

MONEY MANAGEMENT

A weekly column on personal finance distributed by the Oregon Society of Certified Public Accountants.

Give Credit Where Credit Is . . .

Need cash? Want to borrow money? If you're a regular borrower with a few paid-up loans under your belt and a wallet full of credit cards, chances are you'll have no trouble borrowing money. But, if you've never had the need to borrow money or buy on credit, you could be considered a poor credit risk. Why? Because the philosophy of many lenders can be characterized by a slight modification of a familiar saying, "Give credit where credit is . . ." It seems that those with credit can get more and those without must first prove themselves. A prudent policy, no doubt, but one that can make life difficult for the first-time borrower.

To avoid being faced with a problem when the need for credit arises, the Oregon Society of CPAs suggests that you establish a credit rating in advance of your need. Whether you're newly married or newly single, if you've never had credit in your name, you should start working on establishing a credit rating.

When you apply for a loan or credit card, lenders turn to credit bureaus to check on your status as a borrower. Contrary to what many people think, it is not the credit bureau who decides how good or bad a credit risk you are. It simply collects information about you and sells it to lenders who then determine whether they think you are credit worthy based on their own standards or credit scoring system. You credit file generally contains basic identifying information like your name, address, Social Security number, date of birth, employment history, etc. The credit bureau knows where you have loans and how timely you are about repaying them. They keep track of any judgements filed against you and whether any of your bills have been turned over to a collection agency.

Obviously, if you've never used credit, a credit bureau cannot report on what kind of payer you are and therein lies the problem. With no credit history to rely on, a lender may be reluctant to provide you with a loan.

To establish a credit rating, you should start small. Begin by opening a savings and checking account at the same financial institution. While this does not actually establish credit, it does develop a banking relationship. And later you may apply to this institution for a credit card.

Normally, the easiest credit cards to get are those with a single purpose—perhaps a department store or a gasoline company. Apply to stores or companies where you tend to shop most often. If you application is approved, your credit limit will, as a rule, start off low—maybe just \$500. But as you demonstrate your credit worthiness, it's likely the store will increase your credit line.

Once you receive your credit cards, be sure to use them. Just having been granted a credit card does nothing to establish a credit rating. You must use your credit and demonstrate a pattern of timely repayment. If you're using a credit card strictly to establish a credit rating and don't want to be faced with interest charges, be sure to pay your bill in full each month within the grace period allowed. And, be careful not to exceed

your credit limit.

After a period of using and repaying on your cards, you are ready to apply for a national bank credit card such as MasterCard or Visa. Your chances of approval may be best at the financial institution where you opened your savings and checking account. Again, you'll probably be given a low credit limit to start, with increases as your reward for prompt payment. Bank credit cards may carry more weight on your credit rating than store charges because they are more difficult to obtain.

There are those who advocate that you should apply for a personal loan as another step toward establishing a credit rating. But, if you don't really need the money, this may be costly, since there is no grace period for interest charges. If you do decide to take out a loan for the sole purpose of establishing a credit rating, deposit the loan proceeds in an interest-bearing account. This way the interest you earn can help offset the interest you will pay. Keep in mind that you will probably have to pay income tax on the interest income and that the Tax Reform Act of 1986 phases out the deduction for interest paid.

After you've gone through all the trouble of establishing credit, you'll want to continue to use your credit in a sensible manner. Don't have any more cards than you need and don't get into any more debt than you can handle. Most experts agree that your credit debts (excluding mortgage and car payments) should not exceed 10% of your take-home pay.

Be selective in choosing the right form of credit to meet your borrowing needs. The right choice can save you a significant amount of money. Shop around for the best deal in credit cards. If you use your credit card mainly for convenience and pay your bill in full each month, you need not be concerned about the annual percentage rate on your card because you will not be charged interest. You should look for a card with no fee and a long grace period. But if you tend to stretch your payments out, it's to your advantage to find a card with a low interest rate.

You should keep receipts for all charge purchases until your bills come in and then check your receipts against the bills. Many billing errors have been discovered this way.

It's a good idea to prepare a list of all your credit cards, with account numbers and the address and phone numbers of the banks and stores that issued them. Keep this list at home in a safe place. If your cards are lost or stolen, immediately notify everyone on your list. When you call, note the date and time and get the name of the person you spoke to. Then follow up your call with a letter.

CPAs urge you to establish a credit rating in advance of your need and once you have, make every effort to keep your rating unblemished.

Looking for a CPA in your community? Call the Oregon Society of CPAs for free state-wide referrals at 1-800-255-1470 (toll free).

A Fight For Human Rights

By Alexander R. Jones

The battle is raging. In response to an unprecedented United Nations report which attacks psychiatric abuses around the world, the American Psychiatric Association (APA) has put forth an international effort to suppress the report in hopes of protecting psychiatry's failing cardboard credibility.

Dr. Thomas Szasz, tireless critic of psychiatric abuses, and world renown psychiatrist, author, and lecturer, has condemned the APA's effort as a sham. He has been joined in his criticism by the Citizens Commission on Human Rights, an organization he and a member of the Church of Scientology co-founded over twenty years ago to investigate and expose psychiatric crimes.

Adding to these voices, and amid a background of growing congressional concern, individual U.S. Congressmen have begun to express strong support for the United Nation's report.

The issue here is a simple one—patient mistreatment. We're talking about forced lobotomies, electro-shocks,

rapes, beatings, over-drugging, bizarre experimentation, even murder. It's an awful, awful scene.

Were talking about whether a psychiatrist should have the right to stick ice picks into a person's eye sockets and destroy his brain, or electro-shock a 78 year old grieving widow to an early grave, or drug some poor person in the back ward of an institution for 40 or 60 years, all against the "patient's" will.

Dr. Szasz, in his usual eloquent manner, explains, "The UN report is now under attack from the psychiatric industry. We must keep in mind that the notion of the psychiatrist speaking on behalf of the so-called 'psychiatric patient' is fundamentally flawed. This is similar to having Nazis speak on behalf of Jews or plantation owners in the southern United States or the South African government speak on behalf of Blacks. The oppressor must never be legitimized by allowing him to speak on behalf of the oppressed."

Yes, the psychiatrists are upset. They should be. The truth about their practice is about to be exposed to the world.



CIVIL RIGHTS JOURNAL

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Affirmative Action For Whom?

The response to the Supreme Court's recent affirmative action decision has been almost as interesting as the decision itself. The decision affirmed that it was legal for an employer to promote as employee, with equal qualifications, over other employees in order to achieve a better balance of women and minorities in the workforce.

Terry Eastland, the Justice Department's top spokesman, sharply criticized the decision and said that what the Supreme Court needed was "a new appointment or two." His comment might be considered just a bit presumptuous given the fact that the Reagan administration has already made two appointments to the Supreme Court. The Administration's anger is understandable, however. For this is only the latest in a series of Supreme Court rulings to refute Reagan's hell-bent opposition to affirmative action.

In February the Justice Department sided with white Alabama state troopers fighting a court-ordered affirmative action plan. The Supreme Court upheld the plan, noting that Alabama has refused to hire any African American troopers until forced to do so in 1972, and that even since then, Alabama had continued to resist court orders to hire more African Americans.

Of course, the Justice Department's response to affirmative action is predictable, given its own record in this area. The New York Times obtained figures which show that none of the Justice Department's major divisions is headed by women or minorities, and of the 94 U.S. attorneys, only one is African American, one is female and two are Hispanic. Of the 300 federal judges appointed by Reagan, only 5 are African American and 12 are Hispanic; however, 26 are female. In fact, women have generally fared better than African Americans in the Reagan Administration. Last year, for example, white women held over 200 of the top federal posts controlled by the Administration, while African Americans held less than 50.

This brings me to the second response to the Supreme Court decision—that of women, specifically, white women. The decision was based on a suit filed by a white male who scored two points above his white

female co-worker, but was passed over for a promotion in her favor. The object of the suit, Diane Joyce, is now justifiably pleased with the decision. She noted, "This case will have an impact on all women and I'm very happy for them."

The question is, will African American and other racial and ethnic women benefit as much as white women from this decision? Equally important, will male and female members of these communities, as a whole, benefit as much? Or will corporate America use this opportunity, as it has since the birth of affirmative action, to pit white women against racial and ethnic communities by hiring white women at larger proportions.

A recent study by the United Church of Christ Office of Communication revealed some startling statistics. Though the employment record of the 3 major networks—CBS, NBC and ABC—is still abysmal when it comes to both white women and minorities, nevertheless, within the top 85% of their staffs, women are employed at more than twice the rate of those from racial and ethnic communities. As noted in a recent article, the newsroom staff of NBC's "Nightly News" is almost equally distributed between white men and white women. But African Americans are few and far between. The same problem exists in many New York City industries, a town whose labor force is 46.7% minority. Statistics from 1982 reveal that white women, for example, held 47% of the department store non-supervisory jobs, compared to 9% for African American men, 18% for African American women, 3% for Hispanic males, and 4% for Hispanic females.

Certainly we should celebrate and take advantage of this new broadening of affirmative action boundaries. However, as the women's movement emerged out of, and advanced as a result of, the heightened activity of the Civil Rights Movement, so it must now re-examine its progress in light of the still large discrepancies between the employment levels of white women and those from racial and ethnic communities. Let us take care that the racial exclusivity of the "old boy's club" is not adopted by the "new girl's club" as well.



Along the Color Line

By Dr. Manning Marable

Dr. Manning Marable is professor of sociology and political science at Purdue University. "Along the Color Line" appears in over 140 newspapers internationally.

Alternatives to Prisons

There is a growing crisis of "numbers" within the American criminal justice system. In state after state, prisons are seriously overcrowded—and relatively few politicians are moving toward rational or humane solutions to deal with the problem.

In Texas, for instance, there are over 38,000 inmates, and the state's governor, William P. Clements, has ordered several moratoriums on new inmate admissions. In New York City, there are 7,000 inmates in the City's jails a decade ago. By last month, the number of prisoners in New York City passed 14,700; by this autumn, there will be about 16,400 inmates in the city.

The unprecedented demand for new and expanded prison facilities has fostered a new "growth industry", as the private sector has tried to obtain a share of the action from the mass human misery generated by the criminal justice system. Thirty six states to date have been ordered by courts to ease the overcrowded conditions inside their prisons by any means necessary. According to the U.S. Justice Department, just to keep pace with the spiraling growth of the prison population in the United States, officials should be constructing one new 200-bed penal facility every day. Experts project that the potential annual gross revenue from prison construction could top \$17 billion by 1990.

The basic factors behind the penal population explosion are political, social and economic. As millions of working people lose their jobs due to plant closings and other economic factors, many are forced into poverty. For many, criminal and antisocial activity becomes a means of survival. Petty theft, prostitution, street hustling, drug dealing and Black-on-Black crime are all, to a great degree, the social consequences of limited economic opportunity, poor urban schools, neighborhood and social disruption.

A person who cannot eat, or feed a child, will usually steal; when drugs are introduced into elementary schools, should we be surprised that children are engaged in crime? Political conservatives within the white middle class, turning a blind eye to their own "white collar crimes", rage for law and order without social justice. Blacks and Hispanics who steal hundreds of dollars are locked up, while white suburbanites who pilfer millions in the securities markets and in government contracts go free.

The frenzied desire to put all nonwhite "criminals" behind bars conflicts, however, with the conservative

white electorate's equally strong inclination to keep all government expenditures at rock bottom. Thus white reactionaries are outraged when they learn that in New York City, for example, it costs \$113 per day to house a single prisoner. Moreover, few white middle class neighborhoods want a correctional facility anywhere nearby. A 4,000-inmate jail was planned in New York City's Staten Island, but the proposal instantly provoked community opposition. In a cynical but typical political play, Mayor Ed Koch then suggested that he would "reduce the number of shelters for the homeless" in that particular borough if the local residents permitted the construction of a jail there.

There are realistic alternatives to the prison construction movement. Few critics ever point out that the majority of inmates in most urban jails are being held for trial, and haven't been convicted of the particular crime for which they're being detained. In New York, the typical inmate who can't obtain bail or who isn't able to raise the money has to wait behind bars for 47 days, compared to only 26 days back in 1977. An expansion of work-release programs, in which some prisoners would be permitted to hold down jobs on the outside during the day and would be locked up at night, would relieve some problems.

The NAACP's Prison Program is another successful model for penal change. About 3,000 prison inmates currently belong to the NAACP program, which involves extensive activities: educational classes in math, reading and writing; job training seminars; Christmas gift projects for low income families; programs in public affairs, Afro-American history and culture. Over the past decade, 32 prison branches have been established. Involvement in these constructive programs helps to break the cycle of recidivism. At the Elmira, New York, Correctional Facility, for instance, the NAACP branch has a 14 percent recidivism rate, vs. 50 to 55 percent for non-NAACP prisoners. Nationally, the NAACP branch recidivism rate is approximately 15 percent vs. 60 percent for all prisoners.

Building additional prisons won't address the fundamental factors behind the penal population explosion. So long as the U.S. devotes billions of dollars to nuclear weapons and Star Wars and comparatively little on urban education, jobs programs, health and human needs, urban crime will continue to grow rapidly, as so will the penal population.

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