

S P E E C H

by

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"AN ACTION PLAN FOR BLACK ECONOMIC DEVELOPMENT"

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INTRODUCTION

My remarks will be in two parts. In the interest of time I will read a text I prepared for the first part and in the second part I will use flip charts for my remaining remarks.

My prepared text will address philosophically the subject of Black Economic Development while the second part of my remarks will address a recommended plan of action for San Diego.

I begin this talk at a disadvantage -- with two strikes against me. First, I am a local. And we know that in order to have enough expertise to qualify as a speaker you have to live at least ten miles away from the organization that invites you and the further away you live the more expert you can be in your subject. Second, it is very difficult for a Black person to be perceived as having expertise in

anything. Especially in the areas of business or economics. And this is the perception of many Blacks, as well as non-Blacks. So, while I have two strikes I'll try not to strike out.

These are the times that call for serious analysis and discussion of the problems confronting Black Americans. Rhetoric, catchy slogans and phrases might entertain us, but unless they are followed by an organized plan of action, when the laugh is finished we find ourselves in the same old mess. I recognize that we need to feel good but I hope our enjoyment will come more from achievements than from entertaining remarks.

In recent years we have been saturated with statistic after statistic, pointing out the many areas of life where we find ourselves in serious trouble. One day I read a magazine which gave so many statistics that showed how badly we are doing in this society I was depressed for a month. The statistics go like this in what I call a high-low game. One third of all the prison inmates in the U.S. are Black, and most all of them are males. Our unemployment is high, our income is low, teenage pregnancy is high, our test scores are low, crime rates in Black areas are high, the number of Blacks attending college is low, the school dropout rate for Blacks is high, the number of college graduates is low. Then we hear about how Blacks are disproportionately involved with gangs, drugs, and AIDS. One would

think we are doing nothing right. Well, we know that is not true because they don't talk much about you and me because that would show the positive side of Blacks in America. But these statistics can be overwhelming and they do point out that there is something very tragic happening in the lives of Americans of African descent.

I am convinced however, that the answer to many of the problems facing us lies in our ability to effectively utilize our economic potential. I am convinced that as we come together to pool our economic resources, to be used as a capitalistic tool to achieve our goals, we will be able to reverse the back sliding trend of the Black agenda, reverse the deterioration of our communities and begin to build the respect granted to a people in control of its destiny.

But before we start to build we must first evaluate where we are. We must determine our present condition economically -- what are our strengths and weaknesses.

Our strengths are that we have a huge amount of money at our disposal. Nationally we have over \$200 billion annually that we spend; we have over 30 million people and we have the education and skills among our people in almost every discipline of our society -- from farming to aerospace, from small business to high finance. What we don't have among Blacks is available to us from non-Blacks.

Our weaknesses are that we are not organized properly toward the achievement of common goals. We are both underorganized and overorganized. We probably have more organizations per capita than any other group of people. Between civic groups, fraternal groups, professional groups and churches, we are a very fragmented people. However, it would not be so bad to have such an over-organized structure if we were organized in such a way that our organizations were tied together so that all of the resources could be used for the common good of all -- used to address the many problems that face us. Until we fully recognize and appreciate that we as Black Americans are judged as a group, and that we will not make any significant progress through individual efforts, we will remain in our present pathetic condition. We will only progress through collective efforts toward common goals. \$200 billion spent each year in small amounts scattered here and there won't produce any influence of anything. But, only one billion dollars spent effectively each year, put in the right places, begins to develop economic clout that can address many of our problems. For example if we decided we wanted Blacks on the Board of General Motors, who led all U.S. companies in sales in 1988 we would just use that one billion dollars to buy enough General Motors shares to put Blacks on the board. This might sound like oversimplification but it isn't. This economic clout was recently

demonstrated by T. Boone Pickens who bought enough shares of a Japanese company to demand three seats on the board, to test whether Japan was willing to open up its markets to Americans as America has opened up its markets to Japan. Economic clout is obviously not something I invented. It is and has always been at the heart of America's free enterprise system.

To evaluate the economic status of Black Americans in the U.S. relative to other U.S. groups, we can start with the area where most of the wealth is -- in private enterprise. Let's look at these statistics:

While Black owned businesses are now showing significant progress in increased sales, the comparison to total U.S. sales is staggering. The top 200 Black owned businesses in the U.S. produced total revenues in 1987 of \$6 billion according to Black Enterprise Magazine, June, 1988. Of the top 1000 U.S. companies in sales, according to Business Week's special issue in 1989, General Motors was number one with \$120 billion, 20 times the sales of the top 200 Black businesses. General Motors was followed by Ford, Exxon, IBM, Mobil, Sears, General Electric, Chrysler, AT&T and Texaco, to make up the top 10, which produced sales of \$613 billion.

When looking at the top 10 profit making companies in the U.S., (profit being after salaries and other expenses have been paid) we find that these 10 companies produced a collective profit of \$35 billion,

almost six times the total sales of the top 200 Black businesses. IBM, which led U.S. companies in profit came close to equaling the \$6 billion in total sales for all of the top 200 Black businesses.

When we think of that \$35 billion in profit being distributed by those 10 companies for executive bonuses and stock options, directors' fees and stockholders' dividends, we get a feel as to the importance of having a large company. It's interesting to look at the list of top ten chief executive officers in total compensation received in 1988. They are as follows according to the May 1, 1989, issue of Business Week:

1. Michael Eisner, Walt Disney \$40,094,000
2. Frank Wells, Walt Disney \$32,135,000
3. Edward Harrigan Jr., RJR Nabisco \$21,730,000
4. F. Ross Johnson, RJR Nabisco \$21,071,000
5. Martin Davis, Gulf & Western \$16,250,000
10. Paul Fireman, Reebok, Int. \$11,439,000

Total compensation for the ten CEO's amounted to \$192,801,000.

When we consider the thousands of companies in the U.S. that pay salaries, bonuses and perks to their top, middle and lower managers, we begin to smell the scent of economic power. Unfortunately, we haven't gotten to taste it yet. But my attention to the compensation for the top executives is not to bring about anger. My reason for mentioning it is to make you aware, if you aren't already, of the tremendous clout that strong viable companies can

have. Maybe we won't be able to produce a General Motors or an IBM. But we sure can produce a Beatrice Foods because Reggie Lewis a Black American proved that.

I did not sight the statistics in this paper to depress or overwhelm you, but it is important to put Black Economic Development into its proper perspective. I have only made a comparison with the top 10 white-owned companies. Forbes Magazine lists the top 500 companies in sales with the 500th company on the list posting \$1.3 billion in sales while it took the top 200 Black companies in the U.S. to produce \$6 billion. When we take into account that one Black owned company, through a leveraged buyout situation, accounted for \$1.8 billion of the total sales of the 200 top Black companies, the picture is even more bleak.

However, we should not be overwhelmed by these figures because they do represent a glowing ray of hope. In 1986 the top 100 Black companies produced \$3.3 billion in sales, while producing \$4.1 billion in 1988, almost a 20% gain. In addition, the top 100 Black owned auto dealers produced another \$1.9 billion in 1988, creating a list of their own top 100 companies. So instead of 100 top Black companies, we now have a top 200 for a 45% gain in total sales since 1986. So we are making progress as we begin to participate not only in the U.S.

economy but in the world economy, and our participation is not limited to that of a consumer.

So, if we understand and appreciate our present status in this society and we have assessed our strengths and weaknesses, then we are ready to begin building. In San Diego, to start on the road toward Black economic development, there are things we must do.

First, we must find a way to raise our level of commitment to doing things for ourselves. One must question the commitment of 30 million people with \$200 billion who complain about what is not being done for them or what isn't being given to them. One must question the priorities of a people who live in luxurious homes, drive expensive automobiles, wear expensive clothes, eat the finest foods, take expensive cruises, wear the finest jewelry, have big banquets at the finest hotels, spend millions of dollars on hair and skin care products and alcoholic drinks, and we won't give a dime to those organizations that fight daily for us so that we may enjoy the opportunities in this society on equal basis with our white counterparts. Most of us will not even take out a \$10 membership in the NAACP. I question our commitment. In the 1990's if we are ever going to realize the Black dream in this country, we are going to have to reach back to the 1960's and find that commitment and harness it and direct it toward