

Davies determined that King's attorney's had failed to prove Gates had acted with "malice" and thus he could not legally be sued.

King's attorney's had argued that Gates, during his fourteen stormy years as LA's top cop, had tolerated racism and brutality within the police ranks. According to King's attorney's, his beating was a natural consequence of the racist, brutal climate that Gates encouraged and tolerated.

Davies rejected this contention, drawing legal lines that defy laymen's logic. According to Davies, "bad management is not enough, allowing racism in the department is not enough. There is no legally sufficient basis to establish [Gates'] liability."

Liability is defined in legal dictionaries as an

ciers. Davies' dive in allowing 'ole Daryl to escape liability for fostering the racism that resulted in King's beating is a seeming courtesy extended to top cops. Former Philadelphia Police Commissioner Greg Sambor was absolved by state and federal grand juries of any criminal liability for his horrendous, racially-tinged decisions on May 13, 1985. On that date Sambor authorized a deadly assault on a house occupied by children before ordering the building to be bombed and burned--actions which lead to the deaths of eleven MOVE members.

Obviously Judge Davies doesn't feel a top cop like Daryl Gates has to follow the law he is sworn to enforce and uphold.

policy will be a failure after this policy has killed thousands of Haitians? Eighty percent?

7. If people presently living in Haiti had a choice, what percent would want the United States to stop the pressure on Haiti?

8. If the United States does force democracy onto

worse place.

Since the Central Intelligence Agency or a CIA cutout is stealing my mail with your approval, I may not get any letter that you send me.

Peter Heller
Philadelphia

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Guest Opinion

Black Community Needs To Focus On Capital Formation

By Byron Ellis

Black political and civic leaders, in the U.S. and elsewhere, have concentrated their efforts in attaining political empowerment. This strategy was appropriate, and effective, in the past. Today, however, political empowerment, although important, is no longer effective. It has failed to raise the community standard of living.

In other words, the strategy that brought many gains, specifically in the area of civil rights has, apparently, achieved its objectives: equality under the law. Unfortunately, many warriors are still clinging to the old strategies in the belief that reenactment will somehow make the community better off. They failed to recognize, or envision, new and more effective strategies. As a result the African-American community is in a death spiral.

The African-American community is impoverished and devoid of investment capital. Lack of investment capital is one of the vast amount of dilapidated structures

within the community. Therefore, the appropriate strategy — where energies ought to be expended — is understanding the process of capital formation, which is a learned behavior. Other ethnic groups have become better off by implementing these principles.

Simply put, capital formation is any type of investment that increases the productive capacity of society. It involves tangible investments, such as rental properties or manufacturing facilities, and intangible investments, such as education, training and health care.

Clearly, intangible investment plays a vital role in expanding our productive development. Therefore, appropriate strategies must be targeted to ensure that young African-Americans receive the best possible education, training and health care.

Strategies must be developed to foster tangible investments. That is, the community must be able to finance itself through the creation of financial assets. A financial asset is a claim on some other economic

unit existing in the economy through individual savings. Savers make it possible for borrowers to borrow. Therefore, in order for capital formation to exist there must be savings.

Unfortunately, savings, or capital formation, as a means to overcome economic and racial barriers has not been sufficiently stressed in the Black community. It appears that the relationship between savings and investment is not well understood. In functioning economies, nevertheless, the level of investment is directly proportional to the level of savings. That is, communities that forgo present consumption for savings are endowed with investment funds and hence financial assets.

The African-American community must be encouraged to establish, and support, local community-based financial institutions whereby community members can save and borrow. These institutions can be, initially, as simple as a church-based credit union. For example, a small church with 500 members each saving an average of 1,000.00 per year would within

twelve calendar months would accrue \$500,000.00 plus interest.

Funds from the credit union could be made available to church or community members skilled in minimum-cost housing rehabilitation techniques. Once the rehabilitation process is completed the property may be rented or sold. If rented it could be refinanced (secondary market transaction) and the capital extracted from refinancing used for further housing rehabilitation.

Additionally, the financial assets created by the credit unions could be sold at a discount in the secondary market. Sale of these assets will ensure that the original funds are replenished.

The exchange of funds between savers and borrowers is evidenced by pieces of paper representing financial assets to the lenders and financial liabilities to the borrowers. Financial markets are set up to efficiently allocate savings to the ultimate users, for investment or consumption. These markets bring the buyers and sellers of financial assets together. Once a financial asset is created it can be purchased and

sold in the secondary market. Efficient financial markets are essential to ensuring adequate capital formation and economic growth. Without them individual, and community, investment behavior would be greatly constrained. There would be no means of raising large funds for promising investments.

Sadly, the Black community in the U.S., and worldwide, have yet to develop efficient means of raising capital. As a result, the standards of living of people of African descent have been precarious. Conversely, some recent immigrants have utilized family and friends as a means of pooling their savings, — i.e., to form capital. They have made these savings available to family members for a worthy investment, such as a grocery store, laundries, etc. Here, there are financial assets and money but no true financial institution. Therefore, only small projects can be financed.

The Black community needs investment bankers that can underwrite issues of primary securities.

For example, the investment banker bears the risk of selling the

securities. She purchased them from the borrowers and sells them to the savers. If the savers want to cash out, the securities can be sold in the secondary market. The borrowers would use these funds for investment in profitable businesses, creating jobs and expanding the economy.

The difficulty in attaining capital formation is the Black community is the cultural change that would have to occur. First, Blacks would have to begin to trust, and collaborate with, one another; and secondly they would have to develop savings propensities. This cultural change could start in the churches by simply setting up a credit union with a specific investment mission, such as revitalizing dilapidated housing in the community.

It is said that African-Americans consume approximately \$270 billion per year. Therefore, if five percent of present consumption is forgone on a yearly basis and transferred into savings, there would be approximately \$13.5 billion per year available for investment.

Byron Ellis is a Baltimore resident.