

The New Black Businessmen



Chicago auto dealer Albert Johnson—"the first black among the 18,000 holders of GM new-car franchises."

by CHARLAYNE HUNTER

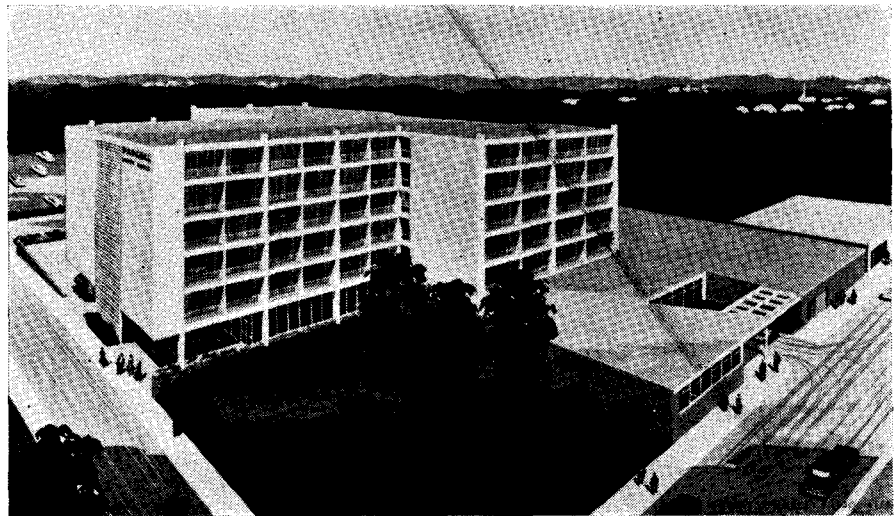
Over the years, the most profitable legitimate businesses in black communities have been small-capital, personal-service enterprises. A few dozen blacks have become millionaires in business—for example, Chicagoan John H. Johnson, publisher of *Ebony*, *Jet*, *Negro Digest*, and other magazines, and Asa T. Spaulding, founder of the multimillion-dollar North Carolina Mutual Life Insurance Company in Durham. But, on the whole, horizons for black-owned businesses have been limited by the axiom, "If a product doesn't cost more than a dollar and a quarter,

you probably can get it in the black community."

Only in recent years have these horizons widened. One reason is new habits rooted in an emphasis on black pride. A decrease in hair straightening, for instance, has created demand for products for the "new hair" styles (the Afros and the Naturals), as well as having fostered production of plastic and wooden Afro combs, dashikis, and "natural" cosmetics. In addition, since late 1967 the government has shifted from a policy of full employment to a more expansive notion of economic development, with a resultant interest on the part of large white-owned businesses in relocating or establish-

ing black ghetto branches; in new profit-sharing plans, some of which proffered stock shares to new employees; in franchising local dealerships; and in community-wide development corporations.

As a result, there are a variety of new paths into business for the Negro. The Bedford-Stuyvesant Restoration Corporation, for one, co-founded by the late Robert F. Kennedy in a Brooklyn ghetto, is now perhaps the most publicized large community corporation. It reports having helped launch thirty-two new black-owned businesses ranging from building services and manufacturing to New York State's first black-owned new-car dealership.



A sampling of new black businesses and proprietors—(above) the Paschal's thriving restaurant/motel in Atlanta; (clockwise from bottom) James Paschal; Robert Paschal; attorney Cora Walker, founder of Harlem Co-op supermarket; shoppers in Harlem Co-op; John H. Johnson, publisher of "Ebony," "Negro Digest," and other magazines.

The nationwide Interracial Council for Business Opportunity, utilizing a core of volunteer executives to provide counseling and to arrange loan aid, claims to have assisted some 2,000 black businessmen in its first five years of existence. Other nonprofit local groups in such cities as Washington, D.C., Boston, Cleveland, Chicago, and Los Angeles have set up similar programs.

But no matter what the approach, the difference between a marginal business and a successful one is always an individual. One of the most inspiring examples of this—and also of

how one black business can lead to another—is James Paschal of Atlanta, a quiet, determined man in his mid-forties who, with his brother, Robert, has broken many business rules and yet has managed to become a successful entrepreneur.

At the age of nine, James, whose father held a menial job in a hotel, acquired a paper route; later he sold cosmetics in Thompson, Georgia. By fourteen, he had saved enough money to rent a failing grocery store across the street from his high school. When he had made it profitable, the

owners reclaimed it. Undaunted, he persuaded a local undertaker to finance a store, where Paschal sold hamburgers and barbecue and, as an added attraction, made space in a corner for dancing. Just as this venture was succeeding, he was drafted. After two years in the Army and a stint as a coast-to-coast Pullman porter, he went to Atlanta, where he formed a partnership with his brother, who had been a soda jerk in a black-owned drugstore. With \$3,000 borrowed from a local bank added to \$2,000 of their own, the Paschals made a restaurant-store out of a church/fortune-telling parlor, hired

three employees, and started selling fried chicken.

Because they lacked a kitchen, the food was cooked at their homes and brought in. Their inexperience, lack of staff, underpricing, and overly generous portions kept the brothers' business marginal. But after two years, they leased a house in the rear, remodeled it, and expanded the restaurant to accommodate eighty persons. Suddenly the Paschals had gone from selling twenty-five fryers a week to being able to deliver 7,000 lunches for the annual food show of a local grocery chain.

The location of the restaurant, in the heart of one of Atlanta's two black business areas and in proximity to Atlanta University—a complex of five black colleges—was one reason for its success. Another was James Paschal's extraordinary efforts to please customers. Shortly after Hamilton Holmes and I desegregated the University of Georgia, for example, I came home for a weekend and stopped at Paschal's. When James approached, I told him I had spent many a night in my dormitory in Athens, Georgia—80 miles away—wishing for a Paschal chicken sandwich. He seemed overwhelmed. "Anytime you want anything from our restaurant, just call, and in two hours, we'll have it there."

Ten years after selling their first fried chicken sandwich, the Paschals convinced the city's black bank, the Citizen's Trust Company, and the black-owned Atlanta Life Insurance Company that they merited a loan for property and a new building across the street. Since then, they have added a cocktail lounge—which quickly became one of Atlanta's most popular interracial gathering spots—and, more recently, a motel with 120 guest rooms, four executive suites, a swimming pool, and a banquet room seating 1,500. Its tasteful décor—in blues and greens, mainly—differs sharply from standard motel-gaudy. Thirty-five per cent of its clientele is white.

Another black businessman, Albert Johnson, faced many of the same problems as the Paschals, plus the additional one of needing a franchise in an industry that for years did not have black-owned franchises—new-car sales. In East St. Louis, Illinois, in the Fifties, he used to phone blacks and say: "Hello, I'm Albert Johnson, and I'd like to talk to you about a new Olds." Johnson, in his mid-twenties, knew the community well, having grown up there, and felt he was on firm ground since white salesmen rarely, if ever, tapped this market. Though he was a University of Illinois graduate, the son of a prominent physician, and was

earning \$12,000 a year as the administrator of the hospital his father had founded, Johnson was not allowed to sell cars from the floor.

His passion for selling autos dated to 1953, when he had bought a Buick and had been offered a deal by the Negro who had sold it to him: For every paying customer Johnson brought in, he was to receive \$25. Later, he decided he could make more money if he did the selling, so he sought out a dealer in Kirkwood, Illinois—40 miles away—and began moonlighting.

"I was actually selling cars out of a bag," Johnson recalls. "Many people bought cars from the *Olds Fact Book*. Being black didn't hurt me, especially since many dealers acted as if they didn't want black business." That untapped market gave Johnson \$1,100 in commissions in his first month. Though working two jobs, he was selling twice as many cars as were some of his white colleagues.

Five years later, when Johnson was earning enough from sales to quit the hospital, he still did not have the satisfaction of being able to work on the showroom floor. Johnson decided to try for a dealership. But there were no black dealers in the country then. Even though local civic leaders sent recommendations to General Motors, Johnson's faith was less than complete. "You may think this will never come to pass," a white manager told him, "but it will."

In July 1967, Johnson was offered a GM franchise—in Chicago. He wasn't sure he wanted to leave East St. Louis, but a GM dealer, anxious to break new ground, told Johnson it was his duty to his race to move. Johnson's path was eased in many ways, including, to start, the offer of an established dealership and a loan, under GM's dealer development program, of up to 75 per cent of the total cost, which was \$355,000. When a bank first refused Johnson's loan application, GM entered the picture and enough concessions were made. Johnson then became the first black among the 18,000 holders of GM new-car franchises. Today, only fourteen of the 28,000 dealerships of all U.S. automakers are held by blacks.

Even after moving into his newly acquired two-and-a-half-block facility in Chicago, Johnson had to overcome unexpected problems. "Negroes had never spent this kind of money with their own people before, and they were scared," Johnson says. "I just told them, 'Well, if you're going to be overcharged anyway, then wouldn't you rather I do it?'"

Johnson worries now over "recklessness on the part of big companies" that, he feels, might "rush onto the bandwagon, and break a lot of Negroes

by putting them into business before they're ready." More concerned about the money and experience required than about pressure from competition, he adds: "I say if the big companies want to pay their dues, when they find an interested black but he has no experience, train him."

Training—at a remarkably early age—for blacks whose business prospects at first might seem distressingly bleak has been the specialty of a Washington, D.C., enterprise called Pride, Inc. Pride concentrates on "social rejects." As one staff member put it, "Pride is one place the dude can go for help." She meant the dropout, the fellow in the street, the man with a jail record, the one on whom society has given up. Created in 1967 by a "street dude" named "Catfish" Mayfield, who has since moved on, Pride was conceived both to create jobs for black youth and to build ghetto businesses.

Mary Treadwell, a former sales executive, and two young professional men—chemist Marion Barry and engineer Carroll Harvey, who was Pride's executive director on loan from the District government—began recruiting from the street, "using the same principles that create gangs" to carry out a 1967 summer work project. Initially limited to neighborhood services—rat control and debris cleanup—it employed more than 1,000 dudes in three days. In the beginning, they had a one-month grant from the Department of Labor. Then Pride brought a delegation of Congressmen to the District's alleys and slumways, and, despite vocal detractors, the grant was extended for a year. To date, Pride has received \$6.1-million in training grants from the Labor Department.

Barry, though only a few hours short of a Ph.D. in chemistry, now applies all of his time to developing Pride's businesses. Under the umbrella of Pride Economic Enterprises, these now include a landscaping and gardening firm, a painting and maintenance contractor, a candy manufacturing plant, and three service stations.

To establish its service station operation, Pride sent proposals to major oil companies requesting training assistance in stations that Pride would lease. The American Oil Company was first to respond, and Pride is now training 100 dudes in auto mechanics at its three stations. Within the year it expects to have its own automotive center. Sources of needed funds—\$3-million—include the Ford Foundation and the Riggs National Bank. Along with Pride training, there eventually may be profit-sharing (in stock), allowing the dudes to realize more than their salaries. Pride would also like to

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A Department of Exploration

Now that the moon's far hemisphere is in reach of earthly explorers, it is appropriate to recall the time when the land mass between the Mississippi River and the Pacific Ocean seemed almost as inaccessible as the near hemisphere of the moon. It is also appropriate to identify the man who sent his secretary, Meriwether Lewis, and a retired Indian fighter, William Clark, on an expedition to pierce that great western wilderness of the North American continent. This remarkable person was the idealist who wrote the Declaration of Independence and the Virginia statute for religious freedom: Thomas Jefferson.

Jefferson was the only practicing scientist ever to occupy the White House. Herbert Hoover? A practicing technologist. One of the many scientific documents left behind by Jefferson was his detailed letter of instructions for the Lewis and Clark expedition. Verbatim excerpts from it are in Paul Russell Cutright's new University of Illinois Press book, *Lewis and Clark: Pioneering Naturalists*.

President Richard M. Nixon's recent guarantee that explorers from earth would discover life on another planet by the year 2000 places him rather apart from Jefferson's scientific method. But even if the truth were otherwise, time would hardly allow Mr. Nixon to plan a manned trip to Mars as meticulously as Jefferson planned Lewis and Clark's reconnaissance of the Louisiana Purchase. Nevertheless, Mr. Nixon could adapt the Jeffersonian

philosophy to prevent disastrous backfire from the anticlimatic euphoria that has followed the voyage of *Apollo 11*.

We obviously aren't going to Mars on the optimistic timetable proposed by Vice President Spiro Agnew. Congress won't authorize payment of the bill, and the White House knows it—a fact the September report from Mr. Nixon's advisory panel on space exploration will certainly reflect. If the President is not to lose the initiative he seized so vigorously by telephoning the moon on the night of the *Apollo 11* landing, he must find an alternative that fits the American tradition.

Mr. Nixon could inspire all the peoples of the planet by creating within his Cabinet a new Department of Exploration. A declaration of intent to inaugurate such a civilian agency would capture the intellectual stimulus and visceral excitement of the initial lunar landing and thrust them onward.

Wherever unknowns wait, wherever mysteries remain uncovered or unexplained—in the space beyond earth's atmosphere, within the atmosphere, on and under the surface of the seas, in the crust of the planet, in the mantle under the crust, in the core beneath the mantle, in the immensity of the stars, and in the microscopic smallness of the atom—there the Department of Exploration would be instructed to venture.

Such a forthright commitment to the future, such a statement of belief in the necessity for change, would constitute a rebirth of the original Ameri-

can experiment. Psychologically it would be electric. And it would not be a superficial political trick. The new department would serve a major practical purpose. It would provide a compelling focus for reorganization of scientific capabilities within the federal government.

Pressure for some kind of reassembly of the present-day government structure is now so strong that a new department, under whatever name, seems inevitable within the next few years. Many scientists favor a reorganization, but many fear that an all-inclusive Department of Science would encompass too much; it could not be functional in terms of mission. A Department of Exploration would be highly functional, yet ample enough to take in all the disciplines required by human ecology.

A logical nucleus for a Department of Exploration already exists in the Environmental Science Services Administration. ESSA combined the Weather Bureau, the Coast and Geodetic Survey, and the Central Radio Propagation Laboratory of the Bureau of Standards. Earlier this year [SR, Feb. 1], former President Lyndon B. Johnson's Commission on Marine Science, Engineering, and Resources proposed creation of a National Oceanic and Atmospheric Agency (NOAA) to explore the sea and the atmosphere as a continuum. Along with ESSA, NOAA would have taken in the Coast Guard, two bureaus of fisheries and wildlife, the National Sea Grant Program of the National Science Foundation, the [Great] Lake Survey of the U.S. Army Engineers, and the National Oceanographic Data Center. A truly functional Department of Exploration also would include the National Center for Atmospheric Research, the High Altitude Laboratory, the National Aeronautics and Space Administration, the weather modification capabilities of NSF, the Antarctic exploration responsibilities of NSF and the U.S. Navy, the non-military aspects of the national laboratories of the Atomic Energy Commission, and the planetary crustal probings of the U.S. Geological Survey.

Regular public accounting of the vast amounts of tax money now going into science would be facilitated through the apparatus of a Department of Exploration. Fair assignment of priorities to the exploration of extraterrestrial space, the atmosphere, the oceans, and the earth's interior would be simplified. Transfer of technological advances from one area of study to another would be speeded. And the pursuit of peace through direction of science toward fulfillment of man's felt needs would be encouraged in myriad ways.

—JOHN LEAR.