

Point of View

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TO BE EQUAL

TAX INCENTIVES CAN CREATE JOBS

By John E. Jacob

It seems likely that in 1993 Congress will look at various ways to use the tax code to stimulate the economy, create jobs, and train workers.

One measure that will come up for consideration is the investment tax credit, which rewards businesses for making new investments. The idea behind it is that such investments make business more efficient and create jobs through purchases of new plant and equipment.

There are also proposals that

would create training funds. Companies would be expected to set aside a portion of their payroll costs for training programs; those that fell below the designated figure would pay into a training fund.

The plan was discussed during the presidential campaign and, while controversial, was competitive by upgrading workforce skills.

A third proposal tackles job creation more directly. It would provide tax breaks for businesses that hire additional workers.

The idea is simple: whatever revenue is lost by tax credits is made up for by the new tax revenues paid by the new hires. And it would have the biggest impact on small businesses, which are said to have created 80 percent of all new jobs in the 1980s.

But experience from a similar tax credit program suggests that if a job tax credit must be very sharply targeted, employers should get the tax credit for hiring poor people, unemployed workers, and the disadvantaged. In the past, employers often filed for the credit although they

did not make any special efforts to hire the targeted populations — disadvantaged people who faced barriers to employment.

So the tax credit should include a requirement to utilize community-based organizations with proven outreach experience in recruiting and training minorities.

A jobs tax credit has also been criticized for concentrating on entry-level, minimum wage jobs. But any job is better than no job. And it is essential for people to get work experience and skills to climb higher on the

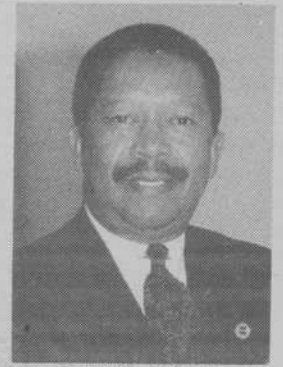
job ladder.

Since a jobs tax credit usually applies to the first months of employment, safeguards are necessary to prevent employers from turning over entry-level positions by forcing or encouraging people to leave after the credit runs out. And adequate supervision and training should be required to assure retention and job mobility.

If a targeted jobs tax credit holds promise for expanding jobs among the disadvantaged, a training tax credit or fund may be a viable way to help underskilled individuals prepare for more demanding jobs.

Experts agree that upgrading worker skills is necessary to help America become more competitive, but most private sector training is limited to managers.

A federal training initiative should be carefully crafted to avoid subsidizing the normal training programs in which most



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businesses engage. And given the tight fiscal situation, it should focus on training that enables workers to acquire new skills needed by the economy.

Emphasis should be on those most in need of upgrading their skills, such as people whose skills have become obsolete, displaced workers in troubled industries, or the jobless who can become employable by mastering new technologies.

Whether through the tax credit route or by direct federal spending, America needs to upgrade its workforce and create new jobs, and the Administration and the Congress should move swiftly to take the most promising route.

SPECIAL FOR BLACK HISTORY MONTH

NEW VISION FOR BLACK AMERICANS

By Tony Brown

I was assaulted on a television show once when I introduced data from a RAND Corporation study showing that 75 percent of black males earn a middle-class income. In fact, the entire panel on that show — 13 very prominent black professionals — had bought in so much to the black victimization syndrome that any good news, any statistical fact showing black men are not being exterminated, completely upset their agenda.

But the real threat to black men is not extermination. It is the psychological crippling caused by middle-class blacks, who incessantly drum into young black males the lie that they are becoming extinct. The effect of this lie is to make white people look all-powerful, as though it doesn't matter what you do as a black person because the whites are not going to let you succeed.

But white people are not in control of black people. No one can control anyone who is in control of his own destiny and his own mind. What blacks need is a consciousness that will prepare them to be competitive in America. We

don't need to depend on the largess of another ethnic group to give us affirmative action programs, quotas or set-asides.

If a Korean or Vietnamese can come here not speaking one word of English and get seven degrees from MIT in seven years, an African-American can do the same thing. The reason we dominate in football and basketball is that sports is an area where blacks believe in themselves. There's no reason we can't do just as well on Wall Street and in the country's physics departments and law schools.

African-Americans already earn approximately \$300 billion a year, a sum equal to the Gross National Product of the 13th richest nation in the world and equal to the GNP of Canada or Australia. If you took blacks out of America, Wall Street would collapse last week. We are not poor — we are a cultural-economic market that has been trained to behave as a poor minority.

If you are not proud of what you are, you are not going to be able to produce. Forty years ago we used to laugh at products with the label "Made in Japan." We don't laugh anymore. We don't laugh because of people like Akio Morita, chairman of the board of Sony, who

said, "As a Japanese I was so offended that the world laughed at the products made by my people, and I was so proud of what I was, that I decided to set up a company that would produce the best goods in the world." And he did. Not because the Japanese are superior — but because he was proud of being Japanese.

The other ingredient necessary for black achievement, in addition to self-respect, is education. The black community rightfully laments the fact that more black men are in prison than in college. Why not insist that any person released from prison or put on parole attain a literacy reading level? Why not turn the jails into schools?

Then there is the larger problem of the low level of education available to blacks nationwide. The black panelists I debated on television insisted the only obstacle to quality education is a lack of money, and a lack of money is the result of racism. But New York City, with its huge black population, spends more money per student on education than any state in the union except New Jersey.

What does all this money get New York? Some 80 percent of the high school seniors there cannot answer the following



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question: If one inch on a map equals 250 miles, how many miles does 10 inches equal? New York City hires more school supervisors than the entire nation of France — and the state of New York hires more school supervisors than the continent of Europe.

Why can't they deliver quality education? Because the community at large expects them to do the whole job. But education is a cooperative effort.

When black parents enable their children to see the opportunities before them; when black children understand the chance education gives them for the achievement of something exciting and meaningful, both can cooperate with educator's to create a prosperous future for black America.

Tony Brown is a nationally syndicated columnist and host of the public television series "Tony Brown's Journal." This essay is adapted from a lecture delivered at The Heritage Foundation, a Washington-based public policy research institute.

LETTERS TO THE EDITOR

EULOGY FOR THE LAS VEGAS NEGRO

They had a chance to get off their knees, but didn't. They had people like Marzette Lewis and Deborah Jackson sounding the horn of education liberation for the children, they didn't listen.

Kamau the Great was on the radio trying to instill pride into the slaves, they wouldn't listen; all they did was pray in the churches and boogie in the bars and asked for God's help.

But they forgot one little point. God wouldn't help them because they wouldn't help themselves; they could have used cooperative economics and helped each other to build businesses to make their community a metropolis, but they didn't.

They could have stretched out their hands to each other in Afrikan love and respect, but they wouldn't.

Oh such foolish people they (See Letters to Editor, Page 4)

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