

PLANNING FOR COMMUNITY ECONOMIC DEVELOPMENT  
IN THE NEAR NORTH SIDE OF CHICAGO:  
A Study For The YMCA Robert E. Brooker Inter-Agency Center  
by  
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in May, 1982 in partial fulfillment of the requirements  
for the Degree of Master of City Planning

ABSTRACT

This thesis is a study for the Robert E. Brooker Center of the YMCA of Metropolitan Chicago. It addresses the question, what are the important place related characteristics and interactions that inform choices about how the YMCA should proceed in organizing for community economic development in the area. The place related analysis is used as a basis to explore the question, what is community economic development and what sorts of community economic development objectives and strategies should be employed to impact the situation. In this case, the place is the Near North Side of Chicago, an inner city community that contains both the wealthiest and the poorest residents in the city. A substantial, but declining manufacturing base and a healthy non-manufacturing base exist in different parts of the area. The Near North Side is an area of extremes and contrasts and surfaces all of the possibilities and contradictions inherent to community economic development. A three part approach to community economic development is advocated on the basis of this situation. It includes addressing the manufacturers' needs to achieve the objective of economic growth, the low income residents' needs to promote the objective of redistributing economic benefits, and the place needs to stabilize the functional interactions between the various sub-places in the area. The stabilization objective has the aim of promoting revitalization, but discouraging gentrification. The interrelationships and conflicts between these three objectives are explored. A framework of an "action oriented learning process" is developed as a means by which the YMCA can combine the process of strategy implementation with the process of developing a community economic development organization that is representative of the diverse public, private and non-profit (or community based) interests in the area.

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Prepared for  
The YMCA Robert E. Brooker  
Inter-Agency Center

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At MIT, several professors helped in a variety of ways to improve this study. Bennett Harrison, in his courses, helped develop my understanding of the theory that is the foundation for the employment and economic development aspects of this work. Langley Keyes, beyond the call of duty, reviewed the early (and expansive) drafts of Chapters One and Two. His focus on "handles for action" and his criticisms helped me clarify what was important about what I was saying. Phil Herr provided criticisms that expanded my thinking on some vital strategic aspects of this study. And, Don Schon deserves a special thank you for his enthusiasm, encouragement, and guidance throughout the development of the concepts that are most central to this thesis, but also for being concerned that I learn many things in the process and that I continue to do so when I return to Chicago to work on implementing these ideas.

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## INTRODUCTION

The purpose of this work is to provide a beginning point for the YMCA of Metropolitan Chicago in fashioning a process to design and implement a community economic development program in the Near North Side area of Chicago. My analysis draws upon a number of different approaches to frame the problems of the community, to develop intervention strategies, and to design a process to carry out community economic development activities. I have relied heavily on my experiences as both a participant in and an observer of the area, interviews with people involved in the area or in economic development activities in Chicago, economic theory and research, "planning theory," and institutional analysis/organizational development concepts.

This report is organized into five sections. Chapter One will develop the context--the place--for which the economic development process and strategies are being designed. Chapter Two will set forth community economic development strategy options that consider the realities of the place as developed in Chapter One. Chapter Three will explore how the YMCA can go about developing an organization and designing a process to promote community economic development in the area. The Conclusion will draw out the implications of the analysis and suggest pertinent considerations for others undertaking similar projects elsewhere. The final section will be an addendum to the thesis that considers the question of how I have gone about the process of developing my analysis.

In the course of my research, I have found that the literature in the community economic development "field" accounts for strategy options,

process concerns, resource considerations, and to a lesser extent, for the theoretical arguments for community based development. It does not account for what I have found to be the major determinant in designing this community economic development process--place. The role of place in community economic development has not been adequately represented or suitably emphasized in the literature. This thesis serves as an example of what it means to take the concept of place seriously in designing a community economic development process.

In this case, the place is the Near North Side and Lincoln Park communities in Chicago. The context--political, social, economic, geographic, and historic--has emerged as the defining and constraining aspect of this work. I believe that it is what gives meaning (and hopefully merit) to the strategies and process proposed in Chapters Two and Three. This belief leads me to caution the reader who is interested in borrowing models to pay close attention to the contextual similarities and dissimilarities and to proceed with sensitivity.

The community economic development "models" that I have reviewed in preparing this report seemed only vaguely applicable to the situation confronting the YMCA. The differences, I believe, are embedded in the nature of the place itself. Robert Park, in his introduction to Harvey Zorbaugh's case study of the Near North Side of Chicago, written in 1929 and entitled The Gold Coast and the Slum, provides a useful framework for understanding what is "different" about this area. He characterizes the "community" as nondescript.

"A descript community is ' a place of unity and charm.' A nondescript community is one that lacks these qualities. A nondescript community may be interesting, of course, but it will not be restful, and will not be satisfying merely as an object of contemplation.

The community with which this volume is concerned is nondescript; it is a place of unusual interest, but it has neither the unity nor the charm of a place in which the common view is set forth 'in laws, customs, and all the arts of life.' ...

There is certainly no common view which holds the cosmopolitan population of this whole region together in any common purpose. Furthermore, the laws which prevail are not a communal product, and there is no organized public opinion which supports and contributes to their enforcement. In fact, it is doubtful whether, in any proper sense of the word, the 'Lower North Side' can be called a community at all. It is a region; one of the characteristic regions of a metropolitan city, remarkable for the number and kinds of people huddled and crowded together in physical proximity, without the opportunity and, apparently, with very little desire for the intimacies and the mutual understandings and comprehension which ordinarily insure a common view and make collective action possible. It is, however, just this 'nondescript' situation, so lacking 'unity and charm,' that gives this region its peculiar interest. It is typically an area of transition, the character of its populations and the problems which it presents are at once a reflection and a consequence of the conditions which this period of transition imposes.

What is true of the region is characteristic of most of the very different classes and kinds of people that inhabit it...They are all in transition. Everywhere the old order is passing, but the new order has not arrived. Everything is loose and free, but everything is problematic....

In Chicago, on the Lower North Side, they (different classes and kinds of people) are in close proximity to one another. This gives one an interesting illustration of the situation in which the physical distances and the social distances do not coincide; a situation in which people who live side by side are not, and- because of the divergence of their interests and their heritages- cannot, even with the best of good will, become neighbors.

It is this situation which constitutes the specific problem and the central theme of this study. Our political system is founded upon the conviction that people who live in the same locality have common interests, and that they can therefore be relied upon to act together for their common welfare. This assumption, as it turns out, is not valid for large cities. The difficulty of maintaining in the city the intimate contacts which in the small town insured the existence of a common purpose and made concerted action possible is certainly very great...Under such circumstances, all the traditional forms of local government fail or break down altogether. The fact that there exists on the Lower North Side a community council which recognizes this problem and has sought to solve it, is itself an evidence of the conditions it seeks to remedy."<sup>1</sup>

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<sup>1</sup>Zorbaugh, Harvey, The Gold Coast and the Slum (Chicago: University of Chicago Press, 1929), pp. vii, vii, ix.

As we will see in Chapter One, Park's formulation of the Near North Side as a nondescript community is still accurate over a half century later. The implications that follow from Zorbaugh's description and Park's overview have never been more true. The area has continued to evolve and is still in transition. The dicotomy between the "Gold Coast and the Slum" continues to exist even while the inhabitants have changed. In Zorbaugh's time, the slum was "little Sicily" or "little hell". Today, the same area is the site of one of the nation's more infamous housing projects, Cabrini-Green. The Gold Coast still exists although today it accomodates the "new rich" as well as the old. The area between is still a tenuous compromise between the two. And finally, the teeming industrial area along the river is still alive albeit not-so-teeming anymore. Interests have not converged. There is no common view, few communal products, and little collective action. Physical and social distances do not coincide. Everything is still problematic.

In addition to being essentially nondescript, there are a number of other place related concepts developed in this thesis that have influenced how I have thought about community economic development and how it should be carried out. The larger nondescript area contains a number of sub-areas within its boundaries. These sub-areas each have distinct characteristics; each also plays a part in the dynamics that occur in the place. The dynamics of the place can be understood in terms of the functional relationships among the sub-areas. Some function as manufacturing areas: others are affluent residential areas with non-manufacturing economic bases. Still others have dual functions as housers of low income, predominantly minority populations and as buffers between incompatible land uses surrounding them. And, some function as transition areas that buffer incompatible social groups and serve a transitioning function by acting as racial inte-

grators or as neutral turf. These interrelationships have been remarkably stable since Zorbaugh's time. Yet, today they are threatened, not by creeping blight, but by creeping affluence.

In combination, the analysis of the area characteristics and the understanding of the functional interactions among the various sub-areas provide a view of the problematic situation confronted by the YMCA. Yet, I am concerned both with framing the problems of the area and proposing interventions--developing a plan of action. In order to move from description to prescription, I propose action strategies and design a process to implement them. Both the strategies and the process are firmly grounded in the place analysis.

The community economic development strategies are fashioned on the basis of a three part formulation that includes objectives and areas of need. Each objective relates primarily to a specific area of need. The growth objective relates to the manufacturers ( and nearby non-manufacturing firms). The objective of economic redistribution relates primarily to the needs of the low income residents in the area. And, the stability objective is concerned with preserving the traditional functional order of the place and relates to the place needs. This formulation differs from typical strategy designs in that it includes strategies that account for area characteristics, but also includes strategies that are concerned with the functional interactions between the sub-areas.

The process chapter first examines the question, given this particular problematic situation, how should an organization initially be structured to carry out a community economic development program. Next, it considers the question of how the new organization should go about the process of developing into an organization. Finally, through the framework of an action

oriented learning process, it explores how the organizational development process and the strategy implementation processes can be combined and proposes starting points for action.

"The Near North Side is an area of high light and shadow, of vivid contrasts-- contrasts not only between the old and the new, between the native and the foreign, but between wealth and poverty, vice and respectability, the conventional and bohemian, luxury and toil...

(Yet it) is not merely an area of contrasts; it is an area of extremes. All of the phenomena characteristic of the city are clearly segregated and appear in exaggerated form."

### The Gold Coast and the Slum

## CHAPTER ONE--THE CONTEXT

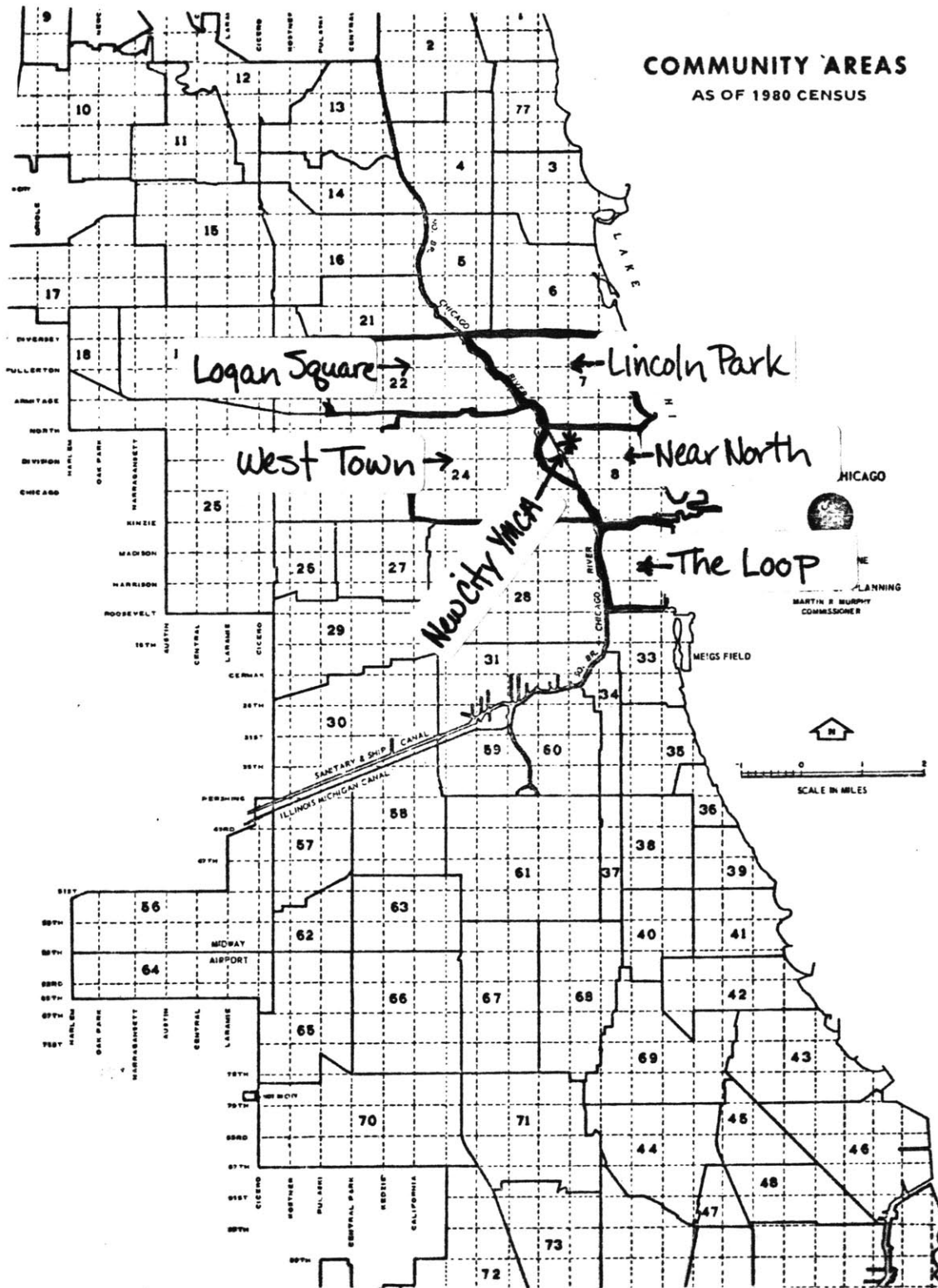
The Near North Side of Chicago is located across the Chicago River directly north of the "Loop." It is bounded on the south and west by the river, on the east by Lake Michigan and to the north by North Avenue. It covers an area of roughly one and a half square miles. Directly to the north of the Near North Side is the community of Lincoln Park. Lincoln Park, while it is not without its own contrasts, is much more of a "descript" community than the Near North Side. To the west, across the river and the Kennedy Expressway--a considerable psychological distance--are the communities of West Town and Logan Square. All four communities abut the industrial areas along the river. However, the flow of people, goods and interests to and from the Near North Side appear to move north and south. History, the river, the expressway and the major public transportation routes all act as barriers, thus inhibiting the westward flow. As a result, the "Loop" and Lincoln Park figure more prominently into the dynamics of the Near North Side than its western neighbors. (see map 1-1)

### BOUNDING THE STUDY AREA

There are many ways to think about limiting the initial geographic



THE NEAR NORTH SIDE AND SURROUNDING COMMUNITIES



boundaries of this study. I have relied primarily upon two approaches to this problem--an institutional approach and what I call an "interactive" approach.

The institutional approach starts with the fact that an institution, the YMCA, is going to initiate a community economic development effort and asks the question, what are the YMCA-related institutional boundaries in this area and how do the "Y"'s interests and capabilities manifest themselves geographically. This question requires a somewhat lengthy answer.

Institutionally, this community economic development initiative will be housed in the Robert E. Brooker Inter-Agency Center. The Brooker Center, which began operations in September, 1981, is the logical place to initiate such a program because it was created for the following purposes:

- \*To create collaborative programs that foster human and community resource development on the Near North Side of Chicago; and
- \*To develop and test innovative collaborative service delivery mechanisms that can be used as models by other agencies to improve the quality of their services.

The Brooker Center is one of two units that comprise the New City YMCA --the Brooker Center and the Isham Family Activity Center. New City is located in the far northwest corner of the Near North Side. Thus, it sits at the junction of the industrial area along the river, the middle class and predominantly white community of Lincoln Park, and the most desolate area of the Near North Side--the low income, predominantly Black area in and around Cabrini-Green. Its service area extends from Kinzie Avenue on the south to Diversey Boulevard on the north and from the river on the west to State Street on the east. This area covers all of the Lincoln Park Community Area and all of the Near North Side Community Area except the Gold Coast proper. New City is specifically mandated to serve all of the populations within this area, hence it is to be both racially and economically integrated.

While the entire New City complex is less than two years old, the YMCA has been providing services in this area through the "old" Isham YMCA since before Zorbaugh's time. Isham originally served the German and Italian immigrant and the industrial populations that inhabited the area.

Later, when the area evolved into a Black enclave, the Isham clientele became virtually 100 percent Black. In the early 1970's, Urban Programs North was created to complement Isham's facility-based services with an outreach component and added a human service focus to the more traditional YMCA programs. Urban Programs North also functioned as the "Y"'s entree into the arena of collaborative service delivery on the Near North Side. With the construction of the New City complex the functions of Urban Programs North have been subsumed and altered into the Brooker Center model and the functions of the "old" Isham have been refashioned into the Isham Family Activity Center with the goal of serving a wider range of populations in the service area. As a result, New City finds itself trying to regain its traditional industrial clientele, attract residents from Lincoln Park and other sub-areas of the Near North Side while retaining its ability to provide services to the low income minority population.

Given these institutional considerations the study area should include the New City service area--Lincoln Park and all of the Near North Side except the Gold Coast.

The second approach to bounding the study area is to start with the question, what boundaries make sense in relation to a community economic development strategy. Answering this question requires an "interactive" approach.

By "interactive" I mean that the boundaries may start out to be inclusive and become more narrowed or focused as the process of learning about

the area unfolds. Through the process of learning about the area--its component parts, its strengths and weaknesses, what "handles" for action exist, and the relationship between the identifiable sub-areas--the boundaries of inquiry are continually defined and redefined.

This "method" suggests that the study area should, in addition to the Brooker Service Area, include those areas that wield substantial influence over the dynamics of development within the service area. Both the "Loop" and the Gold Coast seem to have significant influence in this regard, however, I have chosen to include only the Gold Coast in the study area. The "Loop" will be considered only when it directly relates to a point being made about the study area since in-depth treatment is beyond both the scope and purpose of this report. Thus, the study area will include the Brooker Service Area plus the Gold Coast, or in other words, the geographic area that comprises the Near North Side and Lincoln Park community areas.<sup>2</sup>

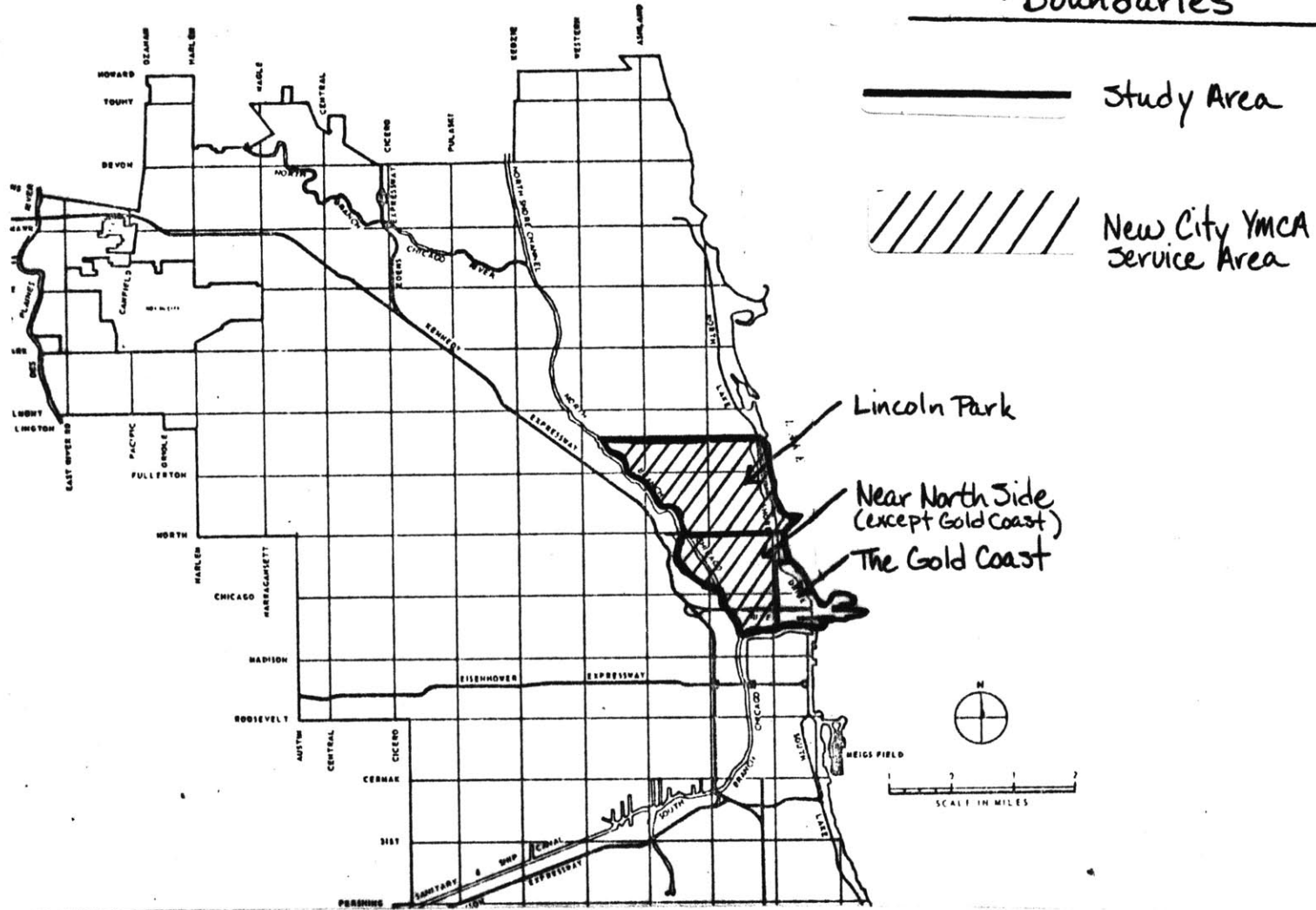
On the basis of the contextual analysis presented in this chapter, target areas for action will be distilled from the larger study area. The target areas will be the focus of the community economic development activities proposed.

The analysis of the study area will begin with a brief exploration of its relationship to the larger economic context in which it functions. This is important because neither the study area nor the communities that comprise it are separate, self-sufficient entities. They are integrated into and impacted by the larger economic system. In addition to exploring the constraints that the economic context places on the study area, the analysis of the economic context will also help to clarify the nature of the role of

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<sup>2</sup>While the Gold Coast is not considered to be part of the New City/Brooker service area, New City/Brooker has institutional relationships within this area that make its inclusion in the study area institutionally feasible.

# Study Area vs. Ymca Service Area Boundaries



the study area and the communities included therein in the larger system.

### THE LARGER ECONOMIC CONTEXT

Much has been written in recent years about the dynamic nature of the economy. Schumpeter calls the process of economic change a "process of creative destruction." Whether this process is in fact "creative" is the subject of much debate. What seems to be reasonably clear however, is that in the process of change some areas experience growth and other areas experience decline. The major elements of economic change are: spatial change, sectoral change, temporal change and corporate change.

Spatial change refers to the growth and decline of regions within a country or state, or of sections within a metropolitan area. Sectoral change describes the expansion and contraction of different sectors of the economy, such as manufacturing and services. Temporal change means the ups and downs or booms and busts experienced by the economy through the years. And, corporate change describes the different corporate growth trends which manifest themselves in patterns of investment diversification. The spatial and sectoral elements of economic change will be discussed in more detail below.

#### Spatial Change

Spatial change can be noted in the economy on many levels. These include changes in U.S. investment on an international level, trends in the placement of capital within the U.S. as they manifest themselves on a regional level, and intra-regional changes that are expressed by different growth rates between metropolitan and non-metropolitan areas and between city and suburban areas.

International Investment--Since the end of World War II, American investment in other countries has increased tenfold. "Over the same period,

gross domestic investment grew at less than one-half this rate... By 1979, U.S. direct investment abroad reached \$192 billion with the greatest growth in (overseas) manufacturing assets rather than petroleum." In 1979, \$25 billion was invested in manufacturing alone. This was four times the rate of a decade earlier.<sup>3</sup> This brief overview makes it clear that the spatial aspects of economic change are no longer confined to American soil. It also hints at sectoral changes that are occurring and will be discussed below.

National or Inter-Regional Change--In recent years, much has been made of the rise of sunbelt and the decline of frostbelt economies within the U.S. David Birch, in his research on the U.S. economy, found that it is the investment/location decisions of new and expanding firms that determine whether an area will decline or grow. The death rate of firms is consistent (approximately 8% per year) throughout the country. Actual outmigration of firms from an area comprises a very small number of firms (about 2% per year). This suggests that the actual "picking-up-and-moving" of firms is relatively rare.<sup>4</sup> However, moving an entire operation is only one of the ways that capital is transferred from one area to another. Profits may be redirected, equipment relocated, or part of the work may be subcontracted out.<sup>5</sup>

On an inter-regional level, the aggregate result of capital mobility in all of its forms has been a change in the regional distribution of economic activity and investment. Chart 1-1 on the next page indicates the changing regional distribution of population, jobs and investment in the U.S. since

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<sup>3</sup>Bennett Harrison and Barry Bluestone, The Deindustrialization of America (New York: Basic Books, in press), page 10 chapter 2.

<sup>4</sup>Robert Friedman and William Schweke, eds., Expanding the Opportunity to Produce, David Birch, "Generating New Jobs: Are Government Incentives Effective?," (Washington, D.C.: Corporation for New Enterprise Development, 1981), p.11.

<sup>5</sup>Obcit., Harrison and Bluestone, The Deindustrialization of America, pp. 2 and 3, chapter 2.

Chart 1-1

Change in Population, Employment and Investment By Region 1970-1979

	Population Change % 1970-79	Net Migration % 1970-79	Non-Agri- cultural Employment Change % 1970-1980	Manufacturing Employment Change % 1970-1980	Service Employment Change % 1970-1980	% Change in investment in new capital equipment 1970-1977	% Change in investment in non-resi- dential structures 1970-1979	Federal Spending/ taxes ratio FY 1979
NE	0.4	-4.4	10.8	-10.0	39.6	61.9	44.2	.95
MW	2.9	-3.3	17.7	-5.0	51.1	108.4	170.0	.72
(IL)	1.1	-4.9	10.9	-11.3	37.1	77.2	131.6	.73
S	14.5	7.1	43.6	18.6	69.6	163.4	202.7	1.12
W	15.2	7.3	44.4	26.8	75.3	149.9	253.4	1.07
U.S. Avg.	8.3	2.0	28.3	4.3	57.6	118.5	171.2	1.00

NE: Conn., Dela., Me., Md., Mass., N.H., N.J., N.Y., Penn., R.I., Vt.

MW: IL., IN., IA., MI., MN., OH., WI.

S: Ala., Ark., DC., FL., GA., KY., LA., MS., N.C., OK., S.C., Tenn., TX., VA., W.Va.

W: Alask., AZ., CA., CO., HA., ID., KA., MO., MT., NB., NV., NM., MD., OR., SD., VT., Wash., WY.

Source: The State of the Region 1981: Economic Trends in the Northeast and Midwest, Northeast-Midwest In-  
stitute, Wash., DC., 1981



1970. The Midwest is experiencing slower growth in service employment and a greater decline in manufacturing employment than all other regions of the country except New England. However, the figures for Illinois are below those of the New England region.<sup>6</sup>

Intra-Regional Changes (metropolitan to non-metropolitan areas) --There has been a slow and persistent tendency toward the dispersion of manufacturing activity from metropolitan to non-metropolitan areas. This trend appears to be accelerating in recent years. Nationally, from 1929 to 1959, metropolitan areas lost about 4 percentage points in their share of production workers; from 1960 to 1970 about 3 percentage points were lost to non-metropolitan areas.<sup>7</sup>

Intra-Regional Changes (city to suburban areas)--The decentralization of jobs from the cities to the suburbs is going on all across the nation. This pattern holds true even for cities in the West and the South. It is evident in the Chicago SMSA. In 1959, Chicago had almost 70 percent of the metropolitan area jobs. However, by 1979 Chicago's share of the SMSA employment declined to 47 percent.<sup>8</sup>

### Sectoral Change

The analysis of spatial change intimates a connection between spatial and sectoral change. That is, for different sectors of the economy, spatial change has occurred in different ways. The change in sectoral distribution

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<sup>6</sup>Metropolitan Housing and Planning Council, "Employment in the Chicago Metropolitan Region," August, 1981, p.3.

<sup>7</sup>Robert Ducharme, Decentralization of Manufacturing in the United States, 1899-1958, PhD Dissertation, Syracuse University, 1964. (1929 to 1959 figures). David Walker, ed., Planning Industrial Development, (New York: John Wiley and Sons, 1980), p. 108.

<sup>8</sup>Obcit. Metropolitan Housing and Planning Council. p.9

of employment nationally since 1940 indicates that manufacturing employment has declined while other industries have increased their shares of total employment.<sup>9</sup> (See chart 1-2 on the next page). Similarly, sectoral change has occurred on a regional level. All regions have increased their proportions of service employment; however, manufacturing employment has declined in both the Northeast and Midwest over the past ten years.<sup>10</sup>

On an intra-regional level, manufacturing industries have been dispersing. Non-manufacturing jobs are making up larger shares of total employment in metropolitan areas across the country; this is true for the Chicago metropolitan area as well. The change in jobs by industrial sector for the Chicago SMSA from 1972 to 1978 is shown below.<sup>11</sup> (Chart 1-3)

By looking within the metropolitan area, we can gain a sense of how the sectoral changes play themselves out between the city and the suburbs. Between 1972 and 1978, Chicago lost 118,113 jobs. The suburbs, on the other hand, gained 229,148 jobs. Chicago lost jobs in every sector except F.I.R.E. and services, however, gains in these areas were smaller than the increases in suburban jobs in these sectors. The suburbs gained jobs in every sector during this same 1972 to 1978 period. The chart on the next page details the sectoral changes within the Chicago metropolitan area from 1972 to 1978.<sup>12</sup> (Chart 1-4)

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<sup>9</sup>Ibid. Metropolitan Housing and Planning Council, pp.2 and 3.

<sup>10</sup>Ibid. pp. 2 and 3. It should be noted that the Northeast and Midwest are still manufacturing centers for the country as the decline has still not offset the relative advantage these regions have had as manufacturing centers over the years.

<sup>11</sup>Illinois Department of Labor, Where Workers Work 1972, 1978, p. 6.

<sup>12</sup>Ibid. Metropolitan Housing and Planning Council, page 12.

Chart 1-2

Percent Distribution of Nonagricultural Employees by Sector, U.S.

	Mining	Construction	Manufac- turing	Transportation and Utilities	Wholesale	Retail	F.I.R.E.	Services	Government	TOTAL
1940	2.9	4.1	33.9	9.4	5.7	15.2	4.6	11.3	13.0	100.0
1950	2.0	5.2	33.7	8.9	5.8	14.9	4.2	11.9	13.3	100.0
1960	1.3	5.4	31.0	7.4	5.8	15.2	4.9	13.6	15.4	100.0
1970	0.9	5.1	27.3	6.4	5.6	15.6	5.1	16.3	17.7	100.0
1975	1.0	4.6	23.8	5.9	5.7	16.4	5.4	18.1	19.1	100.0
1979	1.1	5.2	20.4	5.8	5.8	16.7	5.5	19.0	17.4	100.0

Source: Handbook of Labor Statistics, Bulletin 2070, Department of Labor, 1980.

Chart 1-3

Change in Jobs by Sector-- Chicago SMSA 1972 to 1978

<u>Sector</u>	<u>1972 % of Jobs</u>	<u>1972 # of Jobs</u>	<u>1978 % of Jobs</u>	<u>1978 # of Jobs</u>	<u>72-78 % Change</u>
Manufacturing (durables)	36.0%	876,619	31.3%	789,494	- 9.0%
(non-dur.)		(548,895)		(507,594)	- 7.5%
		(318,724)		(281,900)	-11.6%
Mining & Quarry	.2%	4,282	.3%	7,475	+74.6%
Construction	4.4%	106,067	3.9%	98,248	- 7.4%
Transportation	4.1%	98,512	3.8%	96,455	- 2.1%
Communication & Utilities	2.7%	65,318	2.4%	60,164	- 7.9
Wholesale Trade	8.6%	208,612	9.2%	232,638	+11.5%
Retail Trade	18.3%	440,789	18.7%	471,446	+ 7.0%
F.I.R.E. <sup>13</sup>	7.3%	176,202	8.1%	205,650	+16.7%
Service & Misc.	18.5%	445,471	22.3%	562,337	+26.2%
<hr/> Total	100.0%	2,412,872	100.0%	2,523,907	+ 4.6%

<sup>13</sup>F.I.R.E. is Finance, Insurance and Real Estate.

Chart 1-4

Change in the Number of Jobs by Sector

Chicago and Suburbs, 1972 to 1978

<u>Sector</u>	<u>Chicago</u>	<u>Suburbs</u>
Manufacturing	-83,308	+ 5,183
Mining and Constuction	- 9,925	+ 5,299
Transportation, Communication, and Utilities	-13,464	+ 6,253
Wholesale and Retail Trade	-46,213	+100,896
Finance Insurance, and Real Estate	+ 9,521	+ 19,927
Services	+25,276	+ 91,590
Total	-118,113	+229,148

Source: Metropolitan Housing and Planning Council, "Employment in  
in the Chicago Metropolitan Region." Data taken from Il-  
linois Department of Labor, Where Workers Work, 1972, 1978.

Lower skilled occupations comprise large proportions of most manufacturing industries, transportation, communication and utilities, and personal services (as opposed to professional services) including hotels. These employment sectors are all declining in the Chicago area. As a result, fewer positions will be available for operatives, laborers, and low skilled service workers in the future. The growth areas, business services, public administration and F.I.R.E., demand high proportions of managers, clerical workers, professional workers, and sales people. Therefore, there will, particularly in the City of Chicago, be an increasing mismatch between the high skills demanded in growth industries and the lower-skilled populations in the inner city.<sup>14</sup>

Furthermore, Whites tend to be over-represented in high-skilled jobs and Blacks and Hispanics tend to be over-represented in low-skilled occupations. In 1970, about 32 percent of the jobs in the metropolitan area were low-skilled. (Low-skilled was considered synonymous with low-waged, except for clerical jobs which tend to be low-waged but require some skill.) However, 58 percent of the Hispanic population and 54 percent of Blacks held low-skilled jobs while only 29 percent of the white population worked in low-skilled jobs.<sup>15</sup>

When these occupational patterns are combined with the above mentioned spatial and sectoral changes in the Chicago SMSA it becomes clear that Blacks and Hispanics in the City of Chicago will feel the effects of these changes more severely than other population groups in the form of declining employment opportunities. This problem is further exacerbated by the fact that city residents do not tend to share in the benefits of suburban employment

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<sup>14</sup>Obcit. Metropolitan Housing and Planning Council, p.7.

<sup>15</sup>Ibid., page 13.

growth. Suburban jobs are held, for the most part, by suburban workers.<sup>16</sup>

This brief summary should help to place our study area and the economic changes it is experiencing in the larger economic context. To recap the major points covered, we have seen that investment and jobs are dispersing. This is occurring on many different levels at once-- from the national to international, from region to region, from metropolitan to non-metropolitan area, and from city to suburb. Manufacturing jobs are decentralizing to a greater extent than non-manufacturing jobs. In Chicago, it is reasonable, given its occupational structure, to postulate that Blacks and Hispanics will feel the effects of these changes disproportionately more than Whites. In the following pages, I will examine in more detail how these economic changes have "played themselves out" in the study area.

#### THE NEAR NORTH SIDE- Its People

According to the 1980 census, the population of the Near North Side is 67,167. This is a decline of 4 percent from its 1970 level. 28,610 of the Near North residents are from the Gold Coast and 38,557 are from the remaining areas of the community area.

The racial breakdown for 1980 was 64 percent White, 33 percent Black and 3 percent other races. The Hispanic population is about 3 percent of the total population of the area. When compared with the citywide racial breakdown, we find that the Near North Side has a greater percentage of Whites (64% versus 49.6%), a lower proportion of Blacks (33% versus 39.8%) as well as a lower percentage of other races and Hispanics (3% versus 10.6%

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<sup>16</sup>Ibid., page 13.

and 3% versus 14% respectively).<sup>17</sup> From 1970 to 1980 the percentage of Whites in the total Near North Area population increased by 3 percent while the population of Blacks decreased by 4 percent and other races gained a 1 percent increase in their share of the area population.

It may appear, at first glance, that this "community" is fairly well integrated. However, as we shall see in more detail later, roughly 80 percent of the Blacks on the Near North Side live in the area in and around Cabrini-Green. Furthermore, the population in the census tracts in and around Cabrini-Green is 98 percent Black. Similarly, only 4 percent of the Whites on the Near North Side live west of LaSalle Street, thus fully 96 percent of the White population lives in the extended Gold Coast area (east of LaSalle Street). By breaking the racial data out geographically, we begin to see the non-descript nature of the Near North Side emerge.

Racially segregated residential patterns tell only part of this story of extremes and contrasts; the other part is the story about economic separation. The economic situation parallels the racial situation quite dramatically as it relates to the geographic distinctions within the Near North Area.

While 1980 income data is still unavailable, some "proxy" indices can begin to paint the picture of economic extremes, clearly revealing the presence of the "Gold Coast and the Slum". Public Aid data for the 1980 indicates that 62.8 percent of the Black population in the Near North Side receives some form of public assistance. Blacks, while they comprise 33 percent of the total population, account for 90 percent of the public aid

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<sup>17</sup>1980 date representing other races is consistently quite high. This is because some Hispanics marked themselves as other races rather than marking down their race (i.e. white or black) and then checking the box that connotes Spanish origin. Source: Reference Librarian at the Chicago Municipal Reference Library. Data taken from 1980 census.



recipient population. Approximately 23 percent of the total population in the area received public assistance. Of this population, roughly 71 percent received AFDC, 11 percent received General Assistance, 15 percent received Non-Grant Assistance such as food stamps or medical assistance, and 3 percent received Aid to the Blind and Disabled.<sup>18</sup> (It should be noted that this does not include populations on social security or unemployment compensation.) Thus, the economically "dependent" population is quite large and is disproportionately comprised of Blacks from the Cabrini-Green area. According to the latest Chicago Housing Authority Statistical Report, 86 percent of the families in Cabrini-Green were on public assistance (79%) or pensions (7%). Similarly, Cabrini-Green is 100 percent Black.<sup>19</sup> It is reasonable to assume that the percent of residents receiving public assistance is higher than the percent of families receiving public assistance since most of the cases are AFDC cases which by definition support more people per case than other assistance programs.

In 1980, the median income for a family in Cabrini-Green was just about \$4,600 a year.<sup>20</sup> At the same time, the average number of persons per family was 3.8.<sup>21</sup> While these numbers are not directly comparable, they do suggest that per capita income is extremely low. On the other hand, 1978 estimates of the per capita income for the area east of LaSalle Street was over \$12,500 a year. According to these 1978 estimates, per capita income

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<sup>18</sup>Chicago Health Systems Agency, Public Aid Data for December, 1980.

<sup>19</sup>Chicago Housing Authority, Annual Statistical Report, 1981, page 46 and page 64.

<sup>20</sup>Ibid., page 52.

<sup>21</sup>Ibid., page 21.

in the wealthiest census tract was over \$21,000 a year.<sup>22</sup> Thus, each person in the wealthiest census tract had on average 450 percent more income than 50 percent of the families in Cabrini-Green. This figure is a conservative estimate since the 1980 median income figures were not discounted for inflation which would result in a more accurate comparison (and larger disparity between the two areas).

Another juxtaposition of data that highlights the extremes within the Near North "community" is that, in 1980, when the median family income in Cabrini-Green was about \$4,600, the median value of an owner occupied house in the Near North Area was over \$200,000-- higher than any other community in the city and over four times the citywide median of \$47,200.<sup>23</sup> Even in the absence of census tract data on housing values, it should be quite obvious from the data already presented that the majority of owner occupied units and particularly the high priced units are located in the area east of LaSalle Street.

In August, 1980 the overall unemployment rate on the Near North Side was 8.6 percent. At the same time, the U.S. unemployment rate was 7.6 percent, the Illinois rate was 8.4 percent, the Chicago SMSA rate was 8.0 percent and the unemployment rate for Chicago as a whole was 9.2 percent.<sup>24</sup> In the aggregate, the unemployment rate for the Near North is lower than the citywide rate. However, we must be careful of this aggregated data masking

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<sup>22</sup> National Planning Data Corporation, 1978 Estimates and 1983 Projections of Population and Households and 1978 Estimates of Per Capita Income and Average Household Income for Cook County by Census Tract, Ithaca, N.Y., December 1978. Data compiled from census tract data given.

<sup>23</sup> Chicago Tribune, "Median Home Value in Chicago Communities- Owner-Occupied Non-Condo Units; 1970 vs. 1980," March 21, 1982.

<sup>24</sup> Mayors Office of Manpower, Chicago Area Labor Force Data, August 1980.

the more telling patterns of its component parts. While data for specific population sub-groups is not available on the community level, citywide data strongly suggest that unemployment affects different segments of the population in different ways. In August 1980, the citywide unemployment rates for various population sub-groups were as follows:<sup>25</sup>

<u>Sub-Group</u>	<u>Unemp. Rate</u>
All Whites	6.0%
All Blacks	11.8%
Other Races	19.5%
Spanish	15.3%
Women	5.5%
All Youth (16-21)	20.5%
White Youth	14.9%
Black Youth	34.5%

According to this data, minorities are more than twice as likely to be unemployed as whites. Black teenagers face the most severe unemployment problems with an official unemployment rate that approaches 35 percent.

There is another dimension to the unemployment issue that should be considered in order to gain an accurate impression of the magnitude of the problem-- the discouraged worker effect.

Unemployment rates are based on labor force participation rates. To be considered a participant in the labor force, one must be over sixteen years old, employed, or have been actively seeking work during the past month. The labor force participation rate is derived by comparing the labor force to the total non-institutional population over sixteen years old. This can be calculated for the population as a whole or for sub-groups within the population. Discouraged workers are those people who are over sixteen years old, do not have a job, have not actively sought work within the past month, but are willing and able to work.

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<sup>25</sup>Ibid., Mayor's Office of Manpower.

The Metropolitan Housing and Planning Council, in their August 1981 report entitled "Employment in the Chicago Metropolitan Region," shows how the discouraged worker effect can, when excluded from unemployment data, significantly undermine the true magnitude of minority unemployment problems. They found that, in 1978:

"If minorities in the City of Chicago participated in the labor force at the same rate as whites in the city, their unemployment rate would be 21.2 percent instead of 16.2 percent. If the participation rate for the total suburban population is used, the Chicago minority unemployment rate would be 30.0 percent. The difference (between the actual unemployment rate and those based on participation rates for other population groups) is a rough measure of 'discouraged workers'."<sup>26</sup>

For minority youth the "discouraged worker" effect measured in the same manner is even more startling. In 1978, the official unemployment rate for minority youth was 28.0 percent. When setting the city minority participation rates equal to those of whites in the city, the unemployment rate was 45.3 percent. And, when the city minority participation rates were set equal to those of all suburban workers, the minority teenage unemployment rate was a whopping 64.8 percent.<sup>27</sup>

The above review of sub-group unemployment rates strongly suggests that the overall unemployment rate of 8.6 percent for the Near North Side in 1980 masks the probable and significant differential impacts of unemployment on different sub-groups (and as we have seen, sub-areas) in the community area. In addition, our examination of the "discouraged worker" effect suggests that even the sub-group unemployment rates seriously underestimate the magnitude of the unemployment problem for minorities in the

<sup>26</sup> Metropolitan Housing and Planning Council, "Employment in the Chicago Metropolitan Region," pp. 19. Taken from data compiled by Nina Klarich of the First National Bank of Chicago from Geographic Profiles of Employment and Unemployment: States, 1975 and Metropolitan areas, 1977-78. Report 571, U.S. Department of Labor, Bureau of Labor Statistics, Sept. 1979.

<sup>27</sup> Ibid., page 20.

city as a result of the way in which unemployment is officially measured. Given the racially segregated nature of the Near North Side, it seems reasonable to assume that much of the unemployment in the community area is concentrated in the Black areas in and around Cabrini-Green and that it is the teenagers in this area that face the most severe unemployment problems.<sup>28</sup>

#### Economic Activity in the Near North Side

As a whole, the Near North Side has a strong economy and can be considered an economic center. With only 2.2 percent of the city's total population, it houses 9.5 percent of the city's jobs. The Gold Coast, with less than 1 percent of the city's residents, has 5.4 percent of the city's jobs. The remaining portions of the Near North Side have 1.3 percent of the city's population and over 4.1 percent of the city's employment opportunities. Furthermore, the Near North Side serves as a center for both manufacturing and non-manufacturing jobs. (See chart 1-5).

Manufacturing jobs in the Near North community area have declined over the years. This is true for both the Gold Coast and the remaining portion of the Near North Side. I was unable to obtain long term data on manufacturing jobs in the Gold Coast; however, evidence suggests that from 1971 to 1978, the rate of manufacturing decline in the Gold Coast was substantially above the citywide average. For the remaining portions of the Near North Side, decline seems to be slowing up. For the entire period between 1962 and 1978 the rate of manufacturing decline was higher than the citywide rate ( 36.5% and 30.7% respectively). However, for the ten year period

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<sup>28</sup>There are other measures that could also be used to get a better picture of the full extent of the unemployment and underemployment problems in the area. Involuntary part-time workers and full time workers earning inadequate wages are two of the more generally recognized measures,

Chart 1-5

The Near North Side as a Percent of Total Chicago Employment-- 1978<sup>29</sup>

<u>Area</u>	<u>% of Total Pop.</u>	<u>% of Total Jobs</u>	<u>% of Total Manufac. Jobs</u>	<u>% of Total Non-M Jobs</u>
Gold Coast (60611)	1.0%	5.4%	4.3%	5.8%
Remaining N. N. <sup>30</sup> (60610+54)	1.3%	4.1%	4.9%	4.2%
Total Area	2.3%	9.5%	8.2%	10.0%

<sup>29</sup>Compiled from data taken from the 1980 Census and the State of Illinois, Department of Labor, Chicago Area Labor Market Information Unit, Where Workers Work, 1978.

<sup>30</sup>This does not include data from either the Goose Island or the North and Halsted industrial areas due to zip code and community area boundary discrepancies. Thus, this figure is low.

between 1969 and 1978, the rate of decline was about equal to that of the city (32.8% and 32.2% respectively). During the latest period, from 1971 to 1978, the rate of manufacturing decline was less than the citywide rate (16.2% and 19.8% respectively).<sup>31</sup>

The picture for non-manufacturing employment looks quite different. Here we find that the Gold Coast has a substantially increased number of non-manufacturing jobs while the remaining portions of the community area have actually decreased in non-manufacturing employment. For the Gold Coast, non-manufacturing jobs are increasing with ever growing speed. For the entire period from 1962 to 1978, the number of non-manufacturing jobs increased by 60.9 percent. During the most recent period, 1971 through 1978, non-manufacturing employment increased by 36.7 percent. These increases were well above the citywide increase of 14.3 percent for the 1962 to 1978 period and 7.4 percent for the 1971 to 1978 period. For the remaining portions of the Near North Side, non-manufacturing jobs decreased by 4.3 percent during the 1962 to 1978 period and by 6.9 percent during the 1971 to 1978 period. This does not compare favorably to the city as a whole, which registered gains during both these periods.<sup>32</sup>

The non-manufacturing employment gains being made in the Gold Coast are more than making up for the decline in manufacturing employment also occurring there. However, this is not the case in the remaining portions of the Near North Side where job loss is being experienced in both sectors. We can

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<sup>31</sup> This data was compiled from data taken from the following sources: 1962 to 1971 data was taken from- Mayor's Council of Manpower and Economic Advisors, September, 1974 report entitled, Chicago's Economy and 1972 to 1978 data was taken from- Illinois Department of Labor, Chicago Area Labor Market Information Unit, 1978 report entitled Where Workers Work,

<sup>32</sup> Ibid.

conclude from this data that the apparent vitality and growth being experienced by the Gold Coast is not spurring a similar pattern of non-manufacturing growth in the rest of the Near North Community Area.

The chart below shows the breakdown of employment by industry (three digit SIC code) for the Near North Side in 1978.<sup>33</sup> (See chart 1-6)

It indicates that non-manufacturing employment comprises about 75 percent of the employment located on the Near North Side while manufacturing employment comprises only about 25 percent. For the Gold Coast, non-manufacturing employment comprises about 77 percent of the total employment while for the rest of the Near North Side, the comparable figure is about 72 percent.<sup>34</sup> For the city as a whole, non-manufacturing employment makes up approximately 71 percent of the job base.

Printing and publishing emerges as the most important manufacturing sector with about 73 percent of the Gold Coast and 29 percent of the remaining Near North manufacturing employment falling with this industrial category. Thus, 52 percent of the manufacturing jobs in the community area are in the printing and publishing industry. Food and kindred products is the second most important source of manufacturing jobs in the area. This industry comprises 23 percent of the manufacturing jobs in the western area. Fifteen percent of the jobs in the eastern area, and 19 percent of the overall community area manufacturing employment.

Durable goods production is much more important to the western area's manufacturing base (comprising about 37% of the manufacturing employment) than it is to the manufacturing base of the Gold Coast where durable goods production accounts for only 4 percent of the manufacturing jobs.

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<sup>33</sup>Source: Where Workers Work, page 34.

<sup>34</sup>This figure is high due to the exclusion of manufacturing areas with another zip code. When these figures are adjusted for this problem, non-manufacturing employment comprises about 66% of employment in the west area.



Chart 1-6

Unemployment Insurance Covered Employment--Chicago  
Near North Side March 1978

Industry	Gold Coast (60611)	Remaining Near North (60610 + 60654 <sup>1</sup> )	Total Near North (60610,11 + 54)
ALL INDUSTRIES	64,868	49,234	114,102
Manufacturing-Total	15,082	13,723	28,805
Durable Goods-Total	622	5,101	5,723
Lumber and wood products	a/	499	
Furniture and fixtures	a/	600	
Stone, clay, glass products	a/	a/	
Primary metal industries	0	a/	
Fabricated metal products	a/	378	
Non-electrical machinery	a/	a/	
Electrical machinery	34	1,825	
Transportation equipment	41	a/	
Prof. and scientific instruments	a/	813	
Miscellaneous manufacturing	30	558	
Non-durable Goods-Total	14,460	8,622	23,082
Food and kindred products	2,317	3,092	
Apparel and allied products	a/	a/	
Paper and allied products	90	180	
Printing and publishing	10,957	4,035	
Chemicals and allied products	a/	198	
Petroleum refining	0	a/	
Rubber and miscellaneous plastics	a/	636	
Leather and leather products	a/	48	
Other non-durable goods	a/	a/	
Non-Manufacturing-Total	49,786	35,511	85,297
Mining and quarrying	a/	0	
Contract construction	195	2,167	
Transportation	a/	818	
Communications and utilities	1,485	925	
Wholesale trade, durable	1,542	5,902	
Wholesale trade, non-durable	2,104	2,385	
Retail trade	8,685	11,655	
Finance, insurance, real estate	6,077	1,957	
Service and miscellaneous	29,184	9,702	

a/ Figures omitted to avoid disclosure of individual firm data.

<sup>1</sup> 60654 is the Merchandise Mart. It appears consistently aggregated with 60610 data.

Source: State of Illinois Department of Labor Bureau of Employment Security, Where Workers Work- Chicago SMSA, 1978, p. 34

Similarly, different non-manufacturing industries are more important in the Gold Coast than in the remaining portions of the area. The top three non-manufacturing industries for the Gold Coast are: Service and Miscellaneous (29,184 jobs), Retail Trade (8,685 jobs) and Finance, Insurance and Real Estate (6,077 jobs). For the remaining area of the Near North Side, Retail Trade is most important (11,655 jobs), Service and Miscellaneous is second (9,702 jobs), and Durable Goods- Wholesale is third (5,902 jobs).<sup>35</sup> (This analysis is not meant to insinuate that those who work in the area are the same people who live in the area. In fact, one study indicated that only 8% of the employees in the industrial area between Division Street and Cortland Avenue (along the River) live within a one mile radius of work.<sup>36</sup>

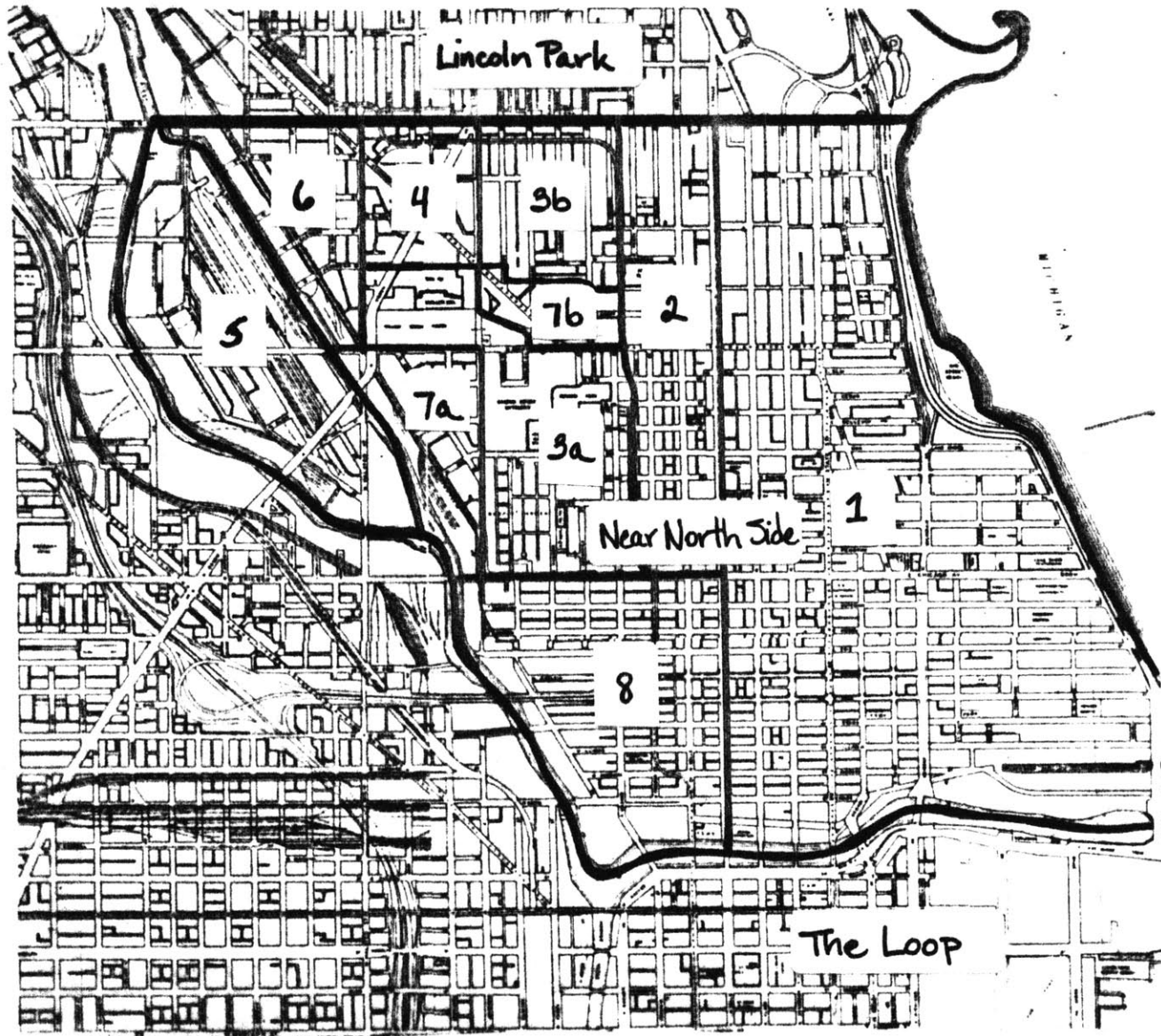
I should be clear from the demographic and economic data presented above that the Near North Side continues to be an area of extremes and contrasts; it is truly a non-descript community. So far, much has been made of the differences between the eastern and western portions of the community area with these differences being epitomized through the contrast offered by the Gold Coast and Cabrini-Green. There are, however, many sub-areas within the Near North Side. The area is more intricate than the dichotomy of the "Gold Coast and the Slum." I have identified eight major sub-areas within the Near North Side which I consider to present their own set of considerations with regard to a community economic development strategy (see map on next page). These sub-areas are described briefly below.<sup>37</sup> More detailed descriptions can be found in Appendix 1.

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<sup>35</sup> Ibid.

<sup>36</sup> Mid-America Research and Appraisal Group, 1974, Industrial Opportunity Study, page 36.

<sup>37</sup> All of the statistics on the industrial sub-areas are taken from Industrial Chicago Elements of Growth and Where Workers Work.



THE NEAR NORTH SIDE  
AND ITS SUB-AREAS

Key to Sub-Areas

- 1 East of LaSalle  
(Gold Coast Exp.)
- 2 South Old Town
- 3a Cabrini-Green
- 3b Cabrini-Green Area-  
Town and Gardens
- 4 Institutional Area
- 5 Goose Island
- 6 North and Halsted
- 7a Division Street-  
Montgomery Ward
- 7b Division Street-  
Oscar Mayer
- 8 Chicago to Kinzie

The Sub-Areas of the Near North Side

Sub-Area One-- East of LaSalle (The Gold Coast Expanded)

This sub-area is bounded by North Avenue on the north, the River on the south, LaSalle Street on the west and the Lake on the east. It includes all of the Gold Coast proper plus the area between State Street and LaSalle Street which has been revitalized as the Gold Coast pushes westward. It is characterized by upper and upper middle income residents, a strong and growing non-manufacturing economic base and manufacturing decline. The growth in the non-manufacturing industries more than make up for the decline in manufacturing jobs in the area. Land values are high and high rise construction is common in the area.

Sub-Area Two-- South Old Town Extended

This sub-area extends from Chicago Avenue on the south to North Avenue on the north. It is bounded by LaSalle Street on the east and the Ravenswood Tracks on the west. Wells Street is the heart of this area. I have bounded this area as indicated because I see this as an area in transition. (The true boundaries of Old Town run north into Lincoln Park and south only as far as Division Street. However, the northern portion of Old Town has characteristics much more similar to those of Lincoln Park and as such is considered later in the Lincoln Park section. The southern area--between Division and Chicago Avenues--is included here because it shares the transitional characteristics of the southern part of Old Town.)

South Old Town is both in transition and a zone of transition. It is in transition because it is currently undergoing a new round of revitalization activities as the Gold Coast pushes its way to the eastern border

of this sub-area. It is a zone of transition because it serves as a buffer between the Gold Coast to its east and Cabrini-Green to its west. It functions as a racial integrator and as neutral turf between the extreme wealth and the extreme poverty that characterizes its neighbors.

Old Town itself is characterized by commercial development along Wells Street and a diverse population. It has a rich (and somewhat "funky") history. In the 1960's, Old Town was the center of the counter-culture and an artist haven. In the 1970's it took a downturn. "Fast money" came in to sell things to the tourists on the street; drugs, crime and prostitution escalated. Today it is on the upswing again.<sup>38</sup> Some artists still remain. Some of the "fast money" has also stayed. Young professionals live in the eastern areas of the sub-area. The western portion is eclectic; it houses working class Whites, Blacks, artists, and young professionals.

#### Sub-Area Three-- The Cabrini-Green Area

This area includes Cabrini-Green proper and the surrounding low income Black community including the Town and Gardens housing project. It is bounded by the Ravenswood Tracks on the east, Chicago Avenue to the south, North Avenue to the north from the tracks to Larrabee Street and Evergreen Street on the north from Larrabee Street to Halsted Street, and Larrabee Street on the west from Evergreen Street to North Avenue, and Halsted Street on the west from Chicago Avenue to Evergreen Street.

The Cabrini-Green area is characterized by a low income, Black population and residential land use. It is considered to be the problem in the area. Cabrini-Green alone had 13,545 residents in 1980. Town and Gardens

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<sup>38</sup>Chicago Tribune, "With Hot Times Gone, Old Town Businesses Cheer," January 22, 1982, Section 1, p.21.

contains an additional 684 units of subsidized housing. The public aid recipient population is high and median income is low. There is also some marginal Black owned businesses along the major streets in this area. While there are some community organizations in this area, none have broad based community support or community economic development capacity.

#### Sub-Area Four-- The Institutional Buffer Zone

The institutional buffer zone is bounded by North Avenue on the north, Evergreen Street on the south, Larrabee Street on the east and Halsted Street on the west. Up until about four years ago this sub-area did not exist. It is a creation of the City. It contains a new high school, a senior citizen housing project, the New City YMCA, a grade school and the Seton Medical Center. The institutional zone functions as a buffer between Cabrini-Green on the south and Lincoln Park on the north. It also acts as a transition area in the same sense as Old Town in that it functions as a racial integrator and neutral turf (particularly along its northern border). Vacant land still exists in this area; however, the City is currently planning to develop a playing field for the high school on much of it. When the project is complete, there will be only two parcels left.

#### Sub-Area Five-- Goose Island

Goose Island is surrounded by the waters of the North Branch of the Chicago River and the North Branch Canal. It extends roughly from Chicago Avenue on the south to North Avenue on the north. It contains about 193 acres of land. It houses 33 firms which employ approximately 2,334 employees. The largest firm on Goose Island employs 400 workers, but the median number of employees per firm is 16. Paper and allied products is the

most common type of industry on Goose Island, followed by chemical and allied products.

For our purposes, Goose Island can be viewed as containing two districts. The northeastern portion of the Island is included in the Goose Island Industrial Development Project for which the City received a yet-to-be-used UDAG (Urban Development Action Grant) in 1978. This area covers about 45 acres. It is the site of old railyards and is currently largely vacant. The UDAG area is the only relatively large portion of easily developable industrial land in the study area.

The remaining portion of Goose Island (to the south and west of the UDAG area) contains very little developable land and most of the jobs previously attributed to the Island.

#### Sub-Area Six-- The North and Halsted Industrial Area

This sub-area is bounded by North Avenue on the north, Halsted Street on the east, Division Street on the south and the North Branch Canal on the west. Its total gross area is about 64 acres. Industrial and allied uses cover over 93 percent of the area. A total of 2,266 workers are employed by the 41 companies in the area. The median number of employees per firm is 19.5. Primary metals is the leading manufacturing group in the area followed by printing and publishing and wholesale trade durable goods. Firms in this area face severe crime related problems and problems related to area characteristics. These problems are most likely related to its proximity to Cabrini-Green. Finally, the North and Halsted area is slated to be "revitalized" as the second phase in the Goose Island UDAG project.

Sub-Area Seven-- The Division Street Industrial Areas

There are two enclaves of industry extending from Division Street east of the river. One "pocket" can be identified by its large corporate anchor, Oscar Mayer; the other by its corporate anchor, Montgomery Ward. The presence of these anchors has probably sustained these areas since they are both in the heart of the Cabrini-Green Area. I do not have detailed data on these pockets; however, given their location, they probably face problems similar to those firms in the North and Halsted area. Another factor which would seem to indicate that firms in this area find themselves affected by Cabrini-Green is the high level of participation by corporate executives from this area on the boards of directors of human service agencies in the area. For example, many of the YMCA's more active board members come from this area the North and Halsted area. I take this as an indication that they feel that their operations are affected by what happens in the surrounding neighborhood.

Firms in the Oscar Mayer pocket face another problem in addition to the "Cabrini-Green problem." These firms are sandwiched in between Old Town and Cabrini-Green. As Old Town begins to revive and the Gold Coast pushes westward, the industrial use of this land is being questioned. Thus, firms in the Oscar Mayer pocket may be facing pressures from both sides.

Sub-Area Eight-- Chicago Avenue to Kinzie Avenue (West of LaSalle)

This sub-area is bounded by Chicago Avenue on the north, Kinzie Avenue to the south, the River to the west and LaSalle Street to the east. This area is primarily non-residential containing a mixture of wholesale, retail, service and industrial concerns. The manufacturing use is concentrated along the River. I do not have detailed data on this area; however, my observation



is that the major industrial group in the area is probably printing and publishing. The Chicago to Kinzie area is different from the other industrial sub-areas in that it is directly across the River from the Loop and functions under the Loop's influence to a greater degree than the other industrial areas. The firms located in the northern portion of this sub-area probably face Cabrini-Green related problems. (Note: Montgomery Ward international headquarters are actually located in the extreme northwest corner of this area. However, it also has operations across Chicago Avenue so I have included it in the Division Street sub-area analysis.)

### LINCOLN PARK-- Its People

The population of Lincoln Park was 57,146 in 1980. This represents a significant decline-- 16 percent-- from its 1970 population of 67,793. In 1980, 83 percent of the Lincoln Park population was White, 9 percent was Black, 8 percent was from other races, and 10 percent of the total was Hispanic. Minorities (Blacks and Hispanics) represent about 64 percent of the total citywide population, but comprise only about 27 percent of the Lincoln Park residents. While a pattern of racial segregation exists in Lincoln Park, it is less dramatic than the pattern in the Near North Side. For example, the census tract in the far southwest corner (0720) of Lincoln Park (closest to Cabrini-Green) was 41 percent Black and 18 percent Hispanic. The census tract with the lowest proportion of Black and Hispanic residents (0714) is located in the eastern sector of Lincoln Park and contained only 6 percent minority residents. Chart 1-7 on the next page shows the distribution of Blacks and Hispanics in the three major residential sub-areas of Lincoln Park.<sup>39</sup>

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<sup>39</sup>This data was compiled from 1980 census data.

Chart 1-7

1980 Distribution of Blacks and Hispanics in Lincoln Park

Sub-Area	Total Population	Total Black Population	% of population Black	Total Hispanic Population	% of population Hispanic	Total Population as % of Lincoln Park Population	Blacks as % of Lincoln Park Black Population	Hispanics as % of Lincoln Park Hispanic Population
Eastern Lincoln Park <sup>1</sup>	42,451	2,467	6%	2,578	6%	74%	50%	43%
Northwestern Lincoln Park <sup>2</sup>	9,428	499	5%	2,692	29%	16%	9%	45%
Southwestern Lincoln Park <sup>3</sup>	5,267	1,993	38%	721	14%	9%	41%	9%
Total Lincoln Park <sup>4</sup>	57,146	4,909	9%	5,991	10%	100%	100%	100%

<sup>1</sup>Eastern Lincoln Park is comprised of census tracts 0701-0704 and 0710-0717.

<sup>2</sup>Northwestern Lincoln Park is comprised on census tracts 0705-0709.

<sup>3</sup>Southwestern Lincoln Park is comprised of census tracts 0718-0720.

<sup>4</sup>Percents may not add up to 100% due to rounding off of numbers.

Source: U.S. Bureau of the Census, 1980 Census Data.

Between 1970 and 1980, Whites decreased their total share of the Lincoln Park population by about 5 percent (from 88% to 83%). Blacks increased their share by 2 percent (from 7% to 9%) and other races increased their share by 3 percent (from 5% to 8%).<sup>40</sup>

1980 public aid data reveals that while Blacks account for about 9 percent of the Lincoln Park population, they account for almost 31 percent of all public aid recipients in the area. Hispanics, who comprise 10 percent of the population, make up 17 percent of the public aid recipient group. Thus, Whites, who make up 83 percent of the Lincoln Park population, account for 52 percent of the public aid recipients. 31 percent of the Blacks in Lincoln Park receive some form of public assistance as do 15 percent of the Hispanics and 5 percent of the Whites. All in all, 8.7 percent of Lincoln Parkers receive some form of public assistance.<sup>41</sup>

Just as racial segregation is less severe in Lincoln Park than on the Near North Side, so are per capita income differentials. According to The National Planning and Data Corporation figures, in 1969 the actual per capita income was about 3.7 times higher in the wealthiest census tract (0714) than they were in the poorest census tract (0720) in Lincoln Park. According to their estimates for 1978, this differential was reduced to about 3.0 times higher per capita between the wealthiest and the poorest census tract. For the Near North Side, the comparable figures were 17 times higher in the wealthiest census tract for 1969 and 7 times higher for

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<sup>40</sup>These figures were compiled from 1970 and 1980 census data.

<sup>41</sup>These figures were calculated from data published by the Chicago Health Systems Agency for December, 1980.

the wealthiest census tract in their 1978 estimate.<sup>42</sup> While I do not put much credence in NPDC's 1978 estimates (see footnote 42 below), these figures do suggest that the disparity in per capita income differentials is much greater on the Near North Side than in Lincoln Park. Another interesting correlation observable from this data is that the wealthiest and the poorest census tracts in Lincoln Park correspond with the racial distribution by census tract noted above. That is, the census tract with the lowest proportion of Black and Hispanic residents is also the census tract with the highest per capita income and the census tract with the highest proportion of Black and Hispanic residents is also the census tract with the lowest per capita income. This suggests that (at least at the extremes) there is probably a high correlation between race and income in Lincoln Park. The racial distribution of public aid recipients in Lincoln Park also suggests that this is true.

I suspect that rather than the income differentials between the wealthy areas and the poorer areas of Lincoln Park decreasing as indicated in the NPDC figures for 1969 and 1978, these differentials are actually increasing. I base this argument on the observation that large portions of what I have called Eastern Lincoln Park have undergone "revitalization" in

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<sup>42</sup>Obcit. National Planning and Data Corporation. NPDC figures represent actual per capita income for 1969 as reported in the 1970 census and estimates for 1978. I have limited confidence in the accuracy of their 1978 estimates. My skepticism comes from comparing 1980 income data in the Chicago Housing Authority's Statistical Report for Cabrini-Green with NPDC's 1978 estimates for Cabrini-Green census tracts. NPDC's household income estimates were about 2.5 times those in the CHA report. Thus, I have opted not to show NPDC's per capita income estimates, but to look only at the differences that are apparent between the two community areas. Furthermore, I suspect that rather than the income differentials within each community closing as is suggested by comparing the 1969 and 1978 figures, that they are actually increasing. This argument will be developed further on the next page when I look at what has happened to housing values in Lincoln Park during the past ten years.

the past ten years. This becomes evident when one examines the change in median home value in Lincoln Park from 1970 to 1980. In 1970 the median value of an owner occupied home in Lincoln Park was \$19,538. By 1980 the median value had skyrocketed to \$123,713-- a 633 percent increase. This was by far the largest increase in the city. The Near North Side had the second highest increase (400%, from \$50,000+ to \$200,000+) while the city as a whole registered a 207 percent increase in median home values. In ten years, Lincoln Park jumped from ranking 41st out of 77 communities in median housing value to ranking 2nd out of the 77 Chicago communities. It seems reasonable to assume that those areas of Lincoln Park that have not experienced "revitalization" have also not experienced parallel gains in wealth. The result would be an increased income differential rather than a decreased income differential as estimated by NPDC.

In August, 1980, the unemployment rate in Lincoln Park was 8.4 percent. This was well below the city average of 9.2 percent equal to the Illinois rate, but above the Chicago SMSA rate of 8.0 percent and the U.S. rate of 7.6 percent for the same period. The analyses of sub-group unemployment rates and the discouraged worker "undercount" problems made above apply equally well here although the minority population for which these analyses apply is substantially smaller in Lincoln Park than on the Near North Side.<sup>44</sup>

While it is clear that there are contrasts in the Lincoln Park community, these contrasts are less extreme than those attributable to the Near North Side. Lincoln Park is more of a "descript" community than the Near North Side-- while it is not without its own contradictions, they are less severe, there is a prevailing "interest" (although not common to all) and,

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<sup>43</sup>Obcit., Chicago Tribune, "Median Home Value in Chicago Communities,"

<sup>44</sup>Mayor's Office of Employment and Training Obcit.

collective action is possible and does occur.

### Economic Activity in Lincoln Park

Lincoln Park housed approximately 1.9 percent of the city's population in 1980 while containing just over 2.8 percent of the city's employment opportunities in 1978. Of the 33,924 jobs in the area, 15,462 or 45.6 percent were manufacturing jobs and 18,462 or 54.4 percent were non-manufacturing jobs. This represents approximately 4.4 percent of all manufacturing jobs and 2.2 percent of all non-manufacturing jobs in the city.<sup>45</sup>

Since 1962, the area has been steadily increasing its non-manufacturing employment (+45%) with the bulk of the increase occurring between 1971 and 1978. This corresponds with the "revitalization" activity in the area that occurred throughout the 1970's. During the same period, manufacturing employment declined by 26 percent, but this trend appears to have slowed in recent years with the majority of the manufacturing job loss occurring between 1969 and 1971.<sup>46</sup> Non-manufacturing growth has more than offset the job loss in the manufacturing sector. The rate of manufacturing decline for Lincoln Park has been consistently less than the city-wide rate. Non-manufacturing growth, on the other hand, has been well above the city-wide average. (See Chart 1-8)

The breakdown of jobs by industry for Lincoln Park in 1978 is summarized in Chart 1-9 on the next page. It indicates that of the manufacturing jobs, 74 percent represent durable goods employment and 26 percent are in

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<sup>45</sup>Obcit. Where Workers Work.

<sup>46</sup>In 1972, Unemployment Insurance was expanded to cover establishments with less than four employees and to certain non-profit institutions. Thus, 1978 data shown is not comparable to the earlier years shown. The percent change shown will tend to understate decline and overstate growth due to a larger number of firms in the 1978 base.

Chart 1-8

EMPLOYMENT CHANGE IN LINCOLN PARK-- 1962 to 1978<sup>47</sup>

Sector/Area	1962	1969	1971	1978	% Chg. 62-78	% Chg. 69-78	% Chg. 71-78
Manufacture							
Lincoln Pk.	20,940	20,845	16,656	15,462	-26.2	-25.8	- 7.2
City-wide	507,833	520,263	438,958	352,117	-30.7	-32.2	-19.8
Non-Manufac.							
Lincoln	12,719	13,664	12,537	18,462	+45.2	+35.1	+47.3
City-wide	746,562	819,261	794,557	853,626	+14.3	+ 4.2	+ 7.4
Total-- L. Pk.	33,659	34,509	31,269	33,924	+ .8	- 1.7	+ 7.8

<sup>47</sup> These figures were derived from two sources. For 1962 through 1971 the report by the Mayor's Council of Manpower and Economic Advisors entitled Chicago's Economy was used. For 1978 Data, the Illinois Department of Labor publication Where Workers Work was used.

Chart 1-9

Unemployment Insurance Covered Employment--Chicago  
Lincoln Park March 1978

Industry	Lincoln Park (60614)
<b>ALL INDUSTRIES</b>	<b>33,942</b>
Manufacturing-Total	15,462
Durable Goods-Total	11,423
Lumber and wood products	1,943
Furniture and fixtures	434
Stone, clay, glass products	156
Primary metal industries	739
Fabricated metal products	1,441
Non-electrical machinery	2,329
Electrical machinery	509
Transportation equipment	46
Prof. and scientific instruments	3,059
Miscellaneous manufacturing	767
Non-durable Goods-Total	4,039
Food and kindred products	1,642
Apparel and allied products	149
Paper and allied products	216
Printing and publishing	279
Chemicals and allied products	591
Petroleum refining	79
Rubber and miscellaneous plastics	390
Leather and leather products	624
Other non-durable goods	69
Non-Manufacturing-Total	18,462
Mining and quarrying	0
Contract construction	2,127
Transportation	601
Communications and utilities	100
Wholesale trade, durable	1,580
Wholesale trade, non-durable	1,137
Retail trade	3,389
Finance, insurance, real estate	881
Service and miscellaneous	8,647

a/ Figures omitted to avoid disclosure of individual firm data.

Source: State of Illinois Department of Labor, Bureau of Employment Security, Where Workers Work-Chicago SMSA, 1978, page 35.



the non-durable goods area. Thus, durable goods manufacturing is much more important to Lincoln Park than to either the city as a whole or to the Near North Side where durable goods make up 55 percent and 18 percent of the manufacturing jobs respectively. The importance of durable goods production in Lincoln Park becomes even more obvious when compared with the total employment base. One out of every three people who work in Lincoln Park work in durable goods production. For the city as a whole, the corresponding figure is one in every six employees and for the Near North Side, only one in every twenty-two workers work in the manufacture of durable goods.

The five most important manufacturing industries in Lincoln Park are listed below. Together, these five industries make up two-thirds of the manufacturing employment in the area.

<u>Industry</u>	<u># of Jobs in 1978</u>
Professional and Scientific Instruments	3,059 jobs
Non-electric Machinery	2,329 jobs
Lumber and Wood Products	1,943 jobs
Food and Kindred Products	1,642 jobs
Fabricated Metals	1,441 jobs

Of the five industries, only one-- food and kindred products-- is classified as non-durable goods production.

In the non-manufacturing category, the service and miscellaneous "industry" accounts for 8,647 jobs or 47 percent of non-manufacturing employment in Lincoln Park. This is not surprising since Lincoln Park is the home of one major university and five hospitals. Retail trade ranks second in non-manufacturing employment supporting 3,389 jobs. Contract construction ranks third with 2,167 jobs, wholesale trade (durable goods) is fourth (1,580 jobs) and wholesale trade (non-durable goods) comes in fifth with

1,137 jobs.<sup>48</sup>

Finally, the number of Unemployment Insurance covered firms in Lincoln Park increased by over 12 percent from 1,212 in 1972 to 1,359 in 1978. However, during this same period, the average number of employees per firm decreased from 29 to 25 employees.<sup>49</sup> Thus, it appears that, on average, newer firms are smaller than the older firms in the area. This trend is also evident in the Near North Side and in the city as a whole.

There is diversity in Lincoln Park; however, overall, it is not as extreme as the stark contrasts of the Near North Side. In the next section I will look briefly at the four major sub-areas within Lincoln Park and begin to draw out how they might relate to the YMCA's interest in starting a community economic development program. (More detailed descriptions are provided in Appendix 1.) The first sub-area-- Eastern Lincoln Park, is large and influential. When one "thinks" about Lincoln Park, it is this sub-area that dominates the image; the other three sub-area are dwarfed by it. For this reason, Lincoln Park is much more a descript community than the Near North Side. It has a prevailing image of "oneness" even if, on closer inspection, there are sub-areas that do not "fit" that image.

### The Sub-Areas of Lincoln Park

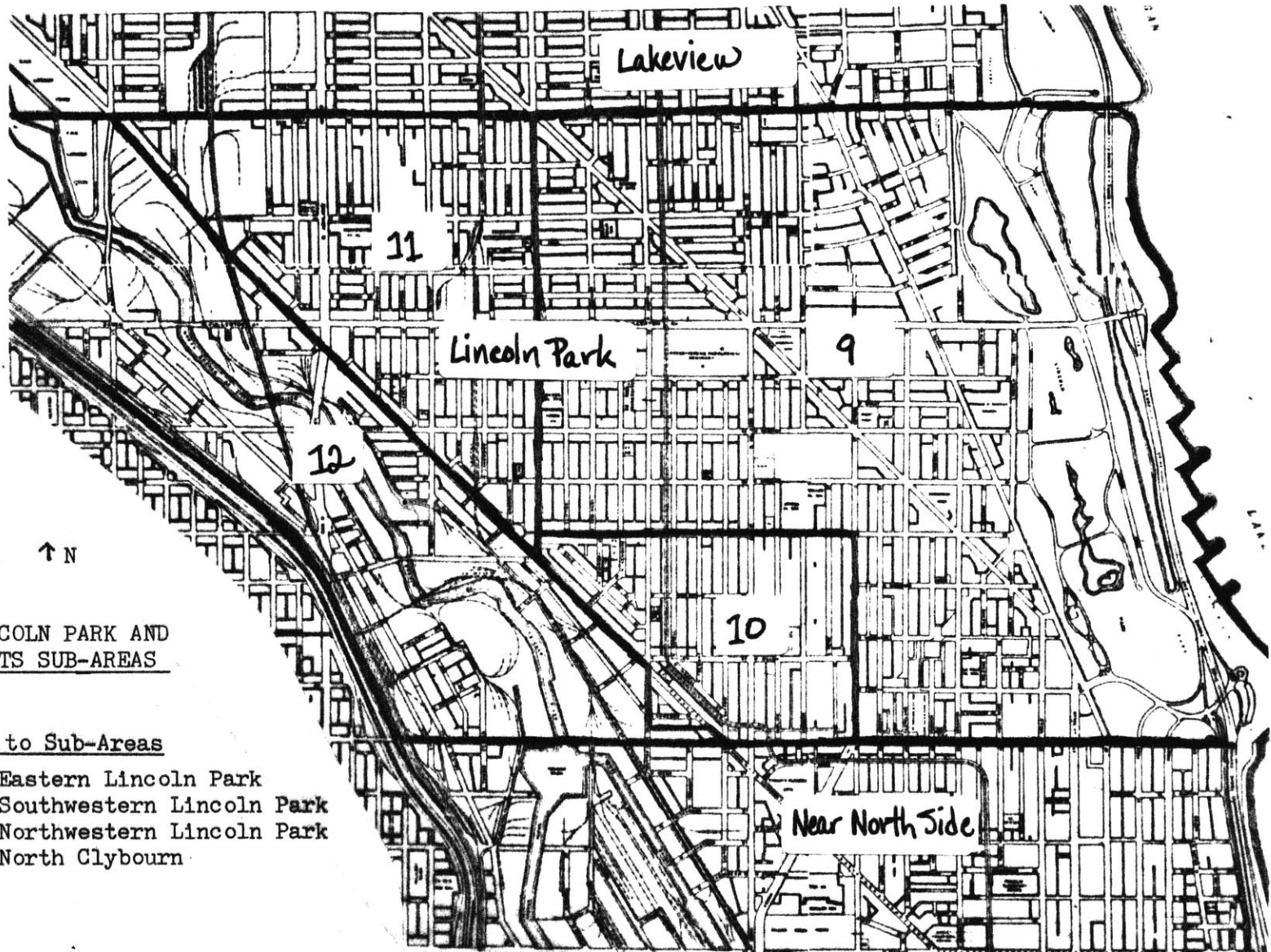
#### Sub-Area Nine- Eastern Lincoln Park

This sub-area is bounded by Diversey Boulevard on the north, the Lake on the east, North Avenue on the south and by Racine Avenue from Armitage Avenue to Diversey Boulevard on the west. It contains 75 percent of the

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<sup>48</sup>Ibid. Illinois Department of Labor, Where Workers Work.

<sup>49</sup>Ibid.



LINCOLN PARK AND  
ITS SUB-AREAS

Key to Sub-Areas

- 9 Eastern Lincoln Park
- 10 Southwestern Lincoln Park
- 11 Northwestern Lincoln Park
- 12 North Clybourn

total Lincoln Park population. It is characterized by its young, White (about 88% White), professional population, its abundant institutional anchors (including five hospitals and one major university), a high rate of housing renovation and new construction, a viable locally oriented commercial base and its ability to attract dollars into the community because of its anchor institutions, specialty stores and night-time entertainment. This sub-area contains a large proportion of three story brick apartment buildings, but also contains high priced homes. In general, the farther east within the area, the higher the rents and property values. During the 1970's this area has experienced much renovation, there is virtually no vacant land left, and the market is "working" with great speed pushing the westward boundaries of this sub-area ever farther into the yet ungentrified areas of Lincoln Park. This is a fairly well organized community. The Lincoln Park Conservation Association, a consortium of five neighborhood groups, has been actively involved in the development of the area for a number of years.

#### Sub-Area Ten- Southwestern Lincoln Park

This sub-area is bounded by Larrabee Street on the east,<sup>50</sup> Clybourn on the west,<sup>51</sup> North Avenue on the south and Armitage Avenue on the north. It contains about 9 percent of the total Lincoln Park population. This sub-area can be characterized by its relatively high (but declining) minority

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<sup>50</sup>In reality, the boundary (eastern) should be one block west of Larrabee Street from North Avenue to Willow and should come even farther west between Willow Street and Armitage Avenue. These eastern portions of the sub-area are currently experiencing both new construction activities and renovation.

<sup>51</sup>There is a small residential pocket to the west of Clybourn Avenue but east of the river that I have also included as part of this sub-area,

population and its proximity to Cabrini-Green. At the time of the 1980 census, it was 52 percent minority (38% Black and 14% Hispanic). As a general rule, the farther west one travels in this sub-area, the higher the proportion of minority residents and the lower the income of the residents. Thus, the extreme western census tract (0720) has a higher percent of minorities (59%) and the lowest per capita income in all of Lincoln Park.

The sub-area is predominantly residential with an industrial and commercial strip along Clybourn Avenue. The industrial portion of this strip (the west side of the street) is considered in sub-area 12 below. The commercial (eastern) side of the street contains very dilapidated Black owned businesses. The residential stock starts out being sub-standard and improves markedly as one travels eastward through the sub-area. These east/west differences are indicative of the pattern of renovation that has occurred in Lincoln Park as a whole during the recent past and is now affecting the eastern and northeastern portions of the sub-area.

There does exist a community organization that is concerned with a major portion of this sub-area-- the RANCH Triangle Association (RANCH stands for the boundaries of its "service area", Racine, Armitage, North, Clybourn, and Halsted Street). RANCH Triangle is an association of homeowners and is part of the Lincoln Park Conservation Association.

#### Sub-Area Eleven- Northwestern Lincoln Park

Northwest Lincoln Park is bounded by Racine Avenue on the east, Clybourn Avenue on the west, Armitage on the south and Diversey Boulevard on the north. It contains 16 percent of the total Lincoln Park population of which 33 percent in the sub-area are minorities. Hispanics comprise a larger percent of the total population in the sub-area than Blacks (29% and 5%

respectively). The range of the percentage of minorities per census tract in this sub-area varies widely from 16 percent of the census tract population to 38 percent for Hispanics and from 1 percent to 10 percent for Blacks. Overall, the variation ranges from 18 percent minority (tract 0705) to 42 percent minority (tract 0707). Again, the western tracts in this sub-area contain higher proportions of minorities than do the eastern tracts. The eastern sections of this sub-area are also beginning to experience the effects of the westward push of revitalization. The White population in the west portions of this sub-area is predominantly working class and, as such, is different than the young, White professionals moving into the east parts of the sub-area. The only non-profit organization that I know of in this area is a settlement house called Christopher House.

#### Sub-Area Twelve- North Clybourn Industrial District

The North Clybourn Industrial sub-area is bounded by Clybourn Avenue on the east, the Kennedy Expressway on the west, North Avenue on the south, and Diversey Boulevard on the north. It contains the bulk of the industrial activity associated with Lincoln Park. This large area is not subdivided into smaller areas because I lack detailed data on the finer distinctions within it, not because it should necessarily be one area. Professional and scientific instruments, non-electric machinery, wood and lumber products, and food and kindred products are the most important industrial groups in this area. Food and kindred product related firms appear to be concentrated predominantly in the far northwest corner of the area. The strong presence of professional and scientific instruments is significant since it is one of the few durable goods industries in the Chicago area that is growing.

This industrial district appears to face fewer problems than the in-

dustrial areas further south. It is well developed and contains large anchor industries throughout the area. This is the only sub-area in which durable goods production is more important than non-durable goods production.

### CONCLUSION

The contextual analysis indicates that there is much diversity within the study area. The Near North Side can be characterized as being non-descript, containing within its boundaries sub-area with extreme differences between them. No sub-area dominates the dynamics of the area. Lincoln Park is somewhat more of a descript community in that one sub-area dominates the community dynamic. Lincoln Park does contain sub-areas with contrasting characteristics within its boarders, but the extremes exist only on an individual level, not in the aggregate.

Yet, even within the diversity of the study area, there is order. Patterns of development emerge in the dynamic between the sub-areas and functional interactions can be pinpointed. These patterns of development basically hold true for both the Near North Side and Lincoln Park although the Near North pattern is somewhat more complicated. These patterns are recounted from east to west below.

In both communities, the sub-areas closest to the Lake are predominantly residential, but also contain a healthy non-manufacturing economic base. They contain middle and upper income populations that are overwhelmingly White and professional. As we move westward on the Near North Side, we encounter a zone of transition that acts as a buffer between the low income community of Cabrini-Green to the west and the Gold Coast to the east. This sub-area-- South Old Town-- contains what is left of the White working class population in the Near North Side and also is racially in-

tegrated. Another buffer zone exists to the north of Cabrini-Green. It is the newly created institutional strip along North Avenue from Larrabee to Halsted. It functions as a transition zone between Cabrini-Green and Lincoln Park. Together these buffers act as "neutral territory" between Cabrini-Green and its wealthy neighbors to the north and east. Next in the westward progression on the Near North Side is the Cabrini-Green area. This is the poorest, "Blackest", and most problem-ridden sub-area in the entire study area. Next to Cabrini-Green, on the west, is the manufacturing area along the River.

In Lincoln Park a simplified version of the same basic pattern exists. It starts with the same White professional population and a non-manufacturing economic base. As we move westward, the next sub-areas are "ungentrified" and contain poorer and more heavily minority populations than the adjacent eastern section. Next to these working and lower class areas is the manufacturing district along the River.

The pattern for Lincoln Park is simplified because there is no need for buffers between the eastern sections of Lincoln Park and the "ungentrified" sub-areas adjacent to it. These lower income sub-areas are qualitatively different than the low income area in and around Cabrini-Green. First, the lower income areas in Lincoln Park are racially integrated. The Cabrini-Green area is totally Black. Second, Cabrini-Green is larger, poorer and more concentrated. As a public housing project with a number of high rise buildings, it carries with it a different dynamic than the lower income areas of Lincoln Park. Quite simply, Cabrini-Green inspires fear. The western areas of Lincoln Park do not.

Despite the qualitative differences between the Cabrini-Green sub-area and the lower income sub-areas of Southwest and Northwest Lincoln Park, they



serve the same function in the dynamics of the study area. Both exist as buffers located between essentially incompatible sub-areas-- the wealthy sub-areas to the east and the manufacturing sub-areas to the west.

Hence, this analysis suggests that there are two different transitioning or buffering functions occurring in the study area simultaneously. One is the buffering between Cabrini-Green and the wealthy areas to the north and east and the other is the buffering between the manufacturing areas and the wealthy areas to the east. These patterns and functions have been remarkably stable, existing since Zorbaugh wrote the Gold Coast and the Slum. Today, however, they seem to be threatened by the westward expansion of the Gold Coast and Eastern Lincoln Park. The different components of this dynamic are:

- \* The "ungentrified" areas of Lincoln Park have shrunk rapidly in the past decade. How much more and how fast they will disappear in the future is an open question.
- \* Plans are now underway for the redevelopment of Old Town. Such development has the potential of extending the Gold Coast to the doorstep of Cabrini-Green.
- \* "Nothing will be done about Cabrini-Green until affluence surrounds it and the affluent demand that something be done."<sup>52</sup> Affluence is on the verge of surrounding Cabrini-Green now.
- \* The gentrification "squeeze" is already being felt by manufacturing concerns east of Cabrini-Green. "People used to think it was great that we were located where we are, but now they are wondering what a meat packing plant is doing so close to the lake."<sup>53</sup>

The dynamics of this scenario raise the fundamental choices to be made in regard to an economic development strategy. The choices look like this: Do we want to keep the existing relationships stable; that is, do we value the existing functional order underlying the "nondescriptness" of the area?

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<sup>52</sup> Interview with Edward Marciniak, Chicago, Illinois, January, 1982.

<sup>53</sup> Meeting New City YMCA, May, 1982. Executive from Oscar Mayer Corporation.

Or, do we want the existing functional order to change? If so, do we value the likely outcome of the current directions of change? If not, what new order would we value more?

Answering these questions requires that political/economic choices and value judgements be made.

My response to these questions is that I value the existing set of functional relationships. I believe that as a society we must find ways to revitalize communities that also upgrade the situation of residents within that community. I see this as the difference between just redistributing resources geographically and redistributing them both geographically and demographically. So, for example, I would choose to try to upgrade the situation of the residents in Cabrini-Green as part of a development effort rather than to move them some place else and call the community revitalized. Secondly, I think that it is counterproductive to allow trends to continue that threaten the existing manufacturing base in the area. While some of the industrial sub-areas face more severe problems than others, all of them clearly still have elements of vitality in them. There is a manufacturing base to build from in these areas. This is not the case in many inner city communities. Manufacturing activity is important for two reasons. First, it tends to link the local economy into the larger economy by serving non-local markets. This serves to import money into the local economy. Second, manufacturing industries also tend to have a high proportion of low and semi-skilled jobs. The problem of the growing "mismatch" between the skill level of Chicago residents and the growth industries in Chicago is cause for major concern. Last month, the official Black teenage unemployment rate topped 48 percent nationally. Certainly in Cabrini-Green the corresponding figures are even more gruesome. The manufacturing areas have

the potential to serve as a resource in upgrading low income communities, This is not meant to imply that non-manufacturing development would be unwanted. Rather, a manufacturing base does exist and development that occurs in proximity to it (whether manufacturing or non-manufacturing) should complement that base rather than promote its decline.

If the scenario described above were to come to fruition, the low income areas and then the manufacturing areas would be threatened, The result would probably be a descript community, but I think that as a society we would pay a high price for the "unity and charm."

Given the dynamics of the place and my choice to keep the existing functional relationships stable, community economic development efforts should target the low income areas, the adjacent industrial areas, and the transition areas. Thus, the target area for the community economic development process should include the following sub-areas:

- \* Low Income Sub-Areas- Cabrini-Green Area, Southwest Lincoln Park and Northwest Lincoln Park;
- \* Industrial Sub-Areas- Goose Island, North and Halsted, Division Street, Chicago to Kinzie, and North Clybourn; and
- \* Transition Sub-Areas- South Old Town Extended and the Institutional Zone.

In general, within the target area, I will concentrate on those sub-areas which are experiencing the most severe social and economic problems in designing community economic development strategies.

## CHAPTER TWO- COMMUNITY ECONOMIC DEVELOPMENT STRATEGIES

In Chapter One, I described the dynamics of the Near North Side and Lincoln Park. The dynamics of the place underlie the design of the community economic development strategies. Before examining the strategies in detail, I will present a framework to relate the dynamics of the place and the strategies of community economic development, in order to explore the meaning of putting the work community in front of economic development.

### What is Community Economic Development?

People have thought about economic development in terms of the growth of the economy and the redistribution of economic benefits. For community economic development these objectives are necessary but not sufficient. The dynamics of the place must also be considered. In this case, taking account of the dynamics of the place means being concerned about the stability of the functional relationships that exist among the various sub-areas in the place. From there, the problem becomes one of applying these three objectives- economic growth, redistribution of economic benefits, and stability of the functional relationships-- to the dynamics of the place. The dynamics of the place and how they relate to these three objectives are explained below.

### The Place Dynamics

As developed in Chapter One, the place dynamics of the Near North Side and Lincoln Park include the following components:

- 1) The affluent areas along the lake are pushing westward and causing gentrification. These areas have strong non-manufacturing economic bases and

contain high proportions of White professional residents.

2) As these affluent areas expand the traditional working class and low income populations are "priced out." The working class and low income areas have existed for many years and serve transitioning and buffering functions that are important to the stability of the area. Two different buffering and transitioning functions were identified.

3) The transition zones are located between Cabrini-Green and the affluent sub-areas. They serve as neutral turf and also put distance between their eastern and western neighbors. Old Town protects the Gold Coast from undesired contact with Cabrini-Green residents and protects Cabrini-Green from the threat that affluence imposes on its future. The institutional area north of Cabrini-Green protects Lincoln Park from Cabrini-Green's influence. Its recent construction has created greater "distance" between the two as buildings were erected replacing vacant lots. In addition, the New City YMCA and Seton Medical Center are drawing Whites into the area and, as such, are acting as racial "integrators." Old Town is also a racial integrator. The institutional zone abuts Southwest Lincoln Park; thereby, fueling the current revitalization of this sub-area. (See sub-area appendices 1-2 and 1-4).

4) The second buffering function is performed by the low and lower income sub-areas.<sup>54</sup> They are geographically located between the affluent sub-areas and the manufacturing sub-areas. Therefore, they create distance between incompatible land uses. This distance protects the affluent from the undesirable characteristics of manufacturing but, also protects manufacturers from competing land uses "squeezing" them out. The populations of these sub-

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<sup>54</sup>The distinction between low and lower income is made because there is a qualitative difference between the absolutely low incomes in Cabrini-Green and the relatively lower incomes in S.W. and N.W. Lincoln Park.

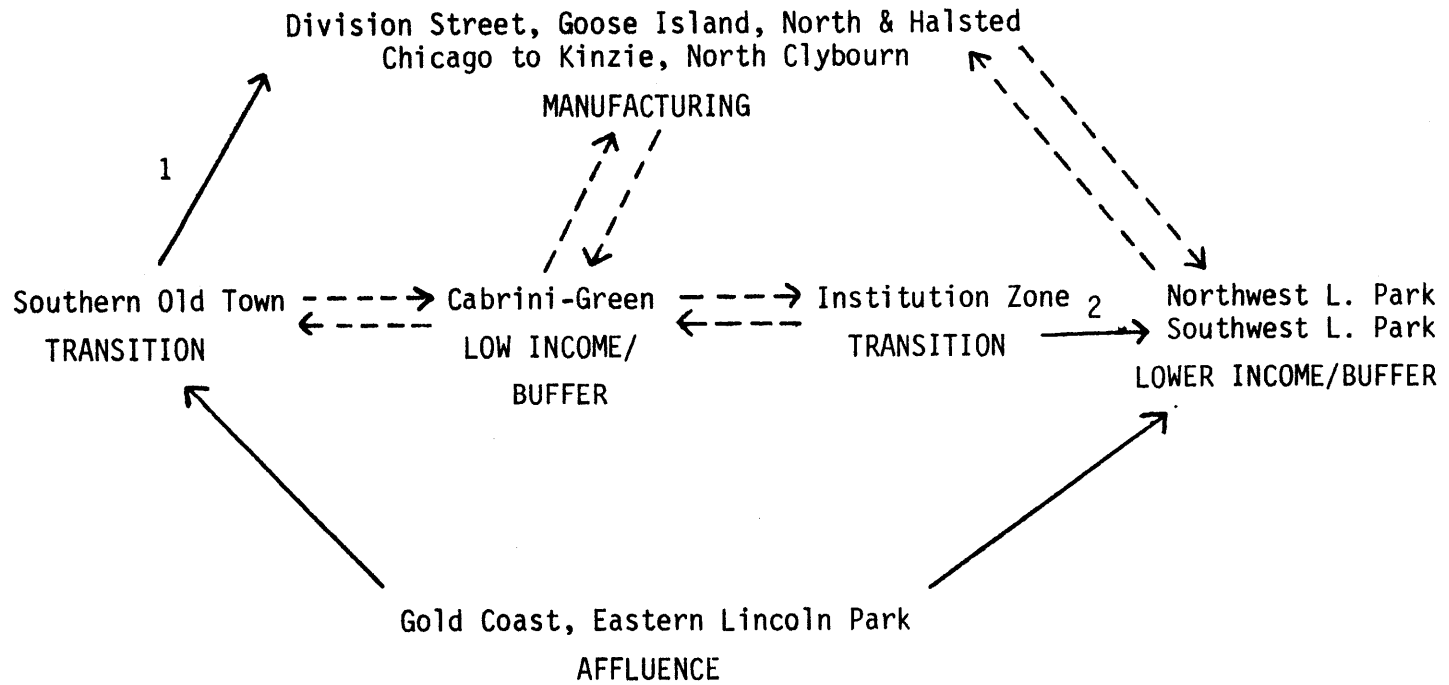
areas contain high proportions of Blacks and Hispanics with low incomes and high unemployment rates. In Lincoln Park, the lower income sub-areas are racially integrated containing working class White populations in addition to the minority populations. The lower income areas are undergoing revitalization on their eastern borders and, as such, are shrinking. In the Near North Side, these sub-areas are low income and entirely Black. Cabrini-Green proper is a powerful and feared force (as indicated by the need for transition zones around it). The Town and Gardens portion of the Cabrini-Green sub-area directly abuts Old Town and Eastern Lincoln Park. It is entirely Black, but less densely populated and less powerful. As a result, it probably faces a more immediate possibility of undergoing substantial economic and demographic change than Cabrini-Green. (See sub-area appendices 1-3, 1-10 and 1-11).

5) The manufacturing sub-areas have been declining as a result of changes in the larger economy, community-related problems (for those in direct proximity to Cabrini-Green) and face the possibility of future decline as a result of the westward movement of affluence. The manufacturing sub-areas may also function to retard revitalization in the low and lower income sub-areas on their western borders. (See sub-area appendices 1-5 through 1-8 and 1-12).

The causal relationships of direct influence underlying this "model" are diagrammed on the next page. Following the diagram is a map which shows how these functions are represented geographically.

PLACE DYNAMICS MODEL

LINES OF DIRECT INFLUENCE



- 1 Division Street Sub-Area Oscar Mayer Pocket only.
- 2 Southwest Lincoln Park only.

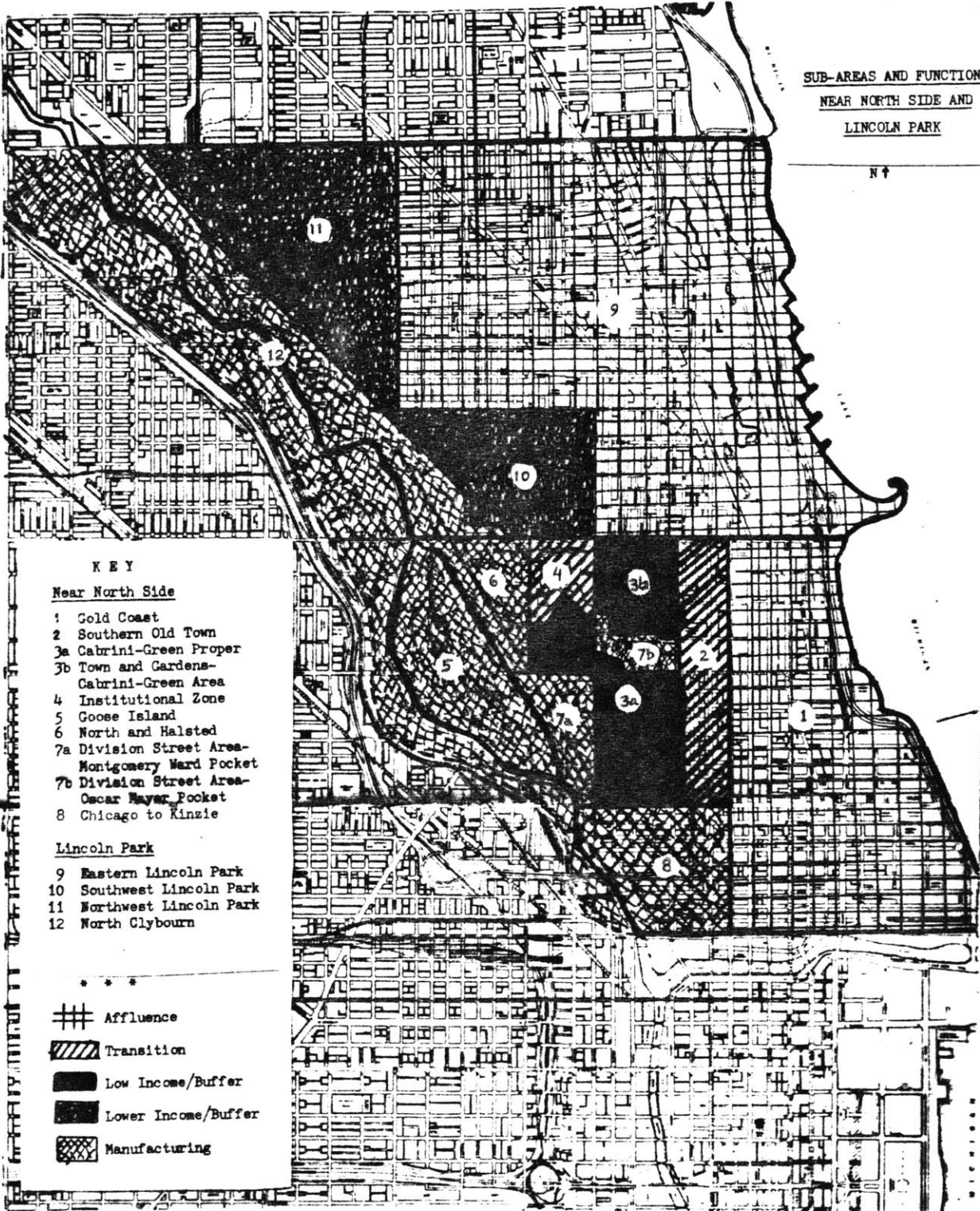
Types of Influence

Functional Change Influence  
Gentrifying

Protects Traditional Order  
Buffering

SUB-AREAS AND FUNCTIONS  
NEAR NORTH SIDE AND  
LINCOLN PARK

N ↑



K E Y

Near North Side

- 1 Gold Coast
- 2 Southern Old Town
- 3a Cabrini-Green Proper
- 3b Town and Gardens-Cabrini-Green Area
- 4 Institutional Zone
- 5 Goose Island
- 6 North and Halsted
- 7a Division Street Area-Montgomery Ward Pocket
- 7b Division Street Area-Oscar Mayer Pocket
- 8 Chicago to Kinzie

Lincoln Park

- 9 Eastern Lincoln Park
- 10 Southwest Lincoln Park
- 11 Northwest Lincoln Park
- 12 North Clybourn

- \*\*\*
- # Affluence
- Transition
- Low Income/Buffer
- Lower Income/Buffer
- Manufacturing



### Applying the Objectives to the Place Dynamics

Economic development tends to include two broad objectives-- economic growth and the redistribution of economic benefits.<sup>55</sup> However, my analysis of the place dynamics and my conclusions regarding the value of the trends being perpetuated suggest that a third objective should be included. That is, to preserve the stability of the traditional functional relationships between the various sub-areas.

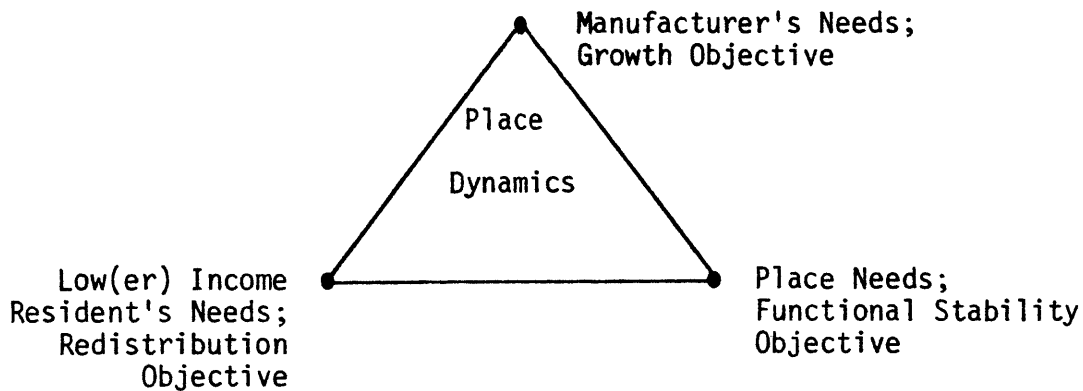
Each of these three objectives can be seen as relating primarily to a different component of the place dynamics. Specifically, economic growth can be seen primarily in relation to the needs of the manufacturers in the area. Economic redistribution relates primarily to the needs of the low(er) income residents of the area. And, stability relates to the needs of the place in terms of its underlying functional patterns. The community economic development strategies will be developed according to these three areas of need and the primary objective that relates to each one. These relationships are diagrammed on the next page.

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<sup>55</sup> Redistribution of economic benefits includes the redistribution of jobs to the economically disadvantaged, of economic activity toward economically distressed communities, and of quality jobs toward more workers. Quality jobs are defined as those with adequate wages and fringe benefits, job security and stable employment, decent working conditions, opportunities for advancement and structured labor relations and control systems. For a more detailed discussion on quality jobs and a theoretical background see David Gordon's book, The Working Poor, (Washington, D.C.: The Council of State Planning Agencies, 1978).

Also, for a discussion of the objectives of economic development see, Friedman and Schweke, eds., Expanding the Opportunity to Produce, Roger Vaughn, "Federal Economic Development Programs." (Washington, D.C.: The Corporation for New Enterprise Development, 1981), PP. 310 and 311.

COMMUNITY ECONOMIC DEVELOPMENT STRATEGY APPROACHES



Each "component in need" and its related objective represents an approach to strategy design. While the program strategies will be developed by approach, the validity, consistency and mutually reinforcing nature of the strategies across approaches remains a central consideration. As a result, areas of overlap and areas of potential conflict between the approaches will be reviewed at the end of the chapter.

THE MANUFACTURERS

The objective in relation to the area manufacturers is to promote economic growth. This objective can, for strategic purposes, be viewed in three parts. First, is the need to develop strategies that will help alleviate the current day-to-day problems faced by firms in the area. Second, is to facilitate the expansion of existing firms. And third, is to encourage the creation of new firms. Background data and strategies related to each of these components are developed below.

Current Day-to-Day Problems-- Overview

The current problems faced by manufacturing firms in the study area vary

from sub-area to sub-area. As a general rule, the closer an industrial area is to Cabrini-Green, the higher the proportion of the problems faced are problems which relate to security/crime, area characteristics, and labor recruitment. Farther away from Cabrini-Green, a higher proportion of the problems reported by firms are concerned with the provision of city services or financial considerations such as high taxes.<sup>56</sup>

Security, labor recruitment, area characteristics and improved city services are generally within the scope of possible action for a community

56 In 1977, the City of Chicago conducted a survey of firms on Goose Island, in the North and Halsted sub-area, and in the far northwestern corner of the North Clybourn sub-area (I will call this last area the North Elston pocket). A synopsis of the results are shown on the chart below. Source: Industrial Chicago Elements for Growth, 1977.

Type of Problem	North Elston		Goose Island		North & Halsted	
	No.	%	No.	%	No.	%
Security/Crime	2	9.1	15	24.6	23	33.7
Area Characteristics	4	18.2	15	24.6	23	33.9
Financial	6	27.3	9	14.8	10	14.8
City Services	10	45.4	22	36.0	12	17.6
Uses With No Problems	11	47.8	8	24.3	5	12.2
Uses With Problems	12	52.2	25	75.7	36	87.8
Uses With Labor Recruitment Problems		17.4		24.3		40.5

economic development effort.<sup>57</sup> The financial issues related to taxes and the cost of pollution control are beyond the influence of this program design. The one exception within the financial category is the availability and cost of insurance (which is in large part tied to both the security and area characteristics categories). Thus, the financial considerations cited will be factored out of this program design except for the issue of insurance availability and cost.

#### Current Day-to-Day Problems-- Strategies

Strategies related to the current day-to-day problems of the manufacturers fall into two broad categories-- those that can now be mitigated through collective actions and those that ultimately cannot be solved until the economic situation of the residents of Cabrini-Green is improved. In some cases, collective actions can lessen the impact of problems but will not solve them in the long run. Strategies related to the long term solutions are examined in relation to the needs of the low(er) income residents as

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57 Within each of these broad categories there are a number of sub-categories of problems cited. Area characteristics was the most diverse category containing such problems as neighborhood image, concentration of low-income housing nearby, lack of parking space, lack of expansion space, congestion, general deterioration, etc. Lack of parking space was the most often cited problem and appears to be particularly acute in the North and Halsted sub-area. Neighborhood image and concentration of low income housing nearby (combined into one category) was next. Curiously, the Goose Island firms found this to be a bigger problem than the North and Halsted firms. This may be due to the limited access points to Goose Island. The main access points to Goose Island are directly adjacent to Cabrini-Green. This is not the case with the North and Halsted sub-area. In the security category, crimes against property (buildings and automobiles) were the biggest problem. In the city services category, street maintenance and cleaning were cited most often. In the North Elston area, inadequate public transit was cited more often than any other problem. In the labor recruitment category, firms experienced difficulty recruiting office/secretarial help and very specified skilled and semi-skilled labor, i.e. sewing machine repairmen.

part of the redistribution objective. Collective action strategies that could mitigate the various problems faced by area manufacturers will be reviewed briefly.

All collective action strategies work in one of two ways. They either involve enough firms (or employees) to reduce costs (or involve enough people) to make the action feasible or they work on the principle of involving enough actors to gain clout with City Hall.

Collective problem solving relates to the following problems cited by firms:

- \*Security
- \*Parking
- \*Insurance Availability and Cost
- \*Securing Better City Service<sup>58</sup>

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58 These programs could work in the following ways:

- \* Cooperative security arrangements can be developed whereby firms collectively hire security patrols to reduce crime.
- \* A number of firms could jointly purchase vacant lots for parking purposes. To the extent that employees drive to work because of the security problems in the area, parking problems could be reduced by collectively purchasing a van to transport employees to "safer" transit stops, or initiating a program to "match-up" employees that ride the same public transportation routes in order to improve employee street safety and encourage public transportation usage. Finally, an inter-firm car pooling program could be established.
- \* Cooperative insurance programs can often overcome both procurement and cost barriers. There are a number of options in this regard. The alliance could start its own insurance program for area businesses, it could facilitate an arrangement where interested area firms could join an insurance pool started by another organization, or they could pool their business to obtain a reduced group rate from an insurance company. Insurance availability is also a problem for some merchants in the Old Town area so there might be considerable interest on an area-wide basis for such a program.
- \* Securing city services often requires persistence and organization. The traditional "call your alderman" approach is often ineffective for small manufacturers as they do not have substantial economic clout and often do not reside, and therefore do not vote, in the ward in which their firm is located. The basic strategy is to develop enough clout as an organization to be heard anyway. A central complaint funneler should serve as ombudsman between the City and the firms. In addition, the public sector representatives in the organization can help to promote the group's interests from within the city bureaucracy.

### Expansion of Existing Firms-- Overview

There are a number of characteristics related to the physical development pattern in the area which could inhibit the expansion of existing area firms. These characteristics relate to small firm size and small site size, diffuse ownership, and building obsolescence.<sup>59</sup> The only large developable tract of land in the entire industrial corridor is the UDAG site on the northeast corner of Goose Island.

While there are a number of factors inhibiting expansion of existing firms, expansion is the most important source of new manufacturing jobs in the Chicago area. Between 1970 and 1977, the expansion of manufacturing firms in Cook County accounted for 61.3 percent of all new jobs in that sector.<sup>60</sup> According to the 1977 Industrial Chicago survey, there does seem to be substantial interest on the part of area firms to expand nearby their current location. Eighteen percent of the North and Halsted firms, 14.7 percent of the Goose Island firms, and 4.3 percent of the firms in the northwest corner

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59 In 1977, according to the Industrial Chicago survey, the median number of employees per firm in the North and Halsted area was 19.5. In the North Elston pocket the median number of employees per firm was 30. The corresponding figure for Goose Island was 16. Similarly, site size is relatively small. For the middle portion of the industrial corridor, the average site size was 1.7 acres in 1974. In 1974, the average age of the buildings in the mid-section of the corridor was 52 years. Related to the age of the industrial buildings is their structure. Many are multiple-story and considered to be functionally obsolete. Most of the firms in this area did not consider this to be a large problem and appeared to have adjusted by making structural improvements and modifications. Building obsolescence may play a part in decisions to locate or expand elsewhere. It also may become an increasing problem as the current occupants of these structures eventually leave. (Source: Mid-America Research and Appraisal Corporation, Industrial Opportunity Study, Chicago: 1974, page 26-28.)

60 First National Bank of Chicago, "The Movement of Firms in the Chicago Area." August, 1978, page 6.

of the North Clybourn area were considering expansion in the area.<sup>61</sup>

### The Expansion of Existing Firms-- Strategies

The strategies in this section are designed to address problems related to the current physical development patterns in the area. It should be noted, however, that the strategies proposed above to ameliorate the current day-to-day operating problems of area firms can also help to influence expansion decisions by improving the business environment.

One strategy to help alleviate the constraints of the current physical development pattern is to help catalyze, as an organization, the UDAG project on Goose Island. A new private developer could be found or the City could be encouraged to develop the industrial park itself. The current expansion needs of area firms could be surveyed. This could be used to find anchor tenants for the industrial park among the area firms seeking expansion space.

Other expansion related strategies include developing up-to-date records of existing and soon-to-be vacant land and buildings, in order to facilitate the expansion process. A related, but more sophisticated version of this strategy would be to create a land bank. Land banks can be structured to hold and improve parcels of land. This typically includes demolition, rehabilitation, and new construction activity. Similarly, land banks can amass a number of small parcels and offer them as one larger developable parcel, thereby allowing potential buyers to negotiate with only one owner.

A final consideration with regard to the expansion of existing firms is the issue of capital availability for expansion activities. This problem

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61 Obcit., City of Chicago, Industrial Chicago: Elements for Growth.

will be reviewed below in the new business creation section.

### New Business Creation-- Overview

Young and small businesses create large proportions of the net new jobs in this country. In the North Central region of the U.S., young manufacturing firms (0 to 4 years old) contributed 75.4 percent of new manufacturing jobs created between 1974 and 1976.<sup>62</sup> While in the Chicago SMSA, expansions account for most new manufacturing jobs, new births create almost 36 percent of new employment opportunities in the manufacturing sector. Similarly, the younger and smaller a firm is, the more likely it is to expand if it survives its crucial start-up years.<sup>63</sup> However, younger and smaller firms also contribute disproportionately to the firm death rate each year. Thus, much of the literature criticizing small and new business development as an economic development strategy focuses on the instability of the jobs created by such firms. Other criticisms focus on the lower wage rates and lack of fringe benefits provided by small firms.<sup>64</sup>

A major positive contribution of small firms is that they innovate much more quickly and cheaply than large firms. Furthermore, when small firms innovate, they tend to create new industries and products. When large firms innovate, they typically do so to seize market shares from an international competitor.<sup>65</sup> Thus, while the job generation potential of small/young firms is a "mixed bag" they play an important function-- innovation-- in the development of the economy. Young and small manufacturing firms face significant

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62 Ibid., Kieschnick, Michael, Venture Capital and Urban Development, p.13.

63 Ibid., p. 12.

64 Ibid., p. 19.

65 Daniels, Belden, Lecture, MIT, Cambridge, MA., April, 1982.



barriers to venture financing. This is a particular problem for manufacturing firms with less than one million dollars in assets trying to obtain long-term debt or equity.<sup>66</sup>

### New Business Creation-- Strategies

New business creation strategies fall into two broad categories, those that are related to the generation of new economic activities and those that relate to the viability of or problems faced by new firms. Strategies designed to promote the generation of new economic activity include backward linking, import substitution, and encouraging the creation of firms in new or expanding, so called "growth" industries.<sup>67</sup>

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66 Obcit., Kieschnick, Venture Capital and Urban Development, p. 27.

67 "Backward linking" means encouraging the production of goods and services prior to the finished product (or prior to the distribution process). For example, a backward linking strategy would be to start with a grocery store and then begin processing food products to be sold in the store. Another version of this is for large firms to "encourage" their suppliers to produce within the area. This is possible in cases where the firm represents a large share of the supplier's market. Backward linking increases the local multiplier effect, reducing imports, circulation revenue within the area, and thereby, generating additional economic activity.

Import substitution works by securing agreements from existing concerns to purchase "imported" supplies, tools, etc., from businesses within the area (if available at a comparable price), i.e. a specific office supply that is typically produced outside the Chicago area and imported by local businesses/institutions. The local purchase agreements represent a "captured market". The captured market is then offered to a potential local producer. The producer could be a community group, entrepreneur, existing local firm, or a firm willing to expand into the area. The captured market gives the new firm a stable start-up base. From there it can expand into other local and non-local markets.

Growth industry strategies work by riding the wave of expanding product demand. In the Chicago area, from 1972 through 1978, the key expanding industries were professional and scientific instruments, rubber and plastics, and business services. Professional and scientific instruments may be a good industry to target since a base already exists in Lincoln Park. Other industries mentioned as potential growth industries are energy related products, waste recycling and resource recovery, and high technology products. In addition, the City is attempting to increase Chicago's importance as a cable and video related products center.

Strategies related to the viability of or problems faced by new businesses include developing incubator space, providing technical assistance services, and brokering or providing venture financing. Incubator space can be designed so that it caters to the specific technological needs of targeted industries or it can be developed as flexible space to accommodate a variety of industrial types. Incubators have the advantage of being able to provide low cost space as well as a number of shared services to reduce costs.<sup>68</sup> Technical assistance related services can be brokered from existing providers, traded with other organizations, included in an adopt-a-small-business or neighborhood program, or provided directly by the organization itself.<sup>69</sup> Financing services can also be brokered, provided through an adopt-a-small business (or neighborhood) program, or provided by the organization

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68 Shared services can include shared receptionist and secretarial services, shared maintenance services, and shared equipment such as computers. Those cooperative services can be particularly helpful when a business is too small to support a receptionist, etc., itself, but needs such services performed on a regular basis. Joint purchasing can also be arranged to cut costs through bulk buying.

69 Technical assistance can be provided through a business service center or through more informal structures. Technical assistance services often include financial packaging or venture financing, financial planning, organizational development, market research, marketing and accounting help, and a variety of other services. There are existing resources in Chicago to provide technical assistance. These include: the Economic Development Department of the City, the Center for Urban Economic Development, the Senior Corp of Retired Executives (SCORE), the Chicago Economic Development Corporation (for minorities and women only), and the Small Business Administration (for loan applicants only). Under an adopt-a-small business program, a larger business in the area would agree to make its technical and support services resources available to the small business. The goal is to develop the capability of the new business to prosper on its own. This arrangement provides the small business with support and a degree of "insulation" through its crucial start-up years.

itself.<sup>70</sup>

### THE LOW(ER) INCOME RESIDENTS

The primary objective relative to the area residents is to facilitate the redistribution of economic benefits. In Chapter One, we discovered some striking evidence that considerable economic alienation exists in portions of the study area. This was most evident in the Cabrini-Green sub-area, but also appeared true for the southwest and northwest sub-areas of Lincoln Park. Redistribution strategies will focus on the needs of these low and lower income residents. The public aid recipient population in these areas is large, income is low, and unemployment (especially among minority teenagers) is a major problem. Minorities-- Blacks and Hispanics-- were over-represented in these sub-areas and were clearly disproportionately affected by employment problems. In addition to facing employment problems, minorities have also not been incorporated into the mainstream of economic activity as owners of capital.<sup>71</sup>

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70 Currently available sources of long-term debt and equity for small firms in Chicago include: SBA loans and loan guarantees, Small Business Investment Corporations, Minority SBIC's, the First National Bank's Neighborhood Development Corporation, and the City of Chicago's newly created revolving loan fund. This loan fund is targeted only toward specific industrial areas. Goose Island is one of them.

71 According to the 1974 Census of Minority Business Enterprises, there were 195,000 Black owned firms in 1972. Of these businesses, 84% had no employees. Their average annual receipts were \$13,000. Two-thirds of Black owned businesses were either in the service or retail sectors. (Source: Charles Sargent, ed., Urban Dynamics, Frederick Klein, "Ghetto Store," Princeton, N.J.: Dow Jones Books, 1977, page 32.) This is significant because of the lower profitability of these sectors for minorities. Timothy Bates' 1978 study of Black owned businesses receiving SBA loans found that "traditional" sectors such as barber and beauty shops, grocery stores, restaurants, auto repair businesses and laundries had a rate of return on equity of only 1.62%. In the "emerging" sectors such as manufacturing, wholesaling, and contracting, the rate of return on equity was ten times higher, 16.2%. Traditional sectors are those that satisfy demand within low income communities; emerging sectors have "export" markets. The result of this situation is that in 1972, Black owned businesses accounted for only one-half of one percent of the total gross receipts for that year.

The strategies below address the question of how to affect the integration of the low income residents into the economic development activity in the area. They are designed to facilitate economic redistribution and will be viewed in two categories-- jobs and ownership.

Jobs

The fundamental issues with regard to jobs hinge on the questions, how many will be created, for whom will they be created, and what kinds of jobs will they be. The question of what kind of jobs includes considerations such as wages and fringe benefits, job stability, working conditions, advancement opportunities, and control structure associated with the job. Those jobs that rate high in these categories are considered "good" jobs and those jobs that rate low are considered "bad" jobs. While jobs can have both good and bad job characteristics, good job characteristics are often lumped together as are bad job characteristics.<sup>72</sup> The objective of economic redistribution sug-

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72. Dual Labor Market Theory distinguishes two separate labor markets in the economy based on the good job/bad job distinction. The primary labor market contains good jobs and the secondary labor market contains bad jobs. There is little movement of workers from the secondary to the primary labor market. Within the primary labor market, there are two divisions, the independent primary (professional, technical, managerial, and craft jobs) and the subordinate primary (decent pay, job security, etc., but low skill requirements). The chart below shows the distribution of jobs by labor market for blue collar and white collar "sectors" for 1970.

Type of Job	Blue Collar Jobs		White Collar Jobs	
	# (millions)	% of Total	# (millions)	% Of Total
Indep. Primary	7.094	29.0%	15.370	35.1%
Subord. Primary	6.820	27.8	14.324	32.8
Secondary	10.548	43.1	14.042	32.1
Total	24.498	100.0	43.736	100.0

(Source: David Gordon, The Working Poor, page 38.

gests that job creation efforts should focus on the generation of good jobs whenever possible. However "it is probably true that there exists some national tradeoff between the number and quality of jobs created."<sup>73</sup> This tradeoff must be considered when choosing which development efforts will be supported.

There are two approaches that can be taken to increase the numbers of good jobs in the area. First, the creation of good jobs should be encouraged and supported and second, the quality of existing jobs should be improved wherever possible. The major strategy to affect the creation of good jobs should be to generate criteria to serve as a guideline for the organization in making development and resource allocation decisions.

Since manufacturing job creation will be emphasized, it is important to examine the potential for good job creation within this sector and to understand what issues are involved in generating such criteria. The same criteria are also applicable to non-manufacturing job creation activities that might also be undertaken.

The manufacturing sector traditionally employs higher proportions of low and semi-skilled labor than other sectors. These labor groups are over-represented in the population with which the redistribution objective is concerned. Manufacturing firms also tend, on average, to pay higher wages than firms in other sectors of the economy. In addition, manufacturing firms

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73 Obcit., Michael Kieschnick, Venture Capital and Urban Development, p.2.

pay fairly high wages across firm size category.<sup>74</sup> This seems contradictory given that the manufacturing sector contains a higher proportion of secondary jobs. However, this observation can be explained by the substantial difference in wage rates among the various manufacturing industries. In addition to wage rates varying by industry within the manufacturing sector,

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74 The chart below shows the annual payroll per employee by selected industry and enterprise employment size for 1972 (in thousands of dollars).

Industry	Firm Size (Number of Employees)			
	<u>1 to 9</u>	<u>10 to 49</u>	<u>50 to 99</u>	<u>100 plus</u>
Construction	\$6.8k	\$9.5k	\$10.7k	\$11.2k
Manufacturing	7.4	7.7	7.4	8.4
Retail	4.1	4.8	5.7	5.6
Service	5.6	6.2	6.0	6.2

(Source: Michael Kieschnick, Venture Capital and Urban Development, p. 18. Compiled from Enterprise Statistics, Bureau of the Census, 1972.)

job stability also varies. These two indices do not always coincide.<sup>75</sup> A third index that should be considered is the occupational structure of the industry (and the firm if possible). This is important to understanding what advancement and skill building opportunities will be available to the employee. These three indices must be balanced against one another (in those cases where they conflict) and must also be weighed against the number of

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75 The chart below shows the average annual wages per employee (1972) and the percent of employees lost through closures (1969-1975) by manufacturing industry.

<u>Industry</u>	<u>Wages/Employee</u>	<u>% Emp. Lost</u>
Food	\$8,233	24.1%
Tobacco	7,573	18.6
Textiles	6,352	21.5
Apparel	5,271	26.1
Lumber and Wood	7,215	20.0
Furniture	6,938	24.9
Paper	9,460	16.9
Printing	9,310	23.6
Chemicals	10,437	20.3
Petroleum	11,738	17.8
Rubber	8,362	17.3
Leather	5,813	31.8
Stone, Clay and Glass	8,901	17.6
Primary Metals	10,646	12.8
Fabricated Metals	9,255	19.7
Non-electric Machinery	10,135	18.9
Electrical Machinery	9,143	20.0
Transportation	11,565	14.1
Prof. & Sci. Instruments	9,458	17.5
Miscellaneous	7,136	23.6

It is important to note that the percent of employment loss has probably changed significantly in the last five years. For example, transportation would be much higher given the automobile industry's current difficulties.

jobs that will be created by a given development project.<sup>76</sup>

Three main strategies can be undertaken to improve the quality of existing jobs. The same collective action principle described above can be employed to offer fringe benefit packages to workers from small firms.<sup>77</sup> Technical assistance services can be provided to new firms to reduce their high death rate.<sup>78</sup> And finally, experiments could be undertaken to reorganize the structure of work in interested firms. The reorganizations could be designed to promote skill building of entry level employees and to reconstitute jobs that have been broken down into many component parts each which is performed by a different employee.<sup>79</sup>

Better jobs in the area will do the residents of the low(er) income

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- 76 A variety of industries are actually classified under each of these larger categories noted in footnote 75. There is variation within each of these categories. In balancing the three indices-- wages, stability, and opportunity for advancement-- data should be collected for the specific industry being considered and not simply the larger category.
- 77 A survey conducted by the National Federation of Independent Businesses in 1978 found that only 15 percent of firms with annual gross receipts of less than \$50,000 provided employee health insurance. The percentage of firms providing health insurance steadily increases as size category increases. At the upper end, 92 percent of firms with over \$1.5 million annual gross receipts provide such insurance. (Source: Michael Kieschnick, Venture Capital and Urban Development, p.19).
- 78 There is a widespread disagreement as to how important managerial incompetence is as the major cause of death among small firms. Estimates range from over 90% (Dun and Bradstreet estimates) to only about 5% (small business owner's estimates). To the extent that this relationship is valid, technical assistance can be seen as a death reducing strategy. However, the low acknowledgement of managerial incompetence as a problem by small business owners points to difficulty in delivering such services.
- 79 For an excellent analysis of the organization of work see Harry Braverman's book, Labor and Monopoly Capital, (New York: Monthly Review Press, 1974).



areas little good if they are not hired to fill them. Hence, in order to improve the economic situation of these residents, targeted hiring programs will be needed. Training programs and apprenticeship programs may also be necessary to ensure that semi-skilled and skilled positions become available to the residents. However, the need for training programs should be tested rather than implicitly assumed. There are a number of important considerations with respect to the relationship between targeted hiring and training programs which suggest that attention should be focused on discerning when it is legitimate to couple these strategies and when it is not. These considerations are:

- \* Training programs for the "disadvantaged" tend to be most successful when workers are training for jobs in which they are promised security and advancement opportunities. "People with comparable backgrounds grow restive in training and motivational programs which do not point directly toward jobs with similar promise."<sup>80</sup>
- \* The skill requirements of most jobs tend to be grossly overstated. Only about one quarter of the jobs in the economy require substantial skill.<sup>81</sup> Worker's job success is often determined by their attitudes such as dependability and responsiveness to authority. One study found that these factors were three times more important in explaining wages or supervisor ratings than the combined effect of formal skills training, education, or cognitive achievement.<sup>82</sup>
- \* Another study found that, to the extent that education correlated with income it is because firms rely on degrees as "screening" devices, not

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80 Obcit., David Gordon, The Working Poor, p.30. Study by Cohn, 1971.

81 Ibid., p.28.

82 Ibid., p.30. Study by Edwards, 1976.

because it has provided them with the skills needed for the job.<sup>83</sup>

Training may, in fact, serve a similar function if it is not actually preparing the trainee for a skilled job.

- \* To the extent that few jobs actually require substantial skill, given the problem of limited public funds for training, reliance on such programs can serve as a smokescreen to avoid implementing targeted hiring strategies.

Following from these considerations, targeted hiring programs should be instituted but, they should be coupled with training programs when training is needed. Priority should be placed on developing training programs for jobs that do require skill and provide security and advancement opportunities for the employee. These programs will bear the most success. Finally, if training is being used simply as a "screening" device, then clarification is needed to determine what characteristics are being screened for, and when screening and not training is taking place. Most importantly, the question of who is being screened in and who is being screened out must be addressed so that the screening does not function to counteract the targeted hiring strategy.

Securing the participation of public, private and non-profit institutions in this community economic development effort can also be seen as a strategy to carry out targeted hiring and training programs. In general, the public sector has some (albeit shrinking) resources for training activity. The private sector has the employment opportunities. And, the non-profit human service and community based institutions have organized outreach capabilities. The non-profit sector also has the "expertise" to work with the public and private sectors in developing and delivering both hiring and

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83 Ibid., p. 29 and 30. Studies by Gordon, 1972 and by Edwards, 1979.

training programs appropriate to the community residents.

Those organizations in the area with the capability to "reach" the Black population tend to be different from the groups with the most success at working with the Hispanic population. Similarly, different institutions have developed "expertise" in dealing with the problems of different sub-groups, i.e. teenagers, ex-offenders, etc. In order to design effective and cohesive targeted hiring and training strategies, these groups should work together with the public and private sector concerns in the area. This suggests that an employment and training task force should be organized to provide leadership for this part of the community economic development effort.

### Ownership

The issue of ownership has been at the heart of community economic development strategy debates since the 1960's. Underlying the ownership issue is concern about control and power. The "local control" side argues that communities must have the power to control their own economies. This requires building community institutions with the capacity to generate and manage the economic activity at the core of the local economy. The capacity building strategy reduces the dependence of a community on economic activity that is controlled by persons concerned with the profitability of a business rather than the long term health of the community.

The "Black capitalism" side of the debate argues that the way for "disadvantaged" persons, primarily racial minorities, to achieve parity in a capitalist economy is to redistribute control of capital stock along racial lines. The profits to be made in a community should be gained and controlled by individuals from that community. Thus, if Blacks were owners of cap-

ital and participated fully in the benefits of the capitalistic economy, then communities would be revitalized through increased profit retention and increased resident income.

A third side of the debate is centered on the "corporate location in the ghetto" argument. Advocates of this approach purport that the way to improve the economic conditions of ghettos (and ghetto residents) is to encourage corporations to locate in such areas. This argument is founded on the conviction that corporate America can solve the problems of poor areas and that the economy, as currently structured, would accomplish these ends if economic activity were redistributed geographically. This approach focuses on increasing the number of employment opportunities available to residents in ghetto areas.<sup>84</sup>

The nexus of control and economic redistribution is the central point of interest in developing ownership strategies. While there is probably "truth" in each of these arguments; none alone is sufficient. However, taken together they complement one another. Therefore, all three strategies are considered in the analysis below.

With regard to the corporate location in the ghetto strategy, the major positive benefit can be more jobs more quickly than with either of the other approaches. However, there are also some problems associated with this strategy. These problems center around the issue of absentee ownership of firms. A number of studies have found that the ratio of local to absentee-owned firms is positively correlated to the level of economic growth in an area.<sup>85</sup> Other studies have found that absentee-owned firms are more

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84 The basis of this debate is summarized on pages 12 and 13 in Bennett Harrison's article, "Ghetto Economic Development: A Survey," *Journal of Economic Literature*, Volume XII, No. 1, March 1974.

85 Bennett Harrison and Barry Bluestone, Capital and Communities, pp.95-96

quick to disinvest in a community when there is an economic downturn.<sup>86</sup> Similarly, absentee-owned firms tend not to contribute to the local multiplier to the extent that locally-owned firms do.<sup>87</sup> One final consideration with regard to absentee-owned firms is that profits are reinvested for the benefit of the parent firm; this may or may not work to the benefit of the local community. Locally controlled firms tend to reinvest their profits locally.

Thus, branch planting and other strategies which rely upon absentee-owned economic activity may create jobs, but at the same time they tend to reduce the influence of local considerations in the decision making process. Therefore, if the corporation location strategy is pursued, it should target its efforts on locally controlled firms.

Timothy Bates' study, outlined above, provides insight into what strategies might be effective relative to the Black capitalism approach. He found that Black owned firms in the manufacturing, wholesaling and construction sectors are, on the average, ten times more profitable than Black owned firms in the retail and service sectors. Furthermore, Bates' distinction between traditional and "emerging" Black business suggests that efforts should be made to expand the markets of Black owned service and retail firms in the area to serve the more affluent populations.

Capacity building strategies are a critical component of a program aimed at redistributing ownership. Currently, there are no community

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86 Bennett Harrison and Barry Bluestone, The Deindustrialization of America.

87 Ibid, p. 37. "In a 1969 study of Wisconsin mergers, Udell discovered that 75 percent of the acquired firms changed legal services to those of the parent company, 70 percent switched bankers...70 percent changed accountants."

institutions in the area with the capacity to generate or manage community initiated economic development projects. This condition makes it difficult (if not impossible) for the residents to exercise any control over the direction of development in the area or to contribute to, take advantage of, or reap the benefits to be gained from development. If benefits are gained, it will be by those individuals who do get jobs as a result of economic growth in the area.

Hence, emphasis should be placed on expanding the capacity of those few existing community institutions and on creating new ones. Community institutions could be included in different development projects that are undertaken. Examples of how this strategy might work include setting aside a portion of the Goose Island industrial park for development by a community institution. The "community portion" of the industrial park could be marketed along with the rest of the park, but the organization could gain experience as a developer and as a manager of the property. Another example would be to target the import substitution strategy to community groups or resident entrepreneurs. The adopt-a-small business strategy could be used to provide the new fledgling business with the support and resources needed to survive during the period in which the community group is learning how to operate the business. A variation on this which has proven successful is for the larger "adopting" business to loan an executive to the community group. The executive runs the business while the group learns from him how to organize and manage on-going business concerns, they can initiate more community ventures without the hands-on help of a loaned executive. Each of these suggestions would redistribute the "capacity" to own and operate successful economic ventures.

## PLACE NEEDS

The primary objective in relation to the place needs is to promote the stability of the traditional functional dynamics of the area. The place dynamics model explained these functional relationships and indicated that they are threatened by the westward movement of affluence. Three components "of need" were identified-- manufacturers' needs, residents' needs, and the needs of the place. The strategies proposed to meet the needs of the manufacturers and the residents can be viewed as strategies to meet the place needs as well. By strengthening each, their ability to continue their functional roles is also enhanced. Thus, these strategies are consistent with that stabilization objective; however, they are not sufficient to ensure that stabilization will be achieved. When considered within the framework of the dynamics of the place, it is clear that other actions are needed to reinforce them. The transition zones were identified as key elements in the place dynamics and, as such, development strategies for these zones should be consistent with this function. Consistent development is important, yet if the current destabilizing trends are to be reversed even consistency is not enough. The place dynamics themselves must be "managed".

In order to understand how the dynamics can be managed, it is necessary to understand how they are currently being guided, what policy (explicit or implicit) "the management" is following, and where that policy meshes and conflicts with the stability objective proposed here. The place strategies will be developed on the basis of the answers to these questions.

The City has been actively involved in "managing" the place dynamics. The overall plan for the place includes encouraging residential and commercial development east of the Ravenswood Tracks, commercial and light

industrial development west of the tracks to Goose Island, and industrial development on Goose Island.<sup>88</sup> The implications of these strategies, as they relate to the manufacturing, low income residential and transition area dynamics, are recounted below.

The Manufacturing Areas: The City is clearly pursuing an industrial development strategy on Goose Island. The other industrial areas are targeted for commercial and light industry development. Depending on how "light" the industry is and what the industrial/commercial mix is, this policy could alter the character of the other manufacturing sub-areas. Light industry, but particularly commercial use, is more compatible with affluent residential use than heavier industry. A rather striking example of this assertion can be found in comparing the "look" of Homemaker's facility to the building's previous image when occupied by the Seeburg Corporation.

As a result of the increased compatibility of commercial use with affluent residential use, the commercial development strategy can also be seen as an alternative buffering strategy. That is, commercial rather than low income residential use could function to separate the heavier manufacturing areas from the higher income residential areas. This new functional relationship could possibly undermine the buffering function of the low income residential areas, thereby encouraging the further westward expansion of the affluent areas.

The Low Income Residential Areas: Residential and commercial development to the east of the Ravenswood tracks has been moving steadily westward. As it progresses, the lower income residents to the east of the

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88 Interview with Laura Woos, City Department of Planning, Chicago, IL., January, 1982



tracks have been slowly replaced by more affluent populations. Southwest Lincoln Park (and portions of Old Town) contain the only remaining lower income populations east of the Ravenswood tracks. To my knowledge, no efforts are being made by the City to encourage revitalization activities that are designed to keep the lower income populations in the area after revitalization. Revitalization has occurred along geographic rather than demographic dimensions. This trend appears to be continuing.

The Cabrini-Green area is located west of the tracks. The City's current strategy in relation to Cabrini-Green is to spend enough money there to "keep the lid on" and to wait and see what develops.<sup>89</sup> The strategy for Northwest Lincoln Park (which is also west of the tracks) is unclear.

Transition Areas: The City virtually created the institutional zone north of Cabrini-Green. Given their residential and Cabrini-Green related strategies, it seems reasonable to assume that this zone was created to encourage the revitalization of Southwest Lincoln Park rather than to protect the future of Cabrini-Green. The City is currently continuing its development activity in this area and plans to close Ogden Street from Halsted Street to North Avenue to construct a playing field for the Near North Career Magnet High School. It is also negotiating with a theater group to move into the City owned building on North and Ogden. Both of these uses seem consistent with the transitioning nature of the area. However, the institutional zone is clearly facilitating the "revitalization" of Southwest Lincoln Park by isolating it from Cabrini-Green's influence. Eastern Lincoln Park is now the primary influence over the southwestern area. Perhaps the most important question with regard to the institutional zone is whether it functions as a gentrifying force. Rob Mier, from the

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89 Interview with Ed Marciniak, Chicago, Ill., January, 1982.

Center for Urban Economic Development at the University of Illinois, suggested that this may in fact be the case since both the New City YMCA and the Seton Medical Center are attracting Whites into the area south of North Avenue. The question of what is transitioning development as opposed to gentrifying development will be discussed in detail below.

The City's Old Town strategy is more uncertain. The Cobbler Square project, by itself, could be construed as an indication of the further westward expansion of affluence into the Old Town area. However, the mixed housing development strategy being pursued by the City with the Near North Housing Development Corporation could complement the transitional nature of the Old Town area. It is unclear exactly what development strategy is being pursued with the Moody Bible Institute, so the Old Town strategy remains unclear. My sense is that "the management" is conscious of the transitioning function of the Old Town area. For example, when Atrium Village was constructed, it was billed as the "bridge" between Cabrini-Green and Sandburg Village. Still, it is unclear whether the City is promoting transitional type development because, as Ed Marciniak aptly stated, "the question is, can anything survive in these areas that is not racially integrated," or because they are consciously trying to preserve this function.<sup>90</sup>

In summary, it appears that the City's management of the area dynamics conflicts with the stability objective primarily with regard to the low and lower income residential areas. In Southwest Lincoln Park (and the residential portions of Old Town), the City strategy is directly contradictory to the stability objective as developed. In relation to the low income areas, the long term strategy is still not discernable and appears

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90 Interview with Ed Marciniak, Chicago, Ill., January, 1982.

to hinge on the outcome of other development strategies. This passive approach conflicts with the stabilization objective in that it does not actively promote it. In addition, the commercial buffering strategy on the eastern edge of the manufacturing areas, could in the future, usurp the buffering functions of the low(er) income areas.

The City's management strategy is consistent with the stabilization objective in that it is, for the most part, encouraging transition type development in Old Town and the Institutional Zone. They are actively pursuing manufacturing development in the western part of the industrial area. On the eastern edge of the manufacturing area, the City strategy may conflict with the stabilization objective if the development is too heavily weighted toward commercial use.

This analysis provides the basis from which to develop place related strategies that are consistent with the stability objective. These strategies include: influencing the City's strategies relating to the place dynamics and working to resolve the areas of conflict between their management strategies and the stability objective; encouraging residential development consistent with the stability objective; and promoting development in the institutional zone and in Old Town that is explicitly consistent with the transitioning function of these areas. Influencing the City's management of the place dynamics and resolving conflict between the stability objective and current City strategies can best be accomplished by including them in the process of developing an organization with a shared view of what the problems are and what should be done to intervene.

Strategies to encourage residential land use consistent with the stability objective must focus on how to encourage residential revitalization that permits the existing population base to remain in the community. The

economic benefit redistribution strategies outlined above are important in this approach; however, mixed income or subsidized housing development and low cost rehabilitation loans are also necessary to solidify this approach. The numbers of residents that will be directly benefiting from the economic redistribution strategies will not be sufficient to upgrade whole neighborhoods by themselves.

The primary approach in the institutional zone and Old Town should be to encourage development that is consistent with the transition function of these areas. This raises an important question-- what is the difference between "gentrifying" development and "transitioning" development? This is a critical question since if there is no difference, then all new investment in the area can be considered gentrifying. The characteristics of the transition function point to criteria that indicate whether a project is "transitioning" or not. These include:

- 1) Does the development promote racial and economic integration?
- 2) Does the development contribute to reinforcing the separate identity of the area, or does it make the area more or less like one of its neighbors?
- 3) Is the development compatible with the surrounding land use and does it protect or threaten the function of the surrounding uses?

If a development promotes racial and economic integration contributes to the separate identity of the area, and is compatible with and protects the function of the surrounding uses, it can be considered consistent with the transition function.

It is also necessary to distinguish between whether individual projects meet these criteria and the aggregate result of the various developments in the area. For example, taken by itself, the Cobbler Square project ap-

pears to be representative of development that does not meet these criteria. However, if the Cobbler Square project were undertaken at the same time that a program to upgrade the marginal minority business strip in Old Town, the aggregate effect of the two projects could be consistent with the transition function. Hence, it is not just the individual projects, but also the balance between projects that is important.

Specific strategies that would be consistent with the stabilization objective and the Old Town context are explained below.

Moody Bible Institute and NNHDC should be encouraged to pursue development that is consistent with the transitioning function of the area. If development by these institutions is not probable, other development projects that protect the neutrality of the area should be identified.

The Old Town Chamber of Commerce and the minority business owners should be encouraged and helped to devise a commercial revitalization program for the north side of the Wells and Division intersection. This program should focus on upgrading the minority business strip in ways that would allow the businesses to benefit from the revitalization effort and the development of the surrounding area. A major emphasis of this program, following from Bates' research outlined above, is to expand the markets of these "traditional" type enterprises so that they (the markets) extend beyond the limitations of the low income area. This program could include business service center assistance, cooperative insurance pooling, an adopt-a-neighborhood program, or an adopt-a-small-business program.

The adopt-a-neighborhood option is potentially the most comprehensive. This program could work by finding a large business to "adopt" the area and use its expertise, resources and influence to promote development activities there. The large business could provide a variety of technical assistance,

marketing and financing services. CD (Community Development) funds could be secured to make building facade and street improvements. This adopt-a-neighborhood strategy could also be varied to include residential areas and schools in other parts of the study area (in particular, this might be a good strategy in the Town and Gardens area of the Cabrini-Green sub-area). The adopt-a-small-business strategy works in a similar manner to the neighborhood program. However, it reduces the potential for collective actions and would neglect the problem of vacant land and buildings which can be addressed in a program with a "neighborhood" focus.

The business service center option could provide the technical assistance needed, but lacks the implicit organizing potential of the adopt-a-neighborhood program. Nevertheless, organizing functions could be built into the program. Existing community organizations could also serve this organizing function. In this case, the Near North Community Organization, Near North Development Corporation or the Old Town Chamber of Commerce could potentially work with the merchants to organize them to carry out a commercial revitalization program.

Finally, the merchants in the northern part of the Old Town sub-area should also be encouraged to utilize any business and financial services or cooperative programs established by the organization.

Strategies related to the institutional zone should focus on the two remaining parcels of vacant land in the zone-- the parcel to the east of Seton Medical Center and the remaining portion of the YMCA-owned land. Both should be developed with uses consistent with the transitioning function of the zone. Either would be possible sites for community initiated ventures. Low density subsidized or mixed income housing development would also be appropriate. The North Avenue site could be developed either

institutionally or commercially. The YMCA site could be developed to have some sort of productive relationship with the manufacturing area directly across the street.

### CONCLUSION

This chapter developed the objectives of community economic development, related them to the context and presented as array of strategies and approaches that could be undertaken. The conclusion will consider how the strategies related to each separate objective interrelate and where tensions or conflicts exist between them.

The strategies reviewed in this chapter relate to a number of broad program approaches. In relation to the manufacturers' needs and the growth objective, strategies tend either to be oriented toward providing "services" to businesses or oriented toward the problems of creating new businesses. Business services, in the generic sense used here, include organizing businesses for collective action, providing a variety of technical assistance and financial assistance services, and attending to the expansion needs of existing firms. Strategies oriented toward the problems of creating new economic activity center around forging new markets. In relation to the residents' needs and the redistribution objective, strategies were either oriented toward employment (jobs) or ownership. The jobs strategies addressed questions such as what type of jobs should be encouraged, how can existing jobs be improved, how to ensure that some of the existing and newly created jobs are targeted to the low income population, and what the relationship between targeted hiring programs and training programs entail, i.e. when is training necessary and when does it work. Ownership strategies focused on how to build the capacity of community institutions, how to

strengthen and increase the numbers of minority owned businesses, and finally, what types of ownership should be encouraged. The place needs and the stabilization objective were approached through three main strategies: managing the functional dynamics of the area, encouraging transitioning development rather than gentrifying development in the transition areas, and developing housing related programs for areas experiencing (or likely to experience) revitalization.

To make sense of this array of possible actions it is necessary to understand how the actions interrelate across these broad strategy approaches. Where are the strategies "mutually reinforcing" and in what ways do they conflict? Where are the tensions between them? Answering these questions will provide a basis to begin looking at how choices can be made about which strategies to pursue and when to pursue them.

The strategies interrelate across categories in different ways. Some strategies must precede others in order for the later action to be feasible. An example of this relationship is that growth possibilities must precede ownership strategies. For instance, capacity building cannot occur without development opportunities through which capacity can be built. In other cases, strategies serve to complement each other. Employment strategies and housing strategies complement each other in the sense that alone, neither is sufficient to provide the current residents of the low(er) income areas with the "tools" necessary to combat gentrification. Another type of interrelationship among the broad strategy approaches occurs in the form of strategies that "cross-cut" the different approaches. For example, the strategy of attempting to get the UDAG back-on-track would include actions related to a number of the approaches. Specifically, it would include the business services approach since it is concerned with



developing expansion space for existing area firms. Employment could also be included in the form of targeted hiring and training programs and in relation to the types of job opportunities encouraged in the industrial park development. Ownership strategies can also be integrated into this strategy. A portion of the industrial park could be "set aside" for development by a community institution. The "community-owned" portion of the park could be marketed along with the remaining portions of the industrial park. This arrangement would help to build the development capacity of the local institution involved. It could also provide them with an on-going source of revenue allowing them to start other development projects on their own. Hybrid strategies are important to the community economic development effort because they serve to integrate the different objectives of the organization and allow it to pursue multiple objectives through a single project.

There are also areas of tension or conflict among strategy approaches. Many of these tensions are the direct result of the conflicting interests attributable to the manufacturers and residents. This conflict is pervasive. It can be identified in the business incentives versus business concessions dichotomy underlying the growth and redistribution related strategies. It is inherent to the dual stance taken relative to both the City and business. The strategies suggest that the private and public sectors have their own needs to be addressed through the community economic development program. But, in relation to the redistribution and the stabilization objectives, changes in their behavior are advocated.

Other tensions relate to the problems of acting on community economic development objectives in the current political/economic structure. Examples of these tensions can be identified in the strategies designed. Job

creation is a major concern, yet in order to create jobs, viable products must be created. Thus, jobs are created indirectly through creating products (or expanding markets for existing products). As a result, product viability is necessarily the first (and most important) criteria by which possible actions must be judged. Employment related criteria are relevant only if the product is viable. (This would not necessarily be the case if resources were available to subsidize jobs). Another tension relates to the problems of managing the dynamics of the area when very few management tools exist. The stability objective runs counter to the market trends in the area. A community economic development organization has some possible avenues for intervention, but by and large, only the City can counter the current trends.

In order to gain a better understanding of what each strategy can mean in terms of implementing a community economic development program, I will "play out" the implications of three strategies (one in relation to each objective). This will be done by examining the different tasks associated with implementing each strategy, the connections between the strategies and the variables that constrain the amount of benefits gained through strategy implementation.

#### Manufacturers/Growth Approach- Import Substitution Strategy

Implementing the import substitution strategy will require a significant amount of work. Background information regarding the current purchasing behavior of large area firms, institutions, or public agencies should be compiled. In order to obtain such information and to secure agreements "in principle" to the concept, educational efforts may be necessary. Common "imports" should be identified (including price paid for the good

and quantity purchased). A list of potential product candidates should be generated from this research and analysed in terms of the structure of the specific industries. The following factors should be considered:

- \* The cost of producing the good;
- \* The "typical" profit margins for firms in this industry as well as the range of profitability in the industry;
- \* The advantages that current producers have over a potential local producer, i.e. economies of scale, access to inputs, patents, etc.;
- \* The types of jobs typically found in the industry (occupational structure);
- \* The potential expansion market (beyond the initial captured market) for the product; and
- \* The numbers of jobs that could be created through undertaking the venture.

The list of potential products should then be narrowed on the basis of these feasibility and job creation considerations. Products that meet certain requirements may not meet others. Thus, there will be tradeoffs to be made among these different considerations.

Once the best options have been identified, actual purchase commitments should be secured. Potential producers must then be identified. Entrepreneur selection should consider the redistribution objective. Hence, community organizations should be offered the captured market first. Targeted hiring and training "strings" should be attached to the captured market, but not to the extent that they inhibit the new business' chances for success. Supports should be developed to assist the entrepreneur in securing start-up financing and learning to manage the new concern. An executive-on-loan program or an adopt-a-small-business program could be implemented to ensure that hands-on capacity building help is available. Finally, the new business could be housed in low cost incubator space.

Thus, the import substitution strategy links the various strategies and objectives in a number of ways. It can create jobs, influence what type

of jobs are created and for whom they are created, redistribute ownership as well as the capacity to start and manage businesses, increase the local multiplier effect and utilize "obsolete" industrial structures in the area.

The constraining variables with regard to the import substitution program center around the willingness of existing concerns to alter their purchasing behavior and participate in the program. These factors constrain the size of the potential captured markets. The size of the market constrains the feasibility of producing a given product. The cost of initiating and running such a program will constrain the decisions made regarding the level of benefits (in terms of job creation and ownership redistribution) that should be generated from the program to make it worthwhile. The occupational structure and technology of the industry will determine the level at which targeted hiring programs can be implemented without causing the business to become uncompetitive. The potential benefits of producing a given product will also be constrained by product viability, the supply of potentially successful entrepreneurs, and the availability of capacity building resources.

Residents/Redistribution Approach- Targeted Hiring and Training (Existing Firms)

The following steps should be taken to initiate hiring and training programs in conjunction with existing firms. The number and types of job openings available through existing firms each year should be determined. The qualification and skill level requirements of these jobs should be reviewed. Labor force data on the unemployed (including discouraged worker) populations in the low and lower income sub-areas should be gathered. This data should be matched with information on job openings to determine in what ways labor supply and demand coincide and in what ways they do not

mesh. Training programs should be designed to improve the "fit" between the residents and the job openings and to increase the numbers of skilled and semi-skilled job opportunities eventually available to these populations. Targeted hiring and training standards should be set and participation agreements secured from area businesses. Institutional mechanisms that function to centralize up-to-date job opening data, to match residents and job openings, and to provide training should be created.

This strategy promotes linkages between the private, public, and not-for-profit sector actors in the area. It also establishes economic linkages between the low income residents and the manufacturing areas.

The magnitude of the benefits gained from this program will again be constrained by the willingness of area firms to agree to participate in the program and by the level at which they agree to participate. Job opening and labor force data can be compared to illuminate the degree to which different targeting levels will impact the area's unemployment problems. Another major constraint will be a lack of training funds. Data on the specific types of jobs available and on the labor force characteristics will help to clarify how much training is actually needed and how it should be provided. For example, if training funds are scarce, but skilled and semi-skilled employment opportunities exist, training could be structured so that trainees work one half of the day for pay, and are trained the other half of the day without pay. Or, they could begin working at the firm in jobs that were structured to provide both training and corresponding wage increments. The manner in which training is structured should depend on the nature of the job, the availability of funds, and the qualifications of the trainee.

Place/Stability Approach- Housing Related Programs

In order to determine what sorts of housing related programs are necessary to ensure that the current residents of an area can remain after revitalization, it is necessary to determine the numbers of owner occupied and rental units in the area. The various characteristics (i.e. race and income) of the owners and renters should be identified. Homeowner programs will require background data on what sorts of home improvement programs are necessary and affordable and what programs are currently available and affordable. Low interest loans could be made available. A rehabilitation business could be started to provide both employment training to area residents and low cost rehabilitation services to low and moderate income homeowners in the area.

The problem with regard to renters is more complex. Actual ownership of the housing stock should be determined. Ownership turnover should be watched for speculation activity and low interest mortgage funding options should be secured. This funding should be used by community based institutions to selectively buy, manage and improve the housing stock themselves. This also could be done in conjunction with a training program. The community organization could obtain rent subsidy monies (if available) and hold renovation costs and rents down to a minimum level. The community based organizations should also explore ways to structure sweat equity and cooperative ownership programs whereby residents become property owners themselves.

This strategy links the place needs and the resident needs. Capacity building and ownership redistribution are encouraged. It promotes the stability of the community and attempts to retain low and lower income

residents in the area as part of the revitalization process. The housing strategy has temporary job creation potential but, more importantly, these jobs have high training value and develop skills that can be transferred relatively easily from one job to another.

The constraints on achieving maximum benefits from this program stem from a dearth of low interest loan and rent subsidy monies, from the ratio of owner occupied to absentee-owned housing, and from the scarcity of existing organizations with the capability to manage such a program.

Each strategy is composed of an intricate web of tasks or actions that need to be completed. The strategies tend to contain numerous connections between the different community economic development objectives and strategies and between the different actors and elements of need. There are also relationships, unique to each strategy, that will tend to inhibit achievement of the various community economic development objectives.

In the next chapter, I will explore the issues related to developing an organization that is capable of implementing such community economic development strategies. I will propose a way by which the strategy implementation and organizational development processes can be combined and examine what this means in terms of choosing starting points for action.

"We... learned that in the city black, white, rich, and poor... cannot be gotten to rub elbows and be neighbors... In the city people get together in groups on the basis of their differences, and these groups won't mingle. But if they are taken as they are, they can be manipulated. This means knowing the community, taking it as it is, finding out what groups are in it, who are the influential members of those groups, what are their attitudes toward each other. With this information, if issues or community crises arise, the Community Council can do something. But the old 'be neighbors' stuff is a waste of time."

The Gold Coast and the Slum

CHAPTER THREE-- THE PROCESS

In the above quotation, a leader of the Near North Community Council (no longer in existence) spoke about the realities of organizing for community action in a non-descript community. These lessons are no less valid today than they were in Zorbaugh's time. In this chapter, I will examine what the current "community" realities-- the characteristics, the contrasts, and the "components in need" (the residents, manufacturers, and the place)-- imply relative to the process of organizing for and carrying out a community economic development program. Underlying the diversity and dynamics of the area are groupings of people with conflicting interests. Beyond the conflicting interests there is also a "lack of understanding" among the various groups in the area. This "lack of understanding" is founded on the barriers of social distance which have created, on the Near North Side, "totally different worlds which altogether fail to comprehend one another."<sup>91</sup>

In developing a community economic development organization and in structuring its work, the conflicting interests must be accepted and accounted for; the "lack of understanding" must be understood. The process must facilitate the creation of a shared understanding/view of the prob-

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<sup>91</sup>Obcit., Zorbaugh, page 217.



lems being addressed and the organization's role in addressing them. It must embrace the different needs, views and interests represented in the area and build from these realities. It must not seek to create one community out of this diversity.

I will explore how the organization should initially be structured and how its work should proceed in order to develop this "shared view" and to intervene effectively in developing the local economy. It will be based on concept of an "action oriented learning process" and will address the question of how the organization can act while continuing to learn about the situation in which it is acting (and the role that it plays in that situation) and to adjust the organization's actions on the basis of that learning.

Donald Schön, in his essay entitled "Conversational Planning," explains why action oriented learning processes are necessary.

"Even when problems are clearly stated at the beginning of an episode of practice, they often come apart later on as problem-solving produces unintended outcomes which lead to a rethinking of suitable ends and means, constraints and fixed parameters of the environment. In short, what the inquirer usually confronts is not a problem, but a problematic situation.

...On the basis of an appreciation of his situation, the inquirer takes action, to which the situation responds by 'talking back,' revealing new problems, surfacing new and sometimes conflicting purposes. As in all good conversations, the back-talk is only partly predictable.

...When we see inquiry as a conversational process in which problem-solving is interwoven with problem-setting, we see that the objectives by which we judge effectiveness are also products of inquiry."<sup>92</sup>

He then goes on to suggest that in a good "conversation," planners would clearly not achieve their initial purposes. To the contrary,

(They) "become more vulnerable to learning from the previously

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<sup>92</sup>Schon, Donald, "Conversational Planning," Fall, 1980.

counterintuitive consequences of their own...interventions, ...are more likely to become aware of the need to restructure the theories underlying their earlier moves,...are more likely to become aware of ways in which their interests may conflict with the interests of their intended beneficiaries;...such conflicts of interest will require negotiation and/or joint inquiry...Finally, the planners are likely to discover that they must manage the paradoxical task of committing now to policies and values which will have to be restructured as the conversation unfolds."<sup>93</sup>

Good conversational planning is a process; one which promotes continued learning from the situation and adjustment to it. From this point of view, learning, which is crucial to effective intervention, is accomplished through acting and then reflecting on the consequences of that action, From there future actions, including the values and goals on which they are based, are refined.

This chapter addresses the question of what kind of an organization should be developed to undertake community economic development for this place. The previous place related analysis informs the task of developing such an organization. The organizational development task considers the initial structure of the organization as well as the process by which it develops and organizes its work. The process must be designed so that action, learning, refinement of objectives and strategies, and further action continually occur. Thus, the "answers" set forth in this chapter are only the opening statement in the conversation that should follow between the new organization and the problematic situation it confronts.

The choice to focus on developing a new community economic development organization is also implicitly a resource allocation decision, The YMCA's resources can best be used to organize and nurture a new organization rather than, for example, using these resources to start a small develop-

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<sup>93</sup>Ibid., Schon, page 11.

ment project of their own.<sup>94</sup> The YMCA has traditionally been involved only in the manpower development aspects of community economic development. It does not have the capability to implement the range of community economic development strategies needed to impact the problematic situation it confronts. Such an effort requires that other institutions-- private, public and non-profit-- also commit their resources and capabilities to community economic development initiatives.

On the other hand, the YMCA is in a unique position to organize a community economic development institution. It has long standing relationships with the private sector through its board structure. It has worked closely with the public sector and non-profit agencies in other collaborative programs. And, it has established outreach capabilities in the low income communities as a result of its service delivery emphases. Furthermore, it has a history of consistently playing leadership roles in creating and promoting collaborative efforts at both the planning and service delivery levels. And, through its board structure and fund-raising efforts, it has emphasized "educating" the private sector in regard to creative ways that can help to impact human and community development problems.

The organizational development strategy is also a resource leveraging strategy. The YMCA does not have the resources to impact these problems alone. Similarly, community economic development attempts would be futile without the support of other institutions in the community. By pursuing a collaborative strategy, the YMCA can bring its own, but also the resources and capabilities of all the different community actors to bear on the prob-

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<sup>94</sup> Currently, the YMCA is committing one full time staff resource, clerical support, and corporate support (supervisory, etc.) to developing this program. The City of Chicago has also agreed to house one staff person at the Brooker Center to support this effort.

lems. There is no theoretical or practical reason why the YMCA should attempt this venture on its own or solely with its own resources. The magnitude of the problems requires a broad base of support and commitment as well as an institutional form capable of coherently addressing the various community economic development objectives and areas of need. The YMCA does have the capability to convene the necessary participants and to nurture a new collaborative organization.

#### INITIALLY STRUCTURING THE ORGANIZATION

The realities of the place described in Chapters One and Two provide an initial foundation for the design of a new community economic development organization.

- 1) The area is essentially nondescript. It contains a variety of sub-areas within its borders with radically different characteristics and interests.
- 2) Based on a model of the place dynamics and the area characteristics, three "elements in need" were identified-- residents' needs, manufacturers' needs, and place needs.
- 3) Cabrini-Green is an area with extraordinary problems. It is difficult to impact and this difficulty is confounded by the absence of community institutions that adequately represent the interests of its residents and by conflict with those that do exist.
- 4) Buffering and transitioning functions are provided by certain sub-areas within the larger area. These functions are key to stabilizing the place dynamics.

On the basis of these realities, the question of who should participate in the new organization can be addressed.

In a broad sense, participation in the organization should include representatives from the public sector, private sector and the "not-for-profit sector." Groups from each of these sectors are currently involved and have an interest in the development of the area. Participation by the City is important from both a resource and an access to information standpoint, but it is critical in relation to the need to manage the dynamics of the place. Representation from the private sector is important since it controls most of the jobs and investment in the area, but also because this sector faces problems of its own that contribute to the decline of the area. The participation of non-profit institutions is important because they come closest to representing the needs of the residents in the area and also have the outreach capacity needed to facilitate linkages between the private sector and the residents of the low income areas.

Representation is a complicated issue. In deciding who represents who, choices must be made about which groups are important. Behind this question, as Zorbaugh states, is the issue of which "differences" are important. Clouding the issue further is the fact that not all "differences" that are important are represented by identifiable groups. Therefore, the institutional organizing strategy (pursued by focusing on the participation of established groups) is limited to the extent that not all important differences in the area are organized into viable institutional forms. In addition, due to practical size constraints, not all groups can participate in the new organization. Each of these limitations must be considered and minimized as participants are recruited.

Participants should be selected so that groups related to the resident, manufacturer, and place needs are represented. Geographic distribution should also be considered. This balance is important to insure represen-

tation of all interests. However, other important considerations must also be factored into participation decisions. They include: interest and willingness to invest time and effort into the organization, influence among their peers or their constituents, jurisdiction over or a history of activity related to community economic development in the area, unique or special contributions to the mix of participants of the capacity of the organization, and political importance for reasons such as turf issues or ability to obstruct the process if excluded.

A final consideration with regard to who should participate in the organization is in what way should they participate. There are many levels on which participation can occur and equally as many ways in which to structure different types of participation. All participants in the process need not be members of the organization. Some could serve as consultants to the organization; others could help the organization set directions or develop specific program components. Task forces or committees can be set up to work on specific issues. Eventually, they may either become free standing "spinoff" alliances with a more narrow foci than the "parent" organization, remain connected to the organization, or be disbanded.

All of these considerations must be balanced with the problems of "growing" a new organization and developing commitment and support for the growth process. A core group of participants with such a commitment should be in place before the organization begins to expand. This group should be capable of working together and establishing some initial directions for the organization. Once this has been accomplished, others can be asked to join in. The core group should include approximately eight to twelve participants. However, they may want to seek input from other groups that will be vital to the success of the organization later. The core group, if the

interest and commitment can be fostered, should contain a balanced mix of organizations. Suggested core group participants for this endeavor are shown on Chart 3-1 on the next page.

Each of the twenty organizations suggested is important, particularly to securing a healthy sectoral and geographic mix of participants. However, all of the organizations listed may not commit themselves to work on building the organization. Some may prefer to participate more peripherally, or not at all. From this list, if a balanced group of eight to twelve of the organizations agree to work on developing the organization, a solid and diverse core group can be established.

There are still some "differences" that will not be well represented. For example, none of the organizations "representing" the low income residential areas is a solid community organization with a strong community base or economic development capacity. Such organizations do not exist in the area. The Near North Development Corporation and the Near North Community Organization do not have broad based community support. The Center for New Horizons is more representative of the "community" interests in the Cabrini-Green area. As such, they are important to this effort. However, the Center for New Horizons has a somewhat vocal and confrontative history. It will be difficult to secure the agreement of the rest of the organizations to invite them to participate. (If past history is any indication, they will be concerned with one issue-- jobs.) This is an example of the conflicting interests in the area. The success of this endeavor as a community economic development program will in large part be determined by how creative the organization is at working through such conflicts.

There are a number of other organizations that should participate in the new organization either as the organization grows or as members of

Chart 3-1

SUGGESTED CORE GROUP OF PARTICIPANTS

<u>ORGANIZATION</u>	<u>SECTOR</u>	<u>TYPE OF ORGANIZATION</u>	<u>SUB-AREA</u>
1. Montgomery Ward Corporation	Private	Corporate, Commercial	Division Street & Chicago to Kinzie
2. John M. Smyth--Homemakers Division	Private	Corporate, Commercial	North and Halsted
3. Oscar Mayer Corporation	Private	Corporate, Manufacturing	Division Street
4. Proctor and Gamble Corporation	Private	Corporate, Manufacturing	North Clybourn
5. Schussler Knitting Mills	Private	Independent, Manufact.	North and Halsted
6. Chicago Tribune	Private	Corporate, Manufacturing	Chicago to Kinzie
7. Continental Bank	Private	Corporate, Financial	Areawide
8. North Branch Industrial Association	Private	Industrial Association	Goose Island
9. Halsted Street Business Association	Private	Business Association	Southwestern L.P.
10. Old Town Chamber of Commerce	Private	Business Association	Old Town
11. Western Sector Council- GNMAA	private	Business Association	Near North Side
12. Economic Development Department (City)	Public	City Agency	Areawide
13. Mayor's Office of Employment & Training	Public	City Agency	Areawide
14. Near North Housng Development Corp.	Non-Profit	Church Consortium	Old Town
15. Near North Devel. Corp. & Comm, Org.	Non-Profit	Community	Cabrini-Green Area
16. RANCH Triangle Association	Non-Profit	Neighborhood Association	Southwestern L.P.
17. Center for New Horizons	Non-Profit	Human Service/Community	Cabrini-Green Area
18. Neighborhood Institutional Advis. Counc.	Non-Profit	Alliance, Mixed Human Serv., Comm., Church	Cabrini-Green
19. Christopher House	Non-Profit	Human Service	Northwestern L.P.
20. YMCA New City/Brooker Center	Non-Profit	Human Service	Areawide



task forces or committees concerned with specific issues. From the business community, these organizations might include firms from the southern part of the Chicago to Kinzie sub-area, firms from the northern part of the North Clybourn area, and the Milwaukee Road Railroad. (The Milwaukee Road owns most of the site for which the Goose Island UDAG was granted and should be included in relation to that project.) From the public sector, the Chicago Housing Authority, Chicago Transit Authority, the Board of Education, the Police Department, and the Planning Department all have jurisdiction over issues that have surfaced in this review.

From the non-profit sector there are a number of institutions to which portions of the community economic development program could be of interest. Eisenberg Boys Club, Safer Foundation, Olivet Community Center, and Treatment Alternatives to Street Crimes (TASC) all have employment or training related interests. The Cabrini-Green Legal Aid Clinic could collaborate with the effort by assisting with the legal work related to structuring community initiated projects. The universities (Northwestern, DePaul and Loyola) could be involved in targeted hiring strategies, import substitution programs, and could provide technical assistance to the organization itself of area businesses. Similarly, the hospitals could be involved in targeted hiring and training programs and import substitution strategies.

There are also issues related to establishing collaborative organizations that merit discussion here. First is the issue of who should represent an organization. Tied into this issue is the problem of participation by "non-peers." Inter-organizational alliances composed of "non-peers" often do not function well. Those participants with decision making authority in their organization, have a difficult time accepting the problems of those who cannot make commitments but must seek approval from their

executive for proposed actions. Participants without decision making authority have credibility problems within the alliance as well as within their organization. In relation to the alliance these problems stem from their inability to "deliver" their organization's support at crucial times. Their problems within their own organization stem from the fact that, when the participant is not in a leadership position, he often faces difficulties trying to gain organizational acceptance for new ideas he has come to believe in. This problem can become particularly acute if the alliance is actually working well and creating a shared understanding among the participants. Consequently, the participants in the organization should be executives or at the very least, persons close enough to their executive to wield considerable decision making autonomy or influence.

Directly related to the issue of decision making is the issue of "speaking for an organization." Almost all of the organizations have some type of formal board structure. Even the executives cannot commit their organizations to proposals which require major policy shifts without consulting the board. Thus, there is always a tension between representing and speaking for an organization and the ability to "deliver" the organization on specific issues. Similar alliances have minimized this tension by asking executives to participate as individuals, but as individuals chosen because of their knowledge of and influence in a particular organization. These are fine line distinctions; however, they must be respected if there is to be a free and creative exchange of ideas within the alliance. They protect both the executive and the organization they represent ( and therefore the alliance itself) from numerous political problems. (My experience is that this distinction is never made during discussions. Executives speak as if they are the organization. An outsider would not realize that

the distinction even exists. However, it serves as a fall back position if needed.) Therefore, participants should agree that each is speaking as an individual with knowledge and influence; not for the official position of their organization until that organization formally commits itself to an action .

Another consideration with regard to the initial structure of the organization is the choosing of the chairman. The chair should be a person with time and leadership ability to help develop the organization, with influence in the area, and with the respect of the other participants. In order to secure the participation of the business community (and probably the City too) the chair should be from the private sector and from an influential firm in the area. However, the chair should also serve on the board of directors of a non-profit agency so that the dual nature of their connections helps to cement the private and non-profit link within the organization. In order to maintain a balance of power, other leadership positions should be divided among participants from the various sectors and sub-areas wherever possible without losing leadership capabilities needed for the position.

Another important set of questions related to the initial structuring of the organization have to do with where to "house" the organization, what form it should take, and what the YMCA role should be in developing the organization. There are three options in this regard. First is to house the organization within the YMCA structure. The second option is to create a separate organization, but to use the YMCA as the fiscal agent for the organization. The third possibility is to create a separate organization which does not use the YMCA as its fiscal agent. Each of these models has advantages and disadvantages both for the YMCA and for the new organ-

ization.

The first option has distinct advantages from the point of view of creating a new organization. It allows the new organization ample time to develop its capacity and organizational definition and does not require performance as an organization before such performance is possible. The second and third options both require a greater degree of organizational definition and capability than it is reasonable to assume will exist for a time. (The second option has the advantage over the third option in that it does not require that the organization have fiscal capability. But, it still requires a degree of administrative capability, financial autonomy, and organizational definition that will take a while to develop.)

The first option also has substantial disadvantages. Primary among them is that the organization could potentially be seen as YMCA identified and controlled. Following from this, it could be seen as the responsibility of the YMCA rather than the responsibility of all of the participants. Thus, this arrangement could discourage active participation, commitment and a sense of responsibility toward the organization on the part of the participants, and thereby, undermine its chances for success.

The first option has one last disadvantage for the YMCA. Housing the organization within the YMCA structure can create fundraising conflicts. By agreeing to this model, the YMCA runs the risk of getting contributions to "the new program" at the expense of contributions to its on-going operations. The distinction between "housing" a new organization/program and "owning" it are not often well understood. When this distinction is missed, a zero-sum situation is created. This dilemma is somewhat alleviated if the second or third option is pursued and the organization is a separate

concern.<sup>95</sup>

In the balance, it appears that the first option is the necessary choice from the standpoint that the organization lacks both identity and capacity. This option is preferable in the sense that it provides the new organization time to develop and to learn more about how it should eventually be structured. Nevertheless, housing the organization within the YMCA structure does have serious drawbacks. Efforts should be made to minimize the organization's YMCA identity and to encourage other organizations to both participate actively and to take responsibility for its development. The fundraising problem should be addressed by the organization. Other participants should take on fundraising responsibilities and the corporate participants should be asked to contribute to the funding of the organization, but with the understanding that it is not the YMCA's organization. The success of this strategy will depend, in large part, on how well the YMCA does at extricating itself from controlling the organization and encouraging shared responsibility for it.

In order to minimize the organization's YMCA related identity, it should be given a name early on in its formation. The YMCA should make it clear that this initial arrangement is temporary and that the organization will be spunoff when it has an identity and the capacity to function on its own. The YMCA should promote identity formation and capacity building within the organization so that this situation does not continue for more than one or two years. It also might be beneficial to agree upfront that when the organization is spunoff, it will enter into a fiscal agent arrangement

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<sup>95</sup>This dilemma will not necessarily be eliminated by creating a separate organization. Other alliances that have been formed under the auspices of the YMCA but were free standing entities have caused similar fundraising problems.

with the YMCA. This agreement could free the organization to concentrate its capacity building efforts on developing an identity, management capability and initiating community economic development strategies without also having to build its fiscal capacity.

Another important step that the YMCA should take is to clarify what roles it should legitimately be playing in the development of the organization and what roles would be counterproductive. The YMCA could take leadership roles as organizer, convener, houser, subsidizer and nurturer of the organization without jeopardizing either the participation or the responsibility of other organizations toward the new organization. If the YMCA takes on the role of controller or being the ultimately responsible party, it will undermine the collaborative spirit and stifle active participation of others. The YMCA should lay the groundwork and get people to participate, but it should not see itself (or be seen by others) as being responsible for the outcome of the process.

#### ORGANIZATIONAL DEVELOPMENT CONSIDERATIONS

In the previous section, the issues involved in determining the initial structure of the new organization were reviewed. In this section I examine the primary issues related to developing the organization once the initial structure is in place. I have divided the issues related to developing the organization into three categories-- the way in which the individual participants function together as a group, the future perpetuation of the organization, and the external linkages or professional relationships that must be established to increase the efficacy of the organization.

### The Functioning of the Group

This aspect of the organizational development process focuses on building the capacity of the various participants to function together as a group.

It includes:

- \*Nurturing an active and committed core group of participants that represent the various interest groups and geographic divisions within the area;
- \*Developing among the members of the group a shared view of what the problems of the area are;
- \*Reaching agreement about what the purpose and objectives of the organization are in relation to the view of the problems;
- \*Recruiting other participants as the organization matures and structuring participation mechanisms for non-members;
- \*Increasing the learning ability of the group in relation to both the willingness and ability of the participants to learn from and understand the other participants' interests and from the organization's efforts to develop the economy of the area; and
- \*Working on increasing the ability of the group to resolve conflict. Conflict resolution is intimately tied to the ability to learn from each other and to work within the context of diversity rather than homogeneity.

Each of these issues should be immediate and high priority emphases in the organizational development process (except for efforts to develop the future participant base). Given the problematic situation facing the organization, these issues lay the foundation for the success or failure of the organization. If the participants cannot learn to function together as a group, then it cannot hope to achieve its community economic development objectives.

### The Perpetuation of the Organization

All of the components of the organizational development process are important to its future viability. This category represents the more tan-

gible or "hardware" concerns related to the organization's future. These include:

- \*The organizational structure;
- \*The stability and level of its long term funding;
- \*The managerial capabilities required; and
- \*The fiscal capabilities needed,

Organizational form will be important as an issue in the very beginning stages of organizational development. It includes issues such as where to house the organization and what its relationship to the YMCA should be. This will become less important as the initial structure is worked out. It should surface again after about one or two years when the organization has the capacity and the identity to choose another organizational form, i.e. move into a fiscal arrangement with the YMCA. It will also become important at intervals when the organization must decide if an activity should be incorporated into the organization's structure or established with a separate institutional form. The stability and level of funding will be important throughout the process. Management capacity, on the other hand, is important, but should not be a primary area of concentration during the initial start-up phase. It will become more important once the organization actually takes steps to initiate strategies. Once a management structure is developed, this issue will fade in importance until changes are needed. Fiscal capacity can remain unimportant until the organization decides that it wants to function totally separate from the YMCA structure.

### Creating External Linkages

Creating external linkages is important to establishing the validity of the group in the economic development "field" in Chicago. These linkages



should include:

- \*Establishing resource relationships so that duplication of services does not occur and available assistance is being utilized; and
- \*Forming alliances with other organizations to carry out programs that are more easily done collaboratively.

Establishing these linkages is important from the beginning of the organizational development process. However, it should not become a primary area of concern until the purpose and the objectives of the organization are clear.

#### THE ACTION ORIENTED LEARNING PROCESS

This section examines the question, how does the organization actually develop. The concept of an action oriented learning process will be used to help answer this question. It posits that organizational development can occur at the same time and as a result of the organization's pursuit of its community economic development objectives. An action oriented learning process intertwines the organizational development and the strategy implementation processes. By pursuing organizational development through strategy implementation, two requirements are placed on action choices-- they must meet the community economic development requirements of the problematic situation described and they must also meet the organizational development requirements discussed.

Before considering how strategy implementation can be used to jointly address organizational and community economic development needs, the problem of how to choose among the community economic development strategy options must be addressed. The realities of the place provide a basis for answering these questions.

Strategy choices must balance the community economic development ob-

jectives as well as the corresponding resident, manufacturer and place needs. Choices must also consider when different strategies should be implemented and how earlier strategies can lead to learning about later strategies.

Two approaches were proposed to meet the manufacturers' needs. One, broadly defined as business services, focuses on the existing social and physical development related problems faces by existing firms. The other approached the growth objective through new business development strategies. Strategies to meet the needs of the existing firms should be emphasized early in the process while creation of new firms should be undertaken only after the organization has developed considerable expertise. Business services can improve the business climate, encourage expansion activity, and draw the private sector into the process.

Employment and ownership approaches were considered in relation to the residents' needs and the redistribution objective. Employment related strategies address the immediate needs of the low income residents. They can potentially benefit larger numbers of people more quickly than ownership strategies. In addition, they do not require well established community institutions with development capacity. Thus, they should precede ownership strategies.

Managing the area dynamics, encouraging transitional development and housing related programs were proposed to address the place needs. Each of these strategies are of immediate importance since the pace of "revitalization" in the area is proceeding relatively rapidly. Of these three strategies, managing the dynamics should come first since it sets the groundwork for the other two strategies by influencing City policy toward the area.

Having reviewed the issues related to choosing among the community ec-

conomic development strategies, attention can be focused on how an action oriented learning process can merge the organizational development and community economic development processes. An action oriented learning process implies three important ideas. First, in relation to the community economic development strategies, the process is structured so that the intervention (or strategy implementation) is not separate from the planning process. It is not designed so that, for example, a year of planning what to do is followed by two years of doing what was planned. The planning and implementation processes (or the problem-setting and the problem-solving processes) are intertwined. Planning informs intervention, but intervention also informs planning. Thus, strategies are chosen, among other reasons, for their apparent potential to inform future action. Second, in relation to organizational development, strategy implementation offers a medium by which to develop the ability of the participants to work together as an organization, create extra-organizational linkages, and to a lesser extent, help to perpetuate the organization. As such, action and learning from action drive the organizational development process. Third, the organization must be receptive to learning from its actions. It must be able to use action to learn to function as a group and to structure its future interventions. It must be willing to change its strategies and even its goals and objectives when the interventions result in new knowledge or point to conflicts among different strategies and objectives. Thus, every action carries with it the potential to learn by reflection on how the situation responds to that action.

Proper weight must be given to both community economic development needs and organizational development requirements. Attention must be focused on how these different needs interrelate and where they conflict. De-

cisions must be made regarding how best to couple the important organizational and community economic development requirements. Chart 3-2 summarizes how the strategy and organizational development emphases change over time. It is developed on the basis of the current understanding of the demands on the organization. It represents a starting point for discussion and should serve as a guide and not a formula to be followed! The emphases should be altered and refined as the conversation between the organization and the situation unfolds.

### STARTING POINTS FOR ACTION

With the concept of action oriented learning process reviewed and the ordering and balancing ideas developed, the question of what actions would serve as good starting points for the organization can be addressed. I have identified two strategies-- the strategy related to "getting the UDAG back-on-track" and the business services strategy-- as proposed starting points for action. Both of these strategies forge many connections to the organizational development process as well as other community economic development activities. They have complementary effects and are meant to occur together. Each is discussed below.

The UDAG strategy is a hybrid strategy in the sense that it cross-cuts a number of the community economic development approaches discussed earlier. It relates to the manufacturers' needs and the growth objective by providing for the expansion needs of existing area firms. It may also serve as a catalyst spurring investment by other firms in the area. In relation to the residents' needs and the redistribution objective, the UDAG strategy incorporates both employment related and ownership related strategies. Targeted hiring and training goals can be established for firms expanding or

Chart 3-2

CHANGING ORGANIZATIONAL PRIORITIES OVER TIME

INTERNAL DYNAMICS

- Core Group Development
- Other Participants
- Shared View of Problems
- Purpose and Objectives
- Learning Capacity
- Conflict Resolv. Ability

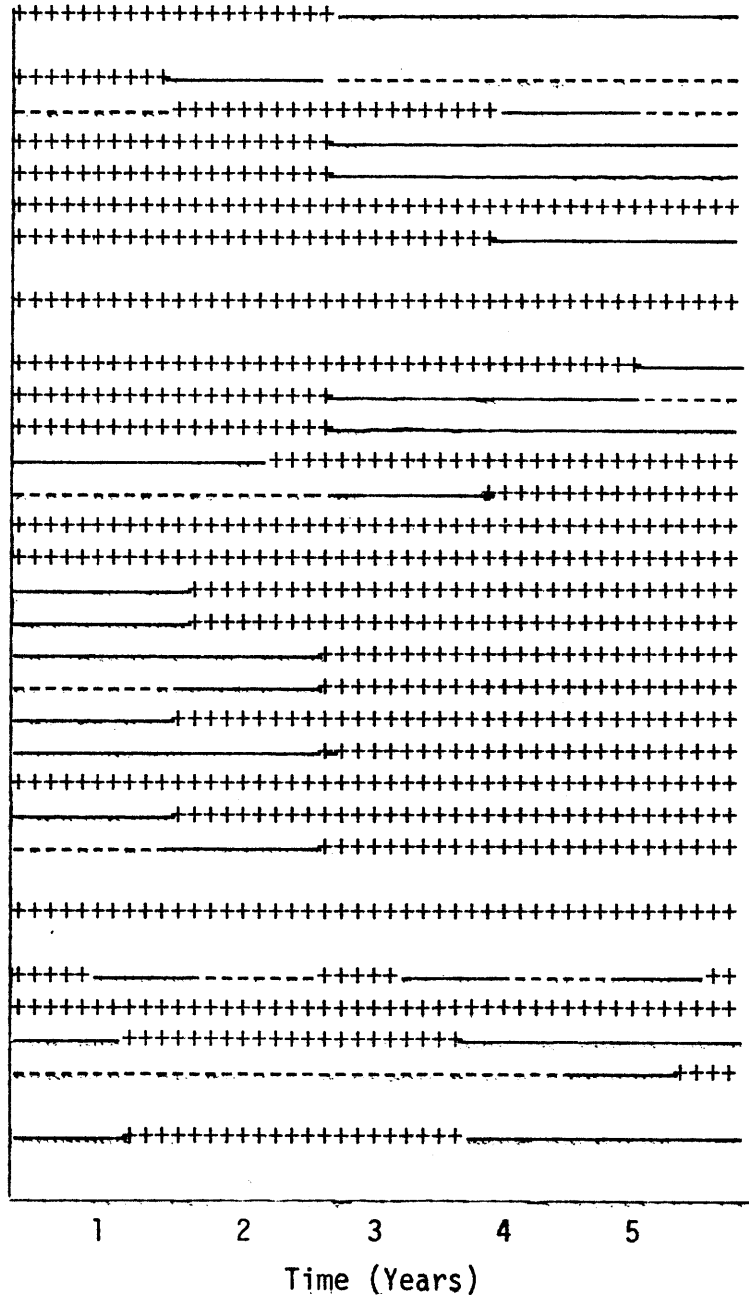
IMPLEMENTATION STRATEGIES

- Business Services
- Social Prob. Related
- Physical Prob. Related
- Financial and Tech.
- New Business Creation
- Jobs
- Targeted Hiring
- Training
- Type Encouraged
- Ownership
- Existing Minority Firms
- Capacity Building
- Type Encouraged
- Managing the Dynamics
- Transition Area Dev.
- Housing Related

FUTURE PERPETUATION

- Organizational Form
- Stability of Funding
- Management Capacity
- Fiscal Capacity

EXTERNAL LINKAGES



++++ = High Priority    ——— = Medium Priority    - - - - = Low Priority

relocating in the new industrial park. The UDAG project is a good starting point to initiate these strategies because the grant represents a substantial subsidy (over eight million dollars in public funds) to businesses. This business incentive can make it easier to extract business concessions in the form of targeted hiring and training agreements. Tenant selection for the industrial park also offers the opportunity to direct the type of economic activity, and therefore the type of jobs, generated in the area. This strategy can also incorporate ownership strategies. A portion of the industrial park could be "set aside" for development by a community institution. The "community owned" portion of the park could be marketed along with the remaining portions of the industrial park. This arrangement would help to build the development capacity of the local institution involved. It can also provide them with an opportunity to develop the capacity to manage property and allow the community organization to pursue other development projects on their own by providing an on-going source of revenue. The UDAG strategy also can begin to address the place needs and the stabilization objective by bringing the City into the process. With the City participating in the organization, they will be involved in efforts to develop a shared view of the problems of the area, and tensions between their place related management objectives and the organization's objectives can be worked through.

In addition to addressing each of the community economic development objectives, the UDAG strategy also promotes actions that will lead into future interventions. For example, the work done to establish the targeted hiring and training program can be used as the basis to expand this program to include other existing area firms.

In relation to developing the ability of the group to function well,

this strategy could foster the participation of both the non-profit organizations and the City in the core group. It also could provide a concrete base from which the organization can work to clarify its purpose and objectives. The clarification would result from the group's work in deciding what targeted hiring and training goals should be attached to the project, what types of industries (and therefore jobs) should be pursued, and what community based development activities should also occur. These three issues are likely to surface the fundamental conflicts of interest within the group. As such, the strategy will serve as a tangible example around which the organization will have to acquire experience at working through conflicting interests.

The primary external linkages fostered by this strategy are public sector linkages. It could also lead to linkages with financial institutions and technical assistance providers. Finally, this strategy has the potential to impact the future financial situation of the organization. In other cities, monies repaid on UDAG financed loans are diverted into a fund that supports future community development activities. In other cases development projects have been phased so that the unused portion of the grant collects interest and is used for other development purposes.

The business services strategy offers different potential benefits. This strategy includes actions to improve the current day-to-day problems of area firms, to meet the expansion needs of existing firms, and to provide managerial, financial and technical assistance services. As an economic development strategy it has the advantage of including a range of actions that can grow increasingly complex and sophisticated over time, but with a high degree of continuity between earlier and later activities. It provides a good basis for learning which services are important and how they

should best be provided.

The major positive effect of the business services strategy relative to the functioning of the group would be to encourage active participation of the private sector in the organization; it offers them a reason to participate. This strategy can also help to develop a shared view of the area problems by building a data base on the current conditions facing area firms. This data could facilitate efforts to frame the problems of the area and to develop the objectives of the organization in relation to these problems. It could also concretize the concept of collective action which is an idea underlying many of the strategies proposed.

In relation to the future of the organization, business services can be low cost, low risk and provide quick results as well as develop the organization's management capacity. In addition, business services have substantial potential in terms of helping the organization to establish external linkages since most of the initial services would be based on brokering existing services or establishing joint projects with other organizations.

These two strategies can initiate the process on many important fronts. There are, however, some aspects of the process that they do not address. By choosing these strategies, I have chosen to emphasize certain needs over others. Jobs have taken precedence over ownership. New business creation activities are a lower priority than improving the current conditions faced by firms and providing for their expansion needs. Similarly, transition area development and other strategies related to the place needs are not adequately dealt with in this first phase of implementation. The transition areas are of great importance and therefore should be the next strategy pursued. The only place related strategy addressed



is managing the dynamics of the area. This is done indirectly by bringing the City into the process of developing a shared view of the problematic situation.

By focusing on the UDAG and business services strategies, I have chosen to concentrate on fostering economic linkages between the low income residents and the business community, developing the ability of the participants to work together as an organization, and encouraging balanced core group participation through balanced strategy choices. Finally, these strategies also will provide a basis for learning and serve as a springboard for other actions.

#### CONCLUSION

The UDAG and business services strategies, while they do not address all of the important needs initially confronting the organization, do provide a reasonably good fit with the priorities outlined above and they have potentially reinforcing impacts. There are, however, tensions within and between the strategies. Two of the more important tensions are: the conflict between the growth and redistribution objectives and between the relationship of learning and risk to the need for successful outcomes.

There is conflict between the growth and redistribution objectives and between the manufacturers' and residents' interests. They manifest themselves in both the organizational development considerations and in the community economic development strategies. For example, business services (including facilitating firm expansion) are essentially "business incentives." They are designed to provide positive inducements to firms to remain in the area and to participate in the organization. On the other hand, strategies related to the residents needs (such as targeted hiring

and training programs or community based development of portions of the industrial park) can be viewed as attempts to extract "business concessions" and to bring resident oriented organizations into the process. The need to provide incentives constrains the ability to extract concessions. And, the need to extract concessions increases the necessity of providing incentives.

This conflict between the residents' interests and the manufacturers' interests is inherent to community economic development activities when they rely on redistributing jobs within the private sector. Yet, the private sector is the source of most currently available employment opportunities. There are two ways to eliminate this tension-- public sector job creation and community initiated economic activity. Public sector job creation is beyond the influence of this program (although it may take advantage of existing programs) and community initiated development is a long term strategy which cannot be relied on for more immediate redistributive results. In the immediate future, this tension will remain a central consideration. It is embedded in the UDAG strategy and also manifests itself in the choice of balancing the UDAG strategy with the business services strategy.

The second tension centers around the relationship of risk to learning and the need for successful interventions. This is a complicated, but important set of interactions. In order to learn, risks must be taken. The UDAG strategy has both high learning value and potentially high rewards in terms of jobs, expansion space, etc.. Yet, it is a risky strategy. It contains two different types of risk. First, efforts to get the industrial park built may not be successful. (The City has been trying to get the project underway for a number of years.) Second, it focuses directly on the most difficult lessons that the participants must learn if they are

to function as a group. The business services strategy, on the other hand, is a low risk strategy, but also has more limited learning potential particularly in relation to high priority organizational development issues,

I chose one high risk strategy and one low risk strategy so that some success in terms of community economic development outcomes is likely, but high priority learning will also occur. Successful community economic development outcomes are important. However, this is a limited definition of success. Even if the UDAG strategy is unsuccessful at getting the industrial park built, it can still be successful on other levels. The participants could learn to work together as a group. This, in itself, would be a very successful outcome. And, the work done in relation to the UDAG strategy can provide the basis for attempting other strategies. For example, the targeted hiring and training program would be set up and ready for different applications, the expansion needs of area firms will be understood and alternative strategies can be pursued to meet them, and the homework related to determining which industries should be encouraged in the area (and therefore what types of employment opportunities should be encouraged) will be completed and can serve as the foundation for developing new growth and redistribution strategies.

Thus, learning entails taking risks and must be balanced with the need for successful outcomes. However, it is important to be mindful of the limitations of the definition used to judge whether or not a strategy is successful. Defining success too narrowly can be counterproductive.

## CONCLUSION

This section briefly summarizes what I believe to be the main points developed throughout the thesis. They represent the concepts that I hope others thinking of initiating similar projects will consider in their designs. I will then conclude with some overall thoughts which have not yet been crystallized although the basis for each of them has been developed in my analysis.

### The Main Points

The place has emerged as the defining and constraining aspect of this design. In considering place, it is important to consider the characteristics of the area-- social, economic, geographic, historic, and political-- but even these considerations are not sufficient. Particularly in a non-descript community, the various sub-places within the larger place must be understood and the functional interactions among the sub-places must be examined. If I had not considered the functional dynamics of the place, only two areas of need and two objectives would have been identified. I believe that if the place needs and the objective of functional stability had been omitted from my analysis, the intervention strategies related to the growth and redistribution objectives would most likely be ineffective.

Once a view of the problematic situation of the place is framed, community economic development strategies and an initial organizational structure can be developed. Choices related to each must be ordered and balanced and must account for the view of the place that has been developed. Then, a framework of an action oriented learning process can be used to couple the strategy implementation and organizational development processes. The

idea of learning from action is key to this process. The learning should be continuous and directed both at effectively implementing strategies and objectives chosen and at questioning whether the strategy and objective choices made were in fact the right choices.

Tensions and conflicts will be embedded in the choices made. They are inherent to the place, to the need to carry out both organizational development and community economic development activities simultaneously, and to community economic development itself. These conflicts must be recognized and explicit choices made with regard to how to deal with them when they arise. Just as the potential for conflict and tension among choices exists, so does the potential for mutual reinforcement. This potential should be maximized.

### Concluding Thoughts

Three parting thoughts seem to be in order. The first is a caution. The place is large and diverse. There are many groups in the area, and many problems that need fixing. It would be very easy to try to do too much through one new institution. I think that it would be worthwhile for the new organization to take an overall strategy of being a catalyzer and nurturer of existing and new local institutions. Existing groups should be encouraged to take on projects. Alliances formed to undertake specific aspects of the development task should be nurtured but they should be spun-off as separate organizations if and when possible. This organization can serve as a coming together point for different interest and activities. It can be a generator of new activity, but it must also learn to "let go" once an activity is well underway.

The second thought is related to the first. From the beginning of this

process the residents are at a substantial representational disadvantage. The public and private sector organizations are well established. This is not the case with the community based groups. They are neither well developed nor do they have significant capacity to participate in the community economic development process. In order for this process to work, capacity building in relation to these groups should be an underlying and consistent theme in the economic development initiatives undertaken.

The final thought is actually a homework assignment for the YMCA. It strikes me that the problematic situation facing the new organization is in many respects quite similar to the issues facing the New City YMCA as it settles into a new role as a resident of the institutional transition zone. It might be worthwhile for the YMCA to take a look at how they have done (and what they have done) to balance the conflicting interests they face and to function as a racial integrator. This may help to focus the issues and to determine what-to-do and what-not-to-do as it steps into the role of organizer and nurturer of an organization that will also be entangled in these conflicts.

APPENDIX 1

SUB-AREA DATA

Sub-Area 1 East of LaSalle (The Gold Coast Expanded)

This sub-area is bounded by North Avenue on the north, the river on the south, LaSalle Street on the west and the Lake on the east. It includes all of the Gold Coast proper plus the area between State Street and LaSalle Street which has been revitalized as the Gold Coast pushes westward. It is characterized by upper and upper middle income residents, a strong and growing non-manufacturing economic base and manufacturing decline. The growth in the non-manufacturing industries more than make up for the decline in manufacturing jobs in the area. Land values are high and high rise construction is common in the area.

The East of LaSalle area contains many diverse and notable "anchors". Loyola and Northwestern University each have campuses here including Northwestern's medical school and hospital complex. It houses one of the best private schools in the city (the Latin School) and the best public grade school in the city (Ogden School). The Cardinal lives here as does the Mayor. The "magnificent mile" runs across the eastern portion of the area sporting the Drake, the Playboy Club, the Hancock Building, Watertower Place and among others the Wrigley Building and the Tribune Towers. I could go on, but I think that the point has been made; this a thriving, diverse and wealthy. And, with the exception of the western portion of this sub-area which was "cleaned up" via urban renewal, this has been a high status area for many years. Those few "pockets" within the area that are not of "Gold Coast quality" have, and continue to receive, a lot of attention.

The Greater North Michigan Avenue Association represents the business interests in this area. In addition, the LaSalle Street Church and the Fourth Presbyterian Church are the social institutions most involved in urban redevelopment activities. The Lawson YMCA is located here, thus this area is not within the New City YMCA service area. However, New City does have institutional connections within the sub-area that can be used to the benefit of an economic development program.

Sub-Area 2 South Old Town (Extended)

This sub-area extends from Chicago Avenue on the south to North Avenue on the north. It is bounded by LaSalle Street on the east and the Ravenswood Tracks on the west. Wells Street is the heart of this area. I have bounded this area as indicated because I see this as an area in transition. (The true boundaries of Old Town run north into Lincoln Park and south only as far as Division Street. However, the northern portion of Old Town has characteristics much more similar to those of Lincoln Park and as such is considered later in the Lincoln Park section. The southern area-- between Division Street and Chicago Avenue-- is included here because it shares the transitional characteristics of the southern part of Old Town.)

The South Old Town sub-area teeters on the edge of health and destruction. It hangs in a delicate balance between the wealth to the east and the poverty to the west. It is a fascinating area.

My interviews revealed that the city is pursuing a strategy of encouraging the Moody Bible Institute, which is located in the southeast corner of this sub-area, to expand and develop the land between LaSalle Street and Wells Street north to Division Street. It is encouraging the consortium of churches that built Atrium Village (on the corner of Wells and Division)



to build more mixed income housing to the south of Atrium Village between Wells and Franklin. This would serve to develop the vacant land in the transitional area and bring the westward redevelopment to the doorstep of Cabrini-Green in the southern half of this area.

The northern half of this sub-area is equally transitional, but faces a different situation. There are no institutional forces like those in the southern half of this area to prevail upon, but there is a community with a history and a spirit of its own. In the '60's, Old Town was the center of the counter-culture as well as an artist haven. Boutiques sprug up, but eventually were duplicated in the suburbs making the area less unique. "Fast money" came in to sell things to the tourists on the street, drugs became a major problem and crime and prostitution escalated in the area. While all of Old Town went through these cycles, the area south of North Avenue experienced them more severly than the northern part. It is interesting that the area south of North Avenue never totally declined except on its southern most edge. This can be attributed in part to the more stable conditions north of North Avenue and in part to a number of community "institutions" and individuals that chose to remain during the downswing.

There has been a lot of turnover in the area, but the Second City Theater Company, the Earl of Old Town, and the Old Town Triangle Art Center to the north of North Avenue and Barbara's Bookstore, Crate and Barrel, Dr. Scholl's (which closed its plant within the last year), and others to the south of North Avenue all remained. In addition, I know of at least two individuals who began to amass large land holdings in southern Old Town in an attempt to control decay.<sup>96</sup>

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96 Much of this analysis was taken from an article by Kenan Heise entitled "With Hot Times Gone, Old Town Businesses Cheer", Chicago Tribune, Friday, January 22, 1982, Section 1, page 21.

My guess is that the south part of Old Town is "going to make it". It seems to be reviving itself once again and the commitment remains deep. If the Dr. Scholl's plant does "go condo" (a UDAG application has been approved for this project, called the Cobbler Square Project) it will anchor the southwest side of the street from Schiller Street north. South of Schiller Street to Division Street the future looks more uncertain. Currently a run-down strip of minority businesses is located on the northwest corner of Division and Wells. The northeast corner was recently gutted by fire. On the west side of the street between Dr. Scholl's and the commercial strip is a grammar school. Finally, the residential areas surrounding Wells Street are quite mixed both economically and racially.

This corridor does seem to have some economic development needs. They center around the following questions. What will happen on the northeast and northwest corners of Division and Wells? What will happen to the minority businesses in the area if "revitalization" occurs. What will Moody Bible Institute and the Near North Housing Development Corporation actually do? And, what affect will the Cobbler Square development have? In addition to the Moody Bible Institute and the Near North Housing Corporation, the Old Town Chamber of Commerce and a community organization on Weiland Street are active in the area.

There is another dimension to the transitory nature of this area that deserves careful consideration. The analysis above indicates that this is an area "in transition"; however, this area also serves as a "zone of transition." By this I mean that this area is assigned the most difficult function of managing the balancing act between the "haves" to the east and the "have nots" to the west. It is the bridge between the "Gold Coast and the Slum". As such, the question of what becomes of this area is critically

important and fraught with difficulty. Ed Marciniak, in an interview, made two statements which point to the salient issues. First, with regard to development strategies for this area, he felt that "the question is, can anything survive in this area that is not racially intergrated," and noted that this is the same question that faces the YMCA sitting in another transition area on the other side of Cabrini-Green.<sup>97</sup> Any development strategy for this area must account for the function of this area as a zone of transition. Second is the issue of the role that this area plays in relation to the future of Cabrini-Green. Marciniak's prediction was that, "nothing will be done about Cabrini until affluence surrounds it and the affluent demand that something be done."<sup>98</sup> I have no answer to the question of the "future of Cabrini." I can only suggest that the consequences of development in this area are far reaching whether the consequence is affluence, decline, or a "peaceful" zone of co-existence.

### Sub-Area 3 The Cabrini-Green Area

This area includes Cabrini-Green proper and the surrounding low income Black community including another housing project, Town and Gardens. It is bounded by the Ravenswood Tracks on the east and Larrabee Street on the west from North Avenue to Evergreen Street and Halsted Street on the west from Evergreen Street to Chicago Avenue. North Avenue bounds the area on the north from the tracks to Larrabee Street and Evergreen Street is the northern boundary from Larrabee Street to Halsted Street. Chicago Avenue forms its southern boundary. This area is low income, Black, residential and under the influence/stigma of Cabrini-Green. Cabrini-Green alone had 13,545 residents in 1980. Town and Gardens contains an additional

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<sup>97</sup> Interview with Edward Marciniak, January, 1982

<sup>98</sup> Ibid:

684 units of subsidized housing. The area is virtually 100 percent Black and contains 80 percent of the total Black population of the Near North Side. The public aid recipient population is high and the median income is low. In Cabrini-Green, 79 percent of the population is on public aid and another 7 percent of the population is supported by pensions. The median income in Cabrini-Green, is about \$4,600 per year and the average household size is 3.8 persons. The figures for the Town and Gardens portion of the sub-area are somewhat higher although still very low. This is the most problem ridden sub-area in the entire study area.

Land use in this sub-area is predominantly residential. There is considerable vacant residential land in the area to the north of Cabrini-Green and to the west of Town and Gardens. There are also three rundown commercial strips in the sub-area. One is located on the south side of North Avenue from Ogden Street to Sedgwick Street, another runs along Larrabee Street from Oak Street to Division Street, and the third is located on Sedgwick Street between North Avenue and Evergreen Street. The vast majority of these commercial structures are dilapidated and/or abandoned. There is virtually no viable Black owned business in the area.

The Near North Development Corporation, Near North Community Organization, Center for New Horizons, and a host of social service organizations and churches are located in this area. However, none has broad based community support or community economic development capacity.

#### Sub-Area 4 The Institutional Transition Zone

The institutional transition area is bounded by North Avenue on the north, Halsted Street on the West, Evergreen Street on the south and Larrabee Street on the east. It sits between the Cabrini-Green area and South-

west Lincoln Park. Up until about three years ago, this sub-area was mostly vacant land. The City has pursued a strategy of public and institutional development in this area as part of its general urban renewal plan. A new high school was built on part of the vacant land and another large portion was sold to the YMCA for one dollar to build the New City YMCA complex. This development was also financed with the help of industrial revenue bonds. Another portion of the area was sold to St. Joseph's Hospital and is now the site of the Seton Medical Center. A grammar school, a senior citizen housing project and another City owned building are also located here. Three tracts of vacant land still remain. One will be the future site of a playing field for the high school. Another is owned by the YMCA and is located directly south of the New City complex. The third is next to the Seton Medical Center.

This area can be considered a transition area because it functions as a racial integrator (particularly New City YMCA and the Seton Medical Center). It also functions as a buffer zone between Lincoln Park and Cabrini-Green and appears to have "freed" Southwest Lincoln Park from the influence of Cabrini-Green.

#### Sub-Area 5 Goose Island

Goose Island is surrounded by the waters of the North Branch of the Chicago River and the North Branch of the Canal. The island extends from North Avenue on the north to Chicago Avenue on the south. It is bisected by Division Street. The gross area of the island is close to 200 acres; however, over 40 percent is comprised of streets and alleys. Industrial use comprises 85.7 acres of land and there are another 12 acres of vacant industrial land and 10.5 acres of railroad property.

The leading industrial group is paper and allied products with five concerns (17.5% of the total). Chemical and allied products is next with four concerns (13.7% of the total). Leather products and wholesale durable goods each account for another 10.6% of the firms. The remaining uses represent a wide variety of industrial groups.

Goose Island houses 33 industrial concerns which together employ about 2,334 employees. Lissner Corporation (chemical and allied products) is the largest employer with 400 workers. Greyhound Lines and Charles Levy Circulating Company each employ 350 workers. Three other firms employ over 100 workers each. However, the median number of workers for the 33 firms is 16 employees since the remaining firms are relatively small.

In 1977, 9.6 percent of the area firms had been located on Goose Island for less than one year. About 16 percent had been there from one to five years and 6.4 percent had been located on Goose Island for six to ten years. Over 50 percent were located on Goose Island for more than 20 years and five firms (16.1%) have been at their present locations for over 60 years.

Nearly 76 percent of the firms indicate that they face problems operating in the area. Problems with city services were cited by 36 percent of the firms and within this category street paving was the most frequently mentioned item (14.8%) followed by street and refuse cleaning (11.5%). Problems related to area characteristics were reported by 24.6 percent of the companies and within this category neighborhood reputation/image leading to labor recruitment problems was the most frequent complaint (13.1% of the firms faced this problem.) Security problems were reported by 24.6 percent of the firms. The lowest number of problems related to financial considerations such as taxes. Over 21 percent of the firms experienced labor recruitment problems mostly in the areas of office and secretarial

support and skilled workers.<sup>99</sup>

For our purposes, Goose Island can be viewed as containing two districts. The northeastern portion of the island is included in the Goose Island Industrial Development Project, for which the City received a yet-to-be-used UDAG grant in 1978. Northeast Goose Island covers about 45 acres. Approximately 8.7 acres or 19.3 percent of the land is used for streets and alleys. 17.8 acres are improved with nine commercial structures and 18.6 acres consist of railroad land of which about 26 percent is in active use. "Of the eleven commercial structures in the area, one is dilapidated, two are deteriorated, five are in deteriorating condition, and three are in essentially sound condition."<sup>100</sup>

A large proportion of the commercial service land is occupied by open storage and truck parking or maneuvering space, and a large portion of the railyards is vacant. "This condition resulted in a very low amount of employment generated by all uses in the project area compared with the potential employment possibilities. Also tax revenues are extremely low considering the central location and industrial potential of the area."<sup>101</sup> The area is zoned for heavy manufacturing use, but it is comprised entirely of commercial uses and a high proportion of vacant land.

In general, the northeast portion of Goose Island can be viewed as under-utilized and developable. In terms of an economic development strategy it offers many opportunities. As a result of its under-utilization and

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99 Source: City of Chicago, Industrial Chicago-- Elements for Growth, 1977.

100 City of Chicago, "Designation of Blighted Commercial Area-- Goose Island," September 1979.

101 Ibid.

vacant land it requires a different strategy than those industrial areas that are currently well developed. According to the 1978 UDAG application, development of an industrial park here would have cost about \$30 million. Approximately \$22 million of this total was to be provided by private industry, \$5 million from the federal government in the form of the UDAG grant, and \$3 million from the City of Chicago. In addition, \$1.25 million in CETA monies were to be allocated to train low income persons for jobs in the new industrial park. The application for the UDAG grant stated as its first goal, "to create jobs for inner city residents, particularly those persons living in the Cabrini-Green Housing Projects." Just how many jobs would be created by the UDAG project is debatable. The UDAG application states that 1873 new jobs would be created.<sup>102</sup> However, during my interview with Marshall Bennett, Senior Partner of Bennett and Kahnweiler Associates (the developer originally slated for the project), this figure was questioned. Mr. Bennett thought that possibly both phases of the project (Goose Island and North and Halsted) together could have possibly yielded this many jobs, but that the Goose Island portion alone would most likely result in only 100-200 jobs.<sup>103</sup> It is still unclear whether the \$30 million price tag applied to only one phase one of the project or both phases one and two.

The remaining portion of Goose Island (to the south and west of the UDAG area) contains very little developable land and most of the jobs previously mentioned as existing on Goose Island. Our strategy here might be to concentrate on keeping what already exists there and facilitating the

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102 City of Chicago, Pre-application to the U.S. Department of HUD for Industrial Development on Goose Island.

103 Interview with Marshall Bennett, Rosemont, Il., April 6, 1982.



expansion of existing industries nearby. In addition, efforts to increase the economic linkages between the low income residents near the site and the existing and future economic activity in this area could be made.

#### Sub-Area 6 North and Halsted Industrial Area

This sub-area is bounded by North Avenue on the north, Halsted Street on the east, Division Street on the south, and the North Branch Canal of the Chicago River on the west. It is directly across from the New City "Y" complex on the west side of Halsted Street. Its total gross area is 64.3 acres. 2.1 acres (3.5%) comprise railroad rights-of-way, and 14.5 acres (22.5%) is streets and alleys. The remaining 47.7 acres (74%) of the sub-area represent net area. Industrial or allied uses cover 44.5 acres (93.3%) of the net area, and vacant land accounts for 2 acres (4%). Business and residential uses combined cover 1.1 acres and public institutional uses account for the final .1 acre.

A total of 47 land uses are located in the sub-area. The leading manufacturing groups include seven primary metal companies, five printing and publishing firms, five wholesale trade- durable goods firms, three non-electric machinery firms and three firms each of automobile sales and service, electric, gas and sanitary service, fabricated metals, and furniture and fixtures. Two companies a piece manufacture stone, clay and glass, and chemical and allied products. Finally, the remaining ten industrial groups located in the North and Halsted area are represented by one company each.

The major land users here include the following: Homemaker Furniture (6.2 acres), Weil Pump Company (4.5 acres), J.W. Peterson Coal and Oil Company (3.1 acres) and the Universal Seng Company (2.7 acres). Although some single story buildings are located here, the predominant structural

type in the industrial area is the multi-story loft structure.

A total of 2,266 workers are employed in 41 companies. Seven firms (17%) had from one to five employees, and 15 firms (37%) had between six and twenty workers. A total of 14 companies (34%) had between twenty-one and one hundred workers; 4 companies (10%) of the total had between 101 and 200 employees. In 1977, one firm had 750 employees. However, that firm (Seeburg) has now moved and was replaced by Homemakers Furniture. The median number of employees per firm is 19.5.

In 1977, 2 firms (5% of the total) had been in the area for less than one year. Eight firms (20% of the total) had been there less than five years. Six firms (15%) had been there between 11 and 20 years; and 17 firms (42.5%) had been there for over 20 years.

The future plans of the firms in this area were varied. 66.6 percent indicated that they would remain at their present location, 18 percent expressed a desire to expand nearby. However, 10.2 percent indicated that they plan to move out of the area. In addition, one company was selling its business and one was undecided in its future plans.

The vast majority of firms in this area experience problems doing business there. Only 12.2 percent said they had no problems with the area; thus 87.8 percent were experiencing difficulties. These included: crime related problems (33.8% of the total), area characteristics such as neighborhood image, lack of parking space etc. (33.8% of the total), inadequate city services (17.6% of the total), and financial or tax related (14.7% of the total). In addition, 40.5 percent of the firms experienced labor recruiting problems. Approximately 10 percent of the firms in this sub-area had trouble recruiting office staff and about 12 percent had problems hiring skilled workers such as sewing machine operators and repairmen, and

offset press operators.<sup>104</sup>

Sub-Area 7 The Division Street Industrial Areas

There are two pockets of industry extending from Division Street east of the river. One pocket can be identified by its large corporate anchor, Oscar Mayer, and the other by its large corporate anchor, Montgomery Ward. My sense is that it is the presence of these anchors that keep these pockets alive, because they are in the heart of the Cabrini-Green area. I do not have detailed empirical data concerning these pockets; however, my sense is that they face problems similar to the problems of the firms in the North and Halsted area, they are across the street from Cabrini-Green rather than across the river as the Goose Island firms are. Also, Montgomery Ward has a very elaborate security system that I assume is there for a reason. Thus, given its location and my observations, I would anticipate that crime would be seen as a major problem by the firms in these areas.

Another factor which seems to indicate an awareness of the proximity of Cabrini-Green is the high level of participation by corporate executives from this area in organizations that deal with the social issues of the area. For example, many of the YMCA's more active board members come from this area and the North and Halsted area. I interpret this as an indication that they feel their operations are effected by what happens in the surrounding neighborhood.

One issue that arises for the firms in the Oscar Mayer pocket, is the effect of revitalization occurring to the east on the future of their plants. In a recent meeting, the CEO for Oscar Mayer stated that people used to think that it was great that they were located where they are, but now they

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104 Obcit., City of Chicago, Industrial Chicago- Elements for Growth

ask, "What is a meat packing plant doing so close to the lake?".<sup>105</sup> Thus, businesses in the Oscar Mayer pocket may be facing pressures from both sides-- Cabrini-Green and the Gold Coast. This is indicative of Oscar Mayer's location on the edge of Old Town.

Sub-Area 8 Chicago Avenue to Kinzie Avenue (West of LaSalle)

This sub-area is bounded by Chicago Avenue on the north, Kinzie Avenue to the south, the river to the west and LaSalle to the east. This area is primarily non-residential, but it contains a mixture of wholesale, retail, service and industrial concerns. I see it as being under the influence of the loop. I do not know much about its fortunes or misfortunes over the years. My sense is that it follows the familiar pattern of being less well developed as you travel west (away from the lake). Just south of Chicago Avenue there are mainly four story loft buildings many of which contain off-set printing shops and warehousing. Manufacturing firms are located along the river. The Merchandise Mart and the Apparel Center sit just south of the southern boundary of the area. Non-manufacturing uses are more prevalent than manufacturing uses in this area.

Sub-Area 9 Eastern Lincoln Park

This sub-area is bounded by Diversey Boulevard on the north, the lake on the east, North Avenue on the south and by Racine Avenue from Armitage Avenue to Diversey Boulevard on the west. It contains 75 percent of the total Lincoln Park population. It is characterized by its young, white (about 88% white), professional population, its abundant institutional

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105 Meeting at New City YMCA on April 5, 1982.

anchors (including five hospitals and one major university), a high rate of housing renovation and new construction, a viable commercial base. This sub-area contains a large proportion of three story brick apartment buildings, but also contains high priced homes. Generally, rents and property values are high. During the 1970's, this area experienced much renovation. There is virtually no vacant land left and the market is pushing the westward boundaries of this sub-area even farther into the yet ungentrified areas of Lincoln Park. This is a fairly well organized community. The Lincoln Park Conservation Association, a consortium of five neighborhood groups, has been actively involved in the development of the area for a number of years. For example, they were actively involved in getting portions of the sub-area designated as a historic district.

#### Sub-Area 10 Southwestern Lincoln Park

This sub-area is bounded by Larrabee Street on the east<sup>106</sup>, Clybourn on the west<sup>107</sup>, North Avenue on the south and Armitage Avenue on the north. It contains about 9 percent of the total Lincoln Park population. It can be characterized by its relatively high (but declining) minority population and its proximity to Cabrini-Green. At the time of the 1980 census, it was 52 percent minority (38% Black and 14% Hispanic). As a general rule,

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106 In reality, the boundary (eastern) should be one block west of Larrabee Street from North Avenue to Willow and should come even farther west between Willow Street and Armitage Avenue. These eastern portions of the sub-area are currently experiencing both new construction activities and renovation. However, since the census tract boundary is Larrabee Street on the east and much of this change has begun since the 1980 census was taken in 1979, I am using the old boundary for simplicity sake. This serves as a good example of the speed at which revitalization is occurring in Lincoln Park and how it is pushing westward.

107 There is a small residential pocket to the west of Clybourn Avenue but east of the river that I have included as part of this sub-area.

the farther west one travels in this sub-area, the higher the proportion of minority residents and the lower the income of the residents. Thus, the extreme western census tract (0720) has a higher percent of minorities (59%) and the lowest per capita income in all of Lincoln Park.

The sub-area is predominantly residential with an industrial and commercial strip along Clybourn Avenue. The industrial portion of this strip (the west side of the street) is considered in sub-area 12 below. The commercial (eastern) side of the street contains very dilapidated Black owned businesses. The residential stock starts out sub-standard and improves markedly as one travels eastward through the sub-area. These east/west differences are indicative of the pattern of renovation that has occurred in Lincoln Park as a whole during the recent past and is now affecting the eastern and northeastern portions of the sub-area.

This sub-area contains some run down minority owned commercial establishments along Clybourn. There is also commercial activity on Halsted Street, some of which caters to the young white professional population and others which cater to the low income populations in the area. There is a Halsted Street Merchants Association that is active in this area.

#### Sub-Area 11 Northwestern Lincoln Park

Northwest Lincoln Park is bounded by Racine Avenue on the east, Clybourn Avenue on the west, Armitage on the south and Diversey Boulevard on the north. It contains 16 percent of the total Lincoln Park population of which 33 percent in the sub-area are minorities.<sup>108</sup> Hispanics comprise a larger percent of the total population in this sub-area than Blacks (29%

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108 Minorities used in this analysis are Blacks and Hispanics.

and 5% respectively). The range of the percentage of minorities per census tract in this sub-area varies widely-- from 16 percent of the census tract population to 38 percent for Hispanics and from 1 percent to 10 percent for Blacks. Overall the variation ranges from 18 percent minority (tract 0705) to 42 percent minority (tract 0707). Again, the western tracts in this sub-area contain higher proportions of minorities than do the eastern tracts. The eastern sections of this sub-area are also beginning to experience the effects of the westward push of revitalization. The White population in the west portions of this sub-area is predominantly working class and as such, different than the young, White professionals moving into the eastern parts of the sub-area.

The only socially active institution that I know of in this area is a settlement house called Christopher House. My impression is that it focuses on the Hispanic and White working class populations in the area. In terms of targeting the economic development program to help the populations of this sub-area, I think that the YMCA should work closely with Christopher House and promote its involvement. Given the traditional geographic and demographic orientation of the "Y", that it cannot effectively reach the Hispanic and White working class populations in this area. The current needs and emphases of the "Y" also suggest that these populations will remain beyond the effective reach of the New City YMCA in the near future. Thus, this sub-area is farther west than the effective service area boundaries of the YMCA and contains a population mix that is beyond its traditional and current focus.<sup>109</sup>

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109 Hispanic youth in sub-area 10 of Lincoln Park (which is closer to the "Y") have not traditionally used its facilities. They patronize the Eisenberg Boys Club or the Taylor Youth Center.

A final consideration regarding the dynamics of this sub-area is that there is another public housing project (Lathrop Homes) located across the street from this sub-area at its extreme northwest boundary. Lathrop contains low rise housing that is integrated and it does not have the image problems associated with Cabrini-Green. I imagine that it is effecting the dynamics in the northwest corner of the sub-area (particularly because this census tract contains the largest minority population in the sub-area), but I do not know to what extent or in precisely what ways.

#### Sub-Area 12 North Clybourn Industrial District

This large sub-area is defined by my lack of information about the different divisions existing within it rather than by great insight. It is bounded by Clybourn Avenue on the east, the Kennedy Expressway on the west, North Avenue on the south and Diversey Boulevard on the north. It contains the bulk of the industrial activity associated with Lincoln Park. My impression is that it suffers from fewer problems due to community image than the other industrial areas discussed above. Large "anchor" industries are spread fairly evenly throughout the sub-area and include Proctor and Gamble, Finkel and Sons, Intercraft Industries and others.

I have detailed information only for the far northwest corner of this sub-area which will be called the North Elston Pocket. I will work back and forth between the Lincoln Park data and the detail data from the pocket to begin to surface the divisions within the sub-area. I will also contrast the detail data from the North Elston Pocket with the detail data from Goose Island and the North and Halsted areas to illuminate the differences that exist.

Durable goods production, particularly professional and scientific instruments, non-electric machinery and wood and lumber products, is more



important than non-durable goods production in Lincoln Park. Yet, food and kindred products (a non-durable industry) which is the fourth most important industry for Lincoln Park as a whole is the most prominent industrial group in the North Elston Pocket. This suggests that within the sub-area, durable goods manufacturing is concentrated in the southern areas. I suspect that the durable goods industries are not spread evenly through the remaining portions of the sub-area. Rather, I think that certain durable industries might be clustered together in pockets in a similar manner to the clustering of food and kindred products in the North Elston Pocket. The pattern that can be discerned from the detailed data for Goose Island, North and Halsted and North Elston Pocket (each of which is a relatively small area) is that two or three industries will dominate a small area. So, I propose that there are most likely many pockets within this sub-area that contain different dominant industrial groups.<sup>110</sup>

It appears that the firms in this sub-area experience fewer problems "due to their location" than firms in the other industrial sub-areas studied. Fewer firms in the North Elston Pocket reported such problems than firms in either the Goose Island or North and Halsted area. The figures are 52.2 percent, 75.7 percent and 87.8 percent respectively. In addition, a much higher percentage of the complaints of the North Elston firms were directed at high taxes and inadequate city services with far less concern about area characteristics or security problems. North Elston firms also reported fewer labor recruiting problems than Goose Island or North and Halsted firms. 82.6 percent of the firms in the North Elston

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110 The Lincoln Park data used in this analysis was taken from, Illinois Department of Labor, Where Workers Work, 1978. Data for the industrial areas of Goose Island, North and Halsted, and North Elston was taken from, City of Chicago, Industrial Chicago Elements for Growth, 1977.

Pocket and 78.8 percent of the firms on Goose Island reported having no labor recruiting problems while only 59.4 percent in the North and Halsted area experienced no problems. This seems to indicate a pattern of greater community satisfaction on the part of firms that are farther from Cabrini-Green than those in close proximity. Hence, we can hypothesize that for the sub-area as a whole, firms experience fewer problems due to their location than Goose Island or North and Halsted firms.

Interestingly this pattern of locational satisfaction of the firms is not necessarily reflected in their responses to questions about their future plans. 87 percent of the businesses in the North Elston Pocket plan to remain in the same location in a status quo situation. 73.5 percent of the firms on Goose Island responded this way while only 58.9 percent of the firms in the North and Halsted area planned to stay without qualification. (Another 5.2% of the North and Halsted firms said they would stay if certain conditions were met.) An opposite pattern emerged when firms were asked about their plans to expand nearby. In this category, more of the North and Halsted firms plan to expand nearby (18%) than either Goose Island (14.7%) or North Elston firms (4.3%). If plans to expand nearby are coupled with plans to improve or remodel on site (creating a category of those planning to invest in the area) then Goose Island firms exhibit the most commitment to their locations (20.6% were planning to expand or remodel). Similarly, fewer Goose Island firms planned to move (5.9%) than either North Elston (8.7%) or North and Halsted firms (10.2%). The results of this survey seem rather odd. North Elston Pocket firms are the happiest with their location, but Goose Island firms are planning the most growth and investment in the area. However, there are two factors that could be skewing the results of the survey. First, the Goose Island UDAG which was

recieved in 1978 was probably "known of" at the time of the survey, possibly making Goose Island firms more optimistic than others. Second, this survey was not longitudinal. As a result, it is vulnerable to reflecting the ups and downs of the economy as they affect different industrial groups. We have seen that different pockets contain different predominant industrial groups--for Goose Island it is paper and allied products and for North Elston it is food and kindred products. Thus, this data could reflect a generally rosy year for paper and allied products or a mediocre year for food and kindred products. This could result in more or less optimistic responses depending on the relative state of the specific industry group.

In summary, it does appear that firms in this sub-area face fewer community related problems than firms in the other industrial sub-areas. It is not clear whether this is reflected in their future investment plans or not. The sub-area is rather fully developed and contains large anchor industries throughout the area. However, it appears that durable goods production is concentrated in the southern portion of the sub-area and non-durable goods production is concentrated in the northwestern portion of the sub-area.

APPENDIX 2

THE DATA AND HOW I HAVE USED IT

Perhaps the most important point to make about data that is aggregated on a "community" level for a nondescript community is that it often serves to hide the most relevant information by masking the contrasts and extremes. It can, in fact, be misleading. Thus, I have put considerable emphasis on "probing" behind the data and interpreting it.

"Probing" is not a science. It is a tool of the "interactive" approach. What is written about the sub-areas within the study area is the product of the interaction between what the data (and other people) "tell" me about the area and what I see and "know" to be true about it. Each constrains, informs and refines the others. The ability to interpret and reinterpret data has, in this case, been based heavily on my understanding of the study area. I have lived in parts of the study area, worked in others, and watched others over a number of years. Thus, there is an "intimate" undertone of involvement in the interpretations made as well as in my attempts to disaggregate the data in accordance with my view that the study area (and the community areas within it) is essentially nondescript. I have made a concerted effort to work back and forth between the data, my perceptions and what I have learned from other people (and to do so honestly). As a result, I am hopeful that there is both truth and insight in my analysis,

In addition, to the possibility of personal bias/perception constraining my analysis, I have encountered constraints inherent to the data sources themselves. Some of the more important of these data "limitations" are detailed below.

1) 1980 census data is still largely unavailable, particularly at the tract

level. Given my emphasis on "probing" behind aggregated data, this has been a major limitation. In some cases, I have had to rely almost exclusively on what I "know" about the area in order to "break out" sub-areas because small area data is unavailable.

2) For some major indicators (i.e. income), 1980 census data is not available at the community area level (let alone the tract level). 1970 data is now thirteen years old and in many cases cannot serve as a suitable proxy for the 1980 data needed. In these cases I have chosen not to use the indicator in my analysis rather than to use outdated data. I have tried to compensate for this problem by using more current proxies such as percentage of the population on welfare as a way to begin to fill in the void created in the absence of income figures.

3) Different types of data are aggregated in different ways, thereby producing comparability problems. For my purposes, the comparability problem arises between demographic and economic data. The City of Chicago has a system of community areas that are used to aggregate demographic data. Community area data can be aggregated from census tract data. The boundaries of community areas include only whole census tracts. Each of the communities mentioned thus far-- Near North, Lincoln Park, and West Town-- is a discrete community area.

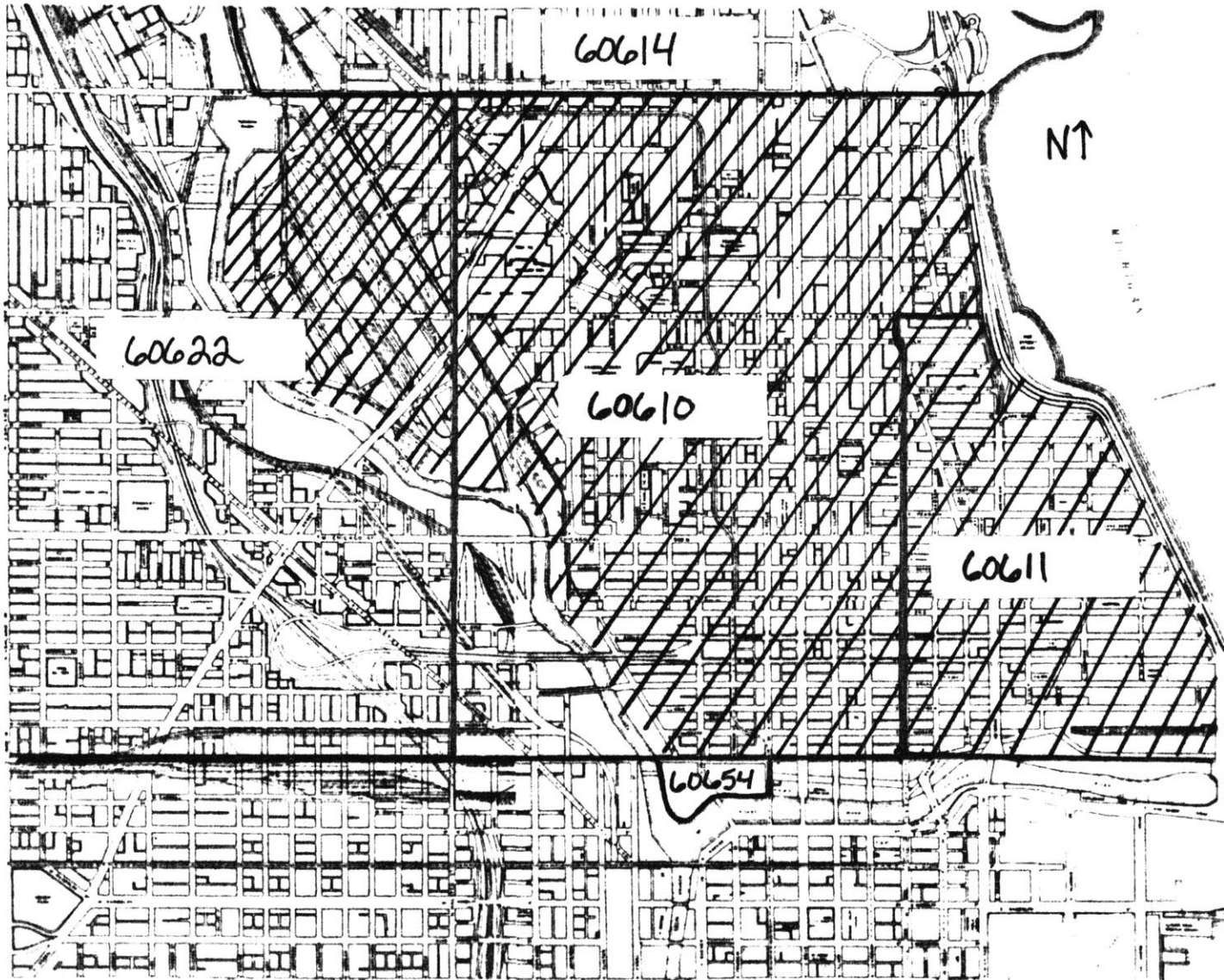
Economic and employment data, on the other hand, are aggregated by zip code. This leads to comparability problems between demographic and economic data since community area and zip code boundaries do not conform exactly. For our purposes, this problem is most acute in the industrial area along the river. Specifically, the most troublesome point of uncomparable data for this study is that economic data for two of the Near North Side's industrial areas-- Goose Island and the North and Halsted area-- is aggregated with economic data for the West Town area. I will attempt to account for this specific discrepancy in my analysis.

I have assumed that, on the whole, the approximate relationships between community area boundaries and zip code boundaries are close enough to provide a generally accurate overview, however, they are not exact relationships. The chart below indicates the relationships used in this study. (See maps on the next two pages for geographical view).

Community Area and Zip Code Correspondences Used

<u>Community Area Name</u>	<u>Community Area Number</u>	<u>Zip Code</u>
Lincoln Park	#7	60614
Near North Side	#8	
Gold Coast		60611
Remaining Portion		60610 + 60654 <sup>111</sup>
West Town	#24	60622

<sup>111</sup> 60654 is the zip code for the Merchandise Mart. It appears consistently aggregated with 60610 data.



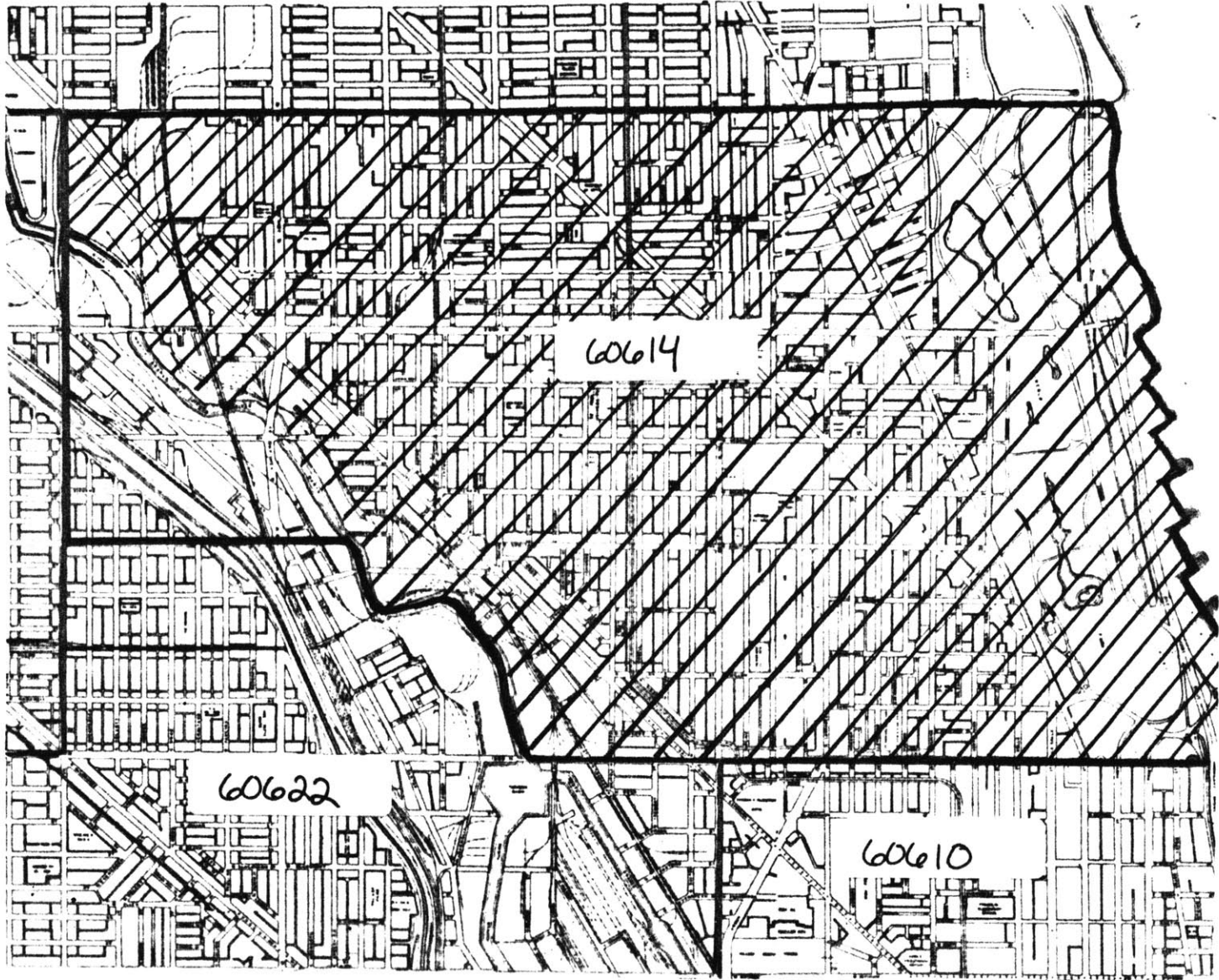
Zip Code vs.  
Community Area  
Boundaries:  
Near North Side

Zip Code  
Boundaries



Near North  
Side Boundaries






Zip Code vs.  
Community Area  
Boundaries:  
Lincoln Park

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Zip Code  
Boundaries

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Lincoln Park  
Boundaries



- 4) Standardized methods have been developed for measuring specific indices. As such, these standardized measurements define the index. However, these definitions are not always the definition that best reflects either the magnitude of the differential impacts of a problem. This is a particular problem with unemployment data. An unemployment rate for a community masks the fact that unemployment effects different sub-groups within the community to differing degrees. In addition, the definition of unemployment excludes many people with employment problems from the unemployment count.<sup>112</sup> The unemployment rate does not consider either discouraged workers or the underemployed.<sup>113</sup> These groups comprise a substantial portion of workers in population sub-groups. I will use proxy measure for discouraged workers and present sub-group unemployment rates in my analysis to give a better indication of the magnitude of the unemployment.
  
- 5) Economic data is generally available only for firms covered by unemployment insurance. All of the economic data presented is for U.I. covered firms only. For the Chicago SMSA, in 1978, U.I. covered 95.2% of manufacturing employment and 94.3% of non-manufacturing employment.

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<sup>112</sup> An unemployed worker is one who does not have a job, is over 16 years old and has actively sought work within the past four weeks.

<sup>113</sup> Discouraged workers are those workers who are unemployed and have not looked for work in the past month but are willing and able to work. Underemployed persons are those who work part time (or part year) involuntarily or work full time by earn inadequate wages.



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### ADDENDUM-- DEVELOPING THIS DESIGN

In this section I will consider the process that I went through in designing this community economic development plan. According to Webster, the verb design means, to create, fashion, execute, or construct according to plan or to conceive or execute a plan. Yet, this is hardly descriptive of the process that I undertook. Nothing ended up like I imagined it would, but it makes sense because it is impossible to imagine something that I have not yet been able to conceive of. Thus, part of the design process is the process of evolving conceptions. There was no contrived outcome or a priori idea into which I fit what I learned. This design process is more akin to what could be thought of as a discovery process. The discovery process was not controlled, but neither was it "free floating." In retrospect, I think that it was the pursuit of progressing ideas.

In Chapter One, I discussed using an interactive approach to bounding the study area. This was based on the notion that my thoughts interacted with the data and other people's thoughts producing successive iterations of the problems and the possible solutions. This is, in fact, close to what actually did occur. I progressed through a number of phases; each a new iteration of what could and should be done, but also a new conception of what I was doing.

Phase One-- In this stage I had decided that I wanted to pursue putting together some ideas about what the YMCA could do in terms of community economic development in the area. I had some ideas about what I thought could be done. These ideas centered around the strategy of creating new businesses and starting an incubator. So, from September to December I read ( and talked to people) about small business, what it needs, where it fits into the economy, what resources are available to small businesses, and what were the

pros and cons of using a small business creation strategy to effect community economic development. At this point, I concentrated very little on Chicago or what was specifically happening on the Near North Side. I was looking for the perfect economic development answer.

The result of this inquiry was not what I had expected when I embarked on it. Small business creation was not the answer. It was part of a complex picture. It simply served as the vehicle by which I entered the field of economic development and learned about its dimensions and contradictions. I produced two documents as the result of this phase. One was about the pros and cons of small business creation as an economic development strategy and the other expressed my new understanding of the ways in which the economy could be impacted. Based on my new understanding of the range of possible ways to impact economic activity, I prepared myself for phase two which was conducting interviews and collecting data in Chicago.

Phase Two-- During the latter part of December and all of January I interviewed people in Chicago and collected data (articles, maps, statistics, planning reports, etc.). As a result of my interview and data collection activities, I began to get a sense of the "lay of the land" in the economic development field in Chicago. While I had lived and worked in the area for a number of years, this was the first time that I had ever really looked at the area or the City in terms of economic development. I also spent a lot of time driving around the area and looking at it from this new perspective. I learned a lot of new things and relearned things that I had "forgotten" during this period. The seeds for other ideas were planted during this time, but they didn't mean much to me yet.

Most of the interviews were useful in terms of confirming and reconfirming who is who in economic development in Chicago and what the prevail-

ing "thinking" about economic development is in Chicago. It has served as background information for me, and does not appear in the body of the thesis but rather has been synthesized and built upon. Some of the data came to seem very important and does appear directly in the thesis. Other data grew to seem unimportant to the thesis and has not been used. In large part the design process is a process of finding out what is important and what is irrelevant to the design. During this period my data collection was expansive mostly because I didn't know what was important. Nevertheless, when I returned to Boston in February, I was able to begin to distill a view, my own view, from the various types of data I collected.

Phase Three-- Phase three was a distilling, synthesizing and consolidating phase. It occurred during February and early March. During this time I wrote a document entitled "Somewhere in the Midst of the Design Process." It was an attempt to make sense of everything that I had learned so far. My trip to Chicago had led to some major changes in my thinking about what could and should be done as part of a community economic development program in the area. The place and its unique characteristics had come to seem very important. I rediscovered the importance of the reality of Cabrini-Green. Fourteen sub-areas were identified in the document, so the sub-area concept had arrived. The existing manufacturing base had become a focal point as I had learned about the UDAG and the other City plans, but also because I had gained a new appreciation about the difficulties of creating new businesses. I had formulated the resident/manufacturer tensions and the business incentives versus business concessions tension, I had even called Old Town a transition area although I did not yet know that this concept was important to my thinking about the situation. I stumbled across it in my thinking about Cabrini-Green. I can see that this document was actually the

beginning of most of my arguments, but at this stage they seemed incomplete and still didn't fit together well in my mind. When I finished "Somewhere in the Midst of the Design Process" I hit a low point.

Phase Four-- This low point lasted for all of March. There were three things contributing to it. First, after writing "Somewhere in the Midst of the Design Process" I developed a list of things that I still needed to know. It was an exhaustive list and I got very anxious about how little I actually knew. This set me out on another massive data collection spree. It centered around learning more about specific economic development strategies and developing theoretical and empirical justifications for the arguments that I made in the design process document. In retrospect this was a big mistake. I used almost none of the data I collected during this period. What it did do was convince me that the answers were not out there somewhere in the literature. This was very frustrating.

The second factor contributing to the lull was that I was groping around for some sort of framework to organize my thoughts. I thought that this framework would be an economic framework or a framework based on the dialectical relationship between the residents and the manufacturers. At the time, this relationship seemed to be the most important idea that I had developed in the design process document. None of the frameworks I explored were capable of accommodating what I had come to believe about the situation. I had realized that the place was important, but I hadn't yet realized that it was in fact the framework. This idea became clear only after I read the Gold Coast and the Slum. (I took the book out because I was writing the context section and thought I needed a better sense of the history, not because

I thought it would provide me with the framework I was looking for.) This discovery added some much needed excitement to the process.

The third factor that was inhibiting progress was the difficulty I was having separating out my concerns about my ability to return to the YMCA and implement a community economic development program and what I needed to do to write the thesis. This confusion was confounded by the fact that individuals in the "Y" were beginning to lay the groundwork to start the community economic development process and as a result, the base from which I was working seemed to keep changing. I think that this problem has plagued me throughout the process in many different ways. At this point the politics within the "Y" were paralyzing my thinking about what should be done. This issue, I think, was never fully resolved although on my next visit to Chicago I was able to obtain enough perspective to proceed.

Phase Five-- Phase five was a week long visit to Chicago in early April. During this visit I collected some missing statistics, conducted some strategic interviews, attended a meeting at the "Y" regarding the community economic development program, and resolved at least some of my own YMCA related concerns.

This was time very well spent. I learned a number of important things during this visit regarding the economic development strategy approaches that I was pursuing. However, I also made a decision during this time that has gotten me in trouble farther down the line. That is, I decided to step back from the detail realities of the YMCA and focus on what I thought should be done. I felt that I was so bound up in my client, my relationship to it and my inability to keep up with the changes that were occurring that I was losing perspective. I decided to concentrate on a less YMCA bound reality and to clarify what I thought was happening in the area and how it should be ap-



proached. The result was that the thesis became more of a document for and less of a document for the YMCA. I think that I carried this trend further in

Phase Six-- This phase covers the time period when I returned from Chicago in mid-April to when the writing of the thesis was complete. It was in the actual writing and discussing what I wrote with other people, that the concepts emerged more fully. I wrote more than I would have needed to if I had been clearer about what I wanted to say. But, I was clear only on specific ideas and not how they connected or flowed together. I learned that I don't do too well trying to "figure it out in my head." I have to talk about it or write about it; to work with it actively. Otherwise, it does not fall together. This was still a process of clarifying what was important. The first drafts tended to be quite expansive and I would get comments on them like, "Why do I need to know this," or "You don't have to tell us everything that you know." So, the next go-arounds were attempts to edit out what was not important. But, my pattern seems to be expansion and then contraction. The thesis may not have needed all of the information in the earlier draft, but I needed to work through it to be comfortable with what I was saying.

Throughout this phase I continued the trend of pursuing more of my academic interests and grounding the design less in the YMCA. I became excited about the concepts that were emerging in my analyses of the place and about the question of what is community economic development anyway. On a theoretical and conceptual level, I think that the design is quite strong. Where the design is lacking is in the incompleteness of the analysis that reapplies the concepts to the place in relation to what the YMCA should do. This is not done on a detail level, but rather takes a higher level approach.

Apparently this is also evident in the level at which I drew out the implications of the community economic development strategies. The final result is that the design suffers from the multiple purposes that have guided its up again at the end to give more strength to the conceptual applications.

In summary, I think that some of the things that I have learned about designing as a discovery process are that designing is the pursuit of progressing ideas, but it is important to remember and follow through on each of the purposes assigned to the design. These purposes can conflict and it is important to be clear about when and where they are in fact conflicting. I learned that there is a tension in being too close to the client (psychologically) and maintaining the perspective needed to understand when I am making the same assumptions the client makes. There is tension in producing a product for a client and having a high stake in the outcome of that product. And, there are problems in trying to prepare a report for a client and being too far away to keep up with the changes that are occurring in the institutional base.

I also learned that I have learning patterns. They center around the fact that I think that I should be able to learn passively and that is my first instinct. By that I mean, when I felt struck, I would turn to reading more. I would look outside rather than inside for the answers, I feel more comfortable creating on my own only after I have tried to find the answer in a book and it isn't there. Sometimes this is appropriate and at other times it isn't. I'm still not sure how to tell before hand if it is or is not the right thing to do. Similarly, when I passively try to "figure the answers out in my head" I don't get very far. I have to actively work with the con-

cepts through conversation or writing.

All in all, I may not have produced the ultimate design, but I certainly discovered a lot in the process.