

# MINORITY

# DISCOVERY DEVELOPMENT



The Portland Observer

## A Double Edge Sword

### Davis-Bacon Finds Minority Opposition

On Nov. 9, 1993, five small minority-owned contracting firms and three tenant management groups, with the help of the Washington-based Institute for Justice, filed a lawsuit in the U.S. District Court for the District of Columbia with the goal of eliminating one of the last remnants of institutionalized racism: the Davis-Bacon Act.

The act, passed in 1931 with the support of the American Federation of Labor, was designed to prevent migrant black workers from competing with white laborers for scarce jobs during the Depression. By requiring that "prevailing" (usually union) wages be paid on all federal construction projects exceeding \$5,000, the Act shut most black tradesmen out of many federal construction projects, with jobs going instead to skilled white union workers. The act was amended in 1935, lowering the minimum contract cost to \$2,000.

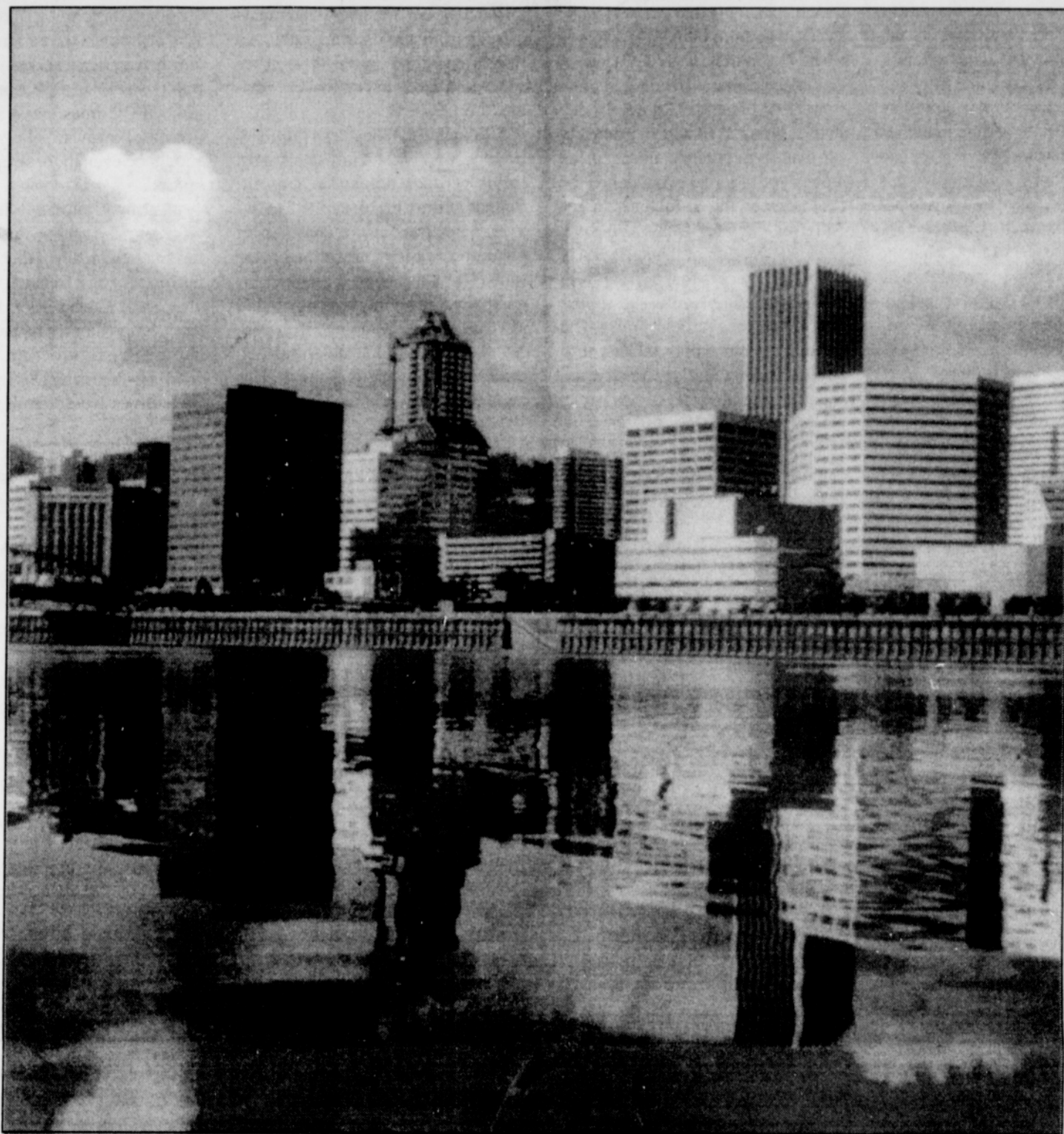
Uncovering Davis-Bacon's legislative history clearly reveals its racist intent. The act was originally drafted by Rep. Robert Bacon of New York in 1927, whose racist views were well known. In that same year, Bacon introduced into the Congressional Record a statement opposing uncontrolled immigration of non-whites that read "We urge the extension of the (immigration) quota system to all countries of North and South America from which we have substantial immigration and in which the population is not predominately of the white race... Only by this method can the large proportion of our population which is descended from the colonists... have their proper racial representation... Congress wisely concluded that only by such a system of proportional representation... could the racial status quo be maintained."

Bacon first drafted the act after an Alabama contractor who employed only black laborers won a contract for a federal building in Bacon's Long Island district. The act was one of many political measures supported by white union workers whose jobs were threatened by skilled, non-union black workers.

Today, Davis-Bacon continues to stifle black economic upward mobility. With roughly a fifth of all construction projects in America funded all or in part by the federal government, the building trades represent excellent opportunities for minority-owned contractors and their workers. Yet, Davis-Bacon puts minority-owned firms, which are usually small and non-union, at a severe competitive disadvantage. By imposing a super-minimum wage, and requiring the use of rigid, union-dictated job classifications, small, minority-owned firms are forced to deal with artificially inflated labor costs. The Institute for Justice cites a contractor in Seattle forced to pay ditch diggers \$40,000 a year in salary and benefits while a worker in Boston who hammers a nail must be classified as a "carpenter" and paid \$60,000 in salary and benefits.

Who are the victims of this legislation? Consider Tyrone Dash, a plaintiff in the case challenging Davis-Bacon and entrepreneur who owned and operated T & S Construction in Seattle, from 1984 to 1990. Mr. Dash, an African-American, hired as many as 25 employees to work on highway jobs in

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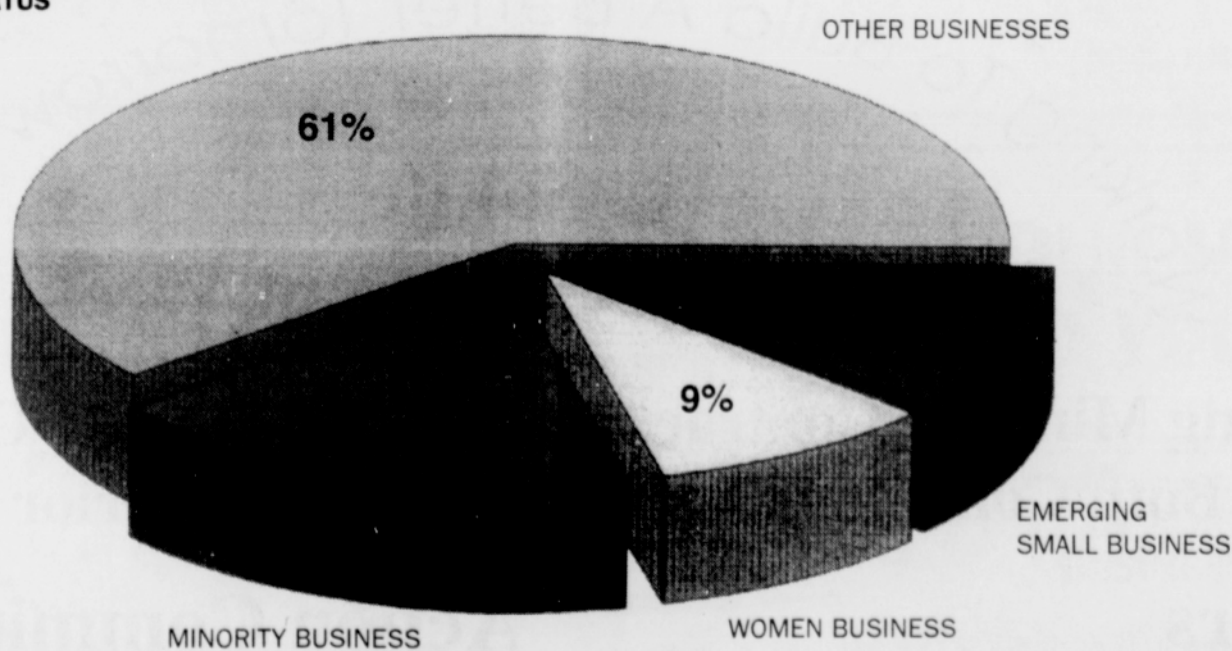
## Portland's Expanding Skyline

Minority business enterprises in Portland are in a position for growth as the city becomes one of the fastest growing markets in America and with 500,000 new residents expected in the metropolitan area in the next decade.

## OREGON ARENA PROJECT Affirmative Action Contracting Status

DESCRIPTION	FIRM BIDS SECURED	MBE PARTICIPATION	WBE PARTICIPATION	ESB PARTICIPATION
Private Improvements	\$77,365,751 82%	\$13,280,644 17%	\$6,225,634 8%	\$8,152,540 11%
Public Improvements	\$15,727,364 71%	\$3,118,167 20%	\$2,457,379 16%	\$2,716,590 17%
<b>TOTALS:</b>	<b>\$93,093,115 80%</b>	<b>\$16,398,811 18%</b>	<b>\$8,683,013 9%</b>	<b>\$10,868,130 12%</b>

### CURRENT STATUS



80% Bids Secured

## Bureaucracy Versus Economic Development

BY HORACE COOPER AND RONALD NEHRING

Despite the culture of dependency that plagues much of the African American community, some brave entrepreneurs are taking matters into their own hands, trying to break free of dependence on others by going into business for themselves.

Many of these new entrepreneurs, however, are encountering an ominous opponent: onerous and arbitrary government regulations. Indeed many of the same politicians who complain about ballooning welfare budgets defend the myriad of ordinances, laws and bureaucracies that deny many their chance at living the American dream.

It is an economic reality that tomorrow's African-American business leaders often must start at the beginning, building small companies that will eventually become large companies, providing the African-American community with a steadily growing level of economic self-sufficiency. Building these small companies, however, requires fresh opportunities for work in occupations that do not require large amounts of investment capital. The taxicab industry is one example.

Consider the case of Leroy Jones, Ani Abong, Rowland Nwankwo and Girma Molalegna. As experienced taxicab drivers in Denver, Colo. these four men, all African-Americans, formed their own company, Quick Cab, Inc., with the intention of providing taxicab service for the people of Denver. Distressingly, Quick Cab suffered the same fate as every other new cab company in Denver since 1947: it was denied an operating license. Denver, along with dozens of other cities nationwide, virtually bars entry of new companies into its taxicab market through an insurmountable array of regulatory barriers designed not to protect the public, but rather to protect a small group of companies (in Denver's case, three) from healthy competition.

To operate a taxicab company in Denver, a company must prove both that adequate service is not provided and that the existing companies cannot provide such service. Of course, there is not an objective set of criteria that an applicant for a "certificate of public convenience and necessity" can review to see just what constitutes "inadequate served," hence the same three companies have dominated the taxicab industry in Denver for over 40 years. Meanwhile, many qualified would-be entrepreneurs are denied the opportunity to earn a living.

Ego Brown, a Washington, D.C. shoeshiner, faced similar obstacles when the District of Columbia government insisted he close down his sidewalk shoe-shining business.

For several years, Mr. Brown had operated an outdoor shoe-shining business at various locations in Washington, D.C., serving the general public, and employing a number of homeless men whom he provided with showers, shoeshine kits and training. In 1985, Mr. Brown's general operating permit was revoked on the basis that it violated an obscure regulation that barred anyone from operating a "bootblack" stand on public space. Similar businesses, like hot dog vendors, were perfectly legal.

Indeed, more than 20 years after the civil rights movement had produced a plethora of civil rights legislation, Mr. Brown was facing one of the last vestiges of the Jim Crow area, when laws were enacted to finger, if not

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### Black Market Co-Op

The Black Market Co-Op was organized Forms To Support Black Business Development.

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### Business As Usual For Minority Contractors

The effect of mismanagement of contracting bids on minority contracting programs.

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### Tradeswomen Invited To Be Role models

The Oregon Tradeswomen Network is helping young women make informed choices for their futures...

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### Mayor Wants To Improve Diversity

Mayor Vera Katz is inviting applications for openings on the city's 45 boards and commissions.

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