P.S. to the NEWS
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A JOBS STRATEGY FOR YOUNG BLACKS

Some people call it a social time bomb, some a keg of dynamite, some an urban crisis. Others just wring their hands and say it is depressing and demoralizing. Billions of tax dollars have been spent in a vain effort to solve the problem, but it doesn't go away. It only gets worse year after year.

The problem is unemployment of young blacks. In the long, hot riot-torn summer of 1967, the unemployment rate for blacks age 16 to 19 was 26 percent. Today it is 33 percent, more than twice the unemployment rate for whites the same age. The black teenage unemployment rate is double what it was 25 years ago, and higher even than during the depression of the 1930s.

Some experts believe that the rate is really closer to 50 percent because large numbers of young blacks have given up looking for jobs and so escape being counted. More than a third of all blacks turn twenty without any work experience whatsoever.

This means that they have not developed work habits which will help them keep a job and advance in it after they eventually find one. Their education for life is simply incomplete, and this deficiency handicaps them for years above and beyond any trouble they may get into during all those idle hours.

Since the 1960s, the federal government has spent billions upon billions of tax dollars on a great variety of programs for the inner city. Social welfare spending has increased every year; nearly a quarter of the non-defense budget was spent in the central cities in fiscal 1979.

The inner city unemployed blacks are fed at government expense and provided with housing and medical care. But the welfare environment does not meet their needs or hopes. Vernon Jordan, president of the Urban League, called them America's "boat people without boats, cut adrift" from the promise of the better future which we all hope to earn through hard work and perseverance in a paying job.

Now comes Congressman Jack Kemp with an innovative proposal to tackle the problem of

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inner city unemployment. It's not based on setting up a new federal bureau or doling out more welfare. It's based on tax incentives which would encourage private capital formation to create private-enterprise jobs.

Kemp's bill, the "Urban Jobs and Enterprise Zone Act," would allow the identification of "Enterprise Jobs Zones" within any city if (a) it meets eligibility requirements and (b) the city reduces its effective property tax rate within the Zone by five percent a year for four years. Businesses within the Zone would be given dramatic tax advantages designed to encourage small enterprise investment and jobs creation.

Social Security payroll taxes on employers and employees would be reduced by 90 percent for workers under age 21, and by 50 percent for workers 21 and older. The capital gains tax rate on investment would be reduced by 50 percent. Business tax rates would be reduced 15 percent across the board for any business located in and employing at least half its employees in the designated Enterprise Zone.

To increase small business incentives, the bill allows (a) three-year, straight-line depreciation on the first $500,000 of assets bought each year, (b) allows the use of cash rather than accrual accounting for firms with gross sales below $1 million, and (c) extends the loss carryforward provision to ten years.

The tax incentives would be targeted in areas that currently produce no revenue. The government isn't getting any tax revenue out of businesses that don't exist or out of workers who don't have jobs. Any loss of revenue would be made up quickly through the process of taking people off welfare and converting them into productive workers.

At worst, the tax cost of the Kemp bill would be less than one-sixth the cost of community and regional development grants, less than one-seventh the cost of CETA, and less than one-two-hundredths the cost of current federal transfer payments.

Kemp has discovered that two-thirds of all new jobs are created by small businesses employing fewer than 20 people. Yet those enterprises are the very ones hurt most by current tax and regulatory policies, and which would be helped the most by the Kemp tax advantages and by the designation of target areas friendly to the creation of new jobs by private capital.

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