

## PRESIDENT NIXON'S NEW ECONOMIC POLICY :

### IMPLICATIONS FOR BLACK AMERICA

Black Americans have a vital stake in the outcome of the New Economic Policy announced by the President on August 15, 1971. The President's new program is designed to:

- 1) Create jobs
- 2) Stop inflation
- 3) Stabilize the dollar

#### CREATION OF NEW JOBS

##### Measures:

Job Development Tax Credit  
Acceleration of Tax Cuts  
Temporary Import Surcharge  
Repeal of 7% Auto Excise Tax

1) Blacks consistently are hit harder by unemployment than whites. Latest figures for Aug., 1971 show white unemployment to be 5.6%, but for blacks, 9.8%.

2) President's New Economic Policy measures estimated to produce between 500,000 and one-million new jobs -- blacks stand to make significant employment gains.

3) Job Development Tax Credit for business is designed to stimulate capital investment in capital equipment purchases. Machine tool and other capital goods producers are traditionally high-paying employers of blacks. Their expansion thus would greatly improve black unemployment posture.

4) Repeal of 7% automobile excise tax would greatly increase black employment opportunities in automobile and related industries such as steel, rubber, copper, glass and leather manufacturers.

5) Blacks both skilled and unskilled have been significantly represented in these industries. For each additional 100,000 cars sold, 25,000 new jobs will be created, thousands for black workers.

6) Small black businesses would be greatly helped in expansion by the 10% Job Development Tax Credit. Expansion of existing businesses and formation of new ones would be greatly stimulated.

7) Job stimulation measures would be of financial benefit as well. Blacks are a significant part of the car buying public, and thus would be saving some \$200 on a new car purchase if the 7% excise tax is repealed. Accelerated reductions in personal exemptions would save the average black family between \$50 and \$110 per year in taxes.

8) Temporary 10% import surcharge will make U. S. products much more competitive with cheap foreign imports, hence opening still more job opportunities for blacks.

STOP INFLATION

Measures:

Wage-Price Freeze

Reduction in Federal Spending

1) Inflation -- rising prices -- hurts black and poor people very badly. Stopping inflation thus is of prime concern to blacks.

2) Prices in inflationary periods always rise faster than wages, and this is especially true of lower income persons, such as many blacks. The President's 90-day freeze is designed to control inflation by temporarily freezing the key elements that contribute to it.

3) Since blacks are the poorest people in the nation, with the lowest wages, and are severely affected by inflation, the President's efforts to stop it is of great direct benefit to Blacks. The cost of food, professional services, rents and other vital necessities will not rise during the freeze and will be much less inflationary thereafter.

4) Although government spending is being cut to offset the inflationary impact of the other fiscal measures, it is highly unlikely that blacks will be severely affected. Blacks in recent years have done well in spite of government cutbacks. From November 1969 to May 1970, minorities employed by the federal government increased by 1,363 while total employment decreased by 8,655. Blacks are still catching up in government employment, and programs in furtherance of this objective will not be curtailed by the freeze.

## STABILIZE THE DOLLAR

### Measures:

Suspension of Convertibility of Dollars to Gold

Limitation on uses of U. S. International Reserve Assets

Suspension of automatic use of Federal Reserve Swap Network

1) These monetary measures taken together are designed to stabilize the value of the American dollar overseas, and to encourage badly needed reforms in international monetary arrangements.

2) Changing the relative value of the dollar to foreign currencies would make American products more competitive at home and overseas. Not only would such an occurrence improve our trade position but it also would open up job opportunities for thousands of Americans. Blacks would be directly benefitted.

3) Monetary actions also likely to result in a lowering of domestic interest rates which had a tendency to be raised to prevent an outflow of American investment dollars. Lower interest rates will lower the cost of borrowing for the purchase of homes, automobiles and all other goods. Poor people and blacks stand to make direct gains as a result.