Affirmative Action:

Blacks and Tuition Tax Credits

By Gerald C. Horne, Esquire

"A mind is a terrible thing to waste," according to the United Negro College Fund. 'Tis true, so true; but the same Reagan Administration that is working overtime to hand over tax dollars to the wasteful Pentagon is working equally hard to gut the system of public education that has been a lifeline for those blacks struggling to claw their way out of poverty.

One of the more pernicious schemes devised to destroy the public school system is the bill on tuition tax credits introduced by Senators Daniel Patrick Moynihan and Robert Packwood. This legislation would allow parents of private and parochial schools a credit against their income taxes of \$500 for each child. Naturally, President Reagan has been doing handsprings about this bill, he's so enthusiastic. Moynihan, who as a Nixon Administration insider counseled "benign neglect" of blacks, now is advocating "malign neglect" of the public school system that has aided so many black citizens.

What is immediately curious about this bill is its cost. Tax credits would cost at least \$4-\$6 billion to start with. Where will those dollars come from at a time when federal spending is being slashed so severely? The same legislators who are busy as beavers cutting funds for public education claiming the government cannot afford it somehow have the gall to justify massive tax breaks for private and parochial school parents at great cost to the government.

Naturally, this well-financed movement has found advocates to justify this hare-brained scheme. Some may recall Dr. James Coleman, the wellknown sociologist from the University of Chicago, who back in 1966 released a study which indicated, among other things, that black children would perform better if they studied with white children. That report was used to support busing for integration.

Fine. Now, however, Prof. Coleman has "re-studied" the situation and claims that "what once appeared to be fact is now known to be fiction." In other words, he says he was wrong in 1966 and has a new study with statistical "proof."

According to this new study, private school children do better on tests than public school children, therefore government support should go in that direction.

There is no argument that public schools are not doing enough for children - especially black children. Nor can one argue that children in private schools get better grades and higher marks on tests.

But all this begs the question. Private and parochial schools carefully select their pupils. Unlike public schools, they do not have to accept all children. A private or parochial school can dismiss permanently any child found to be difficult to handle for any reason. Most students in private and parochial schools come from homes with financial and educational advantages. As costs increase, private and parochial schools can simply raise tuition. Public schools must cut down on programs and services, increase class size, cut down on materials, etc.

Dr. Coleman by-passed such obvious factors in his study. But the point is that this inadequate bit of research is being trotted out at this particularly perilous time to justify abandoning the public school system.

In fact, in their losing effort to implant the tuition tax credit system for private and parochial schools in predominantly black Washington, D.C., Coleman's research was

displayed prominently.

Luckily, the voters in the nation's capitol were smart enough to see through this flim-flam but the Moynihan-Packwood Bill must still be faced.

This attack on the public school system must be seen in a larger context of an attack on all public services. The plan of the Reagan Administration is to destroy such services, meaning that only those affluent enough to afford the private sector can enjoy the basics of life.

Pulling the plug on the public transporation system - buses, subways, trains - will harm the black and the poor while the rich ride in limousines and jets. The public hospitals are being shut down across the nation, while the rich can afford doctors in private practice.

This is a disaster but the attacks on public education are notably detrimental and come at a time when blacks critically need schooling.

For example, with the budget cuts many jobs have been placed in jeopardy. A \$10.3 million to riot-torn Miami's CETA program last October to establish a Skills Training Center. and Out-of-School Youth Program and an Entrepreneurial Training Program in heavily black Liberty City, now all seem to be going by the boards, according to Charlotte Gallogly, executive director of

Gallogly expects to phase out at least 2,600 public service employees shortly, many of them black. With public schools under siege, many black youths are being shut out of the picture altogether.

Black youths lucky enough to emerge from the public school system face an uphill battle if they reach it to college. Black students enrolled in predominantly white colleges and universities drop out of college at higher rates than whites.

According to Leon E. Wiles, official at Pennsylvania State University, "Studies indicate that, for every 100 white 18-year-olds, about 75 finish high school, about 45 enter college and about 15 get a degree. For black 18-year-olds, about 65 finish high school, about 30 enter college and only about five earn degrees.'

Statistics indicate that blacks fare better at traditionally black institutions than at mostly white colleges about 26% drop out at black schools, as opposed to 37% at mostly white schools.

Statistics for secondary schools aren't much better. In October, 1980, a recent report says 23% of the black population, 18-21 had dropped out of high school and were not enrolled in any school. This compares with about 40% of the corresponding Latino group and 16% for whites. Balancing these sobering figures is the fact that in the 1970-1980 period, black college enrollment doubled. About one million blacks, 14-34 years old, were enrolled in college in October, 1980, compared to about 522,000 in 1970.

So, yes progress has been made. All has not gone downhill. But the lingering specter of tuition tax credits looms menacingly on the horizon. If the Moynihan-Packwood bill passes. the public schools that have been hit teacher strikes, equipment breakdowns, dated textbooks and concomitants such as drugs, violence and the like, will obviously face more

Some argue that private school parents pay taxes to support public schools and therefore deserve a break. But the elderly, single persons. and childless couples receive no direct service from public schools. Should they get tax credits, too? Such a rationale makes no sense and exposes the fraud that is the tuition tax credit

But it will take more than persuasive rationales and honeyed words to reverse a system that, if enacted, will mean the end of the public school

Business In The Black

\$15,000 or More What's New About All Savers Certificate

By Charles E. Belle

On October 1, 1981, all over America, ad men and bankers rejoiced. Rolling out special invitations and high powered campaigns to convince investors and savers to put their pennies into the "New All Savers Certificates."

Considering the savings to the banks and savings and loans associations, it could be a big bonanza. But all that glitters is not gold, especially if you get to be the goat and not the getter. For those who don't look deep, they will find no gold in the "New all Savers Certificate", only

grass. The "New All Savers Certificate" is supposed to give you \$1,000 tax free, or even as much as \$2,000 if you have a legal spouse. There is a "catch-22" of course. First, in order to get the \$2,000 tax-free you must deposit \$15,860 and leave it there in the bank for a year. No more taxfree interest by the way after the \$2,000.

This \$15,860 figure is founded upon the fact that you did indeed deposit that sum of money on October 1st or 2nd at the latest. The interest rate dropped to 12.14% from 12.61% to the utter dismay of most bankers. It turns out the Depository Institutions Deregulation Committee has the ultimate authority on these matters and dictated the drop in interest rates earlier than anyone expected

The interest rate is expected to be set at 70% of the U.S. Treasury bill auction rate on the fourth Thursday of the month for the next Monday. Which brings up another investment point: why take a 30% interest rate discount from your \$10,000 Treasury bill to start with? Especially since the "New All Savers Certificate" interest income is not exempt from state taxes.

Congress got the "New All Savers Certificate" going by getting people to believe they have the ability to not only save the entire housing industry, but also to provide much needed mortgage money to help all Americans buy homes. Another notable cause that failed from the start.

Short-term funds, one-year deposits for the bankers, better not be used for longterm loans for mortgages. That is more of the same of the present problem in the banking and savings and loan industries.

Unfortunately, the current culprit is the Money Market Fund. High daily interest

rates and immediate withdrawal of funds deposited is an excellent alternative investment to any existing bank savings accounts. At 161/2% daily average interest rates the Money Market Funds pay, they run rings around locked up Certificates of Deposits at lesser rates.

The "New All Savers Certificate" is competitive if you are in a high (44%) tax bracket, but pales for poorer people. Alexander Grant & Co., a national CPA firm, claims a joint tax return in 1982 with taxable income over \$45,800 will be getting a tax equivalent yield of 221/2%. In short, it would take a non-taxable investment returning 221/2 % in cash to equal the tax free return of 12.61% offered the first two days in October on the "New All Savers Certificate" for those in the 44% tax bracket. However, for those in the lowest tax bracket, the tax break is marginal if not non-existent.

Citibank, New York City's biggest bank, is counseling anyone with a gross income below \$15,000 or thereabouts, as well as anyone who cannot park their money for a year, against participating in the "New All Savers Certificate." A word from the wise should suffice.

To Be Equal

Credibility Gap Mr. Reagan's

By Vernon E. Jordan, Jr.

Budget Director David Stockman landed himself in a world of trouble when a national magazine published taped interviews with him that featured embarrass-

ing revelations.

Mr. Stockman's off-the-cuff remarks made in the heat of last spring and summer's budget battles confirm what the Administration's critics were saying about the economic recovery program's short-

The highly touted "supply side economics" turns out, in Mr. Stockman's private comments, to be nothing more than a fancy dress version of the old, discredited "trickle down economics" that said if you give more money to the rich it will trickle down to the poor.

That never happened before, and it is not happening now. The whole supply-side flim-flam was a ruse to disguise the real intent of cutting the tax rates of the highest income brackets.

Meanwhile, the effective tax on poor people was raised through cuts in programs that transferred cash or cash equivalents such as welfare benefits and food stamps. That exposes the moral bankruptcy of a policy that pushes the poor against the wall while showering further benefits on the affluent.

During the debate over the tax bill the special interests had a field day, eventually winning additional concessions unop-

posed by the Administration. Now we learn that many of those who wrapped themselves in the flag and pleaded the need for "incentives to save and invest" were actually acting out of pure greed.

'Do you realize the greed that came to the forefront," Mr. Stockman is quoted as saying. "The hogs were really feeding. The greed level, the level of opportunism, just got out of control."

Meanwhile impoverished mothers on welfare were made public enemies by the Administration spokesmen who talked of out-of-control social spending. But what was really out of control was the raid on the public treasury by already rich special

And while the Administration was urging an arms buildup in a budget that virtually gave the Pentagon a blank check, its Budget Director was privatel that the defense budget was "a"

swamp of \$10 to \$20 to \$30 billion worth of waste that can be ferreted out if you really push hard." But to this day, no one is pushing. The real expose in the story is that the

Administration's economic policy is based on deliberate falsehoods, wishful thinking, and economic theories that, rather than being new, are actually recycled versions of proven failures.

The real scandal is not that the press is publishing material never intended for

publication, but that it swallowed the Administration's line during the budget battles. We got all those sage editorials about supply side economics and the Administration's theories. Now the media'is left with mud on its face, for it took on face value what even the Administration's proponents never believed.

Even now the media headlines the President's "support" of extending the Voting Rights Act without adequately explaining that he backs changes in the Act that would reduce its effectiveness.

Again, the media reports the President's eloquent statements about civil rights, without informing people that its actual proposals would effectively gut civil rights enforcement.

It wasn't until the President's appointee Equal Employment Opporwas on the eve of his confirmation hearings that the press finally got around to pointing up his obvious inadequacy to hold such an important post. One must wonder whether such a nominee was chosen to intentionally discredit the civil rights enforcement responsibilities of the federal government.

So the Washington revelations have opened up a credibility gap for this Administration. The skepticism minorities voiced about its policies and intentions have been confirmed.

Getting Smart

The Troubling Immigration Issue

By Walter L. Smart

Executive Director United Neighborhood Centers of America

Americans have long been proud of the beutiful Statue of Liberty, a gift from France, and the words, "Give me your tired, your poor".

People from around the world have sought and found refuge in the United States. During the turn of the century, immigrant groups played an extremely vital role in our labor intensive industries. In addition, the immigrants brought their cultural heritage with them which added to the rich mosaic of the American pluralistic society.

Times change and conditions change; today the needs of industry have changed dramatically from a need for untrained workers to a need for skilled technicians. Robots now do the work that was formerly done by thousands of human beings, and America has not yet figured out a way of training its unskilled, unemployed workers or of expanding job opportunities for those desperate for a job, let alone your tired and poor from all around the world.

telling you that

Part of the problem can be attributed to the "creative tension" between management and labor unions. In some instances, management has produced facts and figures to prove that labor costs are excessive in some areas in relation to a foreign competitor. In other instances, notably with farm workers, widespread exploitation and human degradation has been shown to exist when management doesn't have to negotiate with a union.

Florida is a state which complains that it has taken more than its share of refugees. An estimated 112,000 have come since 1980. The burden on state, local and Federal governments has been estimated at \$210 million. Yet some of the sugar cane growers are planning to bring in 9,000 West Indians to cut the cane while there are thousands of unemployed persons already there. The growers complain that you cannot recruit a reliable work force that will complete the season. However, a representative of the Farm Workers Rights Organization speaks of

poor working conditions and poor pay, and is convinced that reliable crews can be recruited from within the state of Florida.

The problem is a long way from being resolved; meanwhile the numbers of unemployed persons continue to grow. I don't know what the solution should be but if anyone tells you that it is a problem that only affects management and unions, you tell them that they are crazy. In many ways the expanding unemployment problem in the United States has touched our lives in dramatic and frequently violent ways, . . . and the bomb is still ticking.

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