and Bosk, in their model of public agendas, note that "Congressional aides ... routinely attempt to generate and shape media coverage of their employers activities."¹³³

The press coverage of the redlining issue was surprisingly sympathetic in Washington, especially in the week of the Proxmire hearings. The first redlining study, the Post's editorial and Nicholas von Hoffman's commentary all portrayed the community groups sympathetically. In Washington, such treatment is difficult to explain in terms of the media having a vested interest in a particular neighborhood or due to routinization of coverage. It can probably be understood better in the context of the *equality* and *plain folks* symbolism.

It is interesting to note that the later coverage, which appeared primarily in the business section of the Post, tended to be less sympathetic and more balanced in favor of the lenders' point of view. This included reporting that tended to trivialize and marginalize the issue in a way that was not evident in the early Chicago coverage. Here, some argument could be made that the press was serving as a

office of HUD, the FHLBB, and many individual lenders do appear to have been effective in responding to the group's demands. This might further explain NPA's success.

¹²⁹ Molotch, "Media and Movements," 83.

¹³⁰ Bob Kuttner interview.

¹³¹ Olien, Tichenor and Donohue, "Media Coverage and Social Movements," 141.

¹³² Hilgartner and Bosk, "The Rise and Fall of Social Problems," 67.

¹³³ Hilgartner and Bosk, "The Rise and Fall of Social Problems," 67.

"guard dog versus a watchdog"¹³⁴ or that hegemonic or institutional constraints affected coverage. Alternatively, it could be argued that the Post went out of its way to provide for balance, especially in light of their source of the information.

VII. Conclusion: Integration of Media, Systemic and Policy Agendas.

The political machinations that took place in during May and June 1975, underscored the peculiar interrelationship between the systemic and public policy agenda. In their general model, Cobb and Elder state:

In general, it has been our contention that perhaps the surest way for an issue to attain and maintain [public] agenda standing is first through entry into the systemic agenda of controversy. While it is possible for an item to attain access to the formal agenda without having gained systemic agenda standing, it is unlikely that any issue of major social consequence will become a formal agenda item without prior standing on the systemic agenda.¹³⁵

It could be argued that the experience of the redlining legislation is an anomaly to Cobb and Elder's model. While a sufficient case might be that redlining was already on the public agenda, it is fairly clear that there was no groundswell of public opinion clamoring for disclosure legislation. In fact, as is the case with much special interest legislation, access was brokered¹³⁶ through Proxmire.

By gaining access to Proxmire, the group was able to largely circumvent the normal process, which might have taken years for a true nationwide outcry for action on mortgage discrimination. The group was clearly positioning itself if such action were needed, witnessed by the succession of victories at the city and state levels. NPA understood the dynamics in building an issue into an agenda item. About the HMDA legislation, Cincotta later explained:

This came out of going through steps -- and it still does -- of trying to resolve things locally, from the very local alderman to the state. ... It took all of that to get the problem resolved for the Westside and Southside of Chicago. It took each of those steps before we could get the results we wanted. It wasn't a whim.¹³⁷

But it also was a matter of luck. Tarrow suggests that the system frequently assists social movements in this process through "political opportunity structures."¹³⁸ The eagerness of politicians to appear at NPA's conference, the desire of Governor Dan Walker to be visible on the issue, Proxmire's ascent to the chairmanship of the Senate Banking Committee, and the ambition of staffers Ken McLean and Bob Kuttner's are examples of how the system creates opportunities for social movements to advance their causes, given the right timing.¹³⁹ As Kuttner noted, "All the pieces were in place for things to move, and it was "luck of the draw that gave them Proxmire as Banking Committee chairman."¹⁴⁰

¹³⁴ Olien, Tichenor and Donohue, "Media Coverage and Social Movements," 160.

¹³⁵ Cobb and Elder, Participation in American Politics, 161.

¹³⁶ Cobb and Elder, Participation in American Politics, 155-156.

¹³⁷ Gale Cincotta interview

¹³⁸ Sidney G. Tarrow, Struggle, Politics and Reform: Collective Action, Social Movements and Cycles of Protest (Ithaca, NY: Center for International Studies, Cornell University, 1989), 37.

¹³⁹ The timing of the HMDA legislation is a particularly interesting case in point. Tarrow suggests that reforms are most likely to occur in times of electoral instability, while Hilgartner and Bosk opine that changes in political culture affect the selection of issues by altering the acceptable range of public discourse. Proxmire chose to champion the cause during a period of

Cincotta and her group adroitly seized very political opportunity that presented itself. Cobb and Elder note that groups most often must go through a prolonged process of lining up support among a wide spectrum of attentive publics so that the level of concern is broad enough for decision makers to respond, even though they might merely consider the problem superficially.¹⁴¹

By winning approval of the Chicago ordinance, NPA could use the Chicago experience to win state support. Chicago also served as an example for other cities. The experience in Illinois, in turn, provided powerful evidence that national action was necessary. It was not coincidental that Governor Dan Walker was a major witness in both the Senate and House hearings.¹⁴²

Despite their successive efforts, the key to NPA's ultimate success lay in Proxmire. Tarrow notes that "insurgent groups do best when they succeed in gaining support from among influential groups within the system."¹⁴³ Similarly, Cobb and Elder suggest that "access to one or more key officials is important to political groups,"¹⁴⁴ and that "predecisions play the most critical role in determining what issues are considered."¹⁴⁵

Tarrow notes that social movements actually create opportunities for elites. This can be in a negative sense by creating opportunities for repression, or in a positive sense when encourage opportunistic political groups to proclaim themselves as defenders of the poor or tribunes of the people.¹⁴⁶ Although every indication is that Proxmire and his staff were legitimately concerned about the problems of discrimination, there is little question that NPA's call for disclosure presented an opportunity for Proxmire to flex his muscle in his new position.

The symbiotic, if not incestuous, relationship between the press and policy-makers in Washington has been well documented. Cater, for example, called the media "the fourth branch of government."¹⁴⁷ In the case of HMDA, the traditional view -- which underlies the Cobb and Elder model -- that the press helps set the agenda was clearly challenged. Instead, the order of events suggests that one lawmaker's political agenda set the media agenda.¹⁴⁸ Yet, it was unlikely that the issue could have survived without the press support under the circumstances.

comparative political and economic upheaval, which might explain why he was so successful in the first year the legislation was introduced. He was the new chair of the Senate Banking Committee. Gerald Ford had ascended to the Presidency in August 1974, without a clear mandate from the public. Inflation was rampant, New York City was on the verge of financial collapse, and the country had not yet begun coming out of the 1974-75 recession. A strong reform undercurrent permeated Washington in the aftermath of Watergate. In the September 1974 issue of *Disclosure*, Cincotta alluded to the disarray in Washington, writing "Now that the Congressional docket is clear of impeachment, our chances for full Congressional investigation are better." See HTIC, *Disclosure*, no. 2 (September 31, 1974):12.

¹⁴⁰ Bob Kuttner interview.

¹⁴¹ Cobb and Elder, *Participation in American Politics*, 156.

¹⁴² Cobb and Elder note "Government is inevitably involved in the social allocation of prestige and the social construction of reality. In giving an issue formal agenda status, government conveys important messages about who and what are socially important, about what is and is not problematic, and about what does and does not fall within the legitimate purview of government." See Cobb and Elder, *Participation in American Politics*, 172. In this sense, government endorsement is probably the highest form of social legitimation.

¹⁴³ Tarrow, *Struggle, Politics and Reform*, 88.

¹⁴⁴ Cobb and Elder, *Participation in American Politics*, 90.

¹⁴⁵ Cobb and Elder, *Participation in American Politics*, 12.

¹⁴⁶ Tarrow, *Struggle, Politics and Reform*, 36.

¹⁴⁷ Douglass Cater, *The Fourth Branch of Government*.

¹⁴⁸ For a further discussion of the inter-related nature of media, systemic and policy agendas, see Jarol B. Manheim, "A Model of Agenda Dynamics," Chapter 22 in Margaret L. Laughlin (ed.), *Communication Yearbook* 10. Newbury Park, CA: Sage Publications.

The experience of National People's Action in seeking passage of HMDA has important implications for observed interested in social movements, the political process and media.

Although social movement organizers must be prepared to organize at the grassroots level, to tackle a very narrow and specific goal, to toil over an extended period of time to make a case and build a constituency, NPA's success suggests these efforts are not sufficient for success. Utilizing the media system is helpful, but tapping the political system is critical.

HMDA is a case of special interest legislation that managed to circumvent normal channels and become law without a groundswell of public opinion or support -- and certainly not from the perspective of the press as an institution that ferrets out problems and brings them to the attention of the public or policy-makers. Rather, Proxmire's manipulation of the media agenda is an insightful example of the press' agenda-setting function¹⁴⁹ reflecting -- not leading to public policy agenda-setting. The passage of HMDA reflects the intertwined relationship between the press and politicians -- and how the media can be used unwittingly by lawmakers to advance particular agendas, and thus convert particular social constructions in political realities.

¹⁴⁹ See Maxwell E. McCombs and Donald L. Shaw (1972), "The agenda setting function of mass media," Public Opinion Quarterly 36, 176-284. Also Donald L. Shaw and Maxwell E. McCombs (eds.), (1977), The Emergence of American Political Issues: The Agenda-Setting Function of the Press. St. Paul: West Publishing. For a review of agenda-setting research, see Everett M. Rogers and James W. Dearing, "Agenda-Setting Research: Where Has It Been, Where is It Going," in James A. Anderson (ed.), Communication Yearbook 11. Newbury Park, CA: Sage.