Civil Rts
Minority Entrepreneur development

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E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E

10-Apr-1994 03:28pm

TO: FAX (96907595,peter edelman)
TO: FAX (56853,bill dickens)
TO: Donsia Strong

FROM: Sheryll D. Cashin
National Economic Council

y
SUBJECT: Please review and give me comments by COB Wednesda
SUBJECT:

Discrimination / Job Isolation / Entrepreneurship
Working Group

There is much statistical and andecdotal evidence documenting the severe impact that discrimination and economic and social isolation are having on the employment prospects of inner-city minorities. Compounding these problems are the relative lack of workforce skills among individuals in this group. A sub-group of the Education Training and Reemployment Working Group proposes to address three key areas that may positively improve labor market conditions for economically and socially isolated communities and people: (1) federal antidiscrimination enforcement policy for employment; (2) strategies to link residents of economically isolated communities with job hiring networks and/or post-secondary education and training; and (3) entrepreneurship and self-employment policies that have the potential to increase minority employment. A fourth critical area that we believe needs to be addressed by some component of the ETR group is workforce preparedness.

The subgroup proposes to engage in the following activities:

Antidiscrimination Enforcement.

1. Conduct or obtain a comprehensive assessment of the state of anti-discrimination action enforcement for employment in the federal government. We will begin by having informal discussions with knowledgeable persons both inside and outside the federal government, in an attempt to garner all current material on this subject.

2. Propose additional strategies or improvements to address weaknesses in current enforcement efforts. In particular, we will examine existing enforcement policies with a view to

determining whether those policies have any relation to the types of jobs for which economically and socially isolated minorities

and first-time entrants into the workforce are likely to be vying. We will place a special emphasis on first-time jobs available to youth. Among the potential additional strategies we would propose are testing programs focused on entry-level jobs.

3. Produce a policy paper, possibly for public release, that documents the impact of discrimination on socially and economically isolated minorities and states proposed actions by the Clinton administration. This paper would be analogous to the Interagency Task Force on Fair Lending Policy Statement.

Strategies to Promote Linkages to Hiring Networks, Post-Secondary Education and Training.

1. Produce a document that recounts the problem definition in detail and states the policy interventions that have been shown to work and that are needed.

2. Assess the extent to which current and proposed policies regarding workforce training, job access and post-secondary education are being implemented in a way that benefits or reaches economically isolated communities.

Entrepreneurship.

1. Assess in more detail the job-creation potential of minority-owned and other businesses for economically and socially isolated minorities. Assess the potential for federal policies to spur the creation and expansion of more of these types of companies and, based upon this assessment, propose federal or other policy interventions.

2. Assess the extent of current minority-business support efforts across the federal government and, where relevant to the focus of this group, propose additional action.

Lending discrimination —
Access to Capital
Access to Market

set aside policies
Procurement policies

Proposed Invitees to the Subgroup

Justice:	Deval Patrick
EEOC:	?
SBA:	Cassandra Pulley
Commerce:	Kent Hughes Larry Parks
WH Counsel:	Cheryl Mills
Labor:	Shirley Wilshire Larry Katz Isaac Shapiro David Levine Doug Ross (New Assistant Secretary Designate -- get name)
NEC:	Sheryll Cashin Gene Sperling Peter Yu
DPC:	Donsia Strong
OMB:	Belle Sawhill Chris Edley
HUD:	Roberta Achtenberg
DoEd:	Mike Smith
HHS:	Peter Edelman
CEA:	Bill Dickens
NECP:	William Spriggs

Discrimination / Job Isolation / Entrepreneurship
Working Group

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Pages (Including cover):

Comments: Deval, This is the subgroup I spoke about earlier. Sheryl Cashin (NEC) and I agree a compromise position ~~as~~ would be to have this subgroup act as a subgroup/subcommittee of the Employment Training and Reemployment group as well as the subgroup for the broader Civil Rts Wkgroup. Comments?

Thanks DMS

TO: ETR Group
FROM: Sheryll Cashin, NEC
RE: AFRICAN-AMERICAN LABOR MARKETS AND BUSINESS

I. The African-American Labor Market. The Bureau of Labor Statistics' Household survey shows that employment levels for blacks increased very slightly during the official 1990-91 recession. However, over the past four years blacks have been somewhat harder hit by the weak economy than other groups, and they typically suffered twice the declines in employment as whites in the six prior recessions. Longer-term trends in the black labor market are even more disturbing and relevant.

A. Wage Inequality. Between 1965 and the mid-1970s, young black women and young black male college graduates essentially reached parity in earnings with their white counterparts. This trend toward earnings parity was completely reversed during the 1980s, however, despite a sustained economic expansion from 1983 to 1989. Between 1979 and 1989, the "black-white earnings gap" jumped 50%, from a level of 10.9% to 16.4%. The earnings gap between black and white college graduates grew from 2.5% to 15.5%.

B. Unemployment. For the last decade, the black unemployment rate has remained essentially twice the unemployment rates of whites. And, between 1979 and 1989, black male labor force participation declined across the board -- for college graduates (90 to 86%), high school graduates (84 to 76%) and high school dropouts (64 to 57%) -- two to four times the declines experienced by their white male counterparts. Again, this happened despite a sustained economic recovery from 1983 to 1989. Lawrence Katz has identified at least four factors for these trends:

- A shift in relative labor demand against blue collar work and less-educated workers that disproportionately affects blacks, particularly black males.

- A shift in employment opportunities out of the central cities into the suburbs, with increasing isolation of blacks from informal networks that lead to hiring.

- A decline in affirmative action pressure and anti-discrimination activities -- a factor that seems to have played a role in the erosion of position of black college graduates.

- Slow economic growth and weak labor markets through much of the last twenty years.

II. African-American Entrepreneurs. By contrast, the number of black businesses grew by 83% between 1977 and 1987, while the number of all businesses grew by only 39% during the same period. The most rapid growth of black firms was in non-traditional, skill-intensive specialty services. The financial services sector, for example, grew by 175%.

The emerging, rapid-growth black firms tend to be started by college-educated owners, be larger in scale, have lower failure rates, and generate more jobs relative to the traditional, small-scale minority firms. They also tend to serve diverse or nonminority clienteles and be located in central business districts or outlying suburbs.

Emerging black businesses could play an important role in generating more jobs for blacks and in stimulating inner-city economies because: (1) almost 80% of all black employers have a minority workforce of 75% or more; (2) emerging black firms have attracted substantial capital and a racially diverse clientele that does not depend on weak inner-city markets; and (3) they are more likely to desire to locate in minority areas and to produce multiplier effects by employing local residents and using minority suppliers. (Witness the example of Black Entertainment Television deciding to locate in Northeast Washington, D.C. and often serving as a lender to its minority suppliers.) Initiatives like Empowerment Zones and CRA Reform should help offset the locational disadvantages of distressed communities so that the outmigration of the most promising minority firms can be reversed. The potential for linkage of minority business development and inner-city employment is strongest with large-scale, minority-owned construction firms. In contrast to MBEs, the labor force of nonminority firms is largely nonminority, even among the nonminority firms that operate in minority communities.

The attached appendix contains more detailed information on the trends, employment potential, and problems associated with minority-owned firms, as well as some suggested courses of action. The appendix demonstrates that black business expansion, irrespective of firm location, directly correlates to creating more jobs for minorities. And the suburban location of many of the larger emerging minority firms has not severed their employment links to minority communities. Although not a panacea for the problems in the black labor market, these trends may be particularly relevant for inner-city minorities who face particular hurdles in gaining access to mainstream labor markets.

III. Recommendations. The fact that black labor market problems blossomed despite sustained economic growth in the 1980s suggests that we must have sound investment and anti-discrimination policies in addition to efforts to foster a strong economy. Several of the President's new investment initiatives have the potential to play an important role in improving black labor market conditions. In addition, we could:

- assess the status of enforcement of anti-discrimination and equal opportunity laws and, if necessary, call for more rigorous enforcement;

- assess the extent of isolation of minorities from labor markets and hiring networks and consider community-driven models for bridging this gap;

- assess the need for additional investment or support for minority-owned institutions and community development (job creation) in distressed communities; and

- consider how we can use existing tools, like empowerment zones and the capital gains deferral for investments in Specialized Small Business Investment Companies, to stimulate more private-sector investment and partnerships with minority businesses.

AFRICAN-AMERICAN and MINORITY BUSINESS ISSUES

I. ECONOMIC DATA AND TRENDS

General Growth Trends:

- The most recent Survey of Minority-Owned Business Enterprises (SMOBE) showed that the number of black businesses rose by 83% between 1977 and 1987 to a total of 424,000.

- At the same time the number of all businesses rose by only 39%.

Sectoral Representation:

- Most of the 83% increase came in the service industry. But black business growth was especially large in the wholesale trade (149%) and finance, insurance and real estate (175%) sectors, although these sectors are fairly small.

- Black businesses are concentrated in the services (49.5%), retail trade (15.6%), construction (8.7%), and transportation and public utilities (8.7%) sectors.

Size and Scale Characteristics:

- In 1982, 56.2% of all black-owned firms reported annual sales of less than $25,000. 75.4% of those firms had no paid employees. [Census Bureau, Characteristics of Business Owners, ("CBO"), 1982]

- According to 1987 SMOBE data, 83% of all black-owned companies had no paid employees. (However, SMOBE data includes anyone that claimed self-employment income on their tax returns.) In 1987, approximately 71,000 black-owned companies had paid employees.

- In 1987, Black-owned companies employed a total of 220,487 paid employees -- 25% from businesses with fewer than 5 employees; 18% from the 5-9 employee firms; and 18% from firms with 100 or more employees. [1987 SMOBE Data]

Emerging, Rapid Growth Sectors and Firms:

- The most rapid growth of black businesses has been in non-traditional, skill-intensive service industries, particularly finance, business services, and professional services. The CBO data on black business reflects a trajectory toward diversity and broader participation in service specialties including consulting firms, advertising agencies, engineering services, accounting agencies, employment agencies, computer software firms, etc. [1]

- These emerging firms are most commonly started by college educated blacks, whose financial capital investments are high relative to investments of traditional firms.

- The emerging firms tend to be larger, have lower failure rates and generate more jobs relative to their traditional cohorts. One 1986 study found that large black–owned firms of more than 100 employees accounted for 90 percent of the increase in employment in black–owned firms between 1977 and 1982. [2]

- Emerging firms also tend to serve racially diverse or nonminority clienteles, including large corporations and units of government. Small firms that offer business services to large corporations are thriving in big cities with concentrations of corporate headquarters and black–owned firms have been a major beneficiary of this trend. [3]

- One analysis also indicates that in metropolitan areas with black mayors, the emerging lines of black businesses, particularly the younger firms, tend to be much larger in sales and employment, have much larger financial and capital investments and are failing at lower rates and are more likely to be run by college graduates. The author attributed this to targeted procurement programs and the appointment of government officials who vigilantly promote procurement opportunities for minority business enterprises (MBEs). [4]

- Recent small business studies indicate that all minority groups –– blacks, Asians and Hispanics –– tend to prosper in self–employment in direct proportion to the degree that they are moving away from traditional fields such as personal services.

Traditional firms:

- Traditional minority firms, particularly personal services firms tend to be small–scale, have high failure rates, and generate few jobs because their owners have minimal levels of education and skill and invest small amounts of financial capital in their businesses.

- However, most personal service and small–scale operations owned by <u>nonminorities</u> are also marginal operations.

II. RELATIONSHIP OF MBEs AND URBAN ECONOMIC DEVELOPMENT

MBEs Hire Mostly Minorities Regardless Of Location:

- CBO data indicate that most of the workers employed by black–owned firms are minorities. For 79% of black employers, 75% or more of the paid workers are minorities. (Interestingly, there appears to be no relationship between firm viability and the racial composition of the firm labor force.) [5] Another study found that 96% of black–owned firms operating in minority areas and 87% of those operating in non–minority areas rely on minorities for at least 50% of their workforce. [6]

- By contrast, the labor force of white–owned firms is largely non–minority. <u>Even among nonminority firms that operate in minority communities, most of the employees are white</u>. 33% of white–owned firms operating in minority areas have no minorities at all and only 38% of those in minority areas have more than 50% minority employees. [7]

- In sum, black business expansion, irrespective of firm location, directly correlates to creating more jobs for minorities. And the suburban location of many of the larger emerging MBE firms has not severed their employment links to minority communities. Although not a panacea for the problems in the black labor market, this trend may be particularly relevant for inner-city minorities who face particular hurdles in gaining access to mainstream labor markets.

Where MBEs are Located:

- The healthier, emerging lines of black business are shifting away from inner-city minority communities and focusing instead on central business districts or outlying suburban areas, leaving inner-city black communities increasingly out of the business development process. Among the black-owned firms not located in large, urban minority communities, over half of the owners have attended college. [8]

- One of the causes of this trend is that commercial banks are extensively redlining small firms that do business in minority areas. One study has shown that the primary consideration of lenders is geographic location of the firm: if located in a minority community, the loan size is drastically cut. [9]

- Because of such redlining, the black business start-ups that survive in minority communities consist disproportionately of tiny firms serving minority clienteles. Owners of such firms tend to be minimally educated, have no paid employees, and have minimal prospects for alleviating economic underdevelopment in their community. [10]

Role of Emerging MBE's in Economic Development of Inner-Cities:

- Resources that might lead to economic development in inner-cities are drained out due to bank redlining, flights of resident income (e.g., residents paying rents, food costs, etc. to nonresident business owners), and flights of the best human capital to better economic environs and opportunities. Stripped of capital and entrepreneurial talent, the ghetto really has no prospect of generating the internal economic development it needs to produce jobs and incomes for its residents. [11]

- CBO data indicate that larger financial inputs at the point of start-up positively relate to firm survival, irrespective of the race of the owner or geographic location. The emerging, better-educated MBE entrepreneurs described above have been able to invest and attract more start-up capital than traditional MBEs. Among those black firms that are not located in large, urban minority communities, greater financial and human capital inputs have been shown to be directly related to firm survival, as has the ability to compete in the wider marketplace by serving a racially diverse clientele. [12]

- Thus, emerging MBEs have special potential to help reverse the decline of inner–city development because (1) they possess the tools for business viability -- entrepreneurial talent, the ability to attract substantial capital, and a racially diverse clientele that does not depend on weak inner–city markets; (2) they employ primarily minorities; (3) they are more likely than nonminority businesses to desire to locate in minority areas; and (4) they are more likely to produce multiplier effects by employing local residents, using locally–owned suppliers, and perhaps even playing a mentoring role to smaller MBEs. (Witness the example of Black Entertainment Television deciding, possibly against financial interest, to locate in Northeast Washington and often serving as a lender to its smaller, minority suppliers.)

- But to attract more emerging MBE's to the inner–city, we must address the fact that the group of black firms possessing the greatest development prospects typically are not located in urban inner–cities. Rewards and incentives, as discussed below in Section IV., are needed.

III. NATURE OF PROBLEMS FACED BY MBEs

Lack of Access to Capital:

- A 1990 study conducted by the Opportunity Funding Corporation (OFC) for the Commerce Department identified the lack of access to capital as the single most important obstacle to minority business development.

- The OFC study quantified the gap between the demand and supply of capital for minority business enterprises at $144 billion in 1990 dollars.

- The greatest capital need was for micro–seed (under $20,000), seed, medium–risk capital, and unsecured, expansion debt.

- Another study showed that black–owned firms have much less success (62%) in obtaining bank loans than nonminority firms (90%), Asian firms (96%) and Hispanic firms (87%), even though the study controlled for business risk and focused on a relatively elite group of black businesses -- larger firms that were at least two years old. In fact, 84% of the black owners had attended one or more years of college, compared to 79% of their non–minority counterparts. [13] Yet another analysis also showed that blacks have less access to financial capital than Asians and Hispanics both because of credit discrimination and lower equity inputs. [14]

The Impact of Low Equity Investment:

- The amount of equity investment that the owner is putting into his firm is a significant factor in the size of the loan amounts he will be able to attract from commercial banks.

- The household wealth holdings of blacks and Hispanics (but not Asians) lag quite substantially behind those of nonminority households. [15]

- Lacking equity, many of the largest minority-owned firms have necessarily relied very heavily on debt to finance growth. This debt reliance frequently caused very high leverage among large-scale minority firms. [16]

The Impact of Geographic Location:

- Commercial banks are the largest single loan source for small and minority business. An analysis of 28 large metropolitan areas showed that banks' willingness to lend is heavily influenced by geographic location: if the borrower's firm is located in a minority community, loan size is cut drastically. Controlling for owner age, years of education, equity capital investment and other factors, banks were found to lend nearly $40,000 less, on average, to black firms located in minority neighborhoods than to black firms in nonminority areas. [17]

Lack of Technical Expertise and Information:

- The OFC Study noted that commercial bankers often had difficulty lending to MBEs because of inadequate financial, marketing and management preparation by minority entrepreneurs. For this reason, the OFC strongly recommended improving management assistance for MBEs. Community Development Financial Institutions have found that providing intensive technical assistance to borrows is critical to maintaining low loan default rates.

Bonding Requirements:

- Lack of bonding is a frequently mentioned barrier to development of minority construction and other contractors. There is no statistical evidence on the scope and nature of the problem. Reasons for restricted access of MBEs are difficult to assess, since minority firms are frequently smaller and younger relative to nonminority firms. However, anecdotal evidence suggests a vicious cycle: facing limited access to credit from commercial banks, black entrepreneurs form small firms; being small and young, they are denied bonding, which in turn shuts them out of the market for many types of construction work and contributes to illiquidity problems.

Access to Markets:

- New markets have opened up with the growth of set-asides and procurement efforts targeted specifically at minorities. Large corporations in consumer products industries have targeted procurement dollars to minority firms. Government set-asides for minorities constitute a multibillion dollar market. Federal government agencies have also subsidized private groups, such as the National Minority Supplier Development Council, which in turn have encouraged minority business set-aside programs throughout the corporate sector.

- Federal targeted procurement programs have been criticized, however, for (1) lack of adequate staffing, implementation and promotion of existing MBE procurement programs; (2) burdensome certification requirements that vary from agency to agency; (3) lack of adequate access by MBEs to information about upcoming procurement/bidding opportunities.

III. NEW ADMINISTRATION TOOLS THAT WILL ADDRESS SOME PROBLEMS

The Clinton Administration has already launched many of the types of initiatives that have been called for in Senate Hearings and elsewhere for redressing the problems that retard minority business and inner-city development.

Accessing Credit:

- **CRA Reform** -- By January 1, 1994, the bank regulators will issue new, Community Reinvestment Act regulations that will identify objective, performance-based measures for grading compliance of commercial banks with their CRA obligations. This reform should produce a system for identifying the numbers of business loans banks are actually making to minorities and in minority areas. We believe this required disclosure will have a substantial impact on improving the lending performance of commercial banks and reversing the practice of redlining. The potential impact on MBE loan volume of this initiative is on the order of billions and is much larger than anything else we could do. However, we may be able to increase the likelihood of success and real impact by encouraging more involvement of large banks, the private sector, and foundations in lending to, investing in and mentoring to MBEs. For banks, CRA credit would be part of the incentive for such activity. (See Section IV., below.)

- **The CDFI bill**, which is pending in Congress, will help build the number of community-based intermediaries that have the special underwriting expertise and the will to identify and provide technical assistance to MBE's in their search for credit. We can and should encourage the mainstream commercial banking sector to build more partnerships with CDFIs so that we are linking the major capital markets with a community-based, expert delivery system.

- **SBA One-Stop Capital Shops/Empowerment Zones:** Never before has the SBA targeted its considerable lending and community development tools to minority businesses or distressed communities. SBA has proposed to establish nine one-stop capital shops that will be located in the nine designated empowerment zones but will also serve as national and regional capital distribution points for underserved markets. Each shop will contain or have a relationship with (1) a Specialized Small Business Investment Company (SSBIC) which will provide equity investment capital for disadvantaged businesses; (2) an SBIC, which provides equity investment for any type of small business; (3) a Small Business Loan Center, which will provide business loans of over $25,000; (4) a Micro-Enterprise Lender, which provides business loans of less than $25,000; (5) a Certified Development Company, which provides small business loans for real estate and related large equipment purchases. In addition businesses in each zone and enterprise community will receive concentrated business technical assistance and counseling through the SBA's Small Business Development Centers and Business Information Centers.

Accessing Equity Investment:

- **New SBIC Regulation:** The SBA has issued a new regulation which creates a new preferred stock financing program which will facilitate greater SBIC equity investments by allowing SBICs to obtain leverage from the SBA in the form of <u>equity</u> rather than debt. (This applies to SSBICs as well.)

- **Bumpers Capital Gains Exclusion:** The Budget Reconciliation Act waives the active business requirement for investments in SSBICs that would not otherwise be eligible as a qualified small business for the new 50% capital gains exclusion on investments in small businesses. This should stimulate more interest by individual investors in investing in SSBICs for tax benefits.

- **SSBIC Rollover:** The Act also allows deferral of gain by corporate or individual investors from the sale of publicly traded securities if the proceeds are reinvested in the equity of a SSBIC.

- **SBA One-Stop Capital Shops/Empowerment Zones:** as described, addresses equity/seed and micro-seed needs.

Accessing Technical Expertise:

- In addition to existing business technical assistance programs, the CDFI legislation and SBA One Stop Capital Shops will provide more targeted, intensive business counseling, as will the Commerce Department's plan for six state-of-the-art MBDA Megacenters

Accessing Markets:

- Through an electronic bulletin board, the SBA one-stop capital shops will also serve as vehicle for making information about available contracts more accessible.

IV. ADDITIONAL RECOMMENDATIONS

Clearly, the Administration has numerous new and existing tools in place that could be used to address the problems faced by MBEs. The following, off-budget (or very low budget) actions might be taken to maximize the impact of those tools:

Use the SBA, new capital gains tax breaks, and CRA-reform tools to foster partnerships of national corporations and large banks with minority firms, CDFIs and minority banks:

- A sub-group of the empowerment zones implementation working group has been looking at ways to improve capital access in the zones. We could ask this group to think more broadly about how we can use existing tools to attract substantial new investors in and partners with emerging minority firms. (The SBA is in the process of assessing how to encourage the capital markets to sell the new SSBIC capital gains deferral to investors.)

Test Minority Business support strategies in Empowerment Zones:

- The empowerment zones applications challenges local public and private entities to come together and commit additional resources. It recommends that the communities assess capital needs, marshall private sector commitments, and consider creating innovative mechanisms for linking empowerment zones with broader capital markets. Once communities are designated we could encourage the EZs and ECs to consider whether and how they would build capital access and mentoring networks for local minority firms. Such partnerships could also be a vehicle for providing technical assistance to minority firms, particularly regarding bonding requirements.

Consider recommending an executive order or presidential memorandum that would direct all agencies to comply with and vigorously implement the existing small and disadvantaged business utilization rules and requirements:

- Under the Small Business Act agencies are required, among other things, to set annual procurement goals for small and disadvantaged businesses (small, minority and women-owned firms) -- goals which reflect "the maximum practicable opportunity" for such concerns to participate in the agency's contracting. In a 1992 Final Report, the U.S. Commission on Minority Business Development concluded, among other sharp criticisms, that this goal setting process had either been ignored by the agencies or deteriorated into a mechanical exercise. We could reinvigorate existing minority procurement efforts with an executive order or other directive mandating compliance. This would have to be coordinated with the work of the National Performance Review.

1. T. Bates, "Traditional and Emerging Lines of Black Business Enterprise," Ch. 2 in *Banking on Black Enterprise* Washington, D.C.: Joint Center for Political Studies, 1992.

2. R. Suggs, "Recent Changes in Black-Owned Business." Joint Center for Political Studies Working Paper. 1986.

3. T. Bates, "Urban Economic Transformation and Minority Business Opportunities." *The Review of Black Political Economy* 13 (Winter 1984-85).

4. T. Bates, "Black Mayors and the Impact of Set-Asides," Ch. 6 in *Banking on Black Enterprise*.

5. T. Bates, "Do Black-Owned Businesses Employ Minority Workers? New Evidence." *The Review of the Black Political Economy* 16 (Spring 1988).

6. T. Bates. "Firm Location and Bank Redlining." Ch. 5 in *Banking on Black Enterprise*.

7. Ibid.

8. T. Bates, "Small Business Viability in the Urban Ghetto." *Journal of Regional Science* 29 (Nov. 1989.

9. Ibid.

10. Ibid.

11. T. Bates and D. Fusfeld. "The Economic Dynamics of the Urban Ghetto." Ch. 10 in *The Political Economy of the Urban Ghetto*. Carbondale IL: Southern Illinois University Press, 1984.

12. Bates, Small Business Viability, note 8, above.

13. Faith Ando, "Capital Issues and Minority-Owned Business." *The Review of the Black Political Economy* 16 (Spring 1988.

14. G. Chen and J. Cole, "The Myths, Facts, and Theories of Ethnic Small-Scale Enterprise Financing." *The Review of the Black Political Economy* 16 (Spring 1988.

15. P. Bearse, *An Econometric Analysis of Minority Entrepreneurship*, Washington, D.C.: U.S. Dept. of Commerce, Minority Business Development Agency, 1983.; W. Bradford, "Wealth, Assets, and Income in Black Households," Student Working Papers, University of Maryland, 1990, cited in G. Jaynes and R. Williams, *A Common Destiny: Blacks in American Society* Washington, D.C.: National Academy Press, 1989.

16. Development Through Applied Science (DETAS). *New Perspectives on Minority*

Business Development. Washington, D.C.: U.S. Department of Commerce, Minority Business Developemnt Agency, 1983.

17. Bates, Small Business Viability, note 8, above.