

Tax Shelters To Spur Black Economic Progress

by William R. Morris, President
Housing & Community Development Consultant

Blacks who are making it now should take a serious look at tax sheltered real estate investments as a means to gain personal financial security, enhance black economic development, and provide housing for the poor. It may come as a surprise that federal tax laws can be used to achieve such important goals for blacks but it is quite plausible and entirely feasible.

Mighty tides are drawing new real estate money back into the cities, including black areas, that, until recently, had been written-off as bad risks. Now, the energy crunch, high housing costs, downtown revitalizations — and federal tax laws — are coalescing to accelerate a "back-to-the-city" movement in city after city. Heavy investments have already occurred in many downtown business districts. The play is now turning to nearby older neighborhoods occupied predominantly by blacks. Tax sheltered real estate investments are becoming so significant these days that innercity properties are sought by sophisticated investors as the best tax game in town.

If blacks own enough depreciable real estate it is possible for them to shelter their entire income from personal taxes. Uncle Sam, in fact, encourages this result because the more people invest in real estate the better housed our nation becomes. Tax shelters are neither illegal or immoral. They exist mainly because Congress feels that they are socially and economically useful. The encouragement of investments through real estate tax sheltering is one way of helping to achieve the national goal of decent housing for all people.

The secret? Ownership of depreciable real estate, such as apartments, office buildings, stores and warehouses. Any property held for investment or for use in a trade or business can qualify for special tax treatment.

A true tax shelter is an investment where the investor saves more income tax dollars than he spends on the property. Depreciation is the best shelter of all because, to be entitled to this deduction no actual payment of cash is required. Maximum depreciation is the goal of most investors.

In buying a \$100,000 rental property, for example, the non-depreciable land value is estimated at \$20,000 and the structure at \$80,000. Being an older building you select a 20-year remaining useful life for it. After paying all of the property's expenses the property produces \$3,000 in annual net income which you put in your pocket. Using the straight-line method would give a \$4,000 annual deduction for depreciation, or a tax loss of \$1,000 which can then be subtracted from your other income.

Real Estate Syndication's

Syndications can offer middle-income blacks a convenient and rewarding way to invest in real estate. The group ownership of an interest in real property is popular because it lets the individual who is not professional in the real estate field share in the tax benefits, income, and capital appreciation features of ownership.

Syndicates have been formed to own all types of property from office buildings to orchards. Some own only one property; others own multiple properties. Limited partnerships are the most popular form of ownership because of their tax and operating advantages. In this kind of partnership there is usually one or more "general partners" who have no voice in management but their liabilities are limited as they would be in a corporation.

Public syndications are regulated by both the state and federal Securities and Exchange Commission. The more popular private syndications can be exempted from regulation if they meet both state and federal guidelines. The first step in evaluating any syndication is to read carefully the prospectus. Everyone is advised to consult a good attorney and tax accountant before making an investment. Tax sheltering is complicated and subject to legislative changes. Many people in high income brackets legally pay no income taxes due to these kinds of investments — and it's perfectly legal.

For blacks, real estate syndications offer the pooling of funds with others to invest in properties that may be beyond the reach of one individual; no management worries; and higher returns on investments. As more and more blacks (many now have two incomes in the family) enter the 50% and up tax brackets it makes real good sense for them to consider the increased incomes potential from tax sheltered real estate investments for themselves and, if they have an interest in racial advancement, to understand that their investment can help breed new life into low-income communities and provide a better economic base for blacks in areas where property values are increasing.

Remembering

There is a lot of truth in the old saying that people have short memories. Psychologists tell us that we especially tend to forget unpleasant events, which generally might be a good thing for our mental well-being. But some things we should not forget.

Working now in the heat of summer, 1980, we recall the depressing terror of those summers in the late '40's and early '50's when swimming pools and movie houses were closed to children, and all public gatherings, including church services, were discouraged. People pretty much stayed at home during those summers.

Infantile paralysis, as it was widely known, stalked a large part of this country, especially the South. During the peak epidemic years — 1952 through 1954 — 132,000 people, mostly the young, were infected by polio in this country, 56,000 of whom were paralyzed. Over 6,000 died. The iron lung with its wheezing bellows became a familiar and frightening symbol of what was happening.

According to Dr. J.N. MacCormack, head of the state's Communicable Disease Branch, North Carolina suffered a reported 6,627 cases of polio from 1945 through 1954. The first polio vaccine was approved for general use in April of 1955, and slowly this dread disease was brought under control.

It is important to keep in mind that polio has not been eliminated, as was smallpox. The polio virus is still with us, and every year there are cases in areas where people are not fully protected with the vaccine, which can now be taken orally.

Public health officials constantly remind us that all of the vaccines in the world are of no value if they are not used. Now they are emphasizing that the state's new immunization law requires all students, regardless of grade, to be protected against the childhood diseases — including polio — starting with the opening of school this fall. Even now, some upper grade students are not fully protected.

School officials have been working for months reviewing student health records to see who needs immunization, a Herculean job for which they should be applauded. Since the state has an estimated 100,000 new students in the system each year, county health departments and private physicians have been busy immunizing school beginners.

This is the kind of public-interest teamwork that will prevent a repetition of those terrible polio summers.

\$25 Billion White House Waste

By Charles E. Belle

A long hot summer short on necessities and knick-knacks is developing for young and old in the black American communities across the country. U. S. Department of Commerce Bureau of the Census confirms that about one out of every seven persons 65 and over, as early as 1977, had incomes lower than the poverty level.

The number of poor black Americans age 65 and older has increased substantially each year. The aging of America is not new, but the atrocities committed against elder members of the black American community is multiplied by economic mistakes of the administration.

In 1978, fifteen million households were maintained by persons 65 and older. Over sixteen per cent of these were black American households representing almost a forty per cent jump over the average national black American population of twelve per cent.

Crime, a direct correlation with economic disadvantaged groups, grows with the community's unemployment level. For crimes against persons, according to the U. S. Government, Bureau of Census, victimization rate of the elderly was thirty crimes per 1,000 population compared with about 130 per 1,000 for persons twelve and over. Flashing the fact that the young unemployed are more likely to steal from themselves rather than their impoverished elders.

Larceny was the most frequent crime against another person. Perfunctory, however, in almost every crime category, elderly black Americans were more likely to be victims of crimes than elderly whites.

White House sources have recently indicated that the President's proposed balanced 1981 budget has been broken by big unemployment insurance payments to formerly employed people. The sum is expected to cause at least a \$3½ billion deficit. Payments on unemployment benefits are expected to approach \$25 billion in 1981, while revenues will total only a little more \$21 billion.

Bungling the books as usual, administration experts look askance at the waste. The late slashes in CETA, Comprehensive Education Training, look like limp spaghetti next to this sham. Senior advisers to the President had predicted unemployment would not top 7½ per cent the entire year. Eureka! Already it is banging at the eight per cent mark, making a tunnel to nine per cent. Perhaps the President truly believed his balanced budget would cure inflation — after all its clear it's killing the black American communities young and old alike.

"If there is no struggle, there is no progress. Those who propose to favor freedom and yet deprecate agitation, are men who want crops without plowing up the ground. They want rain without thunder and lightning. They want the oceans majestic waves without the awful roar of its waters."
— Frederick Douglass

A Postal and Federal Viewpoint

People love to get together and talk about how bad the Postal Service is. Nearly everybody can tell about a letter he or she never got, or a package that was either not delivered or was damaged.

Hardly anyone ever mentions the 320 million pieces of mail that arrive on time six days a week. Or that the Postal Service is the largest service of its kind in the world.

Postal workers are hard working, efficient, dedicated men and women who perform one of the most important services to the country that we have. They deserve

The 13th Amendment And the Future Of Blacks In The United States

By Gerald C. Horne, Esquire

Recall the scene: Blacks attempting to break the chains of oppression, push for compensatory legislation. Along with their allies in Congress they argue that because of historic patterns of discrimination remedial legislation is needed in the areas of employment, education, etc. The foes of this drive argue any "special" programs for blacks inherently discriminate against whites; i.e., it constitutes so-called "reverse discrimination."

Sound familiar? Certainly, it does. But the point is that this scenario was not played out this year, this decade or even this century. The fact is that this was the historical backdrop for the passage of the 13th Amendment in the mid-1860's. The fact is that newly freed slaves and their allies were arguing that simply to proclaim blacks to be "free" without extending any aid or assistance would be a cruel deception. Indeed, they argued that blacks required "special" assistance because they had a "special" status — i.e., human property.

The main demand, of course, was for "40 acres and a mule." Needless to say, the newly born Ku Klux Klan fiercely resisted this effort and was the main proponent of the notion that these "special" measures and their constitutional underpinning — the 13th Amendment — was some form of "reverse discrimination."

"The more things change, the more they remain the same." Today, the Ku Klux Klan guns down blacks in Chattanooga and North Carolina and are tried by all-white juries. Once again they argue that "blacks are getting everything" and that is why they are acting. But what is the 13th Amendment and what relevance does it hold for today? The 13th Amendment abolished slavery and "involuntary servitude." However, it went

further. The framers of the 13th Amendment — congressmen Sumner, Stevens, et. al. — recognized that it was just not sufficient to lift the burden of slavery from black backs; they knew that even after the burden was lifted, the back would still be bent and would not be sufficient to compete in life's race. Hence, the 13th Amendment was also designed to abolish the "badges of slavery."

What is a "badge of slavery?" In short, it is anything that signifies or establishes unequal treatment for blacks. This view was validated by the U. S. Supreme Court in the well-known case of *Jones v. Mayer* where it was stated that denial of housing opportunities constitutes a "badge of slavery" and is thereby unconstitutional.

The Affirmative Action Coordinating Center has taken the position consistently that affirmative action is not only constitutionally permissible but constitutionally mandated under the 13th Amendment.

This brings us to the all-important case of *Memphis v. Green*, 610 FED 2d 395. This case concerns an attempt by a white community in Memphis to build a "Great Wall" blocking out and segregating the black community. This case is absolutely critical for a number of reasons. First of all, in a time when the KKK is on the move, when right-wing racist-minded politicians like Jesse Helms can reach the U. S. Senate, etc., moves to impose South African-like apartheid in the U. S. must be taken quite seriously — especially when it receives the sanction of a city administration.

Secondly, this case is now before the U. S. Supreme Court. The case was decided favorably in the lower court on the basis that the wall was a "badge of slavery" and violative of the 13th Amendment. But given the frequent right-ward tilt of the Burger Court, it is not unrealistic or alarmist to im-

agine the Supreme Court overturning the lower court decision and sustaining the building of such a wall. And if a wall can be built to separate black and white neighborhoods, why not walls to separate blacks and whites on the job or in school? Before you know it, U. S. society would be returning to the "moonlight and magnolia" days of the 1870's.

Let there be no mistake: The Supreme Court like any other major institution is sensitive to political currents. If they feel that a hail storm of protest would greet an anti-black ruling, they will be hesitant to overturn the lower court. But if they feel that the black community is "asleep at the switch," this will provide impetus for an adverse ruling. Therefore, what is to be done? At minimum, all who read this article should immediately contact their church, their union, their social club, their NAACP Chapter, their community group, their whatever and strongly suggest that they forthwith send a mailgram to AACC granting permission to sign our friend-of-the-court brief sustaining the lower court's opinion. (126 West 119 Street, New York, NY 10026 — phone (212) 864-4000.) Send it soon. TIME IS OF THE ESSENCE.

At the same time, you should be ever watchful to insure that what happened in Memphis does not reach your community.

It is certain that we do not want to be like the Jews in Germany and wake up one morning wondering how we got to a concentration camp.

Do not be in the position of being able to just hang your head when your children ask you in 1990 — "What were you doing when the 13th Amendment — the Constitutional underpinning of black progress — was being dismantled?"

By Congressman Augustas F. Hawkins

Taking The Circus Out of Presidential Politics

Election-year Presidential politics being what they are, have never been noted for their coming to grips with the real, people-oriented, bread and butter issues.

In my remembrance, Franklin Delano Roosevelt, campaigning in 1932 for the Presidency at the height of the Great Depression, is the only President who was willing to candidly talk about the nuts and bolts of true economic recovery. His theme was jobs and increased industrial productivity. He wanted to resolve the fact that "one third of this nation is ill clad, ill fed and ill housed," through the implementation of programs that would put Americans back to work.

His programs worked. Not always to his liking; but America did slowly move back to economic recovery, because Roosevelt believed that the tools of government were to be used to help all segments of the society — not only those with wealth and position.

We are now confronted with economic problems as serious as those we faced in the 30's.

But in this Presidential election-year we have no Roosevelt-like candidates who will clarify the nature of the issues, and talk

about their resolve.

This nation is in the midst of a serious depression, which is at the core of our problems.

Addressing the manner in which this depression will be over-come, is the only issue worthy of Presidential debate.

The people of this country need to know what Reagan means when he says he is for full employment, and what he intends to do to bring about its implementation. We need to know how he intends to use the mechanisms of the Full Employment Act, and whether he will work to achieve its goals and timetables, without trying to violate them as President Carter did early this year, when Carter said that "reaching the goals of a 4 per cent unemployment rate and 3 per cent inflation by 1983 is no longer practicable."

Carter changed the goals: 4 per cent unemployment would be reached in 1985, and 3 per cent inflation by 1988. (He also violated the law of the land when he instituted these changes.)

But what I am most concerned about is the fact that these keys to our economic salvation will not be addressed. Rather, what we

are going to get will be castigation by the Reaganites of Carter's image and a like scenario to these "none issues" by the Carter camp.

Without a true clarification of the issues and the sacrifices confronting the American people, the Carter and Reagan camps each hope that they will be the victors in this race, owing the least in accountability and responsibility to the people of this nation.

We are at the brink of an economic abyss. The Presidential debates in this election should tell us how each candidate intends to save us from falling into the abyss.

We need to be challenged by the candidates to pragmatically confront slow economic growth, creeping inflation, increasing unemployment, energy shortages, and the emasculation of viable human services to those in need by budgetary manipulations.

For months now I have been raising these questions, and testing the mettle of these men who want to be President.

We've got to ask the questions now, and demand answers now, before another do-nothing President gets elected and hides himself in the Rose Garden of the White House.

by Dr. Charles W. Faulkner

Ego Defense Methods

Dear Dr. Faulkner:

How does one know when he is being awkwardly defensive due to his lack of confidence in himself? — Calvin S., Ontario.

Dear Mr. S.:

There are times when one does not realize a conscious manner that he is being defensive. Most ego defense is conditioned and occurs before a person can reason out his behavior. It occurs before one decides how he should react to a specific situation.

The defensive person lacks full confidence in himself and becomes insecure and nervous around people considered by him to be superior. He might tend to become defensive as a means of hiding his insecurity or in order to bring the other person "down to size."

Some types of defense mechanisms are: Unprecipitated and unnecessary argument; complaining; refusal to participate in activities with the threatening person; personal attack; anger; frustration; trembling; crying;

sickness and heart palpitations.

Following are some characteristics of ego defense mechanisms:

- 1) Self-perpetuating — The individual, fearing that he will be rejected, withdraws into lonely isolation which limits development of his ability to interact with other people;
- 2) Unconscious — The person merely reacts to situations without thinking but, later, regretting his behavior;
- 3) Universal — Everyone has insecurities and responds defensively on threatening occasions;
- 4) Unreal — The defensive person reacts to how he thinks others feel about him rather than how they really feel about him, which may be quite different;
- 5) Stress Producing — The defensive person tends to feel emotionally drained of energy after an encounter that is threatening;
- 6) Manipulative — The defensive person, through his actions, hopes to change the

behavior of other people in order that they might respond favorably to him.

Defensive behavior of normal people often elicits the required response — as when a person smiles at another in order to obtain a smile in response. The acutely defensive person, however, usually overdoes his acting to the extent that it becomes obvious to others who, in turn, refuse to respond to him as he desires.

The acutely defensive person who has a deeply-ingrained negative self-image is likely to get worse before getting better simply because he becomes trapped in his own problem. He develops characteristic defensive behavior to the exclusion of normal behavior. Others may define his defensive behavior as abnormal.

The average person utilizes some defensiveness in certain situations. Often, this behavior represents one's strong desire to improve himself and usually motivates him to greater success and happiness.

by Robert L. White

The Plight of the Postal Worker

respect - not scorn. They deserve security - not threats of paycuts and dismissals.

It is my feeling that Postal workers could do with a lot more support from the public. Take a greater interest in the plight of these public servants.

Absenteeism control is a highly demoralizing element within the Postal Service. Workers who are ill are often docked or denied their earned sick leave. Family emergencies are treated callously by management and supervisors are often near tyrannical in the performance of their duties.

It is difficult to imagine the abuse of power within

management in the Postal Service. I have heard of a postal employee with 3,000 hours of earned sick leave to suffer a heart attack and be accused of taking unwarranted leave.

Additionally, jobs are being lost to the competition created by automation. In the mailhandlers craft alone, no new jobs are being created for those lost to mechanization. The craft is slowly fading out through attrition.

The public needs to revise its attitude toward their public servants.