

AN NAACP ADMONITION TO THE REAGAN ADMINISTRATION ON THE DUAL
ECONOMY AND THE ADMINISTRATION BUDGET PROPOSALS

The condition of the alienated and the poor, symbolized by the plight of Black Americans, and the requirements to assure security and survival of this nation are inseparable. This admonition was placed before our nation by Frederick Douglass in a time of similar orchestration to crisis more than a century ago. He was not heard then. It is more certain and critical that he be heard now at any previous time in our history, precisely because within the past three decades the poor have seen demonstrated to them the capability of this nation to create conditions in which they could aspire to and work for a better life, and they now are convinced that the nation is no longer willing to do so.

Therefore, the NAACP cannot stand idly by and watch the Reagan Administration design and press upon our Congress a budget and tax program coupled with wholesale cutbacks and elimination of essential federal programs and the enunciation of policies which clearly threaten to rapidly erode the Civil Rights and economic gains of Black Americans, other minorities and the even larger number of poor white Americans whose fate is tied to the elevation or the deprivation of Black Americans. We will not without protest see this nation reduced to economic depression and domestic violence by governmental action which intensifies racial polarization and exacerbates the duality of the American economy.

We have exerted seventy years of effort to reason with and to litigate with the state and federal governments of our nation.

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In absence of just response to reason and legal action, we have had to protest and to demonstrate to quicken the conscience and provoke the nation to right and just action. Now we must again protest against the current assaults upon our vested rights as Americans and the potential threats to the very existence and security of democracy and of the nation itself which are represented in the combination of domestic and foreign policies of this Administration.

There is a basic contempt for the poor in the Reagan-Stockman economic program. It is clearly designed to use the budget and tax systems of our government to further enrich the already rich at the expense that will surely accrue to the government in consequence of the cost of further impoverishing the poor and creating greater insecurity and uncertainty among the middle majority. The NAACP has its own recommendations - some 28 of them -- to commend a more humane and responsive economic policy for our government.

We have not come to those recommendations by any casual, precipitous or politically motivated route. We have made serious studies of the recent rapidly deteriorating relative economic position of Black Americans and of the poor and middle classes generally in relationship to the increasing concentration of American wealth and the steadily increasing advantage, privilege and control by the rich and super rich minority. We have examined in detail the proposed Reagan budget and further examined the questionable assumptions upon which it is based. We have examined also the alternatives proposed by the various concerned groups including those of the legislators. And we have searched our own

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knowledge and experience and received the counsel of professional and non-professional serious and thoughtful persons.

Now we have formulated our own budget and tax proposals which we believe are based upon a more realistic and sounder combination of economic and humanitarian assumptions. First, the tax system was instituted in this nation to protect the equity interest of the poor against the prospect of the serious imbalance of concentrated wealth and attendant power that early threatened democratic government. Now the tax systems functions in the opposite direction. Secondly, the government cannot escape its responsibility to those who cannot either survive responsibility to those who cannot either survive or better themselves except by proper response by the government to their condition. The weight of economic evidence is that the cost of not investing in the elevation of the poor is the higher price of the perpetual payment for human tragedy suffering and violence. Thirdly, if the present gap between the rich and the poor is further exaggerated by a tax program that will further concentrate wealth in the twenty percent who already control ninety three percent of tax free instruments and enjoy special legal tax avoidance loopholes, there is no evidence to support any confidence that such tax reductions as they will enjoy will go into investments in productivity, nor will such tax reductions contribute significantly either to the balancing of the national budget nor to increasing the strength of the economy. Moreover, we see strong signs that the contemptuous attitude which has suddenly become manifest among the Reagan budget managers about the poor in

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our own nation is giving aid and comfort to the wrong types of governments such as South Africa and Argentina - to apartheid and governmental oppression - to the dismay of our allies and of those among the developing nations who look to our governmental model and to our own precepts as being contradicted by our domestic insensitivity and our international tilt toward militarism.

We therefore recommend:

- (1) a tax strategy which will exempt all persons and families whose incomes are below the Bureau of Labor Standards index of minimal satisfactory quality of life. That index presently stands at \$12,900 for a family of four.
- (2) A graduated tax reduction rate schedule weighted in favor of higher proportionate reductions for the lower income persons. We propose equity rather than abstract equality. A 10% tax rate reduction which is welcomed by a person making \$100,00 a year is meaningless to a person making \$10,000 a year whose earnings are already below the Bureau of Labor Standards index for his family size.
- (3) A more gradual approach to reducing the size of government and a more intensive effort to improve the management of federal programs. There is no proven direct relationship between federal budget deficit and inflation except where deficits are a result of waste, fraud and mismanagement. (The same applies to military spending there is a proposed huge increase.)
- (4) Stimulation of business investment by investment tax credits, by special tax provisions for small business and by targeting tax reductions only to productivity related business investment.
- (5) Promoting employment by providing a range of incentives to invest in human resources, but targeting those incentives to job production and human utilization.
- (6) Maintaining and enlarging public and private education and training programs and recognizing that such programs are investments, not handouts, which have brought rich returns in productive human lives.