NEIGHBORHOOD BASED DEVELOPMENT THROUGH
THE COMMUNITY DEVELOPMENT CORPORATION

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SUMMARY

The most exciting political development in the U.S. today is the
taking of power by or shift in power to local community groups, boards
and organizations in many cities and rural areas. In the black and
other nonwhite ghettos there is a rapid growth of Community Development
Corporations as the institutional form for promoting this shift and
the goal of Black Power. The economic, psychological and political
climate of the ghetto is examined and it is concluded that a lack of
power is corrupting and that this growth of neighborhood based power
development should be supported. A brief account is given of some of
the major Community Development Corporations, and some conclusions are
drawn from their experience.

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I. INTRODUCTION AND SUMMARY

The most exciting political development in the United States today, and the one filled with the most hope and promise for moving us towards a more just and human society, is the shift of power to, or the taking of power by, local community groups, boards and organizations in many of our cities and in some rural areas as well. Despite opposition and reversals by middle class, professional, and bureaucratic opponents of this power shift, local groups are increasingly exercising at least partial control today in scores of cities over the location, design and operation of urban renewal, highway construction, airports, schools, apartment building maintenance and code enforcement, industrial development, and even in a few cases over the operation of police forces. It is too soon to foresee the full dimensions of this power shift, and it is clear that there will be difficult problems to surmount or bypass and compromises to be made, but it looks to this observer at least as though we are in the early years of a long term revolution just now taking off and gathering speed.

Within that broad revolutionary movement, the most imaginative and promising political invention is the creation of Community Development Corporations, now probably numbering over two score, with more being born every month. These corporations usually are non-profit, owned and controlled by neighborhood residents, and pursue multiple projects and purposes with the underlying assumption that a community controlled economic power base is a necessary and vital part of development.
In this paper I examine the conditions of the urban ghettos today, including their economic poverty, their psychological climate, and their political dependence in virtual colonial status. The condition can be summed up as one of an almost absolute lack of power over their lives by ghetto residents, individually and collectively. If power corrupts, so also does lack of power, although in a somewhat different fashion, and it can also be said that absolute lack of power is absolutely corrupting. Because this is the condition of the ghetto and its residents, traditional approaches to dealing with ghetto poverty or crime or lack of indigenous businesses are at best positive but marginal in effectiveness and incapable of making the serious structural change needed, and are at worst designed consciously or unconsciously to perpetuate and worsen the very conditions they pretend to cure. Power to the ghetto residents and their organizations must be the goal if we are serious about removing this cancer from our society. Needed is political power, economic power, social power, educational power, and in each case the power of organizations, without which there can be no lasting power.

Community Development Corporations are not cheap or easy or cure-all solutions. But they are one important, exciting tool for helping to develop and expand power in the hands of ghetto residents.

The differences in structure, style, sources of financing and degree of local community participation and control in some of the better know Development Corporations are examined below, and some comments are offered about problems, conflicts and needs that exist.

A concluding warning is offered that Community Development Corporations themselves cannot possibly cope with the grave economic needs of our ghettos and must not be expected to do so. A nation-wide full
employment policy, with compensatory hiring, training and promotion of nonwhites is desperately needed. So too is a true national commitment to provide resources adequate for high quality housing, education, medical services, day care centers and a host of other services which can only be financed today from the Federal income tax receipts. And finally I can see no substitute for a nation-wide program of negative income tax which provides, directly from the Treasury, a supplement to low income derived from low productivity and part time work and a total income for those who cannot or should not work, with total income in each case sufficient to keep the recipient and his family above the poverty income level.

II. THE IMPORTANCE OF COMMUNITY DEVELOPMENT CORPORATIONS FOR Ghetto DEVELOPMENT

A ghetto does not have to be a low income slum; its traditional meaning was a section of a city occupied by an ethnic minority. But by ghetto in this paper I shall mean a low-income inner city area in which the population is predominantly black or Puerto Rican, with low income, high population density and inadequate housing. It is my contention that Community Development Corporations and similar organizations are particularly useful inventions for attempting to deal with some of the major problems of life in current American ghettos. Although outside the scope of the present paper, it should be noted that CDC's are also being tried with considerable preliminary success in rural poverty areas. They may prove to be powerful tools of development there, and in urban poor white neighborhoods as well. Indeed with some adaptation perhaps they may turn out to be useful instruments for dealing with some of the malaises of
middle income neighborhoods and even—who knows—of suburbia.

Before attempting to explain the importance of the CDC for ghetto development, let me summarize the economic, psychological, and political environment and condition of the nonwhite ghetto in America. For the most part the situation I will describe applies, with local variations, to the inner city core nonwhite areas of a score or more of our major cities. To some extent, especially with regard to psychological climate, the situation has already begun to improve in a number of these cities, and for some aspects the following description may be a better fit for the early and mid 1960's than for the present.

A. The Economy of the Non-White Ghetto Slum

General economic conditions in the ghettos have been well documented in Chapter 7 of the U.S. Riot Commission Report and in various Labor Department and other government studies.

Unemployment rates in the ghettos are double and triple the national average for unemployment. And underemployment of discouraged job seekers dropping out of the labor market, of part-time workers who wish full time work, and of full-time workers producing so little and/or being paid at below poverty income levels, adds another multiple to the waste. Labor Department studies, for example, in Bedford-Stuyvesant showed 27.6 percent, over a quarter, of the labor force to be unemployed or underemployed. A similar study in North Philadelphia showed open unemployment to be 11 percent, three times the national average, and four times the average in metropolitan Philadelphia. Furthermore, when underemployment was added on, the combined total came to 34 percent of the labor force.

Incomes are incredibly low in the ghettos for most people. In North
Philadelphia, median family income was $3,392 per year, just slightly over one half the national median of $6,300. In Bedford-Stuyvesant, 26.3 percent of all families had income under $3000; 42.6 percent had incomes under $4000; 58.3 were under $5000.

In 1966 in all of the central cities of the country, 42 percent of the non-whites in the central cities of the country had incomes below the Social Security Administration definition of the poverty line, which was $3,335 for a family of four in that year.

Only 9 percent of negro males in 1968 were employed as professional and managerial workers in central cities as compared with 30 percent of the employed whites. Put another way, in the New York metropolitan area combined, negroes made up 10 percent of total employment but had only 5.8 percent of the craftsmen's jobs and only 5.7 percent of all white collar jobs, and these were overwhelmingly in the lower paying sales and clerical jobs.

Capital ownership by black ghetto residents is a tiny fraction of the total capital in the country and even of the total in the ghetto itself. In a speech on July 21, 1968 about minority entrepreneurship, the then Vice President Humphrey summed up the situation nationwide:

"In the Watts area of Los Angeles, only 2 percent of all businesses are owned by non-whites. In Harlem, about 10 to 15 percent of the businesses are owned by non-whites. Negro-owned businesses contribute less than 2 percent to the United States gross national product. Of the 31,000 auto dealerships in the United States, six are owned by Negroes. Until recently, there was only one Negro auto dealer." Today, almost two years later, the raw numbers have improved slightly. There are probably upwards of a dozen black auto dealerships now. And the number of small Harlem-
businesses owned by blacks has risen somewhat (and even may have been somewhat higher than 10 to 15 percent in 1968). But the changes are still marginal; the nonwhite still owns very little of the productive capital of the country.

On education, the Riot Commission report summarized what we all know: "The bleak record of public education for ghetto children is growing worse. In the critical skills--verbal and reading ability--Negro students are falling further behind whites with each year of school completed." Health services are if anything worse. "Poor health and sanitation conditions in the ghetto result in higher mortality rates, a higher incidence of major diseases, and lower availability and utilization of medical services. The infant mortality rate for nonwhite babies under the age of one month is 58 percent higher than for whites; for one to 12 months it is almost three times as high." The result is that non-white levels of education, skill training, health and energy--what economists lump together under the heading of human capital--are far lower than for whites. This is a major cause, although far from the sole cause, of unemployment, underemployment, low productivity and low earnings.

The story is of course the same with regard to the quality of housing in the ghettos and the degree of non-white ownership of that housing.

Not so widely understood is the overriding fact of a continuing drain out of the ghetto of incomes, capital and human resources. Because most of the ghetto residences, stores, and businesses (including numbers, dope and other highly profitable rackets) are owned by outsiders, most of the money spent by ghetto residents flows in one or two
steps to non-residents. On the outflow of human resources and capital, let me quote economist Daniel Fusfeld:

"Drawn by opportunities outside the urban poverty area, many of the most imaginative young people move into the progressive sectors where rewards are greater and opportunities are wider. This drain of the human resources leaves the economy of the ghetto--whose chief resource is manpower to begin with--without many of its best products.

"The drain of capital is equally striking. A substantial portion of the savings of the urban ghetto goes into financial institutions such as banks and savings banks whose investment policies draw the funds out of the area and into business loans, mortgages and other investments elsewhere. Little comes back to support the ghetto economy or promote its development. Even though the ownership of the original savings of thrift accounts remains with ghetto residents, the funds are generally used elsewhere.

"Probably the largest flow of capital out of the urban poverty area, however, takes place in housing. Failure to maintain housing facilities enables the owner to withdraw his capital while at the same time maintaining his income. Ultimately the property will be worthless simply because of wear and tear, but while it is being used up the owner has been getting his capital back and has been deriving a nice current income." 24
Silberman documented what many a black biographer, essayist and novelist had already been analyzing and demonstrating: the effects on the American black man, on the white man, and on relations between the two, of two centuries of uniquely American style slavery and one century of post-slavery discrimination, prejudice and ghetto life. Slavery in ancient Rome and other countries, and in modern Portuguese and Spanish colonies left a lesser legacy because slaves were still regarded as human beings, not less equal than their masters, but men who had simply had the great misfortune to have fallen into a condition of slavery. But slavery in the United States (and other English colonies) took a peculiarly brutal form because there was no precedent in tradition or common law to account for or permit the classification of a human being as a slave. Consequently, a new category was invented and practiced for the slave: he became a sub-human inferior, treated in many respects more like an animal than a human. Slaves were owned, bought and sold like physical property; slave families were temporary arrangements at the whim of slave-owners who could and frequently did sell the husband, wife, and children to three separate purchasers. Indeed, slaves had no status or rights under American law, so legal marriage for them did not exist. In most American states slaves could not save money or purchase their own freedom; indeed as they were seen as less than human they could not be perceived as even having the potential for being free. The slave-owner owned not only the slave's body and labor but also his mind and soul.

Said Silberman justly, "It would be hard to conceive a system better designed to create the submissive, infantile, incontinent,
undisciplined, dull, dependent 'Sambo' of Southern legend. The results seem to justify the system: No one looking at the slaves could doubt their inferiority; to argue otherwise was to deny the evidence of one's senses.

"Having erected the system of slavery on the assumption of Negro inferiority, and then having produced the behavior that seemed to justify the assumption, it was inevitable that America would refuse to admit free Negroes to full membership in their society. Slavery became associated with race, and race with inferiority; the two concepts merged. And so black meant inferior; inferior meant black. Thus even when a black man became free, white America offered him neither equality nor citizenship in any meaningful sense of the word."

Considering this legacy, the considerable although limited progress in incorporating black people into the political and economic system in the early decades after the Civil War may be seen as remarkable. But before the turn of the century this progress was reversed as white friends of integration sold out and within a decade all gains had been wiped out. Jim Crow segregation, designed to make and keep Blacks separate, inferior, incompetent and exploited both sexually and economically, was in full saddle, where it has remained in most respects to this day.

The most profound and disturbing impact of this long legacy of slavery, Jim Crow legislation, segregation, exploitation, stigmatism and prejudice against the black man, and of the resulting slum ghetto environment, is the psychological damage it has wrought against black people themselves and on the whites who first created the situation and then find in it further justification for their prejudices.
In the words of Kenneth Clark:

"It is now generally understood that chronic and remediable social injustices corrode and damage the human personality, thereby robbing it of its effectiveness, of its creativity, if not its actual humanity.... Racial segregation, like all other forms of cruelty and tyranny, debases all human beings--those who are its victims, those who victimize, and in quite subtle ways those who are merely accessories. This human debasement can only be comprehended as a consequence of the society which spawns it."\(^{12}\)

And continuing, on the results:

"Human being who are forced to live under ghetto conditions and whose daily experience tells them that almost nowhere in society are they respected and granted the ordinary dignity and courtesy accorded to others will, as a matter of course, begin to doubt their own worth. Since every human being depends upon his cumulative experience with others for clues as to how he should view and value himself, children who are consistently rejected understandably begin to question and doubt whether they, their family, and their group really deserve no more respect from the larger society than they receive. These doubts become the seeds of a pernicious self- and group-hatred, the Negro's complex and debilitating prejudice against himself."\(^{12}\)

And Clark went on to document the external signs of this self-doubt and group hatred so prevalent among black people until very recently: the preoccupation with hair straighteners, bleachers and other ways of trying to make oneself look "whiter", the fantasy world of so many black children
and adults, the impact on patterns of sexual behavior of black men and women with each other and with whites, the high rates of homicide, suicide, delinquency, drug addiction, crime, and family instability.

Black psychiatrists Alvin Poussaint, Charles Pinderhughes, William Grier and Price Cobbs among others have analyzed this psychological impact of slavery, racism, prejudice, segregation and ghetto environment. Alvin Poussaint, summing up the then current results of this long history of oppression and brainwashing, wrote in August of 1966:

"The most tragic, yet predictable, part of all this is that the Negro has come to form his self-image and self-concept on the basis of what white racists have prescribed. Therefore, black men and women learn quickly to hate themselves and each other because they are Negroes. And, paradoxically, some black men tend to distrust and hate each other more than their white oppressor....

"Although the Negro's self-concept is determined in part by factors associated with poverty and low-economic status, being a Negro has many implications for the ego development of black people that are not inherent in lower-class membership. The black child develops in a color caste system and inevitably acquires the negative self-esteem that is the natural outcome of membership in the lowest stratum of such a system. Through contacts with institutionalized symbols of caste inferiority such as segregated schools, neighborhoods, etc., and more indirect negative indicators such as the reactions of his own
family, he gradually becomes aware of the social and psychological implications of racial membership. He may see himself as an object of scorn and disparagement, unwanted by the white high caste society, and as a being unworthy of love and affection. Since there are few counterforces to this negative evaluation of himself, he develops conscious or unconscious feelings of inferiority, self-doubt, and self-hatred.

"From that point in early life when the Negro child learns self-hatred, it molds and shapes his entire personality and interaction with his environment. In the earliest drawings, stories, and dreams of Negro children there appear many wishes to be white and a rejection of their own color. They usually prefer white dolls and white friends, frequently identify themselves as white, and show a reluctance to admit that they are Negro. Studies have shown that Negro youngsters assign less desirable roles and human traits to Negro dolls. One study reported that Negro children in their drawings tend to show Negroes as small, incomplete people and whites as strong and powerful."

Much of the psychological environment of the black ghetto is found also in other non-white dense urban slums. After long experience in Mexican, Puerto Rican and Puerto Rican-American slums, Oscar Lewis defined what he found there as "the Culture of Poverty." Its traits are remarkably similar to those described above by black analysts of black ghettos:

"Once the culture of poverty has come into existence it tends to perpetuate itself. By the time slum children are six
or seven they have usually absorbed the basic attitudes and values of their subculture. Thereafter they are psychologically unready to take full advantage of changing conditions or improving opportunities that may develop in their lifetime....

"There is awareness of middle-class values. People talk about them and even claim some of them as their own. On the whole, however, they do not live by them. They will declare that marriage by law, by the church or by both is the ideal form of marriage, but few will marry....

"Along with the disengagement from the larger society, there is a hostility to the basic institutions of what are regarded as the dominant classes. There is hatred of the police, mistrust of government and of those in high positions and a cynicism that extends to the church....

"The individual who grows up in this culture has a strong feeling of fatalism, helplessness, dependence and inferiority."40

C. A Corrupting Lack of Power in the Ghetto

Another way to describe or analyze the ghetto is to observe that ghetto residents have little or no power--individually or collectively--over the main forces that shape their lives.

White middle, professional, and upper class Americans who hold and use power have been preoccupied with the dangers warned of in Lord Acton's phrase "Power corrupts; absolute power corrupts absolutely."

Our founding fathers created in the U.S. Constitution such a marvelous system of checks and balances to keep any one branch or person from exercising too much unrestrained power that today in many areas
there is no way we can find to govern ourselves. Despite this, today businessmen are more preoccupied with limiting the power of government, while liberals worry about the power of corporations to influence unduly the government or the consumer, and youths worry about the power of both to destroy our planet through nuclear way or pollution.

Unnoticed until recently except by radicals and a few others concerned with alienation and exploitation were the many many millions of whites and blacks, but especially the blacks in far larger proportion, who lack any significant power at all to influence their lives, their family security or future, their community, or any of the levels of government above them.

And if power is corrupting, as it sometimes but not always is, then a lack of power is equally and more surely corrupting, although in a different sense perhaps. What we have been describing in the above paragraphs is in one sense the corrupting influence on the soul and psyche of the black person (and on the whites who control society) of his living without status, influence, or power.

To be a man in Western Society means to be potent, to be productive, to have a potential power in reserve for contingencies and emergencies, to exercise power, to be respected for one's power. Black men unemployed or underemployed and not able to provide for their women and children lack power and feel it in the depths of their psyches. Black men unable to protect their women and children from the violence of delinquents and criminals in their streets, or from the racism and violence of police and other authorities of white society, are impotent and powerless and this penetrates to the core of their sense of self-esteem, self-worth,
identity, ambition and hope.

The black ghetto residents who have no savings and own no capital have no reserve power for emergencies and contingencies, no potential for becoming wealthy, or even financially secure, and in a capitalistic society are lacking in the basic source of respect and power recognized by the wider society.

Thus said a black man in Kenneth Clark's study: 12 "A lot of times, when I'm working, I become as despondent as hell and I feel like crying. I'm not a man, none of us are men! I don't own anything. I'm not a man enough to own a store; none of us are." And, in the words of an 18 year old man and a 15 year old girl: 12

"All right, so you get into the school and you get your rights, but in the whole scope of the black man in America, how can you accomplish anything by doing this? Yes, all right, you are accepted into Woolworths; you fought and got your heads beat in. But what do your children think of you? Do you have any economic or political power?"

If a lack of power is corrupting, then total lack of power is absolutely corrupting. The black (or other) person who is totally lacking in power escapes into a world of complete apathy or complete fantasy, or he may erupt into violence, frightening for its lack of fear. Writing of the 1964 Harlem riot, Kenneth Clark wrote, 12

"The Negro seemed to feel nothing could happen to him that had not happened already; he behaved as if he had nothing to lose. His was an oddly controlled rage that seemed to say, during those days of social despair, 'We have had enough. The
only weapon you have is bullets. The only thing you can do is to kill us.' Paradoxically, his apparent lawlessness was a protest against lawlessness directed against him. His acts were a desperate assertion of his desire to be treated as a man. He was affirmative up to the point of inviting death; he insisted upon being visible and understood. If this was the only way to relate to society at large, he would die rather than be ignored."

Collectively as well as individually the ghetto resident lacks power. Until recently he had no control or even influence over the schools which provided "death at an early age" for his children. Police protection is often non-existent and equally often blatantly discriminatory or even violently against him when it is available. Murders go uninvestigated. Dope peddlers and pushers operate openly, as do numbers runners and pimps. Non-white ghettos are unable to demand their fair share of other basic services from city governments such as trash and garbage removal and street repairs and cleaning. Fire insurance was until recently impossible to obtain for many ghetto owned businesses; theft insurance still is. Playgrounds are scarce, and littered with broken glass, their equipment broken.

White middle class society has traditionally blamed all of this more on the black morals and lack thereof than on its true cause--the lack of Black Power. And so too sometimes do middle class blacks, such as the woman who urged Harlem mothers to organize a community group to buy brooms and sweep the filthy streets. Wisely wrote Kenneth Clark about this woman:

"She did not understand that it is not the job of the
people to sweep the streets; it is the job of the Department of Sanitation. It had not occurred to her to advise these women to organize to gain these services to which they were entitled. In a middle-class neighborhood, the people see it that government does provide services. To lecture the miserable inhabitants of the ghetto to sweep their own streets is to urge them to accept the fact that the government is not expected to serve them. But to force the government to provide sanitation and care is an effort beyond their capacity for, in such ghettos, people are so defeated that their sense of powerlessness becomes a reality. They are immobilized against action even in their own behalf."

D. The Failure of Traditional Remedies to Meet the Needs of the Ghetto for Organizations and Power

Of the black woman who urged Harlem women to sweep their own streets, Kenneth Clark observed: 12

"Most disturbing of the implications of her advice was that Negroes are responsible for their own condition, that dirt reflects defects in the inhabitants. She was buying the position of many middle-class whites that social victims are responsible for their plight. She was in error but even more important was the fact that she was, in effect, presenting an apology for oppression."

When 99.9 percent, or even 95 percent or 80 percent of the residents of a group, area, class, race or ghetto are unhealthy or badly educated or poorly motivated or apathetic or unable to lift themselves by their own
bootstrap in the great American mythology expectation, it is absurd, cruel, and self-defeating to blame the individuals for their lack of moral fiber or whatever. We are observing a social pathology and it must be treated as such.

Of course a handful, a few thousand black ghetto residents can escape the ghetto--at least physically if not psychologically--every year, to the extent that white suburban society condescends to let them in as the Portuguese let in a few assimilated blacks into the ruling class of their African colonies, "provided they reject as intrinsically inferior" their African heritage and identities. But this kind of trickle-up, one-by-one-pass-the-admission-test-to-middle-class-society solution is no solution at all either for the few who make it--at great personal psychological cost--or for the vast majority of ghetto residents, as Clark, Carmichael and Hamilton, Roy Innis, Malcolm X and many many others have argued.

The trouble with integration is not that it is wrong as a basic goal for our society. I still firmly believe it is the proper direction to strive for. The problem is that before integration on a vast scale becomes possible or desirable, many other structural changes must take place in our society, including the elimination of much of the white racism still rampant among us.

As Charles Pinderhughes has written:

"The treatment of pathogenic racial conflict and the crippling pathology associated with it ideally should be the treatment of the paranoid, phobic, and anxiety patterns underlying white racism. This will require undoing of the projections
of whites on blacks. Since blacks have been so altered as to make the projection seem realistic, only alterations in blacks can offer whites an opportunity to perceive blacks in a different light, and thereby modify the racism of which they are unconscious. The Black Power Movement produces, at one and the same time, the crisis they need to make change possible, and different mental representations out of which whites can build a new image of blacks."

And thus we see the importance of the Black Power movement with its emphasis on "Black is Beautiful", racial heritage, culture and identity, Afro-American study programs, and so forth. But beyond the effort to shift images and perceptions and build pride and identity, which is terribly important and positive, there must also be a building of political and economic power. And this can be done only through building institutions and organizations which bring men together for common purposes and which pool and multiply their individual resources, strengths and purposes into a collective power, which they themselves control.

The vast majority of white programs--voluntary and governmental--which have claimed or presumed to be trying to deal with problems of ghettos and their residents have ignored all this. At best they have ameliorated the symptoms evidenced by a small portion of the ghetto residents, without in any major way changing the structure which causes the ghetto and its destruction of human beings. Job Training Programs, schools for dropouts, medical and mental health centers, and most of the social services and so-called anti-poverty programs designed by whites and run by whites and done to and allegedly for nonwhites, are of this
variety. In fact, no matter how well motivated, as Kenneth Clark has written, they may just make matters worse:

"Social service cannot be relevant to the pathology of the ghetto, except to reinforce it, if it encourages even subtly the dependency of the people of the ghetto--because to encourage dependency is to rob the individual of the sense of his own dignity and to strengthen his feelings of inferiority. Relevant and human social services must dare to run the risks of being a part of a real and comprehensive program of social action and social change."

Worst of course are the welfare and other programs which can only have been designed, consciously or unconsciously, to maintain and deepen the depravity of the ghetto. "A relief system that barely keeps people alive perpetuates rather than eliminates poverty and the pervading sense of hopelessness."40

E. The Creation of Community Development Corporations

Over the past decade or two, increasing numbers of ghetto leaders have come to the following views, expounded at greater length above:

1) An adequate solution to the problems of the ghetto and of non-white minorities had to be found not through the escape of individuals into a black suburban middle class, but through structural changes in the pathology of the ghetto itself.

2) Ghetto residents desperately needed to wield power, both for what that power would secure in rights and services and for the enhancement to their pride, dignity and self-confidence that comes with wielding power.
3) To develop, consolidate, enhance and wield power, organizations are needed.

During most of the last decade emphasis was almost wholly on the pursuit of a single objective at one time, the use of a single kind of power, the building of a single purpose organization. Community residents were rallied to block urban renewal, to fight gouging landlords or force them to make repairs, to boycott shyster high-price merchants, to boycott discriminating businessmen, to block university expansion into their neighborhoods, to demand improved welfare benefits, to exercise control or at least influence over model cities planning, to back a candidate for political office.

But within the last two or three years, two more concepts have been increasingly accepted, namely:

4) Power is a seamless, interdependent web. Political power helps to secure economic power and social influence; economic power leads to, and may be an essential prerequisite to obtaining, political power.

5) To change the ghetto requires time and organizational strength and a simultaneous multi-pronged attack on multiple causes of decay and pathology.

From these two final facts came the realization that stronger, sturdier longer-life and multiple purpose organizations were needed, and that they needed to pursue economic power, both for ghetto residents and for the organizations themselves if they were to survive and have an impact. Thus was born the Community Development Corporation (CDC) concept: a (usually) non-profit corporation with tax exempt status whose goals are to acquire outside resources in order to develop in a variety
of ways the human, economic and physical resources of the community, for
the benefit of the community, with participation by community members,
and with control remaining in the hands of community members and leaders.

In the next section we examine a number of the better known of these
CDC's and observe as would be expected that there are differences among
them in style and organization and purpose and degree to which there is
success in serving, or even an effort to serve, all of the above purposes
and concepts.

III. STRUCTURES AND ACTIVITIES OF COMMUNITY DEVELOPMENT CORPORATIONS*

A. East Central Citizens Organization (ECCO), Columbus, Ohio

ECCO, the first of the neighborhood CDC's, was set up in 1965 as a
non-profit tax exempt corporation with the help and some of the ideas of
Political Scientist Milton Kotler.36,37 Its home area is about one square
mile with 6,500 residents of whom about 70 percent are black. In early
1966 it received an OEO demonstration grant of $185,000 for administration
and staff. It also received a donation of a settlement house from a local
(formerly white) church and assistance from the National Council of Churches
and from the Stern Family Fund.

* Some of the information in this section comes from published sources,
some of which are shown in the reference list below. More of it comes
from interviews conducted by the author with leaders in these and many
other organizations, from newspaper clippings, leaflets and reports of
the organizations, copies of their articles of incorporation and by-laws,
and other unpublished documents in my files.
ECCO's membership is open to anyone in the area over 16, of whom there are about 4,200. Total membership is about 1,500. ECCO is governed by a council of 30 community people, 14 elected in an annual assembly of the membership (of whom four must be teenagers) and 16 elected, four each from four neighborhood clubs in the area.

The early activities of ECCO dealt with social services and mild pressures on the municipal government: equipment for a tot lot, reprimanding a policeman, better sanitation services, day care for tots, legal services, more foot patrolmen, family planning information, and a Youth Civic Center (Y.C.C.) for teenagers. Y.C.C. is self governing, has (or had) 650 members who paid 10 cents each, drawn from the whole city, and was funded for its first years by H.E.W. Besides offering recreation facilities Y.C.C. carried out job training and placement and remedial education programs.

In its first years ECCO had a very large headquarters payroll. It was criticized by one outside author for this, for lacking strong ties to a local militant welfare rights group, and for pursuing policies and tactics so mild that the Columbus mayor and establishment had nothing but praise for it. In 1967 OEO reduced funding for staff and denied funds for the previous $1000 stipends for Council members. With changes in executive directors in December 1966 and again in January 1968, and a severe pruning of overhead, ECCO survived and moved into more economic programs of business development and housing rehabilitation, while also moving closer to the militant Welfare Rights Organization.

B. The Bedford-Stuyvesant Corporations

The biggest of the CDC's and in some respects among the most successful,
Bed-Sty is also one of the most conservative. Set up by Robert Kennedy in the spring of 1967, it actually consists of two side-by-side non-profit corporations which operate out of the same set of offices high in the old Hotel Granada in the nation's second largest black ghetto. The black organization, Bedford-Stuyvesant Restoration Corporation, has a chairman, State Supreme Court Justice Thomas R. Jones, and a President, Former Deputy Police Commissioner of New York Franklin A. Thomas, generally considered to be solid citizens of the establishment. The parallel white organization, Bedford-Stuyvesant D & S Corporation, has a blue chip wall street board under the chairmanship of C. Douglas Dillon and including Roswell Gilpatric, First National City Bank Chairman George S. Moore, IBM Chairman Thomas J. Watson, CBS Chairman William S. Paley, David Lilienthal and Senator Jacob Javits, and is ably run by President John Doar, formerly an Assistant Attorney General under Robert Kennedy.

Financed by a variety of Foundation grants and by the largest of the government Special Impact grants ($8.6 million from the Labor Department for 1967-1969, followed by similar levels of funding from OEO for 1969-1970), the Bedford-Stuyvesant corporations already have an impressive list of accomplishments to their credit.

1) IBM located a computer cable facility in an old warehouse and was due to be offering employment to 300 area residents by the end of 1969. According to one news account their employees were largely formerly employed, not the hard-core unemployed, and full ownership of the plant stays with IBM.

2) An Economic Development program has assisted 43 individual businesses in obtaining $4.3 million in financing, with job creation of 1,160 by the end of 1969.
3) The exteriors of 1,466 row houses on 35 blocks have been renovated at an average cost equivalent (if done by outside contractors) of $450 per house, with property value increases as high as $1000 per house, but with a total charge to the homeowner of only $25. Previously unemployed residents, 2,235 of them, were trained in painting, carpentry, masonry, and landscaping for this work and about 70 percent have gone on to permanent employment. Homeowners, to qualify for renovation, had to organize a block association, in which 50 percent of the residents on the block agree to participate. A total of 275 blocks did so and applied for renovation--about one half of all the blocks in Bedford-Stuyvesant. The lucky 35 were chosen by lottery from among the 275 applicants.

4) Eighty Manhattan banks and financial institutions have been persuaded to set up a mortgage pool of $65 million for home mortgages in Bed-Sty. By the end of 1969, 578 people had applied and 286 loans had been approved for a total of $4,468,000--an average of $15,600 per loan. An additional 102 loans were in process for a total of $1.6 million more.

5) B-S Restoration has purchased four run down homes for rehabilitation, has sold two of them, and has plans for rehabbing as many as 200 more.

6) Two "Superblocks" have been created--one completed and dedicated--by closing off a street and putting in terraces, benches, and playgrounds where formerly cars ruled supreme.

7) The Corporation has purchased 25,000 square feet of land and secured financing to put up a 52-unit six story apartment building.

8) An abandoned dairy plant was purchased and is being converted into an attractive modern community center and office building. A
shopping center-village will be developed around it.

9) The Corporations have run a sizeable Opportunities Industrialization Center for training of former unemployed.

Other activities have included training Community Planners, running a TV series for half a year, and planning for a community college, which has apparently fizzled for lack of funds.

With all of this, and more in the planning stage, what is there to question and criticize about this apparently very successful operation? Well, for one thing, impressive as the results are, they are very very small compared to the size of the task. Bed-Sty has 450,000 people in 635 blocks, with unemployment of 6.2 percent a year ago and surely much higher today, and underemployment of 28 percent. Forty three percent of the families had income under $4000 per year. The scale and clout of what is needed to cope with such a massive ghetto boggle the imagination, and the twin corporations cannot yet be said to have turned the whole area around. On the other hand, the organizational structure of these corporations is anything but democratic. Senator Kennedy himself chose and named the men to serve on both—not just on the Board of white financial bigwigs but also on the Board of the Restoration, the black corporation which supposedly represents the Community. New Board members are not elected by the community; they are named by the present Board chairman. There is thus little direct community participation and absolutely no accountability to anyone—except to government grant donors and individual consciences—built in. And, given the structure and the leadership, it is hardly surprising to observe that most tangible benefits have fallen to the middle class home owners of the area—thus far at least—with
very little (except for some jobs and training perhaps) going to the vast lower class.

C. The West Side Community Development Corporation

Out on the west side of Chicago, in a ghetto including the infamous ward one, base of both the mafia and Daley's machine, there are five grassroots organizations which have banded together to form the West Side Community Development Corporation, or WSCDC. This organization represents almost the exact opposite of the Bedford-Stuyvesant Corporations. Recently formed, small, with no federal funding yet, and little business support, originally barely tolerated and now under full fire from the Daley machine, this CDC was not set up by any white establishment figures and does not have any white parallel corporation helping raise its funds or provide its services. But it does have one terribly important and impressive thing going for it: it is run by young men who represent the organizations of the people of the streets, the poorest, most apathetic, or angriest, people of the community.

The WSCDC was formed by five constituent community organizations, nicknamed "The Hand." There is the Conservative Vice Lords, once a greatly feared youth gang and now the owners of two frozen custard franchises, an ice cream parlor, a pool hall, the African Lion fashion shop and the promoters of a police community relations program and a black culture and history program. There is the Cobras, 2000 strong in 1967 as a widely feared gang, but by late 1968 oriented towards business development and the owners of a Standard Oil gas station franchise and a car wash (which was not doing very well when I asked in late 1969). The West Side Organization started in 1964 and since then has processed over 25,000 job
applicants for its community constituents, placed over 1000 of them in jobs. It also organized a militant welfare union and claims to have successfully processed 1,300 welfare grievances. It publishes a regular newspaper, it runs a Christmas food program and in 1968 it successfully persuaded a reluctant Shell Oil to give its first filling station franchise to an organization instead of a person. Within two months that station was pumping more gas than was expected at the end of one year, and its organizers expect it to turn a net profit of around $45,000 per year to help support the purposes of the organization. The WSO has a four man paid staff, large numbers of volunteer workers, and commands tremendous support from the common people of the area. The other two constituent organizations in WSCDC are the Student Afro American Group, organized in 1967, and the Garfield Organization also started in 1967, which includes neighborhood block groups, high school student groups, and church organizations. The Garfield Organization owns a holding company named Go Forth, Inc. which operates a Midas Muffler franchise, a supermarket, and a couple of restaurants. Together these five organizations represent 400,000 people in 20 square miles. Abandoning old rivalries, they came together in 1968 to form WSCDC.

With a loan of $250,000 from the First National Bank, the WSCDC has bought an old truck terminal and some new trucks and equipment. WSCDC has a long term guaranteed price contract, plus strong management, technical and moral support, from Container Corporation to supply waste newspapers in large bales for a processing plant that Container is supplying. Half the truck terminal will be used for this; the other half for promoting distribution of black products. If WSCDC can raise the funding for seed capital, they would like to set up a chain of franchised cleaning
establishments. If they can get the contracts, despite Daley's growing effort to destroy them, they also would like to run a newspaper distribution agency.

In an area where a direct effort to wrest political power from the machine may be worth a man's life, these tough people of the streets are trying to build instead a base of economic and organizational power with which to better the lives of their people. So far they have gotten little or no Federal support and only occasional sprinklings of corporate and church support. Yet they are working in an area almost as large as that of Bedford-Stuyvesant, and by all odds they are more representative of the vast mass of the people of their ghetto than is the management of the Bed-Sty Corporations.

D. The Hough Development Corporation (HDC) of Cleveland

HDC operates in one of the most depressed ghettos in the nation. Its area is about 2.5 square miles and its population about 60,000. Open unemployment in Hough and other Cleveland black slums went up from 13.7 percent in 1960 to 15.5 percent in 1965 while it was dropping in the rest of the country. At 15.5 percent it was six and one half times the rate for Cleveland as a whole, and it may well be higher today. Beyond that, as high as one half of the people in Hough are sub-employed, according to the Labor Department survey. Median family income dropped twenty percent from 1960 to 1965 while it was rising in Cleveland and the nation as a whole.

This CDC combines some of the grass roots involvement of the WSCDC of Chicago with some of the scope of planning and size of government support of the Bed-Sty Corporations. HDC was set up in 1968 and received
the first Title I-D Special Impact grant from the OEO. This original $1.64 million grant was recently renewed with an additional $1.5 million. The two main organizers of HDC were Deforrest Brown, a preacher and leader of the broadly based Hough Community Council, and Franklyn Anderson, militant Cleveland CORE leader now studying for his MBA at the Harvard Business School. On HDC's large Board sit representatives of most major community organization from the area.

HDC has set up Community Products, Inc., an injection rubber molding plant which sells to the big auto companies, IBM and other corporate giants. Now in its second year of operations, CPI will not start turning a profit for some months still. But the product is of high quality, the market potential is good, the contracts are coming in, and the outlook is good. Most employees are former welfare mothers.

HDC's biggest project is still on the planning boards. They hope to break ground this spring using black contractors on Martin Luther King, Jr. Plaza, a shopping center with a supermarket, a branch bank to be sold eventually to blacks, and a variety of other black owned stores, topped with low-income rental town houses on the second floor. Other projects include a Handyman Project which trains hard-core unemployed men and sends them out on maintenance and landscaping jobs, and a credit union soon to open.

HDC has recently secured two McDonald's hamburger franchises, the first for blacks in Cleveland. One is already in operation; the other is under construction, and both should net a good flow of funds to support other HDC projects now in the planning stage, besides employing 45-60 people each.

This organization was started by very impressive local leaders in
the Hough area, with some help from a white businessman who believed in them, with strong support from local organizations and people, and with solid federal financial backing. Their achievements to date are real, but still partial, with the full promise yet to be realized. It takes a long time to put projects together and get them underway.

One perhaps unexpected impact of HDC is that it has served to stimulate the creation of nearly a dozen new CDC's in other parts of Cleveland, all still small and weak but some of which will surely blossom into significance if given some outside financial support. Another impact, less desirable, is that the Hough area is today less solidly united behind HDC, and there are some reports of growing jealously, splits and competition. How valid, or how important these reports are, I cannot say. Nor is it clear that in an area of 60,000 people one CDC is sufficient; perhaps some competition would be desirable.

E. Other Community Development Corporations

For lack of space I will only mention here a number of the most exciting and promising of the other Community Development Corporations with which I am familiar. There is the empire of organizations and activities constructed by Reverend Leon Sullivan in Philadelphia, which grew out of his campaign of selective boycotts to promote black employment and which is based in part on the contributions of $10 per week over 36 weeks by 7,000 parishers in his and related churches. His projects now include a magnificent shopping center plaza, a garment manufacturing company, an electronics and metals working factory, a nationwide chain of OIC training centers, a program of part time courses for local businessmen, a training school for black economic
development organizers from around the country, and an organization for promoting shopping center development in other cities. There is FIGHT in Rochester, founded with help from organizer Saul Alinsky, which is militant, grass roots controlled— it just passed through a tough political campaign last summer in which leadership passed to younger hands in an open fiercely fought community election—which has a subsidiary manufacturing operation and other projects. There is Operation Breadbasket in Chicago, not a CDC properly speaking, but with a non-profit organization with many similar objectives to the CDC's and enjoying tremendous local participation and support. There is PRIDE, Inc. in Washington, also not technically perhaps a CDC, but a non-profit organization working with members of all the youth gangs of Washington, offering training services, employment, new business construction, management opportunities and above all a new sense of pride to its hundreds of participating young "dudes" off the streets. There is the Woodlawn Organization in Chicago, also organized with Alinsky's help, once militant in fighting the University of Chicago, urban renewal and slum merchants and in pursuing employment for residents of the area, and now beginning to turn towards capital ownership and economic development as goals. There is the Real Great Society in Spanish East Harlem which is combining community organizing, housing rehabilitation, street schools for high school drop-outs, and the development of a new clothing business in its two Puerto Rican-American communities. There is Operation Boot-strap in Los Angeles, run by former Civil Rights activists who will have no part of federal funds and strings, and who are rapidly building up, besides their other projects, Shindana toys, with considerable help
from the Mattel toy company, and which proudly announces to one and all that its goal is to overcome Mattel's million to one lead and put it out of business. And there are many many more of these CDC's and CDC-like organizations, in Chicago and Boston, St. Louis and Baltimore, Washington and Roanoke, Syracuse and Detroit, and a dozen other cities at least.

F. Problems, Lessons, Needs of the Community Development Corporations

Here is a list of what seem the most important lessons from these organizations:

1) The CDC concept is a workable, viable form of organizing to promote ghetto economic, social and to some extent political development.

2) The organizations can and do vary tremendously in size and in size of the area of their concern. At the largest, in Bed-Sty, they could hardly be said to be operating in a single neighborhood. The neighborhood impacts of the Bed-Sty Corporations, however, can be seen in their Super-block developments and in their promotion of block organizations in at least one half of all the blocks in Bedford-Stuyvesant. In such a large ghetto, the question arises whether or not it would be a good idea, as proposed by Rosenbloom to have a single large Urban Development Corporation for the area or city or even the state, and much smaller Local Development Corporations for neighborhoods.

3) It takes a long time to build up a staff of competent men, let them gain experience, study projects, secure financing, find or construct facilities, hire and train employees, and begin to produce in a new ghetto manufacturing operation. And from the beginning date of production it takes two or three years before a solid profit can be expected. Simpler projects can get underway in only a year or two, but on the whole the CDC
will probably not have a significant flow of income of its own during its early years.

4) Most CDC's will need sizeable amounts of outside, probably largely governmental, financing at the beginning. This support will probably have to continue in most cases for as long as five years and perhaps much longer in some cases before the CDC becomes financially independent of outside funding, if this ever happens.

5) Success must be measured by a wide range of criteria, difficult though this is, and not just by some simple economic numbers such as amount invested, or number of projects generated, or numbers of employees hired or placed. All of these economic indicators are important, but the goal is promoting the general economic and social and human development of a ghetto. Just as the methods and attacks must be multiple to accomplish this, so too must be the criteria used in measuring success or failure.

6) The complicated legislation called the Community Self-Determination Act of 1968 proposed by CORE and two Fellows of the Harvard Kennedy Institute to set up new Community Development Corporations and Development Banks is probably not needed, since CDC's continue to sprout and develop without it. But some features of that legislation, including the setting up of a system of long term soft term loans from federal sources, should probably be adopted. 14,17,23,27,31,43

In the meantime, as Blaustein 6 has argued, we do have the mechanism for financing CDC's—if it will be continued and expanded. It is thus vital that funds for the Title I-D Special Impact program under OEO, which has provided the major support for several of the CDC's, be multiplied so that support can be given from this source to many more CDC's.
Unfortunately, the current thinking in the Administration is that this should be a very limited and very temporary source of funding, and that CDC's should find other sources. Where?

7) There are obviously very real problems involved in obtaining a high degree of local participation in planning, organizing, managing and controlling a CDC. The existing ones range from very strongly involved with the grass roots to practically isolated from it. And there is probably some sizeable conflict between emphasizing sophisticated economic and management analysis and leadership on the one hand, and emphasizing continuing participation and involvement of uneducated poor people of the area on the other hand.

Rosabeth Kantor has warned\(^ {34} \) that without meaningful participation part of the basic purpose of the CDC will be lost and there is a risk that the CDC will become a big bureaucratic business out of touch with the alienated people. She has suggested that perhaps all employees of the CDC should be members of it, that broadscale community participation should perhaps be valued above financial profitability, that community activities should be sought and carried out which involve a great many people in common activities, and that decentralized sub-CDC's might be a workable idea. It seems to me important that these and other ideas from her paper and other sources be tried out, for meaningful, continuing, widespread community participation in the activities/control of the CDC seems to me one of the most important and difficult challenges they face.

IV. CONCLUDING OBSERVATIONS

Two final comments seem in order. First, Community Development
Corporations are the institutional embodiment of the constructive positive side of the Black Power movement. As such they deserve our continued and enhanced support. More broadly, we need to re-examine every aspect of the white society's and white governments' policies with respect to, and programs involved in, the nonwhite ghettos, in order to dismantle the system of welfare colonialism which so many have attacked but which continues virtually unabated. Each and every individual doing research in the ghetto, offering social services to the ghetto, designing or assessing programs allegedly for the ghetto, needs to stop and ask himself the root question: will this activity or program help in the final analysis the ghetto residents to build not only their capacities but also their confidence, their sense of efficacy, their ability to build organizations, their control over their own lives, their power to influence the future of their community and the nation? If the answer is no, the research or service, no matter how well motivated, may in fact be part of the present system which encourages continued dependency in a colonial subjugated status before the vast power of white institutions.

Second, important as black power and black organization and ghetto development from within is, it cannot succeed alone in solving the social and economic conditions of our poorest millions. The economic resources are not in the ghetto, they are in the middle and upper classes, in the corporations and banks, in the federal government treasury each year. I see no alternative to the following national policies: 1) A return to a drive for national full employment, by which I do not mean 4 or 4.5 percent unemployed, but something much closer to 3.0 percent. 2) A nationally administered negative income tax which sends every head
of household a check from the Treasury every month to maintain an adequate though minimum income for that family, which means three to four times the $1600 level now proposed by the Administration, with graded reductions in Federal support to partially but not completely offset outside income. A massive reduction in the present welfare bureaucracy should pay a good part of the costs of such a program, since in many states only a fraction of the welfare dollar spent reaches the poor today. 3) A national program for financing locally initiated housing construction and rehabilitation, both inside and outside the center city. 4) A massive program of federal support for pre-school, primary and secondary education, coupled with a greatly increased degree of decentralization of control over the schools in most of our larger cities. 5) A major program of medical school, hospital and health center construction financed from the Federal treasury.

These proposals may seem far removed from the issue of neighborhood development but they are not. There is little or no hope for neighborhood development to succeed or even survive as a concept if it is to be tested in an environment of high and cyclical nationwide unemployment and a failure to channel the resources needed into these neighborhoods from those parts of our economy which have the resources, under programs which allow the local residents to control or at least participate in the control over how they are used. This is asking a lot of our sluggish country. But to ask for less may be to accept defeat without trying in what may be the greatest battle we have ever faced. If the poorest ten to twenty percent of our population do not find and cannot make their life in this country acceptable for themselves, then it will not long survive as acceptable for the other 80-90 percent, if indeed it still is today.
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