

DOWN TO BUSINESS . . .

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According to a recent study prepared for the Department of Commerce's Office of Minority Enterprise, an estimated four out of ten Black businesses operating in 1972 have gone out of business, which represents a forty percent (40%) failure rate. The major blame for this failure rate among Black businesses should not be cast upon the businesses themselves, but rather upon the community structure in which they operate.

A business cannot survive without a healthy economic environment -- that is, an environment with an adequate supply of capital for the purchase of goods and services, the investment in business enterprises and the expansion of manpower and plant capacity. A minority business is not different. It, too, needs a healthy economic atmosphere. Unfortunately, the Black community does not currently provide such an environment.

Traditionally, Black-owned businesses have concentrated in the Black community have been forced to limit their enterprises to the areas of retail trade and selected services. Such businesses were primarily small-scale, and actually thrived on the racial segregation which characterized our communities. Black businesses satisfied the commercial needs of the Black community and, in turn, got their share of the total Black income. But in so doing, Black business captured control of only a small fraction of the nation's total business activity.

Retail trade and selected services have de-

clined in recent years, and the increase in integration has introduced an element of competition for which Black businesses have had little experience. These businesses can no longer depend upon the monopoly of the Black market as a means of survival. They must now compete with White businesses that have the money and managerial expertise to threaten their very survival.

But there are other, more important reasons, why Black businesses must enlarge their market base. As a group, Blacks represent only 13 per cent of the total population in this country. And in 1970, we collectively accounted for a meager 6.5 per cent of the total money income. This means that a business sector that concentrates solely on the Black market is effectively ignoring more than 93 per cent of the total dollar income in America. With such a limited financial market, a business entity must remain small in order to make a profit, since it can ill-afford to build up inventories larger than their market-ability.

Further, our current problems of inflation and recession place tremendous pressures on the small, unstable income areas. As a result, the Black market is seriously depleted. High unemployment, poor housing conditions and inadequate training and experience in the labor field combine to disintegrate their already decaying financial base.

Since the majority of Black-owned businesses are sole proprietorships -- one man operations -- the source of capital needed to sustain these firms usually come from the owners personal savings. Unlike big business, Black firms tend to avoid the corporate structure which provides far greater opportunities for generating equity capital -- money that does not have to be repaid -- than does the one-man structure. To be sure, the primary source of capital for the Black sole-owner is loans, either from banks or other lenders. Borrowing from financial institutions is

a form of debt capital because the money must not only be repaid, but repaid with interest as well.

With a limited profit margin, small size, and a restrictive Black market, these firms are not the most attractive to lending institutions. The urban hub in which they operate -- where crime, poverty and lack of education pervades -- further limits their ability to attract capital.

It is clear that the Black community, in its present condition, cannot generate the economic support that our businesses need to survive; particularly in these troubled times. If this state is to change, the President and the Congress must make a new expanded commitment to revitalize our urban centers for the good of the nation and for the survival of those businesses located there. Black business must now join the larger struggle for total community economic development which means GETTING DOWN TO THE BUSINESS of survival.

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Legal Services plans move

Employees of the Clark County Legal Services Program have given up in their efforts to continue their program at its current location in the Moulin Rouge shopping center, a spokesman for the group said this week. The LeRoy Corp., which owns and operates the shopping center, has forced Legal Services to seek other office space they said by refusing to provide air conditioning for the offices they rent to the Program.

Past complaints by Legal Services about the inadequacies of their offices have allegedly been ignored by the LeRoy Corp. In past winters, the offices frequently had no heat, and cooling in the summers has been almost nonexistent. Most of the offices are without windows or ventilation. The restrooms provided The restrooms are not only inconveniently located, but dimly lit spokesman said.

The Legal Services

staff views the recent refusal to provide air conditioning as the "last straw." The program chose the Moulin Rouge site four years ago as a means of providing better service to the Black community. The staff indicates that while the location is ideal for serving both their White and Black clients, they must reluctantly move to another location in order to more efficiently provide their services.

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