STRATEGIES FOR BLACK COMMUNITY ECONOMIC DEVELOPMENT:
A CRITICAL ANALYSIS OF THE
ECONOMIC DEVELOPMENT STRATEGIES OF
CIRCLE VENTURE CAPITAL FUND, INCORPORATED
by
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B.S., New York University 1973

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF
CITY PLANNING
at the
MASSACHUSETTS INSTITUTE OF
TECHNOLOGY
June 1975

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JUN 30 1975
ACKNOWLEDGEMENTS

My sincerest gratitude goes to those who made the completion of this thesis a reality; to Charles Turner of The Circle, Inc., and Eric V. Grey, Jr., of The Circle Venture Capital Fund, Inc., who allowed me the use of the records of The Circle Venture Capital Fund, Inc.; to Stephen Tinnermon, who allowed me to research the impact that housing development can have on business development through my work placement at Tenants Development Corporation, and also for assisting in the editing of my thesis; to my Thesis Supervisor, Hubie Jones and to the readers of my thesis, Phillip Clay and Frank Jones, who worked closely with me through its development. Also, to Pauline George and Shirlene Jones for the typing of this thesis.

My sincerest gratitude goes also to Pauline, McChesney and Violet. Finally, to Monica.

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by

RONALD ALEXANDER GEORGE

Submitted to the Department of Urban Studies and Planning

May 19, 1975

in partial fulfillment

of the requirements

for the degree of Master of City Planning

This thesis concentrates of an unbalanced growth strategy on land and business development with most emphasis on community land ownership and control as a viable strategy for Black community economic development with the community being represented by a catalyst. The need for Black community economic development based on community ownership and the potentials for land and business development will be examined. A strategy for economics based on unbalanced growth will be adopted and a catalyst defined. This thesis will also look at Roxbury as a typical Black community to further document the need for Black community economic development. It will also look at the effectiveness of The Circle Venture Capital Fund, Inc., as an example of a catalyst which has pursued a specific strategy for the economic development of Roxbury.

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INTRODUCTION:

There are relatively new macro theories of the American Black communities which suggest that the American Black community is an underdeveloped area, and therefore should be treated as a separate entity. Proponents of this theory include such men as Kenneth Clark, William Tabb, Robert Blauner, Willard Johnson, Stokely Carmichael and Dunbar McLaurin. An extreme is David Rockefeller, Chairman of Chase Manhattan Bank who states:

"...We must begin to develop the economies of our cities just as we try to develop our poor nations abroad...". 1

Explicitly accepting this premise and these new theories which state that there are strong parallels between the Black community and underdeveloped areas, this thesis deals with the question of whether an unbalanced strategy of land and business development (with greater emphasis on community and land ownership and control) is a viable strategy for Black community development. More specifically, it examines their applicability to the development of the community of Roxbury, MA. In coming to grips with this question, the study presents a critical analysis of the present and planned economic development strategies of The Circle Venture Capital Fund, Inc. (CVCF). CVCF is the investment arm of a community owned and controlled economic development corporation based in Roxbury.
Part one of the thesis examines the basic underlying assumption that there exists a need for Black community economic development. To do so, the "economy" within the Black community is defined. Secondly, some major components within the American Black economy (such as land and business) are reviewed. As well as that economy's current condition is highlighted; and the need for the implementation of an unbalanced growth strategy emphasizing land development is introduced. Thirdly, Part I, analyzes the premise that any relevant strategy of Black economic development must be implemented by a broadly represented organization which is indigenously owned and controlled and can act as a catalytic force. Based upon the above analysis, a strategy is outlined for Black community economic development.

In the final section of Part I, a specific residential and commercial area within the Roxbury community is discussed. Documentation of the need for development of the area is presented and examination of the existing catalyst for development is made.

The second part of this thesis presents a case study on the CVCF. This section focuses on CVCF as a catalyst of change. Here its history and background, as well as its structures, goals and founding sources are reviewed.
Secondly, part two concentrates on CVCF and addresses the issues of whether it is an effective catalyst in promoting community ownership and control of Roxbury's economic resources. Moreover, it examines some of the structural and functional problems confronted it in its attempts to be effective.

Thirdly, this section looks at the various strategies of land and business development that CVCF has implemented, and its overall contribution to the economic development of Roxbury.

In the conclusion of part two a critical analysis of the goals and strategies of CVCF is presented, particularly as it relates to standing achievements.
PART 1

A STRATEGY FOR

BLACK COMMUNITY ECONOMIC DEVELOPMENT
CHAPTER I: THE NEED FOR BLACK COMMUNITY ECONOMIC DEVELOPMENT

The "American Black Community" is defined as an area settled by a majority of Blacks. When these communities are mostly composed of the poor, it is commonly referred to as a "ghetto" or a "slum".

Upon close examination of the economy of this entity, it features a remarkable resemblance to an underdeveloped area. This of course, speaks directly to the need for development. An analysis of the existing patterns of ownership of the factors of production and distribution of The Black Community speaks directly to the need of promoting economic development. The author defines this as the community ownership and control of the factors of production and distribution.

Although the activity of "development" is not necessarily limited to economics, it is the authors' view that the economic sector is a significant starting point. Economic development can act as a stimulus to social and political development. For example, the creation of jobs, community owned businesses visually displayed are some factors which act as instruments of change which will reduce the psychological and social pathology, and increase a sense of community esteem in the minds of the Black community residents. For this reason, the focus of this thesis will be on economic development. The author is aware of and understands the role of political development, and its important interface with economic development.
The Lack of Ownership of the Factors of Production and Distribution As An Obstacle To Growth.

The basic principles of economics hold that land and labour are the primary factors of production while capital is a factor of production (which is also an output of the economic system itself). Moreover, that these principles hold that "for whom" goods and services are produced is determined by wage rates, land rents, interest rates and profits to the whole. The characteristics of the resulting distribution of goods and services is dependent on the initial distribution of property ownership, upon acquired or inherited abilities, etc. These factors are fairly inter-dependent upon each other. It becomes fairly obvious that those who control the factors of production are those who will benefit the most. Conversely, those who have no control are those who benefit the least. Ownership then becomes important in that it usually results control. A realistic model of the structure of the American Black community is Frank Davis' model of the Black community which has three main sectors. These are as follows:

1) The Ghetto Domestic Sector - Black community residents furnish mainly labour to Black owned businesses. Production and activities of such businesses are primarily services and small retail trade. The receipts for the production activities are most typically wages or wages of management.
2) **The Ghetto Enclave Sector**: The households outside the Black Community (primarily white) furnish white controlled capital and labour to white owned business firms operating in the Black community. (with limited flow of Black labour to these firms). The flow into the enclave sector consists of both capital and labour. The return flow to the Black Community is wages to residents only, while the return flow to households outside the Black community is rents, wages, interest, etc.

3) **The Ghetto Labour Market Sector**: There is an additional sector which represents the flow of Black labour from the Black community to the greater economy. This sector represents the principal markets for Black labour as well as principal consumer market from which Black community households purchase goods and services.

The lack of ownership of factors of production such as land and capital become fairly obvious from this structure. The result of this lack of control is summed up by Frank Davis:

"...Money resources generated by factor payments of white owned ghetto firms or by ghetto household purchases in the form of business receipts of the white owned firms (within or outside the ghetto) continuously flow in the direction of the "ghetto enclave sector" and the rest of the economy..." 4

This presents a serious obstacle to the growth of the Black Community as the "ghetto domestic sector" then remains an appendage of a more predominant "enclave sector". This structure
generates an outflow of money while the "enclase sector" receives the bulk of produced income within the area of the Black community. The existence of this situation speaks to the need of Black community economic development at the level of promoting community ownership of the factors of production and distribution in order to decrease financial leakage. It is clear that it is the owners and users of the Black community's economic resources who are accruing the greatest benefits. Ownership of economic resources then should become the prerequisite for economic development in that it is the most effective means of obtaining command over resources.

Arguments Against The Need for Black Community Development:

There are those, however, who argue that although the American Black community appears to be a deprived and unequally underdeveloped entity, it should not be separately developed. It is argued that problems confronting Black could be alleviated by increasing opportunities allowing them to more readily integrate into the larger society (or economic system). Authors of such theories include Brimmer, Terrel, Kain & Persky. For example, Brimmer and Terrel's main argument is that Blacks should concentrate on employment in salaried managerial positions, rewards will be $\frac{1}{3}$ to $\frac{2}{3}$ higher than rewards obtained from self-employment in the same occupation. The author understands that the strategy for Black economic advancement through salaried employment in white firms is an un-
realistic concept in that it ignores the masses of Blacks who are excluded from competing for white and blue collar jobs. The strategy ignores the vulnerability for Blacks to white domination, exploitation and subjection to racism. Tate found that increased individual incomes does not substantially increase economic power:

"...Higher incomes generally produce higher consumption. A house in the suburbs, two cars and two television sets do not constitute economic power. Economic power in America today flows from the control and ownership of capital producing instruments. A plant is a capital producing instrument because it can be sold or used as collateral to secure money for development or expansion of economic enterprises. Individual income and equity in a home or automobile will not produce equivalent leverage...". 6

Otto Eckstein has estimated that Blacks will comprise 12% of the total work force by 1985, but will hold a significantly smaller percentage of jobs in professional, skilled and clerical sales fields. Full economic equality based on the Black percentage of the work force in 1985 will require 1,330,000 Black managers and proprietors, while there will be only 420,000 actual Black managers and proprietors.7

Kain and Persky argue from a different perspective. They argue that the way to ameliorate the conditions of Blacks is through decreasing the high rate of structural unemployment which presently exists among this group. However, they contend that this can only effectively take place through a policy of dispersal of the Black population from the central city to the
increasing new semi-skilled and unskilled jobs located in the suburban areas. The author also rejects their argument because it ignores the tremendous political obstacles which would prevent any national dispersal policy. Additionally, it ignores the fact that even if Blacks were to be dispersed, their collective status would remain relatively unaltered in that they would still lack the capital formation required as a base for economic power.
CHAPTER II: STRATEGY FOR COMMUNITY ECONOMIC DEVELOPMENT:

Accepting Black Community economic development as one of the strategies for the development of Black Americans, we are now faced with examining major sectors of the Black community economy, such as land and business and determining how they could be coordinated to assist in the implementation of this strategy of growth.

Land Development As A Strategy For Economic Development:

For the purpose of discussion, definition of "land" goes well beyond a description of acreage in its natural state (more commonly referred to as "raw land"). Here, it also includes physical structures found on acreage. Land development, therefore, includes the building of new structures, the rehabilitation of existing structures and the overall design of an area.

The central importance of land ownership is that land owners within constraints of public law and regulations, determine the use, and influence basic economic and socio-political patterns. Land owners decide the land use policies; and how a particular area will be developed. This point is painfully driven home when it is related to the American Black community. According to Brad Yoneoka:

"...Unfortunately, land markets in ghettos operate to funnel potential increased income flows out of the community. Absentee landlords, who dominate land ownership in the ghetto, force tenant businesses and raise rents, speculation and a rise of rents is high. Often, ownership is non-community based..."
Because of this, it becomes essential that the Black community owns its land in order to control the processes and course of development. The control of land by the Black community can also mean increased influence by resident groups over the action of outside institutions.

The need and potential for land development can be further documented. For example, a sample of 86 out of 130 American cities with populations of more than 100,000, approximately 25% (1,349,041 sq.ft.) of the total land average was vacant— and was considered buildable by local experts. A case in point, is the old South Bronx yards belonging to New Haven Railroad. Although the city had 20 city blocks as active industrial sites, a "windshield" survey found that much of it was either deserted or deteriorated, had become a haven for drug addicts and derelicts and those that were not were underutilized. 10

Mechanisms used in facilitating the land development process would be the following:

1) Acquisition of land for the development of a residential, commercial, industrial, social or recreational space, or the development of a combination complex. In many instances, this may involve land banking, simply holding property until it can be utilized for specific purposes.

2) Establishment of a mortgage pool to assist homeowners improve their homes.
3) Utilization of the political processes in an effort to receive adequate needed public services such as garbage collection and repairs.

4) Organization of block associations aimed at arousing tenant interest in the upkeep of the buildings.

5) Rehabilitation of old units and the construction of new units which are required.

There are certain problems associated with any strategy of land development that must be taken into account. For example, the urban land mass has typically been divided into thousands of small parcels (with relatively few parcels owned by the same interest); and the re-assembling of the many parcels in any given urban area is both a tedious task and one requiring a great amount of time and financial resources. Also, the initial stages of land development usually involves family relocation and demolition. Again, these are expensive processes (not to mention the social cost of family relocation). Thirdly, municipal governments may well suffer heavy real estate tax losses (at least initially) and in all likelihood, would have to turn a number of its own property buildings over to the development effort. In most cases, the entire process would depend on a somewhat flexible and responsive bureaucratic input from city and state governments.

There are other problems. Land banking, through acquisition, in many cases, is considered to be very expensive.
According to the Real Estate Review Portfolio, if the purchase is ill-timed, the cost of carrying the land can wipe out whatever eventual return is realized. Moreover, as with other investments, there are risks to buying land; these include physical and legal defects as well as the potential problem of speculation, resulting in skyrocketing land costs. Finally, local zoning laws, building codes, and related land use regulations may not only bar certain types of development that developers want to pursue, but may also restrict desired development of a community to one of discomfort. The time, effort and money to change this could be substantial.

The Economic Resource Corporation (ERC) which has constructed an industrial park in Watts experienced several obstacles to its land development efforts. One principle problem concerned land acquisition. They were unable to negotiate a reasonable price and ended up paying $0.75 more per square foot than the neighboring Compton, California. In part, this was because they lacked the freedom to move quickly in acquiring land. Moreover, they lacked the experienced personnel required to do so. However, the organization went through a restructuring phase. This included hiring of a new director, and in one year, three more major businesses moved into the park; and a mini-industrial park with four buildings were constructed.
The types of problems outlined above are functional rather than structural in nature. The development entity must, among other things, possess an experienced and capable staff. Moreover, the entity must be able to maintain a strong working relationship with both government and outside private enterprise.

The direct benefits which can accrue from the development of land includes:

1. Improving the physical appearance of the area
2. Generating immediate cash flow through rents
3. Employing and training residents through hiring local contractors
4. Acting as a collateral for future land development
5. Making the area conducive to business and other activities.

When we look at one of the sectors of land development—housing development, there is even a greater awareness of the significance of this important economic tool. Epstein found that the benefits which could accrue to the community include: 16

1. The increase in the quality of housing will increase the community's ability to attract bank loans;
2. The increase in disposable income made possible through subsidies can stimulate neighborhood business and employment;
3. Home ownership involves a form of forces savings, through the gradual build-up of equity from mortgage payments. These savings can be used for other purposes, i.e., a resident may take out a second mortgage on his home to finance a small local business enterprise;
4. Increased home ownership by local residents will also contribute to neighborhood stability as home owners who stay in a neighborhood are apt to take more pride in maintaining and developing the community;
5. Housing construction offers make excellent opportunities for employing and upgrading low skilled area residents. Training can be carried on informally by legally
binding local contractors to employ and train community folks. For subsidized housing alone, the dollar volume of production necessary to create four million new units and two million rehabilitated units could amount to ninety-six million with site labour costs at 22% of construction costs the average yearly labour and ninety six billion units would be over two billion, which in turn, could provide two million jobs a year for an average of $10,000.00 per year.

6) Housing development can also generate sizeable profits which can be used for further community economic development. Experienced developer/builder of government assisted housing projects realize profits amounting on the average of ten to fifteen per cent of the total projected cost.

It should be noted, however, that these types of benefits which could accrue to the community is only relevant when speaking to successful community owned housing development projects. Development of housing within the Black community have been usually in the hands of outside federal, state and city bureaucratic programs; and has done nothing to improve the welfare of the community. In many instances they have often ended in failure. Thus, these types of benefits are the exception rather than the rule.

Land development via housing development could be implemented by a catalyst for community economic development which is not only owned by the residents within the area, but also has the capabilities for attracting funds from sources which may vary. The most typical source of funds is from the Federal Government (through such programs as Community Services Administration). This could be supplemented by funds from HUD or other state and city housing agencies.
As the catalyst grew in capability and sophistication, its seed money would generate from its own sources and leveraged by banks. There are also other advantages.

The socio-psychological impact that housing development can have within the Black community is implicitly stated by Kenneth Clark when he states:

"...If the Negro had to be identified with a rat infested tenement, his sense of personal inadequacies and inferiority, already aggravated by job discrimination and other forms of humiliation is reinforced by the physical reality around him...A house is a concrete symbol of what the person is worth...". 17

To see some evidence of the benefits which could accrue from housing development, we might look at the program implemented by Bedford-Stuyvesant Restoration Corporation and the Roxbury Action Program.

Bedford-Stuyvesant Restoration Corporation, the largest federally funded CDC, (serving the largest Black community population of about 400,000) operates four programs for physical development:

1) Home improvement program limited to external renovations of Brownstones, owner occupied homes on a block-by-block basis;

2) Multi-family rehabilitation program which reconstructs and modernizes interiors and exteriors of sound dilapidated housing stock;

3) New (housing) construction program for apartment buildings and large scale development; and

4) Commercial development.
The impact which the home improvement has had on beautifying the immediate neighborhood and generating jobs and training for the unskilled and unemployed (reaching some of the structurally unemployed) has been significant. For example, between the years of 1967 and 1972, 2,447 houses (in 61 city blocks) had been refurbished; and 2,855 employees had been trained through the $3,100,000 program. The impact which the rehab program has had on the area's development has also been significant. At the end of 1973, Bedford-Stuyvesant Restoration rehabilitated 100 units (50 buildings) in addition to another 500 units in the process of renovation. Prior to their rehabilitation, the buildings were underutilized or blighted. As such, they were purchased from the city for $1,000. Their renovation not only supplied jobs and training, but also, provided opportunities for small contractors, craftsmen and suppliers of services in the Bed-Sty area. 18

Another example, is The Roxbury Action Program (RAP), a Black community based organization in Roxbury, Massachusetts. RAP services the Highland Park area (populated by about 8,000 residents) RAP is also in the process of implementing a program for better housing and increasing home ownership.

RAP chose to rehabilitate thirty-three apartments on six scattered sites as its first project. RAP entered into a joint-venture with a local builder, and split its 10% profit and overhead (40% to RAP and 60% to the contractor). Since the contract called for a fixed cost of construction, RAP as part
developer was assured of realizing at least a 4% profit on the $325,000 construction or $13,000. The program produced jobs and upgraded skills. The builder was a small local Black firm which hired unskilled residents and trained them. The General Contractor's general practice was to rely heavily on small sub-contractors in the Roxbury area. 19

The point should be made here, that this was RAP's first experience as a developer and that it had limited financial capabilities. Because of this, its return was significantly less than it could have been. 20

Housing development, of course, is only one means that has been used for land development. There are others such as commercial and industrial development. Both significantly impact on the economy of the Black community through generating jobs and physical improvements. An example of this type of approach is the previously mentioned Economic Resources Corporation. ERC brought four major businesses and eighteen small businesses into the community and created over 1,200 new jobs.

BLACK BUSINESS DEVELOPMENT:

J. Harris identifies the entrepreneur or entrepreneurial unit with the function of making decisions as they pertain to the level of production and productive techniques, and define their tasks as perceiving production opportunities, gaining control over other factors of production & organizing productive facilities. He contends that a large supply of such
entrepreneurs or entrepreneurial units who have high levels of formal education, experience, ability to innovate, access to credit and other sources of capital and good political connections are closely linked to economic development in that a large supply of effective decision makers will make better use of its potential resources. 21

Business development in the ghetto domestic sector as defined in Chapter I is a restricted economic resource. Flournoy Coles, Jr., using data and SBA estimates, found that the number of Black-owned enterprises is between 2% and 3% of the total number of business enterprises in the country. Moreover, he found that the importance of these firms to the total Black economy is slightly more than negligible. 22 For example, the annual average net profit of Black-owned enterprises was $6,454; and full and part-time employment averages 3.75 per person. Coles study also found that many owners have full-time or part-time jobs outside their businesses; the majority of owners have less than a high school education; and that Black businesses were undercapitalized because of difficulties in obtaining funds, as well as a lack of managerial experience, know how, etc. 23

In their argument that Blacks should try to achieve salaried positions in major corporations (rather than engaging in small business development) Brimmer and Terrel make an extremely valid point when they state that the Black community has certain traits which are not conducive to business
development (such as low median family income of ghetto residents, limited assets, high unemployment and underemployment, little skills, etc.)\textsuperscript{24}. The author also views these factors as a serious obstacle to business development. However, it need be pointed out that the area could be made more conducive to business development through economic development strategies.

Brimmer and Terrel offer two additional arguments against Black community development. First, they point out that any action leading to the establishment of small scale Black owned businesses in the community is a move against the current national trend. They explain that the national trend is moving towards the establishment of large economic units. Secondly, they find that as the relative affluence of Blacks increase, as consumers, Blacks will rely more upon a more diverse and broader market (found in the greater community). In short, they feel affluent Blacks would not support the newly created small enterprises in the community.

The first argument is challenged by Barry Stein. Stein's studies show that there is more uncertainty over projections regarding the size of the American economy (and its composition) for the next ten years than there was for the beginning of either of the two preceding decades. The uncertainty can be attributed to:

"...A shift in expenditure (business and individual) from goods and services conceived as commodities, general useful products marketed to large groups, to specialities more nearly tailored to specific individual wishes and desires. The uncertainty, in short, is due to the breakdown of the mass..."
consumption economy and its replacement by a more diversified and rapidly changing structure of demand...". 26

Secondly, Brimmer and Terrel's argument does not take into account the new Black awareness which has stimulated the potential of Black markets catering exclusively to the new Black clientele; and also the emergence of Black consumer products that speak to the new Black awareness (such as daishikies, Afro-Sheen hair dressing, Black magazines, Black dolls, etc.).

Summarily, there are indeed problems which can and do seriously restrict the growth potential of businesses within the area and they range from a lack of sufficient sophisticated entrepreneurs or entrepreneurial units to time factors to inadequate political connections. Such problems make the Black community appear to an unattractive environment for the location of an entrepreneurial base. However, these problems are not unsolvable. As solutions are found, the potential for developing a strong business base in the community will increase.

An Economic Development Strategy:

When the American Black community is viewed as a separate entity, having its own economy (with striking parallels to an underdeveloped area) the processes of land, business and man-power development is more readily perceived as parts of a whole economic development process. A method of developing our land,
business and manpower resources as a singular process must be found. However, the community's experience with "Black community economic development" is very limited. As such, a need exists for borrowing universally accepted and tested strategies that have been utilized for developing underdeveloped countries. One such strategy is the unbalanced growth strategy proposed by Albert Hirshmann, Professor of Economics, at Harvard University. Professor Hirshmann defines unbalanced growth in the following manner:

"...If growth is not to be stunted, the various sectors of an economy will have to grow jointly in some (not necessarily identical) proportion; no sector should get too far out of line, not because of demand, but because of supply or "structural" considerations. For instance, if secondary industry grows, the food and raw materials needed by the workers and the machines will go up; if some of these requirements are imported, then an increase in exports is necessary, etc....". 27

According to Hirshmann, if we look at an economy that has experienced growth at two different points, in time we will find that a great many parts of it have pushed ahead, for example, there is industry and agriculture, capital goods and consumer goods industries: He finds that just as the demand side can absorb "unbalanced" advances in output because of cost reducing innovations, new products, and import substitutions, that we can also have isolated forward thrusts on the supply side as inputs are redistributed through price changes. Development has proceeded this way, with growth being communicated from the leading sectors of the economy to the followers.
Hirshmann finds additionally, that the advantage of unbalanced development is that it allows for induced development decisions. An example of induced development is the following:

"...An increase in the demand for Beer, for example, may lead not only to the expansion of existing brewing capacity but, at a certain point, to the start of domestic production of bottles, of barley cultivation, and to a whole chain of similar repercussions. In other words, the investment that is induced by complementary effects may help to bring about a real transformation of an underdeveloped economy....". 29

Hirshmann further distinguishes two inducement mechanisms as (1) the input-provision or backward linkage effects which occurs when every non-primary economic activity will induce attempts to supply through domestic production the inputs needed in that activity. (2) Output-utilization or forward linkages effects which is where every activity that does not, by its nature, cater exclusively to final demands will induce attempts to utilize its outputs in some new activities. 30

In looking at a hypothetical example of backward and forward linkages, we see that when industry A, (which may be a hotel is set up followed by its satellites, e.g., cleaning services, uniform suppliers, casinos, taxis, waiters) and when industry B, which may be a restaurant is subsequently established as a result of Industry A, it helps to bring into existence not only satellites, (cleaning services, uniform suppliers) but some firms that neither A or B in isolation could have brought into existence, i.e., such as dry cleaners. When Industry C,
(a night club) comes into existence some firms will follow that require the combined stimuli from not only B and C, but of A, B and C, (such as a business school focussing on hotel management, restaurant management or a movie theatre). The degree of inter-dependency which defines linkage and development is best measured by computing:

1) The proportion of its total output that does not go to final demand, but rather to other industries, and
2) The proportion of its output that represents purchases from other industries. 31

Satellite industries usually have the following in common:

1) They are close in location to the master industry,
2) They use as principal input an output or by-product of the master industry without subjecting it to elaborate transformation, or its principal output is a usually minor input of the master industry, and
3) Their minimum economic size is smaller than that of the master industry. 32

Hirshmann finds that the lack of the interdependence and backward linkage is a typical characteristic of underdeveloped economies, as there is usually much investment in plants that perform the "final touches" (converting, assembling and mixing plants, the pharmaceutical laboratories, the metal fabricating industries, etc.). He also states that the advantage of this trend is that it has often provided an investment outlet for small amounts of capital that might not readily be available for ventures requiring many investors to pool these resources. Also, it makes it possible to start industrial undertakings without the heavy risk that comes in underdeveloped countries from having to rely on the output of unrealistic dom-
estic procedures. These types of industries, termed "enclave import industries", are linkage free as materials are imported from abroad, value is added through either mixing, assembling, etc. The final product is then rushed to the final consumer. This provides for backward linkage of an infinite range and depth. To further support his position, Hirshmann points to some recent economic history of rapidly developing underdeveloped countries such as Columbia, where processing industries based on import cotton, textiles, and beer have stimulated the production of cotton and barley. In Brazil, modern cotton, peanut and cereal processing plants preceeded the expansion of agricultural output. In Venezuela, the International Basic Corporation of New York found that its supermarkets have favourable effects on the agricultural production there. 33

However, forward linkage cannot be considered as an independent inducement mechanism, but it does act as an important and powerful reinforcement of backward linkages. For example, it is quite possible for Industry A to be established by a final demand for its products crossing the threshold, and then for Industry B to follow suit not only because of demand factors, but also because B intends to use A's products as a principle input. This necessitates the expansion of Industry A, which is set up only for final demand, but must now satisfy new industry trial customers. 34

However, because forward linkages usually have to be coupled with backward linkages; backward linkages is a neater
concept to deal with and more essential for the initial stages of development as it is not usually dependent on forward linkages. 35

The theory of unbalanced growth has been refuted by such renowned economists as Rosenstein-Roclave. They support a strategy for balanced growth where the basic underlying premise is that it is necessary to start at one point and at the same time, on a large number of new industries which will be each others clients through the purchases of their workers, employees, and owners. 36

This strategy, Hirshmann contends, is not only unrealistic, but it may be dangerous in that it indirectly tends to promote colonization:

"...Its application requires huge amounts of precisely those abilities which we have identified as likely to be in very limited supply in underdeveloped countries. It is altogether inconceivable that a one floor economy could set up such a "second floor" with its own forces or even with limited help from abroad, without thorough foreign colonization. The task would seem hopeless...".37

The outlined strategy of unbalanced growth can also be applied to the American Black Community, not only because it is an underdeveloped area, but the status of the areas that Hirshmann is describing where his strategy can be effective, is directly similar to the Black community.
According to Hirshmann, the lack of interdependence and linkage is one of the most typical characteristics of underdeveloped economies. Primary production usually excludes any substantial degree of backward linkage. The situation is usually known as enclave type development in that the primary products usually slip out the area without impacting the rest of its economy. The types of industries usually established are engaged in doing the "final touches" and inputs usually come from other sectors. 38

Likewise, in the American Black community, the lack of interdependence and linkage is a main characteristic which is clearly indicated on the types of leakage which occurs in the Black community (as indicated in Part I). For example, in the "Ghetto Domestic Sector" is primarily small retail trade which is dependent on outside suppliers, in the "Ghetto Enclave Sector", comprised primarily by white absentee owners. Their is significant leakages in the returns from capital and labour. Housing development is usually dependent on inputs such as viable businesses and work opportunities which is usually located outside of the community. Production plants are usually engaged in the "final touches" situation, as input is from outside and output leave the community.

The manner in which this strategy could be applied is the following: Instead of dealing with the micro aspects of industry within the Black community, the macro aspects would be dealt with by attempting to link the development of land, labour
and business in a pattern formerly identified as an unbalanced strategy. First, with the acquisition of land, this can lead to housing construction for mixed income groups. This would then bring into existence businesses to make this project viable. For example, in providing input needed to make the housing attractive, it would become necessary to provide services such as those provided by dry cleaners, restaurants, convenience food stores, taxi service, etc. This, then creates another major sector—a commercial sector which in turn, brings into existence, more housing and industries than the initial housing could have positively brought into existence alone. The combined sectors would impact on the labour situation. Being consistent with an unbalanced strategy, one finds that as one sector (housing) emerges, its success is not really dependent on other sources being produced in equal proportions, simultaneously, but rather its success or growth is dependent on the growth of other industries that services its output. Similarly, in a strategy to develop housing, the amount of output would still be dependent on convenience businesses and commercial activity which has located some uncomfortable distance from the housing activity, just as a strategy proposing an industrial park would depend on the input and output from outside. However, both will stimulate or increase the potential for the development of that service that output needs within the community.

**The Jigsaw Puzzle Strategy:**

Even after accepting a strategy of unbalanced growth, (combining the development of land, business and manpower re-
sources together through backward linkages), a question arises as to which of the three would be developed first to stimulate the implementation of an overall development strategy, or whether it is just as advantageous to start with the development of any of these resources. Again, this type of question can be answered by Hirshmann's "Jigsaw Puzzle" theory. In looking at several modes for investment criteria, Hirshmann found that:

"...A more complex and perhaps a more realistic model would be to consider development as the putting together of a jigsaw puzzle. The fitting of individual pieces would represent the taking of discrete development steps...". 39

This theory contends that the difficulty in fitting in any one piece is exclusively dependent upon the amount of pieces already in place. Also, the most logical process is to assemble the easier pieces. Through this process, the puzzle becomes progressively easier. 40 This particular model has its limitations. At times, the variances between the easy and hard pieces is so small, that one has no other choice but to use trial and error strategy. Moreover, the model assumes that the "puzzle" has a fixed amount of pieces and therefore, an ending. Whereas, in actuality, the development process has an unlimited amount of pieces, and thus, no definite ending. It must also be pointed out, however, that the situation rarely, exists, that is the frame is always easier; and the latter does not hinder the analogy which is primarily used to suggest the initial phase of development.
The criteria for selecting the initial "development steps" consist of not choosing linkage free primary industries, but industries whose growth could be augmented by backward linkages. Industries requiring forward linkages, would be far more difficult to sustain initially in that their structure is dependent upon a specific input which industries with backward linkage characteristics can provide. Thus, as implied earlier, the development process should begin with linkage free industries.

In the case of the American Black community, the criteria for initial development action is to select development patterns that increase the stability of the community (through reducing the rate of resident dispersal); minimize the economic leakage, and foster cohesive integration of the economic activity. To do this, three essential pieces are required; land development activities with backward linkages (which serve as the basic framework); business development (a progressively more difficult piece to put in place because it is dependent on the land development pieces); and manpower development (which is essential and the most difficult to piece together).

Land Development Vs. Business Development:

There are several reasons for selecting land development over business development as the initial stage of Black community development. Mainly, this is because land development is primarily dependent upon backward linkages in that its
primary output is space, for either living, working or shopping; and its principle input is the businesses which will eventually service the spaces. According to Jon Pynoos, Robert Schafer, and Chester Hartman:

"...When households consume "housing" they purchase rent more than the dwelling unit and its characteristics. They are also concerned with such diverse factors as health, security, privacy, neighborhood and social relations, status, community facilities and services, access to jobs, and control over the environment...". 41

On the other hand, not only is business dependent upon input from outside sources, but also dependent upon forward linkages. Business development for example, requires good physical location sites (in this case, forward linkage). Problem solution, not only requires "developing" the business, but it also requires impacting the physical environment in which the business is to be located. Thus, the initial emphasis is best placed on changing the physical environment, e.g., land development. The land development then becomes supportive of productive business development activities. The business development activities (the secondary phase of action) in turn generates income and other benefits which become the seeds for additional growth activities. 42

The combining of land, business and manpower development together through a strategy of unbalanced growth (with emphasis on land development) is not a unique concept. It is implicit in the development program of the Bedford-Stuyvesant Restoration Corporation. 43
According to Barry Stein, Bedford-Stuyvesant Corporation's largest activity in terms of numbers of people affected, monies involved, social consequences and visible results comprises of the physical reconstruction of Bedford-Stuyvesant. The comprehensive program is resulting in an increase in the quality and value of housing available to residents and the provision of adequate commercial and industrial space; and the revitalization of the total environment. The initial stage involved home improvement (chiefly limited to the exterior work such as simple tasks as painting the gates, and mending the stairs, etc.). The next phase involved the rehabilitation of interiors, followed by new housing construction and finally, the construction of a $6,000,000 commercial center.

Prior to initiation of the aforementioned strategy, Bedford Stuyvesant's earlier strategies focused on convincing major outside manufacturing business to locate in Bedford-Stuyvesant: However, they found this to be an extremely difficult task. Then they decided to change their thrust from attempting to attract businesses to attempting to provide physical commercial space. The chart on the following page, clearly indicates that the Bedford-Stuyvesant Restoration Corporation's initial (and current) priorities lies in land development. For example, the mortgage pool alone, includes a total of $14,387,000 up to May, 1972, while the total business development included an amount of $8,263,158. Two years later, the initial emphasis was still in the area of land development, but a declining percentage increase.
At the same time, the percentage of funds allocated to business development was increasing. The backward linking of land, business and manpower development is also fairly apparent. For example, when one views the construction and rehabilitation of buildings as investment A, the satellites appear to be businesses directly servicing the construction, rehabilitation and increased residency (such as construction servicing and retail stores). The chart also indicates that the number of construction businesses represents 13% of all forms of enterprises that Restoration invested in up until May of 1972 and 19% until November of 1974. One also finds an increase in the total construction companies (52%) from May, 1972 until November, 1974. It is also apparent that even though the manpower development may represent a substantial amount when related to the land development and the business development, it is a relatively insignificant amount. Also, the output of labour is increasing at a rate far less than that for land development and business.
FIGURE I

VARIANCE ANALYSIS BEDFORD-STUYVESANT RESTORATION CORPORATION

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td><strong>DEVELOPMENT ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage Pool (total loans)</td>
<td>$14,387,000 (761)</td>
<td>$17,491,900 (921)</td>
<td>18 (17)</td>
<td>18,748,100 (971)</td>
<td>7 (5)</td>
<td>23 (22)</td>
</tr>
<tr>
<td>Exterior Renovations (blocks)</td>
<td>2,230 (55)</td>
<td>2,556 (67)</td>
<td>13 (18)</td>
<td>2,817 (74)</td>
<td>9 (9)</td>
<td>21 (26)</td>
</tr>
<tr>
<td>Number of Units rehabbed</td>
<td>99</td>
<td>149</td>
<td>33</td>
<td>154</td>
<td>3</td>
<td>36</td>
</tr>
<tr>
<td>Number of units in process</td>
<td>480</td>
<td>550</td>
<td>13</td>
<td>555</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td># of units completed (n/con)</td>
<td>52</td>
<td>190</td>
<td>73</td>
<td>190</td>
<td>0</td>
<td>73</td>
</tr>
<tr>
<td># of units in process (n/con)</td>
<td>334</td>
<td>334</td>
<td>0</td>
<td>334</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>BUSINESS DEVELOPMENT:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Business Finance (amt)</td>
<td>8,263,158 (74)</td>
<td>10,592,441 (89)</td>
<td>23 (17)</td>
<td>14,273,518 (107)</td>
<td>25 (17)</td>
<td>42 (31)</td>
</tr>
<tr>
<td># of const. co. financed</td>
<td>10 (13)</td>
<td>17 (19)</td>
<td>41</td>
<td>21 (20)</td>
<td>19</td>
<td>52</td>
</tr>
<tr>
<td>(% of amount)</td>
<td>10 (13)</td>
<td>17 (19)</td>
<td>41</td>
<td>21 (20)</td>
<td>19</td>
<td>52</td>
</tr>
<tr>
<td># of franchise co financed</td>
<td>6 (8)</td>
<td>6 (7)</td>
<td>0</td>
<td>7 (6)</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td># of mfg. hd/gds financed</td>
<td>8 (11)</td>
<td>10 (11)</td>
<td>20</td>
<td>10 (9)</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td># of mgh. sf/gds financed</td>
<td>10 (13)</td>
<td>9 (10)</td>
<td>-11</td>
<td>9 (8)</td>
<td>22</td>
<td>33</td>
</tr>
<tr>
<td># of retail ser. (% of ttl.amt.)</td>
<td>6 (8)</td>
<td>7 (8)</td>
<td>14</td>
<td>9 (8)</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td># of service stores (% of ttl.amt.)</td>
<td>10 (13)</td>
<td>14 (15)</td>
<td>28</td>
<td>18 (17)</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td># of other co. financed</td>
<td>3 (4)</td>
<td>5 (6)</td>
<td>40</td>
<td>6 (7)</td>
<td>16</td>
<td>50</td>
</tr>
<tr>
<td>(% of ttl.amt.)</td>
<td>3 (4)</td>
<td>5 (6)</td>
<td>40</td>
<td>6 (7)</td>
<td>16</td>
<td>50</td>
</tr>
<tr>
<td><strong>MANPOWER DEVELOPMENT:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Placements</td>
<td>4,220</td>
<td>5,490</td>
<td>23</td>
<td>5,887</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>Min. Bus/mn-on/jb. trng.</td>
<td>17</td>
<td>18</td>
<td>5</td>
<td>19</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Trainees hired</td>
<td>260</td>
<td>260</td>
<td>0</td>
<td>260</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trnnes. hired for ext.ren.</td>
<td>2,787</td>
<td>2,987</td>
<td>6</td>
<td>3,130</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>
| Trained in welding/scaffold/pntg. Masonry & Carpentry
CHAPTER III: THE CATALYST FOR BLACK COMMUNITY ECONOMIC DEVELOPMENT:

So far, we have identified the need for a strategy for Black community economic development that is dependent upon increased ownership of the factors of production and distribution such as land, labour and business; and the backward linkages of these three variables to create a strategy of unbalanced growth. In implementing this strategy, several catalytic organizational forms might be used. They include Community Development Corporations, church organizations, large businesses and small Black entrepreneurs. One option is the church organization. Many have acted as catalyst of change such as the Zion Non Profit Charitable Trust and the Nation of Islam. Although religious institutions provide one viable option having tremendous indirect effects on the Black community, than direct impact, ownership and control is in fact limited to the members of the particular group. Another option is the utilization of large industry resources. However, even though this option, if successful, could provide needed jobs, it typically results in absentee owned and controlled enterprise; and is usually linked to suppliers outside of the community. Both types potentially cause additional drainage from the community because dollars are exported. A third option, is the utilization of small Black entrepreneurs. Again, however, controls, ownership and benefits are limited to the entrepreneur, and it's outside suppliers. The final option discussed here is the community development corporation (CDC) which ideally is owned and controlled by the broad-based community interest. As currently structured the CDC's
greatest limitation is that it is indirectly controlled by government authorities (via the Community Services Administration). Control is limited to the funds invested by the GSA. This problem could be reduced or eliminated by creative programs the CDC could design which would make it initially self-sufficient. Because of a CDC's broad community representation, and specific commitment to economic development, this option should be used.

The Community Development Corporation:

According to Jeff Faux:

"...The term "CDC" is used to identify organizations created and controlled by people living in impoverished areas for the purpose of planning, financing, owning and operating businesses that will provide employment income and a better life for the residents of these areas." 50

The specific and individualistic nature of the problems of each Black community is reflected through the fact that there is no prototype CDC, but many individual CDC's. However, because of a general macro economic status common to most American Black communities, individual CDC's are emerging with goals similar to one another. Principle similarities include:

1) Economic development (planners provide technical assistance, make investments, and operated newly created businesses);

2) Local control (property and enterprise are owned and controlled by residents); and

3) Social goals (with the ultimate purpose of increasing the socio-economic well-being of community residents). 51
The CDC programs are usually funded by grants or investments from government and private sectors. One example of a CDC is the previously mentioned Bedford-Stuyvesant Restoration Corp.

Large Industry:

Arguments have been made that big industry should be encouraged to develop the Black community. Advocates of this particular approach have on various occasions solicited support from the Congress (Kennedy, 1969) and the U.S. Department of Labour. Protagonists arguments have usually focused on the positive impact (one to their location) large industries could create in Black communities.

Whereas, the author's defined strategy for Black community economic development does not dismiss the need for large private industry to facilitate in the economic development of the community, he does not see large industry as acting effectively as the principle catalyst. Large industry, as a catalyst for development, would only perpetuate the situation of lack of ownership and the leakages it creates. For example, as in the case of the white absentee in the "Ghetto Enclave Sector", most of the profits go to owners outside the community. Most of the input resources, (with the exception of labour) will come from outside sources. Moreover, income capital generated from the sales made from within also leaves the community. In short, large business cannot be relied upon to catalyze community economic development.
Faux has found the attempt to lure industry into the inner city as futile. One of many examples he lists includes the Department of Labour efforts to bring industry into Brooklyn and East Los Angeles and employ the areas hard-core unemployed. Three firms were given $3.5 million by the D.O.L. to hire and train 1,200 community people. After two years, all three firms closed down their sites in target Black communities. During which time, the firms were only capable of employing 300 people. 52 Brower vividly points out that:

"...Bringing white corporations to the ghetto will not solve the real underlying problems. Black men will continue to feel inferior, apathetic, alienated, hopeless, or angry...if many white corporations came back into the ghetto under an incentive program, Black people might very well loose what small political power, what beginnings of self-determination they now have. This could not help and would only harm the goal of overall development for Black people and improvement of race relations in this country..."53

The Black Entrepreneur:

Another suggested catalyst is a program designed to promote Black owned businesses and Black entrepreneurs. This strategy formulated and adopted by SBA and OMBE, is geared towards assisting the small businessman to locate and/or survive in the Black community. However, small businessment should not be seen as catalysts, because being Black, they simply cannot carry the awesome burden of the comprehensive development of the Black community.
The minority entrepreneur is preoccupied with attempting to remain financially solvent and develop his enterprise, to get involved heavily, in comprehensive economic development. Clearly, the minority entrepreneur is limited in his ability, financial and technical resources to carry out the planning, negotiation and financing inherently associated with comprehensive economic development. Moreover, the individual minority entrepreneur, usually because of his size (and time constraints) is also not equipped to deal with the overall political segments of comprehensive economic development. According to Faux:

"...Developers have to deal with the city government agencies and officials as well as with the neighborhood planning and advisory boards, which, if they do not exercise veto power, can cause intolerable delays. Since a single piece of land in an obscure part of a slum can involve neighborhood, city and even national political considerations, a community organization with broad based political ties is in a much better position to overcome political obstacles to development...".54
IV: CONCLUSION:

In conclusion, the author finds that given the general conditions of the American Black community it is fairly evident that there is a dire need for Black community economic development. Moreover, it is contended that the development of the Black community must include effective planning for the following strategies:

1. One of the factors which contributes to the underdevelopment of the Black economy is that its economy caters to a great amount of absentee ownership. This results in draining the limited income out of the Black community in the form of profits, rents, cash flow, etc. In order to prevent drainage, development must start with the ownership and control of those economic resources.

2. A strategy should be implemented which simultaneously impacts the land, business and manpower (labour) sectors. This is referred to as "unbalanced growth". Emphasis of development should initially be placed on land. This is because through land ownership, residents can control which businesses come into the Black community, as well as the type of housing that is to be built. Most importantly, a concentration on land development will inevitably result in the eventual stimulation of business development. This, in return, will generate development of the labour sector.

3. The utilization of a community based organizational catalyst is a prerequisite to effective implementation of this strategy of Black community economic development. It is a well accepted premise, that the natural forces of supply and demand will not correct the problem of underdevelopment. The author's basic thesis assumes that the natural forces in fact created the economic inequities and even now continue to perpetuate them. As such, it does become fairly obvious that a community based and controlled catalyst is needed to implement the strategy for Black community economic development.
This thesis has defined both a need and a strategy for Black community economic development which for the most part, has been conceptual. The strength or weakness of any conceptual framework is tested when subjected to empirical evidence. If there is inconsistency between the conceptual framework base and the empirical evidence, then this may point to weakness in either the framework (as applies to the specific situation) or to an improper analysis.

If the empirical evidence does not suggest a "success story", then one tends to use the conceptual framework at a point of departure for an even better analysis and apply it to the specific situation. This thesis proceeds using Roxbury as an example of the Black community, and the Circle Venture Capital Fund, Inc. as the catalyst of Black community economic development.
The State Of Roxbury's Economy:

Roxbury is an example of an American Black community which is a part of a major metropolitan area. It is defined by the population and housing census tracts of 1970, as 802 thru 807, and 814 thru 821. (see Figure I for a map of Roxbury). It is an area predominantly settled by Blacks (90% of the population) who share a similar background; and being in similar financial conditions.

This study will focus on a particular area of Roxbury as defined by the The Circle Complex. Circle's primary impact area is the areas 803 and 817 - 821; as defined by the Housing and Population 1970 Census Tracts (see maps in Figures I,II). This area substantially overlaps Washington Park which has been defined as the core of Roxbury by BRA Planners (see map of Washington Park on Figure III). The area is bounded by Dudley Station and Dudley Street on the north, Blue Hill Avenue on the east and Grove Hall and Seaver Street on the south, and by Warren Street and Walnut Street on the west. It is currently strategically important in that it features two important commercial centers (Dudley and Grove Hall) as well as the major transportation artery through Roxbury, Warren Street. This area has a total population of 25,173, of which 90% is residential, principally housing Blacks. As in any other Black community, Roxbury has an economic entity which appears to function somewhat separate from the greater Boston
FIGURE I
ROXBURY
Metropolitan area. The area is in dire need of development. This is clearly indicated when studying its land and business resources. Particularly as it relates to community ownership.

**Land Development:**

Viewing land as a resource base for economic development within Roxbury, in general, land more specifically within the primary impact area, the patterns of ownership are quite similar to the patterns of ownership of the typical Black community. That is private ownership of land rests in outside interests. The Dudley Square commercial center for example, the major commercial center, is comprised of 1,446,835 sq. ft. in land. Its tax value is assessed at $2,897,300. The real property value is assessed at $6,430,000. It is owned primarily by the City of Boston, which holds 19% of the land. Various other public agencies hold an additional 17% of the estimated value of the real property. The largest single private owner of real property in the area is Weinstein Saul Trusts, which holds 4% of the real property. Its holdings are third only to the City and Massachusetts Bay Transportation Authority. The total amount of real property held by readily identifiable Jewish surnamed and other people with residences outside Roxbury, and banks in the area is 1,703,456 or 27%. This brings the total of real property held by outside ownership to $3,993,156 or 62%. This estimate is extremely conservative in that it was extremely difficult to estimate the residence of the beneficiaries and
administrators of the various trusts. Also, those who neither had Jewish names nor addressed listed in the telephone directory were not included in the percentages given above. Finally, it is significant to note that of all the property holders there were only two cases where there was some indication that land holders actually resided in Roxbury. The dollar amount of holdings totaled $7,500. For further information, see Tables I & II in the Appendix, defining ownership patterns of Real Property in the Dudley Square Area.

Another indication that much of the land within Roxbury is largely owned by outsiders, is that 82% of all housing units within the primary impact area are renter occupied as opposed to owner occupied. This compares with 70% renter occupied for the City of Boston. When looking at patterns of ownership in housing (characterized by poor or no plumbing facilities), the percentages of renter occupied is 92%. (For further information, see Figure V).

Perhaps the strongest indication expressing a need for development within a given area, should come from the attitudes of people who reside in that area. In a survey conducted by The Circle Complex of over 500 people (or 3% of the people within the impact area) over 51% of those interviewed who believed the area had changed, thought that this change had taken represented a decline in the area. The actual figures are as follows:
COMMUNITY PERCEPTIONS

**QUESTION:**

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAVE YOU WITNESSED ANY CHANGE IN YOUR COMMUNITY?</td>
<td>81.5%</td>
</tr>
<tr>
<td>DO THESE CHANGES REPRESENT GROWTH?</td>
<td>16.0%</td>
</tr>
<tr>
<td>DO THESE CHANGES REPRESENT DECLINE?</td>
<td>51.1%</td>
</tr>
<tr>
<td>NEITHER</td>
<td>12.9%</td>
</tr>
<tr>
<td>BOTH</td>
<td>10.2%</td>
</tr>
<tr>
<td>NO RESPONSE</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

The same Survey, also found that 57.2% of the sample disliked the shopping area and 40.5% disliked the housing. (for further information, see Table III in the Appendix)

In response to the survey question: "Should there be a greater mixture of income?", 70% of the people desired a greater income mixture; and 57.2% revealed a preference for a greater mixture of middle income (as opposed to 39.8% revealing a preference for more upper income, and 14.7% for more lower income. 57

In 1961, the Rapkin Report - found that 78% of the housing units in middle Roxbury which is now referred to as Washington Park, was in need of demolition, or major repair. After renewal plans were announced, some of the middle class who perceived "renewal" to mean the immigration of low income neighbors, decided to move. A study conducted by Brandeis University indicated further that those desiring to move, were: young college educated couples who were dissatisfied with the amount of rent paid in relation to the services provided by the landlord. They were
also dissatisfied with the lack of high quality shopping facilities. The study also revealed that the middle class groups that intended to remain in the area, typically lived on "better blocks" and in most cases, their own homes. 58

In a survey conducted by the Center City Study, 63% of the persons interviewed said they would prefer to live in the Boston Black community, 31% preferred to move out. 6% of those interviewed were uncertain on the question. 59 In a much more recent survey, conducted by Circle (limited to the definite boundaries of its primary impact area) 42.7% of the people interviewed had considered moving while 56.4% never considered moving. 60

Another indication of the need for land development is the relatively old age of the housing stock and the vacancy rate. Within the primary impact area, 6,142 or 69% of the housing was built in 1939 or earlier. This figure is low because of the substantial amount of clearance and new construction necessitated by the Washington Park Urban Renewal Project. The Model Cities area which includes the predominantly Black area of N. Dorchester, (but excludes Washington Park) it was reported that 79.2% of the buildings in the area's stock was built in or before 1939. The number of units vacant within the primary impact area is 697 or 8% of the total housing units within the city.
Need (and potential) for land development becomes apparent not only from noting the vacancy rate discussed earlier, but when noting the extent of abandonment. A Model Cities Survey revealed that there were 295 abandoned buildings within the area. Model Cities defined an abandoned building as a totally vacant, windowless, boarded up or fire gutted structure. 62

When recognizing the fact that a great deal of real property in Roxbury's most important commercial center is owned by the city, again the potentials for land ownership and development becomes apparent. For example, most of the units rehabilitated in Bed-Sty by the Bed-Sty Restoration Corp. were acquired from the city. There are, however, problems which the developer can expect to encounter in attempting to meet the need of community ownership via land development. As Doyle found, one of the problems involved in assembling land in Roxbury is that over a period of time, the land has been broken into smaller and smaller parcels. An example he cites is that assembling 423,676 sq. ft. of land for a given purpose, would require negotiations with no fewer than eight owners sharing twenty seven parcels (ranging in an area from 1,270 sq. ft. to 71,733 sq. ft.). He noted that the time, effort and cost that would have to be invested in such a tedious process would be substantial. 63

A further indication of the problems associated with development emerge in a survey taken of 300 manufacturing firms conducted in 1969 by the Boston Economic Development and Industrial Commission (EDIC)
This survey found that 44% of the firms were considering moving out of the city; and four of the top five reasons that the firms gave for wanting to move, were related to their having inadequate space in the current location. The most urgent need expressed was their desire to acquire space for expansion at an acceptable cost. 64

VARIANCE IN THE COST OF LAND

<table>
<thead>
<tr>
<th>Land Type</th>
<th>Average Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Vacant Land in Boston</td>
<td>$3.50-4.45</td>
</tr>
<tr>
<td>Suburban Ring around Route i28</td>
<td>1.15-1.30</td>
</tr>
<tr>
<td>Further out Route 495</td>
<td>.70-1.00</td>
</tr>
</tbody>
</table>

The effectiveness of various types of catalysts of land development can be seen upon examining some existing catalysts in the Roxbury area and the roles they have played. For example, Freedom House was founded in 1949 for the purpose of identifying and solving social problems effecting Roxbury. Currently, it serves as an umbrella for many smaller groups. Since the time of its inception, the Freedom House has slowly mustered political power bases with contacts in City Hall, the State House and the U.S. Congress.66 It was Freedom House that both identified the need for renewal in Washington Park and organized the community around a program for arresting the blight in that area. From this effort, came the Washington Park Renewal Project. (implemented by the BRA)
In the Washington Park case, Freedom House acted only as the initiator of action. The BRA implemented their plan: and thus, served as the implementing catalyst of change. The BRA's effectiveness is questionable, as reflected in their accomplishments in Warren Gardens, low rent government subsidized apartments, constructed along Warren Avenue is now in foreclosure. A major shopping center, Washington Park Mall, was also constructed, (which brought in Zayre's and First National) This center has deteriorated and has become an eyesore in the community. In all, only been 80% of the BRA's program has been completed. Sites planned for recreational parks in the neighborhood remained undeveloped; and have become havens for abandoned cars, trash dumping and crime.68

Another community based catalyst is the Lower Roxbury Community Corporation. LRCC began when a group of residents organized themselves as a result of a City decision to construct the Campus High School; and relocate most of the families in this area. The residents fought City Hall and as a result, not only maintained their right to remain in the area, but also became a major catalyst for land development in the Lower Roxbury area. To date, the LRCC has constructed units of elderly housing (the Smith House); multi-family units, (the Haynes House); and are currently planning to construct a number of town houses. Meanwhile, the groundwork for construction of the Campus High (a project over which the city maintains more control) has just been laid.
Other community based catalysts of land development include: The Roxbury Action Program in Highland Park; the SouthWest Corridor Coalition Group; and the CDC of Boston, (which is proposing an industrial park on cleared land in the SouthWest Corridor). However, within the primary impact area under study, there are no existing catalysts for land development (with the exception of the Roxbury Multi-Service Center, a social service agency which is currently in the process of rehabbing eight housing units). However, with the foreclosure of the Warren Gardens project, the existence of over 100 abandoned buildings and a vacancy rate of 11%, there is a definite need for a catalyst to develop this area.

A land development effort could be attempted by an organization such as Circle Venture Capital Fund, Inc.. CVCF has already developed an Office Building, a Fast Foods restaurant; and has expressed an interest in land development ventures.
BUSINESS DEVELOPMENT:

Patterns of business ownership representing outside interests is just a blatant within Roxbury as it is within the typical Black community. Moreover, patterns are somewhat similar to land ownership patterns in Roxbury. For example, The Center City Survey found that of the 2,552 firms located in the central city, only 143 (or less that 6%) were Black owned. Yet 61% of the central population is Black. (The Center City Study defined The Central or "center" city as Roxbury, North-Dorchester and some sections of Jamaica Plain and the South End.)

The Model Cities Program also conducted a survey of existing businesses within the Roxbury area. Of the 183 businesses within the area, 86 were interviewed. Of those interviewed, only 40% of the respondent-owners or managers of the businesses lived within the loosely defined "inner-city" area of Roxbury, Jamaica Plain, Dorchester or the South End. Brad Yoneoka's study of the Dudley Street area, found that the non-white ownership of retail business in the Dudley Street area comprised 9.2% of total sales accounted for generated by all retail stores. The total sales volume generated by all non-white retail outlets accounted for, does not add up to the sales volume generated by any of three white owned businesses, (Blair's, B.& D Wallpaper Co., Inc. & L & S Department Store). (See Table V in the Appendix).
Another indication of the lack of community resident ownership is that only .2% of those employed within the primary impact area and the immediate impact area are self-employed in the retail trade.

<table>
<thead>
<tr>
<th>SELF EMPLOYMENT</th>
<th>PRIMARY IMPACT AREA</th>
<th>BOSTON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employed</td>
<td>8,243</td>
<td>266,505</td>
</tr>
<tr>
<td>Self employed in the retail trade</td>
<td>18</td>
<td>785</td>
</tr>
<tr>
<td>Percentage self employed in the retail trade</td>
<td>.2%</td>
<td>.3%</td>
</tr>
</tbody>
</table>

The lack of business ownership prohibits the retention of income within the Roxbury Community. According to The Center City Study:

"...Typically, expenditures by center city residents pass through the hands of white merchants to their white vendors and stockholders, most of whom are not center city residents. Major expenditures for center city renovations pass to non resident suppliers and working on property usually owned by non resident landlords. All those involved are usually white in addition to not being residents..." 72

Yet, the potentials for business development definitely exist. For example, 80% of people responding to an interview conducted for the Center City Study said that they would travel further to patronize Black businesses, while roughly half of the respondents would even pay more to buy Black. 73
In the Planning Study conducted by Circle Complex 64% of the people interviewed said that they would rather buy their groceries and clothing, etc. within the community, while 20% of the people preferred to purchase these good downtown.

**POTENTIAL CONSUMPTION PATTERN**

**WHERE WOULD YOU RATHER BUY YOUR CLOTHING, GROCERIES, ETC.?**

<table>
<thead>
<tr>
<th>Primary Impact Area</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the community</td>
<td>64.2%</td>
</tr>
<tr>
<td>Downtown</td>
<td>20.8%</td>
</tr>
<tr>
<td>Other</td>
<td>4.1%</td>
</tr>
<tr>
<td>Both</td>
<td>7.6%</td>
</tr>
</tbody>
</table>
Another major problem is that in comparison to Boston, Roxbury is a relatively poor community, yielding a small income base. The fact that many of the residents who work outside the area contribute to the further reduction of the income base, makes it extremely difficult to plan for business within this area. For example, in the 1970 census indicates that 20% of all families within the primary impact area had incomes below poverty, as compared to 11% of those residing in Boston 28% were receiving public welfare as compared to 14% residing in Boston. 43% of the families were receiving income less than $6,000 in the primary impact area, as compared to 27% of all families in the Boston area. (For further details, see Table VI in the appendix).

Still another obstacle facing the development of community owned and controlled business is the current lack of control over the proper development. Subsequently, with the deterioration in the physical aspects of the area, and business is also subject to decline.

The necessity of a community based and controlled catalyst of business development within the primary impact area is reinforced further when examining the mood or feelings of the people. For example, The Survey and Planning Study found that in response to the question "who should be responsible for the commercial and industrial development of the community", the majority of the people interviewed, 50.5% said community
organizations (while only 18.6% thought it should be private entrepreneurs).

A CATALYST FOR COMMUNITY ECONOMIC DEVELOPMENT

QUESTION:
Who Should Be Responsible for Commercial & Industrial Development?

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Organizations</td>
<td>50.5%</td>
</tr>
<tr>
<td>Local and/or Federal Governments</td>
<td>38.4%</td>
</tr>
<tr>
<td>Private Companies</td>
<td>19.1%</td>
</tr>
<tr>
<td>Private Entrepreneurs</td>
<td>18.6%</td>
</tr>
<tr>
<td>Other</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

The Circle Complex represents the Roxbury Black community. Its investment arm, The Circle Venture Capital Fund, Inc. has initiated such ventures as the Circlepower Demolition Corp., O's Fast Foods, Inc. and the Roxbury Action Pharmacy. It is currently studying the feasibility of a Cluster shopping unit and sponsoring a detergent manufacturer. However, of all these interests, only two are in the primary impact area - O's and the Cluster. Another commercial developer within the primary impact area, is the Nation of Islam (known as the Black Muslims). Muslims, as individuals, and as an organization, have initiated development activities within the Grove Hall area. Businesses include a restaurant, ice cream shop, dry cleaners, men's shop and two fast food take out shops, and a fish market. All are located within the primary impact area.
The need for a community-based catalyst becomes even more apparent when one notes that commercial developments such as Washington Park Mall and the Dudley Street area are primarily the work of outside forces and represent an eyesore to the community. While the developing in the Grove Hall area and the Warren Street Spine, is primarily the work of the Masons/Muslims and The Circle Venture Capital Fund, Inc., respectively, community based catalysts.
FOOT NOTES

1. Congressional Record Senate - July 13, 1967


3. Frank G. Davis, The Economics of Black Community Development - An Analysis and Program for Autonomous Growth and Development (Markham series in service analysis, 1972) pp. 39-41

4. Ibid, p. 42


7. Ibid., p. 178


13. Ibid, p. 6


20. Ibid.


23. Ibid., P.2


25. Ibid, p4


28. Ibid, pp 62-63

29. Ibid, p10

30. Ibid, p 100

31. Ibid, p. 105

32. Ibid, p. 102

33. Ibid, p 109
34. Ibid, pp. 116-117
35. Ibid, p. 116
36. Ibid, pp. 51-55
37. Ibid, p 53
38. Ibid, pp 109-111
39. Ibid, pp 81-82
40. Ibid, p 89
42. I am referring primarily to Retail and Service Industries which is the predominant Black owned business in the Black community.
43. Barry Stein, "Rebuilding Bedford-Stuyvesant" p 17
44. Ibid, p. 17
45. Ibid, p.17
46. Ibid, p. 18
51. Ibid, P.30
52. Ibid, pp44Q-41
53. Michael Brower, "Why Do We Need Community Development Corporations for Ghetto Development?" (Center for Community Economic Development, 1970) p. 18
54. "CDC's - New Hope for Inner City", p. 46
Brad Yoneoka, "Commercial Development At A New Dudley MBTA Transit Station," p 47

Planning Profile of The Circle, Inc. (unpublished documents) George Williams, Consultant

Ibid.,

Oscar McCrary Washington Park Since Urban Renewal: An Equilibrium Community?, p. 48

Center City Business & Investment Opportunities Text, a report prepared for Boston Urban Foundation by Urban Research, Inc. (Sept. 1969) p 30

Planning Profile

Profile of the Boston Model City Area, 1973, (Boston Model Cities Administration) p 39

Ibid, p 40

John E. Doyle, An Analysis of Alternative Operational Designs for An Industrial Park in the Southwest Corridor, p. 11

Ibid, p. 10

Planning Profile

Oscar McCrary, Washington Park Since Urban Renewal: An Equilibrium Community?" p. 45

Ibid, p. 45

Ibid, p. 50

Center City Business and Investment Opportunities In Greater Boston, p 6

Dudley Station Business Survey (The City of Boston Model Cities Administration, August, 1970) p 11


Center City Business & Investment Opportunities In Central Boston p.25

Ibid., p 83

Circle, Inc. Planning Profile p

Ibid., p
PART II

THE CIRCLE VENTURE CAPITAL FUND, INC.

As The

CATALYST FOR COMMUNITY ECONOMIC DEVELOPMENT
INTRODUCTION:

The conclusion of Part I outlines a strategy for Black community economic development. It suggests that economic development should increase the ownership and control of the limited economic resources available within the community in order to generate increased internal funds and to embark upon an unbalanced growth strategy that places emphasis on land. This strategy is preferred to business development, since land development has a more direct impact on the economic development of the community, and can make the area conducive to business development. Finally, a catalyst which is indigenous to the community and which will own, control and develop resources, should be selected to represent the community. However, CVCF, the catalyst selected, has implemented a strategy primarily of business development based on an approach to investing in the entrepreneur. This strategy is clearly inconsistent with the outlined strategy in the conclusion of Part I. It would not put much control in the hands of the residents through the community organization, and that emphasis is not placed on land development.

The remaining chapters will look at the history, structure and goals of the catalyst, and evaluate its specific strategy. First, the actual controls which CVCF has with its ventures will by looking at the contract. The contribution of each venture to the overall community economic development will also be assessed by examining the various impacts that each venture has, and the potential linkages. The conclusion of Part III, will look at the success or failure of this strategy,
and examine the suggested alternate course of action.
CHAPTER VI: HISTORY AND BACKGROUND INFORMATION:

Early in 1967, community leaders organized The Circle Complex, which is comprised of Circle, Inc.; (formerly Circle Associates) and the New England Community Development Corporation. The purpose of this organization was to focus attention on the economic status of the community and to respond to the economic development needs of Boston's Black community while generating and distributing financial resources.

In order to vest ownership in the community, this organization was based on a membership, which included twenty-two community based organizations. Each of these members or organizations designated a representative to sit on the Board of Directors of The Circle, Inc. Ten Circle Board members are chosen annually to sit simultaneously on the Board of The New England Community Development Corporation.3

Past Goals and Strategies of The Organization

The goal of the Circle Complex was the creation of a subeconomy in a larger community designed to achieve economic growth on a self-sustaining basis. Since Circle, Inc. determined this goal is unrealistic in the short-run, it decided to focus on its own survival and growth as a center of economic development planning, training, investment and business development. Its immediate goals became:
1. The generation of surplus earnings for viability, re-investment, and distribution to community foundations;

2. Provision for a vehicle for comprehensive economic development planning and research in communities; and

3. Delivery of high quality, relevant services to the community, particularly those of an economic development and educational nature.

To facilitate itself in meeting these objectives, Circle formed the following components; The Circle Venture Capital Fund, Inc., and the Boston Urban Capital Corporation, which were the investment entities, Circle Associates, which was the consulting arm; The Roxbury Institute of Business Management which offered the management training; and the Afro-American Studies Curriculum Resource Center and Hill Top Day Care Center which were the educational entities; (for a diagram, see Figure VI on the following page).

The Office of Economic Opportunity (OEO) designated Circle as a Special Impact Grantee and awarded a $100,000.00 federal grant to plan and organize a program of business and economic development for an area encompassing the Roxbury, N. Dorchester and the South End sections of Boston. The result was the creation of The Circle Venture Capital Fund, Inc. (CVCF) which was formed and was structured with 60% ownership vested in Circle, Inc. and 40% ownership vested in six Precinct Neighborhood Development Corporations (PNDC's).5 CVCF's function would be to make loans, loan guarantees, and to direct investments and grants to Black businesses which are unable to gain financial assistance from other sources. It was also designed to develop viable Black businesses in the Black community. CVCF received an initial
FIGURE IV

THE CIRCLE COMPLEX

BOARD OF DIRECTORS
THE CIRCLE INCORPORATED
22 members selected from 22 community organizations

BOARD OF DIRECTORS
NEW ENGLAND COMMUNITY DEVELOPMENT CORPORATION
10 members selected annually from CIRCLE board

Exec. Director
Administrator
Accountant
Public Relations Officer
Admin. Assistant
Secretaries

(CORE ADMINISTRATION STAFF)

(INVESTMENT ARM)
(COMMUNITY DEVELOPMENT)

(TECHNICAL ASSISTANCE ARM)

(MANAGEMENT TRAINING ARM)

(EDUCATION ARM)

CONSULTING ARM

CIRCLE VENTURE CAPITAL FUND
BOSTON URBAN CAPITAL CORP.
SMALL BUSINESS DEVELOPMENT CENTER
CIRCLE ASSOCIATES
ROXBURY INSTITUTE OF BUSINESS MANAGEMENT
AFRO-AMERICAN STUDIES CURRICULUM RESOURCE CTR.
HILLTOP DAY CARE CENTER

NEW ENGLAND COMMUNITY DEVELOPMENT CORPORATION
10 members selected annually from CIRCLE board

THE CIRCLE COMPLEX

BOARD OF DIRECTORS
THE CIRCLE INCORPORATED
22 members selected from 22 community organizations
capitalization of $200,000.00 from the Community Services Administration (CSA). Then, in June of 1971, CSA granted the Circle, Inc., $1.1 million to implement these programs.  

Approximately two years later, Circle had established The Circle Venture Capital Fund, Inc., as well as five PNDC's. The major role of these organizations was to provide a means by which residents of designated PNDC's could collectively determine businesses and services needed in their respective areas. The PNDC's would then designate certain funds to meet these needs. The Circle Venture Capital Fund, Inc., used a strategy of competitive advantage based on privileged or exclusive information, superior competence or a head start in the field. To implement this strategy, Circle also decided to rely on its staff, which was mostly comprised of generalists and outside consultants, rather than experienced business and financial persons. Faced with glaring generalities and increasing pressure from inside and outside, the Capital Fund, then re-stated its investment strategy which now contained four components.

1. To make loans to and make investments in minority owned businesses that employ a large number of Special Impact Area residents, that have potential to generate at least a 6% return to Circle and that have the capacity to enhance the economic growth and development of the Special Impact Area.

2. To assume majority control & ownership of businesses that are labor intensive, the provided needed goods and services for Special Impact Area residents, or that generate profit returns in excess of 8%.

3. To acquire and develop a mix of commercial and residential property in the Special Impact Area.
4. To invest in businesses to be sponsored by the five PNDC's.

By the end of its first two years, CVCF was well on its way in implementing its restated strategies. It had invested in two manufacturing operations (Wilton Industries and Electro-Plating), had acquired several parcels of land for a proposed office building to be occupied by the New England Telephone Company and had agreed to invest in one PNDC sponsored business (a drug store developed by The Roxbury Action Program). In addition, it had made tentative commitments to invest in a curtain manufacturing operation (Amaechi Manufacturing, Inc.) and a housing development project for the elderly. 9

To date, the two manufacturing concerns in which CVCF invested have failed. However, the proposed office building was built, and the New England Telephone Company has signed a lease for twenty years. The Pharmacy developed by the Roxbury Action Program (RAP) is in operation and CVCF maintains a 40% ownership interest, and extended a loan to Amaechi Mfg., (the curtain manufacturer). In addition, CVCF invested in Circlepower Demolition Corporation, O's Fast Foods, Inc. (a fast food restaurant); and Lena Park Fire Extinguisher Company in which it maintains a 51% ownership interest. All businesses are within the Special Impact Area.

The Structure of Circle, Inc.:

The major stockholder of The Circle Venture Capital Fund is Circle, Inc., whose goal is the implementation of civic, educational, economic, social and charitable programs in the Black
community in Boston. It is composed of representatives from thirty member organizations and businesses located in the Special Impact Area. The five PNDC's which own 40% of CVCF are also on the board of Circle, Inc. and included as member organizations. In order to become a member organization, the organization or business must promote social welfare of and combat deterioration in the Black community. Each member organization selects one representative to sit on the Board of Directors of Circle, Inc. All members are elected annually. Approximately 75% of the representatives of the Board come from grass roots community organizations which deal with community problems such as housing, vocational training, education and neighborhood security. Nearly all of the board members head or hold responsible positions in their respective businesses or community organizations, and most serve on two or more community boards. The board members bring business and a variety of organizational experience to Circle, Inc. (see Figure VII for a list of the present members of the Board, and organizations which they represent).

The Structure of CVCF:

The by-laws of The Circle Venture Capital Fund, Inc., provide for a Board of Directors composed of eleven members. The Circle Board selects six from the Circle, Inc. Board, and five from the PNDC. 11
The officers of the Board are elected by a majority vote of the Board members and the officers of the corporation are elected by a majority vote of the stockholders. The present officers are as follows: Chuck Turner, Chairman of the Board and Vice President; Eric Grey, President; and Ralph Smith, Treasurer. 12

The Circle Venture Capital Fund Board is a sub-section of The Circle, Inc.'s Board, and the members also hold responsible positions in their organizations. Although the interests are also diverse, they represent the more focused interests of business and real estate development. (see Figure VIII for a list of CVCF board members, the organizations they directly or indirectly represent, and their present positions in the community).

Contacts:

Through its unique membership and Circle's board membership, CVCF has affiliations with most of the groups and institutions involved in efforts to re-vitalize Roxbury. However, it was only recently that the CVCF has established close working relationships with organizations such as the South West Corridor Coalition, The Black Housing Task Force, Dudley Station Merchant's Association, RAP, Roxbury Multi-Service Center, ABL, Model Cities, SNAP, Sav-More, Lena Park Development Corporation, PEURC and Unity Bank & Trust Co. As a member of The Circle Complex, CVCF is closely affiliated with the SBDC whose main function is to provide financial and technical
ORGANIZATION
Boston Black United Front
United Front Foundation
The Bridge Fund, Inc.
Dorchester APAC
Model Neighborhood Board
F.A.I.T.
Housing Innovations, Inc.
O.I.C.
Roxbury Businessmen's Development Association
Rox.-N.Dorchester APAC
S.N.A.P.
State Enterprises
Lower Roxbury Community Corp.
United Community Const. Workers
Tenants Assoc. of Boston
Roxbury Multi-Service Ctr.
Lena Park Dev. Corp.
People's Elected Urban Renewal Comm.
Sav-More Association
Contractor's Assoc. of Boston
S.C.L.C. of Boston
Roxbury Action Program
Community Development Corp.
Roxbury Chamber of Commerce

AT LARGE: Donald Sneed/Unity Associates
           Robert Royster/Latimer Foundation

REPRESENTATIVE
Obalajii Rust
Barbara Rucker
Stanley Goldsboro
Doris Graham
Iris Thompson
Walter Little
Denis A. Blackett
Clarence Donlan

Jo Holley
Russell Hill
Rowe Whittington
Rev. William Weeks
Ralph D. Smith
Leo Fletcher
Eva Curry
Anthony Brown
Phyllis Turner
Marion McElhaney
Margaret Fisher
John Cruz, III
Rev. Virgil Woods
Lennie Durant
Marvin Gilmore
Marshall Wrenn
<table>
<thead>
<tr>
<th>NAME</th>
<th>SELECTED BY</th>
<th>COMMUNITY ORGANIZATION</th>
<th>ROLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Turner</td>
<td>The Circle, Inc.</td>
<td>Circle, Inc.</td>
<td>President</td>
</tr>
<tr>
<td>Ralph Smith</td>
<td>The Circle, Inc.</td>
<td>Lower Roxbury Comm. Corp.</td>
<td>President</td>
</tr>
<tr>
<td>Obalajii Rust</td>
<td>The Circle, Inc.</td>
<td>Boston Black United Front</td>
<td>President</td>
</tr>
<tr>
<td>Robert Royster</td>
<td>The Circle, Inc.</td>
<td>Latimer Foundation</td>
<td>President</td>
</tr>
<tr>
<td>Donald Sneed</td>
<td>The Circle, Inc.</td>
<td>Unity Associates</td>
<td>President</td>
</tr>
<tr>
<td>Margaret Fisher</td>
<td>Sav-More Association</td>
<td>Sav-More Association</td>
<td>President</td>
</tr>
<tr>
<td>Marion McElhaney</td>
<td>People's Elected Urban Renewal Committee</td>
<td></td>
<td>President</td>
</tr>
<tr>
<td>Rowe Whittington</td>
<td>South End Neighborhood Action Program</td>
<td></td>
<td>President</td>
</tr>
<tr>
<td>Patrick Jones</td>
<td>Lena Park Development Corporation</td>
<td></td>
<td>President</td>
</tr>
<tr>
<td>Lloyd King</td>
<td>Roxbury Action Program</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
assistance to minority entrepreneurs.

The Organizational Structure of CVCF:

The CVCF has a staff of ten. Six persons have strong backgrounds in business gained through education and experience; one has practical experience as an entrepreneur; and four staff members have some training and experience in Land Development. There are also a Public Relations Officer, an Office Manager and two secretaries who bring substantial educational and work experience to CVCF. (see Figure IX for the CVCF organizational chart). In each investment venture CVCF has four forms of ownership. The office building is the only one where the CVCF has 100% ownership. It owns a majority of stock in O's Fast Foods, Inc., Circlepower Demolition Corp., and Savin Realty. In Roxbury Action Pharmacy and Lena Park Fire Extinguisher Company, it has a minority equity position, while Amaechi Mfg., represents a loan and not an ownership position. (Figure X for chart illustrates more specifically the current ventures of the CVCF and the nature and extent of their control).

Goals & Strategies:

CVCF's goal for the present funding period is to establish the concrete conditions of development which will create a positive image of the Black community and residents. Achievement of this goal will attract more resources both from within and without the SIA for use in solving those problems confronted by the SIA.
<table>
<thead>
<tr>
<th>VENTURE</th>
<th>TERM OF INVESTMENT</th>
<th>NATURE OF CVCF CONTROL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circle Office Bldg.</td>
<td>$200,000 equity</td>
<td>100% ownership</td>
</tr>
<tr>
<td>Savin Realty</td>
<td>$ 67,000 equity</td>
<td>60% ownership</td>
</tr>
<tr>
<td>Circlepower Demolition</td>
<td>152,500 equity</td>
<td>51% ownership</td>
</tr>
<tr>
<td>Corporation</td>
<td>40,000 loan</td>
<td>two board seats</td>
</tr>
<tr>
<td></td>
<td>10 yrs. @ 10%</td>
<td>Standard contract</td>
</tr>
<tr>
<td>Roxbury Action Pharmacy</td>
<td>30,000 equity</td>
<td>40% ownership</td>
</tr>
<tr>
<td>Lena Park Fire Ext.</td>
<td>40,000 equity</td>
<td>two board seats</td>
</tr>
<tr>
<td>Amaechi Mfg., Inc.</td>
<td>70,000 debt</td>
<td>right to monitor</td>
</tr>
<tr>
<td></td>
<td>8%-10 year</td>
<td>business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>loan agreement</td>
</tr>
</tbody>
</table>
It will also make Roxbury a more stable and livable community, which is a broader objective of the Circle Complex.

The goal was to be accomplished through development programs in the following areas:
1) Real estate development,
2) Business development, and
3) Job creation.

Real Estate Development:

CVCF planned to impact four geographic areas (Eliot Square, Dudley Square, the Sav-More area and Grove Hall) but was less successful than anticipated. In Eliot Square, the objectives set to purchase the Hinge Block and rehabilitate the Norfolk House were not met. The first was turned down by CSA because it did not meet CSA's goals of assisting the poor. The second was deemed infeasible when one of the major speculative tenants turned down the building. However, CVCF's investment in Roxbury Action Pharmacy has provided a service that the area needed. In the Dudley Square area, CVCF's investments in O's Sandwich and Ice Cream Shoppe and the office building are contributing to the physical uplifting of that area. There have been no investments made in the Sav-More area. However, the Board of CVCF and the CSA have approved investment in Savin Realty, a 4 story, 77,000 square foot brick building. A plan to develop a cluster of convenience shopping stores is being combined with the construction of approximately one hundred new residential units as a joint-venture with an established
developer. The completion of this project (plan) would impact the Sav-More area. Finally, there has been no development in the Grove Hall area, although a representative from the Circle Complex has been meeting with the Grove Hall development council, offering input and keeping CVCF informed about the economic prospects. 16

In Business Development:

CVCF made several investments which were all intended to contribute to a positive image in its SIA through businesses which would provide goods and services, jobs, import dollars, skills and support for some of the other businesses in the community. 17

Manpower Development:

In the area of job creation, CVCF exceeded its expectations. CVCF estimated that by May 31st, they would have impacted on over 200 jobs, approximately 172 of which would be permanent. 18

<table>
<thead>
<tr>
<th>VENTURE</th>
<th>NUMBER OF JOBS IMPACTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roxbury Action Pharmacy</td>
<td>6 permanent</td>
</tr>
<tr>
<td>Circlepower Demolition</td>
<td>16 permanent</td>
</tr>
<tr>
<td>O's Fast Foods, Inc.</td>
<td>20 permanent/(60 for 3 mos.)</td>
</tr>
<tr>
<td>Construction of O's</td>
<td>15 permanent</td>
</tr>
<tr>
<td>Construction of Office Bldg.</td>
<td>37 (50 for nine months)</td>
</tr>
<tr>
<td>Amaechi Mfg., Inc.</td>
<td>20 permanent</td>
</tr>
<tr>
<td>Savin Realty</td>
<td>60 permanent</td>
</tr>
</tbody>
</table>
CVCF's Funding Capacity:

CVCF's sole source of funds is the Office of Economic Development's Community Services Administration (formerly Office of Economic Opportunity).

First, CVCF is funded every other year. Before funding, CVCF has to submit a refunding proposal to CSA describing past operations, requesting specific funds, and explaining how they will be used. These funds usually come with attached conditions. For example, in the last funding period, one of the conditions was that Circle, Inc., the delegate agency and major stockholder of CVCF, would not receive funds for any overhead expenses which the company incurred. The eight conditions for refunding specified in the present proposal combine to make CVCF an autonomous corporation. After funds have been granted and before they can be invested, the Board of the CVCF has to approve the proposed investment and then submit it to CSA for their general guidelines. These goals and objectives can conflict with those of CVCF. For example, when CVCF wanted to invest with RAP in some luxury homes, CVCF and RAP saw the need to mix the types of incomes within the area. CSA rejected the proposal holding that their funds were to be used primarily to help the poor people, and they did not see how this project would accomplish this objective. Additionally, CVCF is assigned to a program analyst from CSA that monitors CVCF and comes to CVCF to review its ventures at least twice a year.
However, these restrictions do not seriously jeopardize CVCF's potential as a catalyst for Community Economic Development. CSA's conditions are usually basically sound, coming from an agency which is funding over 40 other community development corporations around the United States. The CSA brings additional resources (over and above funds) to the CVCF in the form of experience of other CDC's. Its' ultimate objective is to see that the CDC is independent of CSA and is self-sufficient.
CHAPTER VII: CVCF'S OWNERSHIP AND CONTROL:

As was indicated in Chapter I, the ownership and control of economic resources within the American Black community, and more specifically, within Roxbury, is essential and a prerequisite to effective economic development because such a condition may reduce financial leakage out of the community.

In addressing the issues of community ownership and control of economic resources, this study first looks at the ability of the catalyst to own and control the limited resources in which it has a direct interest through critical analysis of the contract between CVCF and its ventures. The study looks at issues of ownership and control provided by the Agreement to CVCF. Providing for frequent Board meetings and clauses which insist that the business support other resident or community owned businesses in the area.
The Contract Between CVCF and Active Ventures:

In all of the agreements between CVCF and the active ventures excluding Amaechi, CVCF is guaranteed some form of ownership in the business in consideration of its capital contribution. It is usually 51% if the agreement is between CVCF and a single entrepreneur, and 40% if it is between CVCF and a PNDC.

CVCF's ownership interest is usually preferred stock, or Class B, which gives CVCF the right to receive a 6% per annum dividend before any dividends may be declared.

Where CVCF has predominant ownership (51%), it is forced to give it up (2%) if the corporation meets certain benchmarks. These benchmarks exist when the corporation breaks-even for two consecutive quarters, and when the net worth of the corporation at the end of each of the two such quarters, exceeds the net worth of the corporation shown on its opening balance sheet. If they are accomplished, then CVCF requires that the second party purchase some shares of its preferred stock (or 3.92% of its holdings in its preferred stock, whichever is greater) at a price yielding a 15% annualized rate of return to CVCF. 21

If CVCF wishes to sell or transfer any shares of its preferred stock, it first has to notify the second party and then the corporation through the Board of Directors, designating in writing, the number of shares it wishes to sell or transfer and
the purchase from the intended purchaser. At this time, the second party and the Board of Directors have 30 days to accept or reject the offer, and purchase the stock. If after 30 days, no action is taken, CVCF has the right to dispose of the stock to whomever it sees fit as long as the price of the shares is not lower than the offer and preference is given to prospective purchasers domiciled in the Special Impact Area.

On the other hand, there is nothing within the Agreement which gives the Circle Venture Capital Fund, the right of first refusal after the first year. In short, the entrepreneur can sell his interest to whomever he wishes at whatever time he wishes without consulting CVCF or the Board of Directors. He is not compelled to offer it to CVCF or anyone domiciled with the community.

It is clear, that the actual and potential ownership is predominantly vested in the hands of the second party. CVCF will never have a majority ownership in any sound and profitable venture.

Of the three existing ventures that are subjected to this type of agreement, all indicated that they would never sell their ownership interest to CVCF, while two of the three indicated that they expect to buy out CVCF. On the other hand, Eric Grey, President of CVCF, did not indicate any future plans to sell CVCF's interest in the companies they now own, unless this company goes public.
The control is clearly vested in the hands of the entrepreneur/venture manager/PNDC. There are five board members for each venture: CVCF is entitled to elect two out of five directors of the corporation, while the other party is entitled to elect three. The other party usually acts as managing agent or has the authority to appoint a managing agent as in the case of the PNDC's.

CVCF, however, maintains certain conditions placed on the business as long as CVCF owns at least 15% of the ventures stock. Some of these controls include:

1) A prohibition against disposing any of their assets (excluding inventory in the ordinary course of the business) without prior written consent of CVCF.

2) CVCF has access to all of the corporate records. Additionally, the corporation is requested to provide every month to CVCF, an unaudited financial statement prepared according to generally accepted accounting principles and to submit a copy of its yearly audit to CVCF.

3) CVCF has direct control over the way its investment is spent, through the establishment of a checking account on which it has co-signatory powers. (CVCF, however, is compelled to sign off on all cheques as long as it use is consistent with those in the accepted proposal.

4) Finally, but by far the most important, CVCF gains control of the corporation by voting its shares to elect three directors. If the corporation defaults and does not correct the problem or state that it was beyond their control within 45 days after being notified. At that time, CVCF can also insist on a change in management either before and after conversion. However, CVCF has this control factor only in stages of default, recovery and no recovery. As soon as the venture fully recovers, controls and management, again are vested in the second party's hands. According to the agreement, if the default which caused change in management becomes cured and remains so for thirty days, the parties shall promptly enter into negotiations to determine the terms and conditions for the composition of the Board of Directors.
It may again, consist of three nominees appointed by CVCF.

The grounds for default, both before and after conversion usually include a violation of one of the following:25

a. The company has six consecutive quarterly losses,
b. the net worth drops below about $8,000, *
c. the current ratio as generally defined, drops below .75,
d. the company cannot obtain an audited accounting report,
e. the cash balance drops below about $5,000 within the first six months and about $3,000 thereafter, without Board approval, and
f. monthly financial statements are not made.

Only active businesses, whose agreement with CVCF varies significantly from the standard agreement is a loan agreement for $70,000 @ 8% maturing in 10 years. The loan is to be paid in monthly principle and interest payments of $849.31 and is to be secured by five automatic side hemmers (a machine which hems curtains automatically) originally purchased for $40,000.

The controls and ownership for which this type of agreement allows, is significantly less than that of the standard agreement and vests most of the control and all of the ownership in the hands of the second party.

*Amounts are usually negotiable.
In this type of agreement, the second party owns all of the shares of stock in the company and has full control of the Board. It not only manages the venture, but also has full control of the management sector. CVCF does not appoint anyone to the board.

CVCF, however, does through this type of agreement, put some limitation on the company which may represent some agreed upon control. Similar to the standard agreement for the life of the loan, CVCF has access to all the corporate records. The corporation has to be audited at its own expense and the audited statements have to be submitted to CVCF. The corporation should also submit unaudited financial statements to CVCF every month. CVCF directly controls its initial capital investment through the establishment of a Capital Account, which gives CVCF signatory powers as outlined in the standard agreement.28

However, the agreement contains a clause stating that if the company defaults on the agreement, the entire balance plus interest and penalty, immediately become due and payable. In the event payment is not made, CVCF can exercise its full right, repossessing its five automatic side hemmers which are essential for the operation of the company. 29

Grounds for default, are also very similar to the standard agreement, and include a violation of the following:30
1. The Net Worth drops below 0,
2. the current ratio as generally drops below .75,
3. the company does not submit a yearly audited report,
4. A statement of income of the corporation from the beginning of the current fiscal year to the end of each month and a balance sheet of the corporation as of the end of the month—are not received within 15 days from the end of each month. The statement must be reasonably detailed and be certified by an authorized financial officer of the corporation.

Through the structure of the agreements, it is apparent that CVCF has not maximized its ability to promote community ownership and control and to reduce leakages, for example, Absentee ownership is allowed since neither of these agreements restrict the president of the corporation or the venture manager/owner to an area of residency, nor restrict or give preference to board members of the existing ventures to residents. Additionally, there is no restriction on management to hire employees who reside in the area. There is no provision to hire a management trainee who ideally should be a community resident.

CVCF, as a catalyst for community economic development only becomes instrumental in the event of a default, but cannot enforce any actions to prevent a default, and even then, only in the capacity of correcting the situation. It is not reimbursed for such an action. It cannot enforce any actions which help the company grow. Any assistance they provide at this stage is one the level of consulting, a service, unlike that of management, which is not reimbursed.

Finally, there is no provision in the agreement requiring venture management to use local suppliers and distributors. There is no provision in the agreement specifying
frequency of meetings. Therefore, it appears from the agreements which bind them to certain investments, that CVCF has not been able to bring and keep entrepreneurs in the community, to train community residents and keep full control of the venture within the community assuring that community residents have the first opportunity for employment.

In addressing some of these issues, Eric V. Grey notes that CVCF should take care of the community aspect of economic development, investing in sound businesses with strong management. As he indicates, it may become necessary to go outside the community to look for this type of entrepreneur/manager, the managers would not have to reside in the community or assist in the economic development of the community. The companies in which CVCF would invest in would be a natural rather than imposed benefit to the community. He does state, however, that CVCF would strongly suggest that management hire and train community residents. 31

A further indication that CVCF has not maximized on the limited controls provided for in the agreement, is that all of the existing ventures have defaulted on their perspective agreements. CVCF's implicit action, however, was usually not to exercise its right and control the corporation, but only to support the business by getting extra capital when needed. However, recently, CVCF has had urgent need to call two companies in default, and has come up with mechanisms which would give them much more controls than they had before. They are as follows:
O's Fast Foods, Inc.: is governed by the standard agreement. O's default occurred long before CVCF decided to take action. In fact, the company was operating under such a cash squeeze position, until CVCF, at the request of the venture manager, decided to inject more funds. This action was held up by the entrepreneur/manager because of a decision by the entrepreneur not to sign any additional agreements before he received the money. The entrepreneur/co-owner, later, still being without the money, completely ignored his business, and the poor and bland food tasting food that was being served was reflected by declining sales. CVCF then called O's Fast Foods, Inc., in default, when the corporation was on the verge of going under. It was now estimated that it would take $40,000 for the company to survive. It was also clear, that the 45 days stipulated in the agreement was too long a time to wait, and that it also gave the entrepreneur a greater opportunity to run under the corporation in revenge. CVCF's next reaction, was to call a meeting of the corporation's Board of Directors, whose chairman is the entrepreneur, to recommend that O's give CVCF more control. Although CVCF had only a minority interest, they were able to get one of the entrepreneur appointees to recognize the irrationality in the entrepreneur/co-owners behaviour and to vote consistently with CVCF for more controls and requesting that the entrepreneur take certain action. The O's board gave CVCF the authority to keep O's books and to sign on all cheques. The vote gave CVCF more control, and at a later
date, CVCF obtained the right to appoint a supervisor who would have the ultimate authority in running the shop. However, the entrepreneur/co-owner ignored these two board decisions and refused to cooperate. Finally, CVCF decided to call for the immediate removal of the entrepreneur/co-owner as President and manager of O's Fast Foods, Inc. There were 31 days to go before they could step in and take control. It is clear from this short case study, that if the entrepreneur were more careful in the selecting of his appointee to the board, he would have greater legal control during the 45 day period. He had the opportunity of totally and completely mis-managing the corporation to the point of no repair.

Another factor which became obvious and may have hampered CVCF in trying to maintain control, is that they do not act as a voting block, but as individuals pursuing CVCF interest. For instance, when one CVCF representative called for the removal of the entrepreneur as president, another CVCF nominee, along with the rest of the board declined to second the motion, because he did not believe it was politically expedient. This move should have been thought out and discussed before the board so that a block decision and a block action could be made and taken.

Access to books and records did not result in a complete understanding of CVCF's part as to what was going on in the company. Much was either concealed or unapparent, because of the way the books were kept. To achieve a full understanding, CVCF could have compiled monthly audited statements or could have kept or constantly referred to the books.
Amaechi Manufacturing, Inc.:  

In the case of Amaechi Manufacturing, Inc., CVCF loaned Amaechi $70,000. In this agreement, payments on the loan were to begin the following month. The company had to prove that it could begin repayments immediately, and did so via audited financial statements and positive income statements. Two days before the payment was due, CVCF board received a letter requesting a moratorium pleading financial incapability. It was obvious to the CVCF board, from their best projections, that Amaechi Mfg., Inc. could well afford to repay its loan of $849 even though $2,000 was spent on Miscellaneous, Travel and Entertainment in the first month and $3,000 the following month on those two accounts. The loan was payable, therefore, CVCF denied Amaechi, Inc.'s request and asked that it resume payments immediately.

Although Amaechi was clearly in default from the day after the first payment was due, four months had elapsed since the request for the moratorium, and two months after the request had been denied, before CVCF decided to call Amaechi in default. During this period, the company deteriorated, the relationship of the company to its sole customer also deteriorated to the point where Sears terminated its agreement and was only giving Amaechi orders on a trial basis. The president had left the company during this critical period, and was speculated to be in his home country, Nigeria.
Although CVCF won court action in calling Amaechi, Inc. in default, it was apparent that CVCF had to negotiate a settlement and keep Amaechi, Mfg. Inc. alive in order to recover a substantial amount of the loan. This became increasingly difficult in Mr. Amaechi's absence.

However, CVCF learned that the CDC of Boston (a model cities program geared to develop business in Roxbury, & N. Dorchester) injected $30,000 in Amaechi in exchange for a 50% ownership position and the right to elect two board members to reflect this ownership position. Their roles were extremely limited to the point where the company acted without first consulting the board on major issues. For example, the Board was neither consulted, nor was there a board resolution when the loan was made by CVCF. As a result of this lack of control on CDC's part, CDC did not expect any return on its $30,000 investment. It now appeared that CDC would support any move by CVCF to control the company until its payments became current. A meeting of CDC of Boston and CVCF confirmed this feeling. and CDC's appointed board members moved to call a meeting of the board of Amaechi. The intention was to negotiate with the board instead of Amaechi in the hopes of swaying in Amaechi's at least one of Amaechi's appointees over to the CVCF side, as was done in O's.

At a later meeting, between CVCF and the production manager of Amaechi, who was also on the board of Amaechi, it appeared that her first loyalty was to the company and not to the president (Amaechi) and that she would go along with anything to save the
CVCF's negotiating points were that they would waive all action under the following conditions:

1) Mr. Amaechi is removed as president of the corporation,
2) Sears continue its relationship,
3) CVCF gets two seats on the Board,
4) CVCF has signatory powers on all Amaechi accounts,
5) That a supervisor be assigned who can override all decisions,
6) Amaechi Manufacturing becomes current,
7) CVCF is satisfied with a production and financial plan showing how the company will be turned around, and
8) CVCF requests monthly board meetings.

The outcome of the board meetings of O's and Amaechi were the presidents of both organizations were replaced and CVCF got the types of control it wanted. However, this result occurred because the entrepreneur/co-owner did not maximize on his control by appointing members of the board that were committed to themselves first, and the organization second. If all parties maximized their controls, CVCF would have lost these battles.

Although CVCF now has much control over two companies, the chances for its survival without additional capital are almost non-existent. The likelihood of acquiring adequate capital is extremely slim for Amaechi, and better for O's. Amaechi's sole customer, Sears Roebuck & Company has terminated its contract.
CHAPTER VIII: CVCF ECONOMIC DEVELOPMENT:

This second section will look at CVCF's efforts to implement an economic development strategy based on business development with lesser emphasis placed on real estate development. The impact that this strategy has over the community will be measured by looking at each venture, and its impact on employment, the service to the community, the physical characteristics of the immediate environment, the contribution to other businesses, the importation of dollars, immediate cash flows to CVCF and the linkage to other CVCF ventures.

Land Development:

The land development activities of CVCF had a positive impact on Roxbury's community by decreasing slightly the vacancy rate, improving the physical characteristics, increasing the immediate cash flows to CVCF which can be sued for other investments, increasing employment and making the business conducive for business and other activities. These ventures are (1) Savin Realty, (2) The Circle Venture Capital Fund, Inc. Office Building.

Savin Realty:

The Savin Realty Building is a 77,000 square foot, four story building which was owned by Bordens and used by their subsidiary, Drakes as a bakery. When Drake's relocated in 1972, the building was assessed at $240,000. It remained vacant for two years when it was assessed at $67,000. It has been vandal-
ized and has deteriorated, which is also indicative of the area. Financing from a bank was next to impossible since banks had red-lined the area. CVCF became interested in this investment for several reasons. It would use formerly under-utilized resources, bring business into the area. Although Savin Realty is only 50% rehabilitated, it is currently leasing 18,000 sq. ft. to a moving and storage company, 5,400 sq. ft. to a printing service and 3,000 sq. ft. to a furniture manufacturer, as well as garage and land to Ryder Trucks franchise. In addition, a pillow manufacturer and a rifle club have agreed to lease space after rehabilitation. All of these businesses combined will generate about 60 jobs, bringing businesses that are not dependent on the income within the area, to a declining sector within CVCF's Special Impact Area. For example, Ryder and Manufacturing, Inc., are new companies, and Bone Furniture is coming from outside the area. Savin Realty will import additional income to the area through these businesses which are coming from outside the area, and bring immediate cash flows to CVCF. It is estimated that CVCF will receive $8,400 in dividends on a yearly basis in return for its 60% ownership interest.

Two problems which CVCF is experiencing with Savin Realty, are the lack of stable tenants and staff experienced in dealing with real estate development projects which delayed the closing of the deal.
The Circle Venture Capital Fund, Inc., Office Building also contributed to the physical enrichment of the area. During the construction stage, it also provided over fifty jobs for community residents. It used the local contractor firm of John B. Cruz, II. This venture will also make the area more conducive to business and will generate immediate cash flows, as CVCF receives rent.

One of the prevalent problems of this project has been an inexperienced staff. For example, in the case of the telephone company, when the architect and contractor would get together, CVCF as developer would not know of the conversations that took place or insist on correspondence from all parties involved pertaining to the development of the office building. Architects and contractors would assume CVCF had been contacted by the other party. Essentially, CVCF lost control of the development process. Another problem was that a contractor was hired who was inexperienced in constructing office buildings. Finally, the New England Telephone Co. reneged on their original agreement, resulting in a 14% increase in construction costs alone for CVCF. The telephone company requested a number of change orders which amounted to an additional $22,000. Yet, CVCF accepted a verbal commitment from the telephone company to reimburse CVCF for money they provided so that the telephone building would proceed uninterrupted. The telephone company refused its obligation to reimburse CVCF for additional costs such
as ledge removal and correction of a water problem which would not have been encountered if the telephone company did not request a cable vault area. Zoning variances were denied, and CVCF had to appear before the zoning board and appeal this decision. This represented important time costs.

**Business Development:** Other businesses in which CVCF has invested and that are yet to be discussed are the following: Wilton Industries, a manufacturer of curtains; Electro Plating; Lena Park Fire Extinguisher; The Roxbury Action Pharmacy; Circle Power Demolition Co.; O's Fast Food, Inc.; and Amaechi Manufacturing, Inc. To date Wilton Industries has become dormant and Electro Plating declared bankruptcy. Lena Park has acted in violation of the CVCF agreement but is presently without CVCF involvement. The Roxbury Action Pharmacy and the Circle Power Demolition are growing slowly, while O's and Amaechi are in deep trouble; their continued existence is highly unlikely. The question remains how well are these corporations meeting CVCF needs.

Wilton Industries during its existence represented jobs for 20 community residents; however, it did not import dollars into the community over and above the exportation of community labor. It did not strengthen the economic base of its immediate area. It did not use local suppliers. Additionally, the dormant company only represented to the Black community that Black people can do very little. It was not a highly visible
venture; therefore, its decline was not felt by many people. It damaged CVCF's reputation with its funding sources. The problems associated with Wilton resulted from poor management. Although the president was an extremely good salesman, he knew nothing about the production of pillows. When bidding on contracts, costs were usually "guesstimated" rather than estimated, which usually resulted in product cost higher than the sales prices. Within two years, management had a debt of about $200,000. Wilton Industries also had been vandalized. It was located on Blue Hill Avenue, which is outside impact area. 36

Electro Plating Declared Bankruptcy, which represented to the community the failure of another Black business. It was so dependent on one contract. When it was withdrawn, the company could not achieve a high enough sales level to meet incurred expenses and present costs. 37

Lena Park Fire Extinguisher experienced management problems. The significance of its service to the community is questionable when we examine its last reported sales level of $1,271.18. The total of $2,625 expended on salaries and wages exceeded the total brought in through sales for that month. During the five months ending June 30, 1974, Lena Park had net sales of $4,315.33, which represented total income. Yet, operating expenses came to $19,748. Lena Park is now considered by CVCF to be dormant. 38
<table>
<thead>
<tr>
<th>Month</th>
<th>Net Sales</th>
<th>Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>187.60</td>
<td>3,062.89</td>
</tr>
<tr>
<td>March</td>
<td>1,007.78</td>
<td>4,931.18</td>
</tr>
<tr>
<td>April</td>
<td>576.42</td>
<td>3,896.84</td>
</tr>
<tr>
<td>May</td>
<td>1,282.35</td>
<td>3,978.41</td>
</tr>
<tr>
<td>June</td>
<td>1,271.18</td>
<td>3,878.84</td>
</tr>
<tr>
<td>Total</td>
<td>4,315.33</td>
<td>19,478.16</td>
</tr>
</tbody>
</table>

The Roxbury Action Pharmacy is the only existing venture which has a relationship with CVCF. Three others have developed projects which never materialized; one is dormant. The Roxbury Action Pharmacy is one of CVCF's more successful business ventures. Although the dollars it imports into this community are insignificant, it is supportive of community economic development in that it is willing to train community residents, 80% of the people employed reside in the area. It is providing a real service to the area, which may explain why the sales have systematically increased since its opening. Its relationship with CVCF has also improved. Early in its existence, communication was poor. This problem was apparent when the venture manager installed a food stamp stall without informing CVCF; and also, when RAP refused to agree with CVCF's idea of getting a new bookkeeper who would be independent of Roxbury Action Program, Inc.
### Monthly Sales & - Net Income

<table>
<thead>
<tr>
<th>Month</th>
<th>Sales</th>
<th>Net Income</th>
</tr>
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<tbody>
<tr>
<td>March 1975</td>
<td>21,616</td>
<td>(1,431)</td>
</tr>
<tr>
<td>February 1975</td>
<td>18,180</td>
<td>(4,059)</td>
</tr>
<tr>
<td>January 1975</td>
<td>17,282</td>
<td>(3,730)</td>
</tr>
<tr>
<td>December 1974</td>
<td>16,190</td>
<td>(2,552)</td>
</tr>
<tr>
<td>November 1974</td>
<td>15,933</td>
<td>(6,154)</td>
</tr>
<tr>
<td>October 1974</td>
<td>15,705</td>
<td>(2,894)</td>
</tr>
<tr>
<td>September 1974</td>
<td>13,860</td>
<td>(3,085)</td>
</tr>
<tr>
<td>August 1974</td>
<td>12,290</td>
<td>(4,654)</td>
</tr>
<tr>
<td>July 1974</td>
<td>9,886</td>
<td>(6,393)</td>
</tr>
<tr>
<td>June 1974</td>
<td>9,442</td>
<td>(4,904)</td>
</tr>
<tr>
<td>May 1974</td>
<td>9,551</td>
<td>(4,809)</td>
</tr>
<tr>
<td>April 1974</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>March 1974</td>
<td>9,382*</td>
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</tr>
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<td>February 1974</td>
<td>9,382*</td>
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</tr>
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<td>December 1973</td>
<td>9,400</td>
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<td>November 1973</td>
<td>6,900</td>
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<td>October 1973</td>
<td>3,900</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*There were no monthly figure, but the quarterly figure was 28,148 and an average for the three months were taken.*
The Roxbury Action Pharmacy is not only supportive of CVCF's efforts for community economic development, but also, and primarily of the Roxbury Action Program's efforts. This community organization owned 60% of RAP. It rents the space owned by RAP and supplies RAP's Housing Development with needed services.40

This venture has had difficulty finding a registered pharmacist to manage the store. For example, within the span of 51 months, six pharmacists were hired. The first pharmacist had terminated his employment shortly after opening (within 3 months). Another pharmacist with five years' experience, and an assistant pharmacist fresh out of school, were hired. A law stating that a Pharmacy could not be opened unless a managing Pharmacist is there presented another problem. It created an overlap, since there were two pharmacists on the job at the same time. Neither was willing to work overtime or part time; meanwhile, their salaries were draining the operation.41 However, this problem has been partially solved.42

In addition, since the pharmacy opened in October, 1973, there have been five break-ins. Three of them were at gun point. The total of the last three robberies was $858. The last two occurred within a twenty-day period.43

The business is heavily dependent on outsiders. The three main suppliers are McKessons, Brichmicki and Mack Stevens.
They are all located outside the SIA area, accounting for a business of about $8,000 per month, which is 37% of the sales. The store, however, is not generating an immediate cash flow for CVCF, and is not linked to any other CVCF venture. Although it is fairly visible, it is not located on a major thoroughway within CVCF's special impact area.

**Circle Power Demolition** is a demolition company which is 51% owned by the CVCF. It retains funds in the community for the demolition of buildings, which normally would flow outside the community. The following facts prove its service to the community: Two brothers operate and own 49% of Circle Power Demolition, which is the first and only Black demolition company in the New England area. Most of the contracts come from outside parties, primarily the city. Sixty percent (60%) of those employed live within the area and receive over 23% of the sales volume. Furthermore, the company is willing to train community residents.

Although difficult to assess management skill, the indications are that management has the experience, the hard skills of the production process, and the ability to bring in the contracts. However, there is little experience in the financial aspects. That credit can be received is indicative of the industry, and a revolving credit account in the amount of $70,000 has been received from the Unity Bank. The company also has received financing from the National Shawmut Bank, CVCF and SBA.
The political aspect may be fair in that the organization had a connection with Representative Bob Fortes. It was able to acquire government contracts, and to acquire the land from the state for free. Most of the contracts came from the government; the accounts receivables were sometimes excessive, and the corporation had difficulty collecting them. Other problems were training an employee broke one of the cranes, and organizational problems. One of the partners was compelled to leave and is taking action against the company, and sales personnel have focused attention on restructuring the organization.49

In the view of the author the venture is over-financed. The debt-to-networth ratio is 5:1, which indicates that investors have more at stake in this venture. The venture has not done anything to contribute to the economic base of this community; it is barely supportive of other businesses owned by residents in the area. Its activities are not linked to any of CVCF's other developments, and it has not provided CVCF with any immediate cash flows. Its visibility is low.50

Amaechi Manufacturing, Inc., is a curtain manufacturer. It employs an average of about 12 people, all of whom resides in the special impact area. It imports dollars to this community through employment alone. The education of the entrepreneur, as regards running business and producing curtains, is very limited according to his production manager who has been with him for five years.51 The company has had several break-ins since its
opening and three since CVCF's investment in it. The company has experienced problems in training employees; poor quality work results in a high seconds inventory. The company does not strengthen the economic fiber of the Black community, since it does not use any suppliers within the area.52

O's Fast Food, Inc., is intended to meet community needs by providing a neat and clean place for families to eat and workers to sit comfortably while having a quick meal for a reasonable price. The company employs and trains residents of this community. Although the former has not been accomplished, the latter has. Excluding management and assistant management, O's employs about 35 people, all of whom live within the impact area and have been trained by O's.

The entrepreneur/co-owner lacks some of the critical traits needed for good management; his ability to have access to credit is decreasing rapidly, as suppliers are threatening to go on cash before delivery. His political connections do not appear to be good, as may be evidenced by his inability to receive a gun permit. The opening on both occasions were not marked by important political figures, and his first attempt to get a zoning variance was a failure. His education and experience in the fast food business and restaurant is quite extensive. For example, he was a manager trainee at Friendly Ice Cream for two and a half years, and a manager for two years. However, his education and his experience for developing and operating a
business in the Black community is quite limited. For example, he chose to duplicate his store design and operations to the Friendly Ice Cream system.53

Since opening, the store has been plagued with many problems such as break-ins. For example, O's Fast Food was robbed three times in the course of one month; total losses were around $800.54

A sales level of $12,300 per month, which is $4,200 below what was originally projected, indicates that O's provides poor service too. Slow service and sterile atmosphere--naked walls, bright lights, and "white music"--explain the low sales. In any case, the initial projections based on capturing 30% of the working population were probably overly optimistic. Forty-five percent of sales usually go to the three main suppliers, which indicates that O's is not supportive of the business within the community and that the majority of funds generated from the businesses leave the community.55
FOOT NOTES


2. Ibid., p.6

3. Ibid., p 7

4. Ibid., p 6

5. Ibid., p 8

6. Ibid., p 9

7. Ibid., p 9


9. Ibid.,

10. The Circle, Inc. - 1975 Refunding Proposal Community Services Administration, p. 26

11. Ibid., p 28

12. Ibid., p 28

13. Ibid., p 29

14. Ibid., p 32

15. Ibid., p 35

16. Ibid., p 48

17. Ibid., p 46

18. Ibid., p 49

19. Interview with Eric V. Grey, Jr., April 13, 1975

20. The Corporate Records of CVCF.

21. Ibid.,

22. Interview with Claudia Furr from Circlepower, Lloyd King from Roxbury Action Pharmacy; informal interview with Oscar Gallaher, O's Fast Foods, Inc.

23. Interview with Eric V. Grey, Jr. on April 13, 1975
24. The Corporate Records of CVCF.
25. Ibid.,
26. Ibid.,
27. Ibid.,
28. Ibid.,
29. Ibid.,
30. Ibid.,
31. Interview with Eric V. Grey, Jr., April 13, 1975
32. CVCF Corporate Records
33. Redlining is a process whereby banks and other mortgage lenders decide that a neighborhood is a risk. Once the red line is drawn around a neighborhood, it becomes impossible to receive mortgage funds.
34. CVCF's Corporate Records
35. Interview with Eric V. Grey, Jr. April 13, 1975
36. CVCF Corporate Records
37. Ibid.,
38. Ibid.,
39. Ibid.,
40. Ibid.,
41. Ibid.,
42. Ibid.,
43. Ibid.,
44. Ibid.,
45. Ibid.,
46. Ibid.,
47. Ibid.,
48. Ibid.,
49. Ibid.,
50. Ibid.,
51. Informal Interview with Mrs. Green
52. Corporate Records of CYCF.
53. Ibid.,
54. Ibid.,
55. Ibid.,
PART III

THE CONCLUSION
CONCLUSION:

CVCF is attempting to employ a very specific economic development strategy. It is very similar to the development posture assumed in the Black capitalists approach and utilized by the Black entrepreneurs within the Roxbury community. As was discussed earlier, an increase in the amount of entrepreneurs within an underdeveloped community can stimulate economic development.

CVCF's efforts in business development has not been impressive. Of the seven businesses that CVCF has invested, three have failed. This represents 47% of the total amount of CVCF business investments or 33% of the funds CVCF has invested for which they received no financial return. Additionally, two businesses are in critical condition. Their failure would bring the total amount of CVCF failing businesses up to 71%, totalling 56% of CVCF monies invested. In addition, one of the businesses appears to be over-financed. CVCF had to invest an additional $80,000 to its $112,000 investment to keep the company going. Only one enterprise appears to be in fair financial condition.

The individual contribution of the businesses in which CVCF has invested to the overall economic development of the Boston Black community is almost, non-existent. The collective contribution is at best, dismal. They have not supported other businesses within the area, they have not been able to stimulate other positive economic activities. When we examine their locations and their invisibility in the community, we find
that only two are visible, O's and RAP. Only one of the two is located on a main throughway. Additionally, when looking at the main suppliers for each venture, one finds that no venture has used any common supplier with another venture. Even worse, all of their suppliers are located outside of the Black community. Moreover, none of the businesses are directly linked to CVCF's other businesses; and none return immediate cash flows to the CVCF. The failure of the three ventures also represent a negative impact to the community. For example, although CVCF's ventures have employed over 91 people (76 full-time) with about 90% of those employed living within its special impact area, the failure of Wilton Industries and the problems with Amaechi Mfg., Inc. alone have caused about 40 full time workers to be laid off. This represents 53% of all full time workers for CVCF ventures (excluding Lena Park Fire Extinguisher and Electro Plating which have also failed). Should O's Fast Foods, Inc. fail, then the amount of lay-offs would increase to 79%.

In examining relationships to community consumer needs, the author notes that with the exception of the RAP pharmacy, and possibly Circlepower Demolition, none of the businesses met any particularly dire consumer need of the community. Moreover, none resulted in the importation of dollars into the community. It should be noted, however, two ventures, Amaechi and Circlepower could potentially import dollars if administrative and other problems could be overcome. The reader should
see Figure XII for further details on the impact of CVCF ventures have had on the economic development of the impact area.

Given the above, it becomes readily apparent that CVCF is not employing a strategy which increases ownership control of the factors of production and distribution (that can reduce financial leakage from the community). Moreover, CVCF has not met its goal of carrying out development activities that help to stabilize the community and give residents a sense that conditions in the area are, in fact, improving. As mentioned few of its ventures are highly visible to residents. Moreover, the high failure rate (resulting in lay-offs, etc.) reinforces a sense among residents that the community remains in a state of decline.

Clearly, if CVCF had had much more control over its ventures, the problems experienced would have been reduced significantly. The author cites the following examples:
(1) Wilton Industries was continuously advised by CVCF to hire a Production Manager in that the entrepreneur's experience in the area was non-existent. This advice was ignored. Primarily, it was because of poor production that the company is now dormant; (2) Lena Park Fire Extinguisher was advised to change their marketing strategy to a more aggressive one and to change management. Again, CVCF was ignored, and that company is now dormant. (3) In the case of O's Fast Foods, Inc., the cash
### FIGURE XII

**CVCF BUSINESS VENTURES**

| CVCF Businesses          | # of 3 main businesses used in SIA | Physical Impact | Service provided to the SIA | Employment | Investment in thousands | Linkage to CVCF other businesses | Immediate returns to CVCF | Status          |
|-------------------------|-----------------------------------|----------------|-----------------------------|------------|------------------------|----------------------------------|----------------------------|----------------|----------------|
| Wilton Industries       | 0                                 | none           | 0                           | 20 #       | 60                     | none                             | 0                          | Dormant        |
| Electro Plating         | 0                                 | none           | 0                           | n/a        | 75                     | none                             | 0                          | Bankrupt       |
| Lena Park Fire Ext.     | 0                                 | none           | 0                           | n/a        | 40                     | none                             | 0                          | Dormant        |
| Roxbury Action Phar.    | 0                                 | Visible        | yes                         | 6          | 40                     | none                             | 0                          | Operating      |
| Circle Power            | 0                                 | none           | yes                         | 10         | 192                    | none                             | 0                          | Operating      |
| Amaechi Mfg. Inc.       | 0                                 | none           | 0                           | 20 #       | 70                     | none                             | 0                          | Not operating  |
| O's Fast Food Inc.      | 0                                 | Visible        | 0                           | 35 +       | 50                     | none                             | 0                          | Operating - Critical |
| Kemp Chemicals*         | 0                                 | none           | 0                           | 4          | 25                     | none                             | 0                          | Not applicable |
| Total                   | 0                                 | little         | 91 (76 fulltime)            |            | 527                    | none                             | 0                          | Three Operating |

* This is a proposed investment, no investment has been made yet, and this figure is not included in the total.

# These workers were laid off (40).

+ This figure represents primarily part time workers.
squeeze resulted from unauthorized construction of an office in the store which cost an additional $18,000, poor control over costs; and a declining low sales volume because of poor service. The construction of the office space was done against CVCF's advice. CVCF advised management to concentrate on marketing through advertising, this was ignored as well as other corrective action recommendations. (4) In the case of Amaechi, problems stemmed from uncontrollable costs. For example, management salaries, miscellaneous costs (such as travel and entertainment telephone) were completely out of line. If CVCF had control over these factors, CVCF would have been guaranteed of payments. Moreover, emphasis would have been placed on the production sector in an attempt to meet demands for goods.

Summarily, CVCF's strategy of business development to stimulate community economic development has failed. It has not benefited Roxbury in any substantial manner. The principal reason for failure is a structural one. Simply, the entrepreneurs which could be attracted to invest, given the area's general condition, with CVCF were at best problematic in nature. At worst, they lacked financial, marketing and overall management capabilities.

Although CVCF has these capabilities and can work with the ventures management to make the business successful, the relationship allows for contradictory roles. The entrepreneur usually sees the business as his business. Typically, he feels that one of the unique advantages of an entrepreneur,
is being in business for himself. Most of the business owners that CVCF has invested in, resent control. They envision CVCF as usurping their authority when CVCF attempted to intervene. In order for CVCF to make the business operate profitably, it would have to increase the controls. The chances of the entrepreneur going into business with CVCF becomes significantly less with increased controls on the part of CVCF.

Upon examining the nature of the CVCF, the author found staff to be young and inexperienced in the practical operation of their perspective ventures. Yet, they possess a basic level of business oriented sophistication. For example, when O's communicated that it had already begun construction of the office, a quick analysis by staff projected the shop would experience a cash shortage and would be in need of working capital.

The investment decisions of the Circle Venture Capital Fund, were basically sound, and went through at least three and sometimes four general screening processes. For example, a given business proposal usually comes through a technical assistance agency that had helped the entrepreneur in packaging his proposal. Frequently, the Small Business Development Center (which has a highly qualified staff of marketing and financial specialists) is used. At that point, CVCF carefully evaluated the proposals. Upon positive recommendation, then the package goes to the CVCF Board of Directors. The Board is comprised of people who knows the ins and outs of business in the community. If approved by the Board, then the proposal is forwarded to CSA for their review.
A negative response from any of the reviewing parties would mean that CVCF would not invest in that particular business.

In the author's viewpoint, CVCF has the expertise to develop its own business proposals and operate businesses profitably. However, even if CVCF were able to do this, the essential question remains whether it could develop businesses with backward linkages which supported other businesses owned by community residents and whether CVCF could stimulate the generation of greater investment funds within the community.

One of the areas which CVCF has avoided, is businesses which are dependent on the income of the community. For example, of the seven businesses in which CVCF has invested, only three are dependent on the income from the community consumers. All three have had serious problems in keeping sales at adequate levels. It appears to the author, that CVCF would eventually have to invest more in businesses which sell directly to the local residents. Through doing so, CVCF can then arrest some of the blight that commercial stores are contributing to; and provide goods and services to the community. At this stage, it is not clear, if CVCF would be successful. The fact is that the community is poor; and as such, does not provide the adequate base for successful activities in this general area.

It is also not clear as to whether CVCF could create businesses which are linked to other businesses within the community without having a trade off backward linkages for profitability. In general, the business within the Black community is small. It may be much more profitable (from a financial
viewpoint) for CVCF to deal with those larger businesses which are located outside, whose size contributes to economics of scale advantages.

CVCF is now in the process of changing its basic strategy to land development. It is concentrating in what is considered the heart of Roxbury (defined by Circle, Inc.'s Planners as the primary impact area). For example, eight of the eleven possible land development projects CVCF currently has under study, are located in or either near the primary impact area. (for further details, see Figure XIII).

The author considers CVCF's new approach to be a more viable strategy for economic development for a number of reasons. First, the provision of additional space, primarily for the use of housing, office space and industrial space will improve the physical aspects of the impact area, thereby, increasing potentials required for business development. Secondly, land development projects more directly impact the physical characteristics of the area. They will also create more of a psychological impact on the residents. This will further generate a more favourable climate, attracting new businesses into the area. In addition, it will more directly support local businesses. For example, local minority owned construction companies and the architectural firms (already in place) can be utilized. (stimulating their growth potentials).

Also, CVCF will outrightly own the land and as such, will have greater control over its use and development. More-
Page has been omitted due to a pagination error by the author.
over, land development ventures have greater possibilities of generating immediate cash flows for the Circle Venture Capital Fund. Finally, land development is in the direction of real need for the community to own and control land. It would put the development of the community back into the hands of the residents. Residents would then have more say in what businesses come in and out of their community.

In the case of the Circle Venture Capital Fund Office Building, CVCF provided space for over 50 people, which created a market for O's Fast Foods, Inc., it impacted its immediate environment by replacing a vacant lot with a new development, it used the local architectural firm of Stull Associates and the construction firm of Cruz, it acquired its second mortgage financing from Unity Bank and used as its attorneys, the law firm of Owens and Dilday. All of these ventures are minority owned. Also, as stated earlier, this office building provided CVCF with immediate cash flow.

The author believes that CVCF should concentrate its efforts on the development of these projects and in monitoring their existing projects. Also, in being consistent with a strategy of backward linkages, CVCF should first concentrate in getting Savin Realty, the housing project, the proposed Cluster Housing and Warren Gardens developed.

A potential and critical problem is that the staff is substantially inexperienced in land development, especially housing development. It will be essential for CVCF to bring on a consultant Housing Development Specialist to consult with them on their development efforts.
Although the political connections of CVCF is growing, its major connections are indirect; and it needs to establish stronger links with the political process. This will increase expediency in dealings with the city and state agencies in achieving its objectives.

Summarily, the case study of CVCF leads the author to the conclusion that a strategy mix of business and land development, emphasizing business development; and utilizing the entrepreneur as an agent of development is not an effective and viable strategy for Black community economic development. The area in which CVCF has experienced the greatest successes, land development indicates that its decision to move more heavily into the field is a good one. The rewards gained from the implementation of an unbalanced strategy are more in line with CVCF's principle objectives. Although the dynamics of land development are more complex and require a great deal more time and money, the long-term returns of this particular approach can and will result in the establishment of a solid foundation for comprehensive development of the impact area. Most importantly, the reins of the development will rest (as they should) in the hands of community residents.
TABLE I  
OWNERSHIP PATTERNS OF REAL PROPERTY  
 in the  
DUDLEY SQUARE AREA 

<table>
<thead>
<tr>
<th>Outside Interests</th>
<th>Address</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weinstein, Saul Trusts</td>
<td>No Indication</td>
<td>$265,000</td>
</tr>
<tr>
<td>Green, Milton Trust</td>
<td>Newton</td>
<td>190,000</td>
</tr>
<tr>
<td>Chase, Theodore Trust</td>
<td>Dover</td>
<td>182,000</td>
</tr>
<tr>
<td>Satlzberg, Harry M. Trust</td>
<td>Brockton</td>
<td>148,000</td>
</tr>
<tr>
<td>Shaffer, Abraham Trust</td>
<td>Brockton</td>
<td>102,000</td>
</tr>
<tr>
<td>Levin, Henry Trust</td>
<td>Brockton</td>
<td>88,200</td>
</tr>
<tr>
<td>Leberman, Shirley</td>
<td>Commonwealth Bridge</td>
<td>88,200</td>
</tr>
<tr>
<td>Rosengard, Helen</td>
<td>Brockton</td>
<td>65,000</td>
</tr>
<tr>
<td>Scheurman, Gerrit</td>
<td>No Indication</td>
<td>60,000</td>
</tr>
<tr>
<td>Golden, Harold</td>
<td>Brockton</td>
<td>45,000</td>
</tr>
<tr>
<td>Goldstein, Julius &amp; Louise</td>
<td>Boston</td>
<td>32,000</td>
</tr>
<tr>
<td>Cohen, Joseph</td>
<td>No Indication</td>
<td>27,000</td>
</tr>
<tr>
<td>Rothenbert Suzanne et Al</td>
<td>Brockton</td>
<td>27,000</td>
</tr>
<tr>
<td>Horwitz, Harrold L et Al</td>
<td>Brighton</td>
<td>25,000</td>
</tr>
<tr>
<td>Brecher, Murray</td>
<td>Brockton</td>
<td>21,000</td>
</tr>
<tr>
<td>First National Bank</td>
<td></td>
<td>129,000</td>
</tr>
<tr>
<td>Eliot Savins Bank</td>
<td></td>
<td>95,900</td>
</tr>
<tr>
<td>National Shawmut Bank</td>
<td></td>
<td>91,500</td>
</tr>
<tr>
<td>Boston 5¢ Savings Bank/State Street Bank</td>
<td></td>
<td>20,556</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>1,703,456</td>
</tr>
<tr>
<td><strong>Total Public Agencies</strong></td>
<td></td>
<td>2,289,700</td>
</tr>
<tr>
<td><strong>Total Privately Held</strong></td>
<td></td>
<td>3,517,926</td>
</tr>
<tr>
<td><strong>Total real property with indications of outside ownership</strong></td>
<td></td>
<td>3,993,156</td>
</tr>
</tbody>
</table>
### TABLE II

**OWNERSHIP PATTERN OF REAL PROPERTY**

in the

**DUDLEY SQUARE AREA**

<table>
<thead>
<tr>
<th>No Indication of Residency</th>
<th>Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dudley Realty Trust</td>
<td></td>
</tr>
<tr>
<td>Lillie G. Rees Trust</td>
<td></td>
</tr>
<tr>
<td>Perry, Helen M. Trust</td>
<td></td>
</tr>
<tr>
<td>Berwick Realty Corp.</td>
<td></td>
</tr>
<tr>
<td>Blue Hill Avenue Association</td>
<td></td>
</tr>
<tr>
<td>American Realty Syndicate</td>
<td></td>
</tr>
<tr>
<td>Herson, David N. Trusts</td>
<td></td>
</tr>
<tr>
<td>Tab, AJS</td>
<td></td>
</tr>
<tr>
<td>Rink Realty, Inc.</td>
<td></td>
</tr>
<tr>
<td>Morris Maria Trust</td>
<td></td>
</tr>
<tr>
<td>Popper, Helen G.</td>
<td></td>
</tr>
<tr>
<td>Cavalini, Anthony</td>
<td></td>
</tr>
<tr>
<td>Barrett, Thomas</td>
<td></td>
</tr>
<tr>
<td>Baron, Etia F.</td>
<td></td>
</tr>
<tr>
<td>Kent, Herbert</td>
<td></td>
</tr>
<tr>
<td>Calianos, Theodore</td>
<td></td>
</tr>
<tr>
<td>Webster Atlas Building</td>
<td></td>
</tr>
<tr>
<td>Walcott Corp.</td>
<td></td>
</tr>
<tr>
<td>High Voltage Engineering Corp.</td>
<td></td>
</tr>
<tr>
<td>American Oil Co.</td>
<td></td>
</tr>
<tr>
<td>Circle Supply Co.</td>
<td></td>
</tr>
</tbody>
</table>

| Total                                          | $1,523,400 |

<table>
<thead>
<tr>
<th>Inside Interests</th>
<th>Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swett, Hervert C.</td>
<td>Roxbury</td>
</tr>
<tr>
<td>Cunningham John et al</td>
<td>Roxbury</td>
</tr>
<tr>
<td></td>
<td>$ 75,000</td>
</tr>
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</table>
## Table III

### Ownership and Residential Patterns *

<table>
<thead>
<tr>
<th>Ownership Status</th>
<th>Area (803,817-821)</th>
<th>Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>All yr. round occupied housing</td>
<td>8,107'</td>
<td>217,622</td>
</tr>
<tr>
<td>Owner occupied housing</td>
<td>1,493</td>
<td>59,230</td>
</tr>
<tr>
<td>Cooperatives/Condominiums</td>
<td>105</td>
<td>710</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>6,611</td>
<td>153,017</td>
</tr>
<tr>
<td>Percentage Renter occupied</td>
<td>82%</td>
<td>70%</td>
</tr>
<tr>
<td>Units occupied lacking some oral plumbing facilities</td>
<td>211</td>
<td>12,866</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>17</td>
<td>1,420</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>194</td>
<td>11,446</td>
</tr>
<tr>
<td>Per cent Renter Occupied</td>
<td>92%</td>
<td>89%</td>
</tr>
</tbody>
</table>

*Census Tracts, Boston, MA - SMSA H-1 Occupancy, Utilization and Financial Characteristics of Housing Units:1970*
<table>
<thead>
<tr>
<th>Year Structure Was Built</th>
<th>PRIMARY IMPACT AREA (803,817-821)</th>
<th>BOSTON AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969 to March 1970</td>
<td>194</td>
<td>1,990</td>
</tr>
<tr>
<td>1965 to 1968</td>
<td>525</td>
<td>11,349</td>
</tr>
<tr>
<td>1960 to 1964</td>
<td>245</td>
<td>7,800</td>
</tr>
<tr>
<td>1939 or earlier</td>
<td>6,142</td>
<td>179,391</td>
</tr>
<tr>
<td>Percentage 1939 or earlier</td>
<td>69%</td>
<td>77%</td>
</tr>
<tr>
<td>Percentage 1965 to March 1970</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Tenure & vacancy rate of Housing**

<table>
<thead>
<tr>
<th>Vacant year round</th>
<th>PRIMARY IMPACT AREA (803,817-821)</th>
<th>BOSTON AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage vacant</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Census Tracts, Boston, MA SMSA*
### TABLE V*

**BUSINESS OWNERSHIP BY RACE**

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>ESTIMATED SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blair's</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>B &amp; D Wallpaper</td>
<td>1,600,000</td>
</tr>
<tr>
<td>L &amp; S Department Store</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Bello L &amp; Son</td>
<td>500,000</td>
</tr>
<tr>
<td>Dudley Liquor Store</td>
<td>500,000</td>
</tr>
<tr>
<td>Clinton Provision, Inc.</td>
<td>450,000</td>
</tr>
<tr>
<td>Tropical Foods, Inc.</td>
<td>440,000</td>
</tr>
<tr>
<td>Palco Corp.</td>
<td>350,000</td>
</tr>
<tr>
<td>Ferdinand, Frank</td>
<td>436,000</td>
</tr>
<tr>
<td>Venus Cosmetics</td>
<td>300,000</td>
</tr>
<tr>
<td>Norwood Shoe</td>
<td>108,000</td>
</tr>
<tr>
<td>Kornfield Drugs</td>
<td>92,900</td>
</tr>
<tr>
<td>Callahan's Men Shop</td>
<td>79,500</td>
</tr>
<tr>
<td>Samuel, Inc.</td>
<td>78,800</td>
</tr>
<tr>
<td>Terminal Hardware</td>
<td>68,700</td>
</tr>
<tr>
<td>National Radio &amp; T.V.</td>
<td>51,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$8,554,900</strong></td>
</tr>
</tbody>
</table>

Brad Yoneoka: *Commercial Development At A New Dudley Square MBTA Transit Station In Roxbury*
TABLE V* (cont)

BLACK OWNED:

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>ESTIMATED SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Nubian Notion</td>
<td>$108,000</td>
</tr>
<tr>
<td>Calyp-Soul Foods</td>
<td>150,000</td>
</tr>
<tr>
<td>Calvey Jewelers</td>
<td>70,000</td>
</tr>
<tr>
<td>Elite's Restaurant</td>
<td>?</td>
</tr>
<tr>
<td>Limbo</td>
<td>Not listed</td>
</tr>
<tr>
<td>Our Fish Market</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$378,000</strong></td>
</tr>
</tbody>
</table>

ORIENTAL OWNED:

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>ESTIMATED SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cho Buck</td>
<td>$80,000</td>
</tr>
<tr>
<td>Peking House</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$130,000</strong></td>
</tr>
</tbody>
</table>

SPANISH OWNED:

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>ESTIMATED SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe's Steak &amp; Sub Shop</td>
<td>$150,000</td>
</tr>
<tr>
<td>Tropical Foods</td>
<td>440,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$590,000</strong></td>
</tr>
<tr>
<td><strong>TOTAL NON-WHITE</strong></td>
<td><strong>$1,448,000</strong></td>
</tr>
</tbody>
</table>

Brad Yoneoka: Commercial Development At A New Dudley Square MBTA Transit Station In Roxbury
### TABLE VI*  
**INCOME CHARACTERISTICS OF FAMILIES**

<table>
<thead>
<tr>
<th>Income in 1969 of Families and Unrelated Individuals</th>
<th>Primary Impact Area</th>
<th>Boston</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Families</td>
<td>5,843</td>
<td>142,019</td>
</tr>
<tr>
<td>Less than 3,000</td>
<td>1,021</td>
<td>14,862</td>
</tr>
<tr>
<td>Percent</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>3000-5999</td>
<td>1,507</td>
<td>24,774</td>
</tr>
<tr>
<td>Percent</td>
<td>26%</td>
<td>17%</td>
</tr>
<tr>
<td>6000-8999</td>
<td>1,284</td>
<td>30,020</td>
</tr>
<tr>
<td>Percent</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>9000-11999</td>
<td>1,013</td>
<td>27,856</td>
</tr>
<tr>
<td>Percent</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>12000-14999</td>
<td>534</td>
<td>18,743</td>
</tr>
<tr>
<td>Percent</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>15000-24999</td>
<td>448</td>
<td>20,986</td>
</tr>
<tr>
<td>Percent</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>25000 &amp; Over</td>
<td>36</td>
<td>4,778</td>
</tr>
<tr>
<td>Percent</td>
<td>.6%</td>
<td>3%</td>
</tr>
<tr>
<td>Median Income</td>
<td>7,542</td>
<td>10,272</td>
</tr>
<tr>
<td>With Wages &amp; Salary Income</td>
<td>4,732</td>
<td>122,242</td>
</tr>
<tr>
<td>Percent</td>
<td>81%</td>
<td>86%</td>
</tr>
<tr>
<td>With Public Assistance/Welfare</td>
<td>664</td>
<td>19,578</td>
</tr>
<tr>
<td>Percent</td>
<td>28%</td>
<td>14%</td>
</tr>
<tr>
<td>With Social Security Income</td>
<td>872</td>
<td>32,635</td>
</tr>
<tr>
<td>Percent</td>
<td>15%</td>
<td>23%</td>
</tr>
</tbody>
</table>
*Income Below Poverty:  
Families: 1,197  
Percent of All Families: 20%  
Amount: 16,624  
Percent: 11.7%
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