

## BUSINESS

**Blacks, estate taxes have dubious bond**

By Ronald Walters  
Special to Sentinel-Voice

It raised some eyebrows when more than three dozen Black business leaders announced a few weeks ago they would be supporting the repeal of the estate tax recently proposed by President Bush.

The argument, put forth by such well-heeled individuals as Earl Graves, owner of Black Enterprise magazine, and Bob Johnson, founder, CEO and former owner of Black Entertainment Television, was that the estate tax acted to widen the wealth gap between Blacks and Whites.

Johnson, worth an estimated \$1.5 billion, says that he pays \$200,000 to \$300,000 per year in insurance premiums, arguing it is akin to transferring capital outside of the Black community.

The problem here, as they put it, is that this first generation of a substantial number of wealthy Blacks would face substantial hurdles in passing on their wealth to their heirs because they were threatened with liquidating their businesses to pay the estate tax.

With the recent release of last year's census data, one of the facts continuing to stand up is the "wealth gap" between Blacks and Whites. For example, taking those Black and White families making more than \$100,000, Blacks constitute only .07 percent of the White total, or less than 1 percent. This is the deficit that is most prominently cited by those who are fueling the reparations movement.

Nevertheless, there is reason to question whether their objections to the estate tax by wealthy Blacks are well-founded as being based on their concern for Blacks as opposed to their own selfish economic fortunes.

One of the questions dogging many analysts of Black affairs is whether high-income Blacks would begin to follow their class interests so significantly that deep divisions would begin to occur within the Black community over important policy issues. Potentially, their position could open up a difference with those Blacks who head nonprofit organizations who

largely depend upon funds obtained from large foundations.

In fact, many wealthy Whites, such as William H. Gates, Sr., head of his billionaire son's foundation, argue to keep the estate tax, since it affects so few wealthy persons. They also are afraid that if the tax is lifted, people will not contribute as much to charitable causes.

This raises a serious issue, since it may cause the large number of Black organizations supported by foundation funds to question whether Blacks as a whole would benefit from the lower level of funds in foundations (due to fewer contributors), or whether it is more important to pass on serious Black wealth by the few who can afford to do so.

Where is the balance of interest here that benefits the Black community most?

In one sense, there may not be much passion in this issue and, consequently, very little intra-Black debate because it affects so few individuals. In fact, 98 percent of Americans in general do not

pay the estate tax, since it affects only those with \$675,000 of net worth, an amount that will increase to \$1 million by 2006. Reports indicate that about half of the money raised by the estate tax is from 3,000 families with incomes of about \$5 million. This means that far less than 1 percent of the Black community is touched by this issue because of its lack of serious wealth.

Bill Clinton vetoed the estate tax elimination proposal, widely popular in Congress and with the American people at large, because he felt it affected the wealth few and took precious dollars out of the federal trough. Therefore, the other issue Blacks have to face is not only that less incentive to contribute may result in fewer foundation dollars, but the failure to collect this tax will also result in less federal revenue that could be available for programs favored by Blacks.

Obtaining a sizeable tax cut that contains the elimination of the estate tax is one Bush's prime goals. In that

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**Slackers forgotten in 'new economy'**

By Sidney Morse  
Special to Sentinel-Voice

Recent signs pointing to a weakening economy, if not an all out recession, are being revealed. As indicators continue to surface, technology industry layoffs, lowered corporate earnings, stock market volatility and reduced consumer confidence, forcing multiple interest rate reductions by the Federal Reserve, they clearly show that we are in the midst of a downturn.

What is also emerging is the intensity of difference not only between Whites and African-Americans in terms of "new economy" participation, but also the growing socio-economic and political chasm between urban ethnic groups themselves.

Asian economic superiority, even to Whites, measured by average household income, among other indicators, paralleled by rising Latino presence both in population and political stature, are factors converging to make this a decade of profound change.

They are often thought to be occurring at the expense of the Black power structure, which took decades to develop. These increasingly visible differences are giving rise to an undercurrent of ethnic tension that challenge existing models of leadership across business, community and political dimensions in ways perhaps not ever seen before.

With the combined demographics of African-Americans, Latinos and Asian Americans occupying at least 60 percent of major cities throughout the nation, which group will be able to lay claim to the most robust upward mobility seems to be an increasingly dominant feature in the political diatribe.

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**The soft drink partnership issue**

Special to Sentinel-Voice

All of us want to provide our children with the best possible education, but doing so costs a great deal of money. Unfortunately, many school districts don't have all the funds they need to give children the first-class education they deserve.

The Carnegie Foundation has recommended that schools create partnerships with businesses to bring in more funds. A recent survey by the National Association of Secondary School Principals found that 92 percent of principals agree that schools should form such partnerships.

Soft drink companies have created a successful model for these partnerships. Beverage sales by soft drink companies in high schools bring the schools tens of millions of dollars each year through profit sharing.

Schools in low-income and urban neighborhoods often count on funds from the soft drink companies not just for "extras" but to make up for shortfalls in basic operating expenses. Many schools also use funds from soft drink companies for additional activities, including: athletic programs to promote physi-

**Business Exchange**

By William Reed,  
Publisher of Who's Who in  
Black Corporate America.



cal fitness and better health, extra-curricular activities, computers, scholarships, instructional materials, field trips, and arts and theater programs.

Robert Kemmery, President of the Maryland School Principals Association, said: "Our soft drink partnership really works. We like it because there is local control at the school. We determine which beverages are sold and how the money is spent. This is truly a partnership that benefits students."

Soft drink companies stock their vending machines with a wide variety of beverages, including juice, water and sports drinks, in addition to carbonated soft drinks. Sugar-free and caffeine-free beverages are also available in many machines.

Studies by the Georgetown University Cen-

ter for Food and Nutrition Policy, the University of Michigan and others have shown that soft drink consumption by school-age children is not linked to obesity and is not having other bad effects on health.

Research has shown that a major cause of obesity in children is lack of exercise. As a society, we need to encourage children to spend less time watching TV and playing video games, and more time engaging in sports, exercise and active play. Many schools use funds from soft drink sales to help pay for physical education programs that do exactly these things.

Some people who send their own children to affluent suburban and private schools want to keep businesses out of all schools — including those in desperate need of

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