

BUSINESS DEVELOPMENT
AS A STRATEGY FOR
COMMUNITY AND BLACK ECONOMIC DEVELOPMENT:
AN EXAMINATION OF DUDLEY STATION

by

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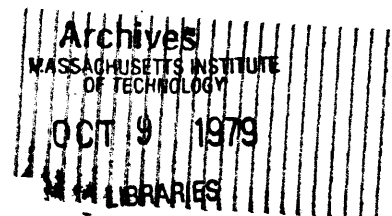
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TABLE OF CONTENTS

I	ACKNOWLEDGEMENTS	1
II	ABSTRACT	11
CHAPTER 1		
	PURPOSE	1
	THESIS STRUCTURE	2
	THE HISTORICAL SETTING FOR BLACK BUSINESS DEVELOPMENT: A RATIONALE AND A DEFINITION	3
	BLACK BUSINESS BEFORE 1900	4
	POST 1900 BLACK BUSINESS DEVELOPMENT	5
CHAPTER 2		
	COMMUNITY DEVELOPMENT IN PERSPECTIVE	11
	THE BLACK COMMUNITY	13
	COMMUNITY DEVELOPMENT	15
	EMPHASIS OF DEFINITIONS	16
	ASSUMPTIONS OF COMMUNITY DEVELOPMENT	18
	TOWARDS THE IDEAL: COMMUNITY ECONOMIC DEVELOPMENT - AN HISTORICAL PERSPECTIVE	19
	RETAIL BUSINESSES FOR BLACK ECONOMIC DEVELOPMENT	24
	SOCIO-PSYCHOLOGICAL CONCERNS	27
	SOCIO-ECONOMIC CONCERNS	36
CHAPTER 3		
	THE CASE	48
	PROFILE	49
	HISTORICAL BACKGROUND ON DUDLEY	51
	THE IMMEDIATE PAST AND PRESENT	53
	COMMUNITY COMMITMENT AND PARTICIPATION (CCP)	55
	THE DUDLEY MERCHANTS ASSOCIATION	56
	THE SOUTHWEST CORRIDOR COALITION (SWCC)	57
	RETAIL REVITALIZATION	58
	MARKET ANALYSIS	61
	FINDINGS OF THE TRANSPORTATION STUDY	63

FINANCIAL SUPPORT FOR DEVELOPMENT: AN INVENTORY OF RESOURCES	65
RECOMMENDATIONS FOR THE FURTHER DEVELOPMENT OF DUDLEY	67
FUTURE RECOMMENDATIONS	68
PRIMARY OBJECTIVES OF DEVELOPMENT	69
CHAPTER 4	
SYNTHESIS	71
ANALYSIS: CASE TO IDEAL	72
CONCLUDING THOUGHTS	76
APPENDIX A	78
FOOTNOTES	79
BIBLIOGRAPHY	84

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BY

LAURIN LLWELLYN BANNER

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ABSTRACT

Since the 1960's there has been increased local, state and federal support programs, some with long term goals designed for helping blacks achieve a more meaningful and rewarding lifestyle in the United States. The other objective of the support programs was an "end around" way of furthering local community and economic development, particularly in black neighborhoods. Such was the case for the 125th street corridor, and the Dudley Station area in Roxbury Ma., where attempts were made on the part of the black community to utilize federal programs and monies to undertake community and economic development through establishing a concentration of neighborhood business ventures. A number of these programs, established by various levels of government, for example, the Service Corps of Retired Executives (SCORE), The Local Development Company, The Minority Enterprise Small Business Investment Company (MESBIC), Operation Business Mainstream, etc., were strategies aimed at stimulating and assisting business development in the black community. This for some reason suggested that business development is a viable means of achieving community and black economic development.

The critical point is that these programs and services to induce community and/or economic development through business set-ups in the black community are not a panacea. It is only one response to a variety of urgent needs, issues, and strategies. But it is an important response.

This thesis develops a contextual and historical understanding of the experience of utilizing business development as a strategy for community and economic development. One neighborhood where business development strategies were utilized to foster community and economic development, is evaluated as a case study.

Thesis Supervisor:

CHAPTER 1

PURPOSE

The objective of this thesis is to examine "business development" in the Dudley Station retail area, which can be characterized as one way of achieving "Community and Black Economic Development (CBED)." We want to study business development in Dudley Station because we are convinced that business development can be a useful strategy for achieving community and black economic development. Thus, we want to pursue an understanding of the connections between the two.

The importance of the study is to understand some of the basic (though theoretical) principles of "Community Development (CD)," "Black Economic Development (BED)," and the fundamentals of its application in an ideal Black community. We want to investigate how we can make application of the (CBED) concepts to the retail "revitalization" of Dudley Station. Thus, we will examine Dudley in light of our definitions and what we have discussed in previous chapters, to see if revitalization efforts meet our criteria of achieving community and black economic development.

The term business development will be used interchangeably with "retail revitalization," "restoration" and sometimes "rehabilitation," to denote the stemming of decline and regeneration of a viable black community, living environment, black business district and housing market. "Black Capitalism," which will sometimes be used, is to be equated with business proprietorship, partnerships, and sometimes corporations in which blacks hold majority ownerships.

In this study we will use one case study from information provided by

the Greater Roxbury Community Development Corporation (GRCDC), and other written literature on Dudley Station, as a representation of an attempt to use local businesses as a means of fostering community and black economic development. There is much that can be learned and tested about the utility of the case, as many agencies and community organizations view business development (hereinafter, in the case of Dudley Station, referred to as "retail revitalization") as one means of achieving several objectives, i.e., needed services, jobs, sense of community, and control of community resources.

THESIS STRUCTURE

In order to achieve the objectives of this thesis, we recognize the necessity for placing this activity in context by first relating some historical background that will be useful in understanding the evolution of the idea of business development. How business development evolved then relates directly to the goals and objectives for which this activity occurs and can assist us in determining whether or not business development has any relationship with community development and black economic development. We are more interested in which business development is a viable means of achieving community and black economic development. Thus, in Chapter two, we deal with an overview of community development and economic development, how both may be achieved through retail revitalization, understanding the fundamentals of community and economic development and the problems of the past that are associated with socio-psychological and socio-economic issues. In this chapter there will be a number of definitions given (for community and black economic development) that we will be assumed if we are to achieve "Ideal" community and economic development in the black community. In chap-

ter Three we will take a case in point, of a community (Dudley Station), that is striving to become ideal through retail revitalization. Using parts of Chapter Two as our methodology for evaluation, we will make an analysis of Dudley Station to see if Dudley is experiencing community and black economic development as a consequence of retail revitalization efforts. An explanation of our case study approach will detail how and why Dudley was chosen. Following the case study in Chapter Three, a synthesis in Chapter Four will bring all the social and economic criteria together, which will then be analyzed in greater detail: Characteristics of business development - strengths, weaknesses, and the utility of the ventures to the Dudley community. In concluding we want to know if Dudley is moving away from the ideal or towards it, and whether the ideal is attainable or not. If Dudley is moving towards the ideal, then it would be fair to assess that, Dudley is moving towards the goals of community and black economic development, and that this may be happening as a consequence of Dudley's retail revitalization efforts. Our synthesis will conclude with some recommendations for further improvement.

THE HISTORICAL SETTING FOR BLACK BUSINESS DEVELOPMENT: A RATIONALE AND A DEFINITION

In his writing "the Nature of Black Business Development," Roy Lee establishes a foundation for business development in taking the popular view that, "The American capitalist system is based on ownership."¹ It may be ownership of a church, school, house, organization, a corporation or whatever. "For most Americans, what gives a sense of power, of control over one's destiny, though, is ownership of a business enterprise. From the beginning of the nation this desire for ownership has been a salient feature of the American orientation to life."²

Black Business Before 1900

A high degree of national interest on the part of blacks entering the nation's business arena, partly as owners has been evident in at least five separate periods since around the early part of the nineteenth century, continuing after the Civil War into World War I, followed by the depression, to the present. V.V. Oak has shown that, "contrary to popular opinion, blacks were engaged in most areas of business during the days of slavery; but most of these businessmen lived in the North and were found in such skilled trades as blacksmithing, wheelwrighting, painting, plumbing, and shoemaking."³ Other blacks were engaged in offering personal services such as barbering, catering, and hairdressing; very few were in restaurant and hotel management, and a variety of small enterprises. At this early date catering was thought to be the field in which blacks excelled in. "In 1865 the leading business in Boston was conducted by a black."⁴ As a matter of fact, as Joseph Pierce indicates, "the only business in which black businessmen made a contribution which was greater than the proportion of blacks in the population seems to have been in catering. By the end of the nineteenth century, however, a decline in prominence in this field was apparent."⁵ Presently, the catering business for blacks has practically dwindled to nothing. However, some of the outstanding men of this period worth mentioning were Thomas B. Dalton who operated one of Boston's largest clothing stores; John Jones of Chicago who made a million dollars as a tailor; James Foster, a sail manufacturer in Philadelphia, who employed a large number of black and white artisans. Stephens Smith and William Whipper were prominent Philadelphia businessmen engaged in the wood and coal business. Other examples of successful black businessmen were found in Baltimore, Boston, Savannah, and Washington D.C.

From the period after the Civil War until around the turn of the century, black entrepreneurs made their most impressive moves into the banking and insurance businesses. In 1898 John Merrick founded the North Carolina Mutual Life Insurance Company; today it has assets of over \$118 million dollars. By 1890 the black businessman had successfully penetrated the banking business. The Freedman's Savings Bank was established in 1865 - the first bank to be operated for blacks. To many blacks this was the symbol of a new day. Although the bank failed after ten years, it did help implant in black people a very strong enthusiasm for business endeavors.

At this point it should be stressed that the first black businessman operated within the framework of the total economy. For many reasons this had to be the case, since in those early days there were few blacks who were free and so blacks could not possibly support a separate economy as is possible today.

Prior to the Civil War the types of businesses which blacks entered were mainly shaped by the past slave society. Most of the areas of success were those in which whites did not wish to operate. Thus, the determinants of success in the antebellum period were:

1. widespread knowledge of craftsmanship
2. frequent lack of such knowledge among whites
3. relatively lesser significance of literacy and education for conducting businesses
4. tolerant attitude of Southern whites, arising out of general contempt for labor

Post 1900 Black Business Development

After the Civil War, with a changed environment, the segregated economy

emerged. The direction of this development was partly inspired by the philosophy of Booker T. Washington. Washington supported the development of businesses by his people and the support of those endeavors by other blacks. The separate business economy, although small was important in developing the South. At this point in time, white customers were not found in black owned businesses.

After the panic of 1873, black businesses were hindered again, only few survived. Those that survived after the panic had a predominantly black patronage. Because of the perpetuation of segregation and a segregated economy blacks could not be served in the "better" white establishments and, thus, because of necessity, were forced to open establishments to provide essential services to the black community. The final straw was drawn following the panic, close to the end of the nineteenth century, in 1883 the Supreme Court declared the Civil Rights Act of 1875 to be unconstitutional. This even banned blacks from white hotels, barber shops, restaurants, and theatres, further forcing blacks into a one system economy.

In 1900 Booker T. Washington started, the National Negro Business League, which was of considerable importance for black business development. There was also, at this time, a "missionary spirit" about entering into business. Many businessmen were going about the country organizing companies and floating stock.

The occurrence of World War I was a great stimulant, for black business activity that reached its peak in the 1920's. During this period, it was one of the first times black businessmen spoke of million dollar corporations as if they were easy to come by. Corporations were started for the production of such varied items as brooms, mayonnaise, perfume and toiletries, soap, coal, oil, hosiery, cotton, woolen articles and other merchandise. These activi-

ties were in keeping with the times. Among white businessmen the situation was similar. In the banking industry, the failure rate for blacks was no greater than that for whites, according to Edward Sagarin, "eight black-owned banks failed, while almost 600 white-owned banks went out of business."⁶ Thus, it was in the banking and insurance fields that notable success have been made for black businessmen.

The Carver Federal Savings and Loan Association, the leading black S&L association, founded in 1948, today has assets of about \$71 million; the Illinois Federal Savings and Loan Association, another black S&L association, started in 1964, has assets of about \$60 million.

There are about 49 commercial and savings banks, about 41 savings and loan associations, (combined assets of over \$700 million, as of June 30, 1977)⁷ and about 41 insurance companies, with assets over \$452 million as of December 31, 1976."⁸ These banks, savings and loan associations, and insurance companies, like most businesses, play a vital role in the goals of achieving community and black economic development in the black community. In 1971, The Presidents Council On Minority Business Enterprise realized this in saying that "economic development cannot proceed very far without a financial base. As conceived, this base requires the rapid increase of financial institutions of all types."⁹ The council also recommended that steps be taken to increase minority ownership and community organization loan associations, investment banks, and insurance companies.

The need for successful black businesses in the black community has historically proven to be necessary, in order to achieve meaningful community development, as well as black economic development. In the business arena black people "started-off" as caterers during the pre-civil war days; today

blacks are owners of banks, insurance companies, savings and loan associations, institutions, and other businesses, all of which are necessary for the development of the black community, (table 1 shows selected statistics for eight states with the largest contribution to the total gross receipt of all black firms. This is significant for identifying key locations where the greatest potential for community and black economic development can occur).

The current widespread faith in business development as a way out of the ghetto's woes, or as a way of achieving community and black economic development, has all the appeal of a new, untried strategy. This appeal brightens, however, when one recognizes that black people in this country have had a history of experience in trying to use business as a tool for social development, particularly in the black community. This has been a recurring theme ever since the Civil War, while even earlier some blacks used business as a route to personal advancement. The history of this century-long struggle to make it, individually or collectively, through economic/business endeavor has left a strong imprint on the present conditions and status of blacks. Some of the constraints that existed in the 18th century still have an effect today, as do the political and social conditions of the 19th century.

Some of the long-held conditions influencing black community and economic development are now, in the late seventies, beginning to alter, so that the current emphasis on black business development is not a new strategy, but an old one coming into contact with a new and altered economic and political environment. We must fully understand the strategy of business development in order to achieve community and black economic development, but to do so we must make the connection as to how one compliments the other. This understanding is important to know if we are going to make the assumption that the business strategy is a viable means of achieving community and black economic

development, but to do so we must make the connection as to how one complements the other. This understanding is important to know if we are going to make the assumption that the business strategy is a viable means of achieving community and black economic development. The assumption is that, there is some relationship.

Our task now is to discover the relationship between business development and community and black economic development, to find out if the business strategy is a viable means of achieving our end, (CBED). We will dedicate our next chapter to an in depth understanding of this relationship. We hope that there is some consistency between the two, (business development as it relates or does not relate to community development and black economic development), in order that we may have an understanding of our case in Chapter Three.

Table 1: Black--Owned Firms by Eight States With Largest Gross Receipts and Other Selected Data, 1969

States	Gross Receipts (thou- sands)	Popu- lation* (mill- ions)	Total all Firms (num- ber)	Firms With Paid Employees (num- ber)	Average Rec. of Firms With Paid Employees (thou- sands)
Illinois	\$390,485	1.426	10,265	2,816	\$119
California	387,833	1.400	14,687	3,165	99
Texas	288,010	1.420	12,740	2,764	81
Michigan	269,202	.991	6,900	2,139	110
New York	243,057	2.167	9,269	1,991	98
Ohio	227,522	.970	9,193	2,217	83
Louisiana	224,939	1.089	6,928	1,629	114
Pennsylvania	202,362	1.017	7,687	1,720	93

*Population for 1970

Source: U. S. Department of Commerce, Bureau of the Census, Minority owned Businesses: 1969.

CHAPTER 2

In Chapter 1 we stated that our intention was to examine business development in the Dudley Station retail area as a strategy for achieving community and economic development. For the purpose of our argument it is important to begin this chapter by discussing what we mean by "Community Development", Black Economic Development, and by understanding the connection of these Black Business Developments. We are specifically interested in what it means, how the three complement one another, and how black business development can be used to achieve community development and black economic development. We will begin the first section (Community Development In Perspective) by devoting a discussion of the differences and similarities of definitions often used in community development and its associated terms. Our intention is to give definitions of community development, community, and process to establish limits and make clear the discussion.

COMMUNITY DEVELOPMENT IN PERSPECTIVE:

We will preface our discussion of community development first with an understanding of community. It is important to define community as it is intended for use here. A number of meanings and nearly as many perspectives have been given to the notion of community through the years. An effort to be concise and definitive is a difficult one. Amos Hawley suggests that, "knowledge about community structure is altogether too underdeveloped to permit a satisfactory description of even one type."¹⁰ Sociologist, Paul Norton defines community to be, "a local grouping within which people carry out a full round of activities."¹¹ Upon inspection of his definition of community, one would tend to think it is too simple. However, two things

seem to be included. The idea of geography, place or location is implied in the expression, "local grouping." A second thought is expressed in the notion that people are acting in some fashion to carry on "activities," perhaps work, play, or organizational building. Both ideas are important.

In continuing the discussion of community, Robert Park defines community from a human ecology perspective, in saying, "The essential characteristics of a community are: (1) a population, territorially organized, (2) more or less completely rooted in the soil it occupies, (3) its individual units living in a relationship of mutual interdependence that is symbiotic rather than societal."¹² In Park's definition we can see the idea of people constrained by some type of boundary forming a territory. The second item in Park's definition adds the feature of permanence or stability to the concept of community. This is not to mean that the individual membership of a community is always static. However, it does seem to imply that whatever the main ingredients composing a particular community, they persist over time. For example, if the institutions of marriage and family are two major ingredients about which a community is formed, then the community will exist as long as individuals are willing to satisfy and participate in these institutions. However, the population may vary over time. Thirdly, Park believes that the community is characterized by symbiotic relationships. That is to say, the population lives together because the association affords certain mutual advantages for its individual members. One might expect to find communities existing for the purpose of self-defense. Likewise, one might expect communities based upon symbiotic relationships among individual members to dissolve if members perceive no need for the continued mutual interdependence.

A more inclusive definition of community is given by Christian T. Johassen.

Johassen argues that community includes: (1) a grouping of people, (2) within a geographic area, (3) with a division of labor into specialized and interdependent functions, (4) with a common culture and a social system which organizes their activities, (5) whose members are conscious of their unity and of belonging to the community, and (6) who can act collectively in an organized manner."¹³

The Black Community

Up until this point we have discovered that the word "community" has many different actual and possible political, economic, ideological, social, and other meanings. Efforts to define it precisely inevitably fail to satisfy some faction. Prior to the riots of Watts, Harlem, and other ghetto areas of large cities, "community" was almost never used to apply to "neighborhoods" or blocks in cities. "The word was usually used to denote a territorially organized population, a population more or less completely rooted in the soil it occupied, and individual units living in a relationship of mutual interdependence."¹⁴ This work, however, deals with a special community: the black community. The black community may include the elements of Johassen's definition in addition to the conditions set forth here. Thus, to achieve the objectives of this thesis we will use this as our working definition.

In America, white racism is a major determinant of urban black ghetto or community. Racism either determines or influences greatly all the six elements of community cited earlier. For this reason our definition of black community is extended to include this vital dimension.

White racism as used in this discussion refers to the individual practice by the majority (white) population to treat people of color, black, brown,

yellow, or red, as inherently inferior in human traits and capacities. On the other hand, institutional racism is the organizational realization of individual white racism which serves to foster and perpetuate individual racial bias. An example would be the racist teacher in a public school who has low expectation of black students because of race. The school system, on the other hand, may have numerous policies or practices that discriminate on the basis of race and thereby enforces the teacher's individual or personal racism. I may go as far as saying that, white racism and institutional racism is undoubtedly linked to black unemployment and other problems blacks face in the black community. The fact is that, the black community is partly a spin-off of white racism and institutional racism combined. It is this racism, along with the socioeconomic disparities among black and white Americans, that justify the need for community development in the black community.

American cities are in trouble. Jones and Hoppe point out: "But of all our problems, the most immediate and pressing, the one which threatens to paralyze our very capacity to act, to obliterate our vision of the future, is the plight of the Negro of the center city. The barest recital of its (concentrated poverty and racial tension of urban ghetto) symptom is profoundly shocking. Segregation is becoming the governing rule, poverty and unemployment are endemic, welfare and dependency are pervasive, housing is overcrowded, unhealthy and dilapidated, education is segregated, unequal, and inadequate, health is poor and care is inadequate."¹⁵ One could be justified in concluding that black Americans suffer the greatest disadvantages (as a group), of social, political and economic conditions.

The black community can be defined simply because of the fluidity of the black class structure. Within the black community there are several "le-

vels" of social classes. St. Clair Drake describes black class structure as, "pyramidal, with a large lower class, a somewhat smaller middle class, and a tiny upper class (made up of people whose income and occupations would make them only middle class in the white society). White profiles tend to be diamond shaped with small lower and upper classes and a large middle class."¹⁶

An awareness of the various levels of social class within the black community is important for those interacting with the ghetto. Encounters with different social strata will certainly produce an experience or varying values, demands and needs. However, these factors may vary in degree only, while the cumulative effect is singular to the community. Diagram 1: Class Structure in the Black Community summarizes the major features or characteristics of each class stratum.

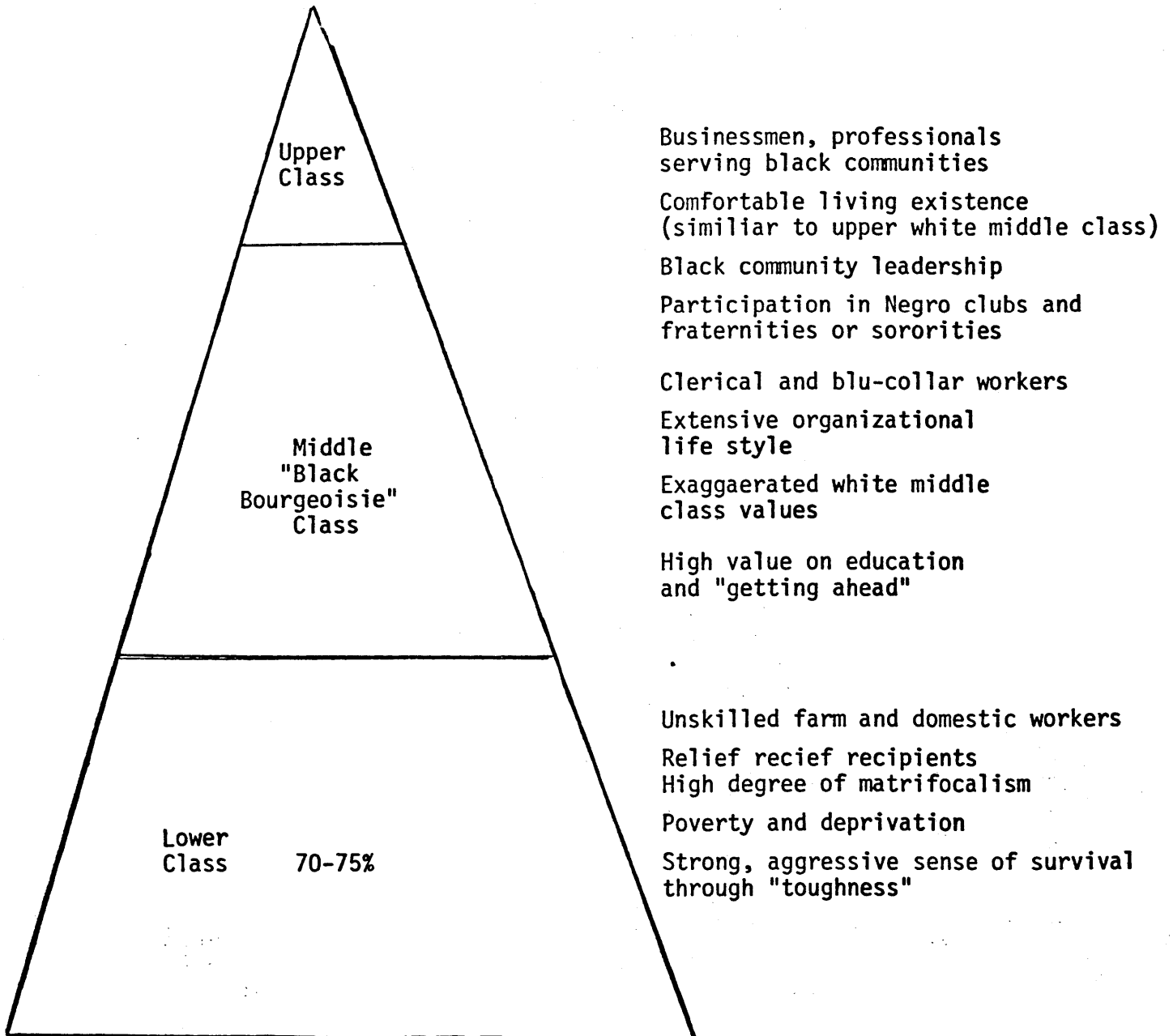
COMMUNITY DEVELOPMENT

It should be noted first that, definitions for community development are not "static" and may change as social and economic contexts change. However, to make clear our understanding of community development a few descriptive definitions of community development are as follows:

The term "community development" designates the utilization under one single program of approaches and techniques and which attempt to combine outside assistance with organized local self-determination and effort, and which correspondingly seek to stimulate local initiative and leadership as the primary instrument of change. In agricultural counties in the economically undeveloped areas, major emphasis is placed upon those activities which aim at promoting the improvement of the basic living conditions of the community, including the satisfaction of some of its non-material needs."¹⁷

Diagram 1

Class Structure in the Black Community



Excerpted from Black Metropolis, Harcourt, Brace and World, Inc., New York, 1962, p. 711.

It has also been said that:

Community development is dedicated to the principle that people, through intelligent study and action, can best solve their own problems. A chief purpose of community development is to establish a medium through which all the citizens, represented geographically and sectionally throughout the community and neighborhood, to discuss common problems and shared goals, to publicly exchange ideas and debate issues and cooperatively to work out reasonable and feasible solutions to their problems. Community development seeks to create a more unified community, a deeper spirit of civic pride and citizen initiative for the achievement of specific programs that are determined to be essential in order to effect needed improvements in the community. It seeks to help all citizens to gain a better understanding of each other and to develop improved habits of sharing community responsibility and working together for community-side goals.¹⁸

Community Development can also mean:

A movement designed to promote better living for the whole community with the active participation, and if possible, on the initiative of the community, but if this initiative is not forthcoming spontaneously, by the use of techniques for arousing and stimulating it in order to secure its active and enthusiastic response to the movement. (Community development) embraces all forms of betterment. It includes the whole range of development activities in the district, whether these are undertaken by government or unofficial bodies; in the field of agriculture of securing the adoption of better methods of soil conservation, better methods of farming and better care of livestock; in the field of health, by promoting better sanitation and water supplies, proper measures of hygiene, infant and maternity welfare; and in the field of education, by spreading literacy and adult education as well as by the extension and improvement of schools for children. (Community development) must make use of the cooperative movement and must be put into effect in the closest association with local government bodies.¹⁹

Emphasis of Definitions

In these definitions one can detect certain ideas of commonality. In each definition there is an expression of cooperation, collaboration and integration. Individual community members (including the business people, who are an intrinsic part of the community), are depicted as working together

toward a common purpose to produce a desired result. The individual of a particular community not only works with other community members, but frequently contact is also made with outsiders who are felt able to contribute to the cause. Talents, interest and information are meshed into a functional unit of operation which strives to meet community goals about issues.

The definitions are also common in that they focus much on meeting the needs of its community members. The very justification for community development lies in the fact that there exists a felt need or desire on the part of some (or all) community members. The concept of need fulfillment is balanced with that of available resources. It is the availability of resources that makes desires unrealistic dreams or potentially attainable goals.

The final point of "commonness" among the definitions of community development is the expression of the idea or concept of working relationships between the democratic freedoms for community participants is balanced with the need to divide labor or functions among the most talented for a particular task. While each participant must have voice and vote, the community development effort is assured greater efficiency by utilizing the best talent and experience each individual participating has to offer.

Community development, as used in this thesis, is that process in which direct, (mostly needed), services are provided to the community, with community members expressing a desire to participate, come together to educate, discuss, formulate ideas of need, goals and agreements, and decide upon a plan for action implementation in a mutually beneficial democratic climate as an effort to induce social development. Community Development also means creating social services, controlling community resources and making political decisions for the betterment of the community.

Assumptions of Community Development

Several fundamental assumptions may be identified in traditional community development. Arthur Dunham lists five assumptions of community development:

- (1) The worth and dignity of the individual are the basic values in a democratic society.
- (2) Everyone has something to contribute to the life of the community.
- (3) People have the ability to learn and grow.
- (4) Community change can be promoted by conscious cooperative thought planning and action.
- (5) Community development provides an opportunity and a means by which the worth of an individual can be revealed, his contribution can be made, and learning can take place.²⁰

These principles are vital in considering any activity in the black community. In order to develop the black ghetto it is necessary to first prepare the residents for action. Success in the community development process must be achieved in collective formation; that is, unification of blacks living within a defined community must be realized. In short, black people must ultimately decide for blacks what constitutes the appropriate values and goals. Worth and dignity must be defined by blacks for blacks in terms of the black experience and in terms of where black people want to go. It is the uttermost challenge to black people in the American plight to determine for blacks what individual worth and dignity mean.

Finally, in the context of this thesis, we say that community development in the black community is mostly concerned with social change. That is, how to induce collectiveness and/or unity among the various groups in ghetto communities.

Businesses are located in communities, and therefore are a vital part of the community development process (When we say businesses, more importantly, we are concerned in this theses with retail businesses). The relationship businesses have with the community is direct; since business provides needed services that are usually demanded by the community, (i.e., health services, job training programs, food centers, etc.), a mutual relationship is necessary.

Now that we have set the boundaries for understanding community development, in light of our historical setting for business development in the previous chapter, it would be appropriate at this time to discuss black economic development, since it is an essential piece for understanding retail businesses and community development in the black community. We will preface our discussion of black economic development by first giving an historical overview of community economic development, with a definition and an understanding of the role of CDC's.

TOWARDS THE IDEAL*: COMMUNITY ECONOMIC DEVELOPMENT - A HISTORICAL PERSPECTIVE

Because the process of community economic development itself is still unfolding and individual personalities and communities involved in this ongoing "experiment" continue to exert their unique influences, the existing definitions are amorphous. However, under "ideal" circumstances community economic development take on a very specific meaning. Throughout this thesis we will use Perry's definition of Community Economic Development. Stewart E. Perry, who for many years was director of the movement's main research

*When we say "ideal" we mean, a form of community economic development achieved under a specific definition - that enables a community to move forward.

support arm, the Center for Community Economic Development, describes it as follows:

Community economic development is the creation or strengthening of economic organizations (or, more technically, economic institutions) that are controlled or owned by residents of the area in which they are located or in which they will exert primary influence. The institutions that are owned or controlled locally can include such forms as business firms, industrial development parks, housing development corporations, banks, credit unions, and the cooperatives, and CDC's (Community Development Corporations) themselves as the most broadly generalized, guiding institutions. They might also include organization (or services) that upgrade the human and social environment in such a way as to increase the economic value and energy of the community.²¹

By this definition, then, community economic development is something more than just economic development, it is the creation of new local businesses, identifying of new resources and talent, improving of the physical and social environment, and increasing of job and entrepreneurial opportunities. It is all the other things economic development consist of as well, but it is different in that the creating, identifying, improving, and so on are done under the guidance of local residents. "The central and immediate goal of community economic development is to increase (the power and influence of the low-income community)...by providing economic muscle for a representative community organization."²² Thus, in order to achieve the goals of a community and economic development strategy, retail businesses in the black community should meet the above criterial.

The community economic development movement as just defined was born during the turbulent 1960's. The rioting in the ghettos had drawn attention to the poverty areas of the United States, particularly those that were black and urban. For the most part the government's response was to seek the reduction of tension by trying to ameliorate the physical environment and phy-

siological conditions of the ghetto residents. The entire spectrum of public services, such as education for children and young adults (Head Start, job counseling, and Manpower training programs) reflected concern for removing the psychological and sociological deficiencies of the ghettos and their residents. Little thought was given to developing ways of releasing already existing psychic energies.

While most observers saw riot participation as evidence of social malignancy, some saw it as a sign that large numbers of blacks and other poor Americans had attained a new level of development, a level that compelled them to do for themselves whatever was to be done. In Cleveland, Deforest Brown led the effort to establish the Hough Area Development Corporation. Franklin Florence in Rochester, New York, brought RIGHT into being. In Philadelphia, the Reverend Leon Sullivan launched Zion Investment Associates. In each instance, black city residents were seeking ways of beginning a comprehensive program of economic development. This program was to be run and controlled mostly by blacks.

A few influential whites also saw the need for wide-scale change. Senator Robert F. Kennedy, after a tour of Bedford-Stuyvesant, a black Brooklyn ghetto, concluded that the war on poverty needed a new approach. He realized that stressing the problems of individuals was not sufficient.²³ Primarily through his efforts and those of New York's other Senator, Jacob Javits, the Special Impace Program (SIP) amendment, Title I-D of the Economic Opportunity Act of 1964, became effective in July 1966. This amendment signified a new approach; the poverty program was now viewed as involving the total community, not just individual residents. It marked the first time, community business and economic development received equal emphasis with the service

program directed toward individuals. The mandate of the SIP program is to provide assistance to community development corporations (CDCs) and other organizations that 1) "are directed to solutions of the critical problems existing in particular communities or neighborhoods; and 2) are of sufficient size, scope and duration to have an appreciable impact... in arresting tendencies toward dependency, chronic unemployment, and community deterioration..."²⁴

The Office of Economic Opportunity (OEO) was the agency designated to implement this multipurpose, comprehensive development strategy. It foundered for several years before actually developing available to the Department of Labor, which used it primarily for more manpower programs. The only innovation immediately stemming from the legislation was the Bedford-Stuyvesant project, which was created by Senator Kennedy and his staff. Unlike those that had been started spontaneously in areas like Hough in Cleveland, Ohio, the Bedford Stuyvesant project consisted first of ^a carefully selected group of influential business and financial people in New York City, who were placed on the board of directors of the Development and Service Corporation. In 1974 the staffs of the two corporations merged administratively.

In spite of its creation by outsiders, the Bedford-Stuyvesant project was generally hailed by Congress. Interested congressmen began to apply pressure to OEO to develop its entire program along these lines. Within OEO a group of planners sought to do this, but inclusive of this plan, neighborhood community control had to be added in order to permit the residents themselves to define their problems and to set the objectives for development.

Although the OEO staff recommended a strong no-strings attached program with 100 percent control by the community residents within designated poverty areas, the OEO director, Donald Rumsfeld, would not approve. Because of

Rumsfeld's hesitation about this community control aspect, approval was given for an experimental program only. Early evaluation results in 1969 rated the OEO experiment successful in its efforts to initiate economic development in poverty areas, but similar evaluations of the Department of Labor use of Special Impact Program funds indicated no such potential for change. In the next three years more CDCs were started, and in spite of hostility within OEO and other, largely administrative, problems, the CDCs performed reasonable well. In 1972 Congress passed a new amendment to the OEO legislation, Title VII, which authorized and funded Community Economic Development as a specific program, reviving it from the experimental category. It also legitimized the community control concept by specifically requiring that the funds be given to locally controlled community development corporations. The legitimization of the concept, however, did not lead directly to full control by the residents. While the overall strategies and objectives of the community development corporations are determined locally, final approval for specific investments must still be obtained from the federal funding agency. In 1974, however, a "venture autonomy system" was introduced that permits CDCs to make the final decisions on specific investment. Under this system the federal funding agency determines which CDCs are ready to finalize investments in local ventures with no federal supervision.

After the demise of OEO in 1975, the Community Service Administration (CSA) was charged with administering the program. Congress did not wish to discontinue or dilute the program by placing it within another agency. The heart of the program remains the community development corporation, the institution that is to plan and implement comprehensive community development programs. The guiding force, of these corporations is the locally selected

community-based board of directors.

As this brief history shows, the concepts of community economic development and community control have come a long way since 1967. Both now have a firm foundation in legislation and in reality. Nonetheless, both the concepts and their main vehicles of implementation, the CDCs, remain in growth. To enable them to have an "appreciable impact" on their communities, as the legislation requires, much still needs to be learned and done.

RETAIL BUSINESSES FOR BLACK ECONOMIC DEVELOPMENT: A PERSPECTIVE

Most of what was mentioned above is also applicable to the "black economy." The black economy of the United States is circumscribed and influenced by the national economy of which it is a part. Whatever happens in and to the larger economy has implications for the black economy. Hence, planning for black economic development must take account of basic characteristics and trends in the national economy. The overall assumption is that the black economy is a subeconomy of the larger economy.

Black economic development involves both economic and noneconomic change. In terms of the concerns of this chapter, this means that it is necessary for retail businesses to direct planning for black economic development in such a way that there is a minimizing of friction with non-economic phenomena, while achieving a maximizing of beneficial economic change. Thus, the goals of retail businesses striving for black economic development, must include changes in attitudes, institutions, human skills, information availability, as well as economic changes. Moreover, many of the economic factors and forces which must be changed have non-economic as well as economic bases; black poverty is an excellent example which underscores this point. (We will discuss this in more detail in the next section under socio-psychological issues).

In order for retail businesses to achieve black economic development the following goals should be realized. 1) a closing of the gaps between blacks and whites regarding all indicators of economic well-being; 2) a more equitable distribution of income within the black community; and 3) increased upward mobility for black people. With particular reference to the disparity in income, an important cause of income distribution is the ownership of wealth. Ownership of wealth among black people are practically nonexistent, which further perpetuates the problem of poverty and unemployment.

It is assumed that there will be general agreement that the implementation of black economic development programs should be directed toward maximum efficiency in the utilization of human, financial and other resources; the achievement of the fullest employment possible of these resources; the expansion of, and improvement in, the flow of goods and services produced by these resources; maximum equity in the distribution of income resulting from the employment of these resources; and minimum economic and financial instability during the development process. There is considerable conflict between some of these objectives, in that more of one usually means less of some other. Thus, there must be choices between them which should represent conscious trade-offs, with due consideration of the consequences of alternative trade-offs.

Deliberate and conscious trade-offs should constitute the basis for development policy. It is the job of management to choose between alternatives, and to formulate and implement development policy. This management, if it is to be effective and efficient, must be constituted by "individuals with entrepreneurial spirit and energy, who are innovative, who have the capacity for translating ideas into action , who are receptive to change and are initia-

tors of change, who have a high tolerance for ambiguity and uncertainty, and who have the will to risk."²⁵

It would be appropriate to state that black economic development must occur within the context of, and will be constrained by, conditions and trends of the national economy. It is essential that the process for improvement be characterized by planning, which includes the establishment of goals, the choice of the best means of achieving these goals, the most efficient allocation of resources to action programs, and the direction and coordination of program implementation.

Also, when talking about establishing retail businesses as a means of achieving black economic development or community development in the black community, it is important that we mention two things, the type of retail businesses we are talking about, and secondly, some of the critical socio-psychological and socioeconomic problems of the past which has not made entering business a successful venture for black people.

The importance of the type of retail businesses is meaningful. For example, if we were to establish small shops in the black community (i.e., cleaners, candy stores, small bakeries, etc.), the impact on the economic development of that community would be minimal as compared to the impact of a supermarket, restaurant, pharmacy, or large community controlled cooperatives. In terms of achieving goals of employment, this would mean that small "mom and pop" stores would employ very few community people, while larger chain-stores would offer more jobs and sometimes higher salaries. In addition larger chain-stores have the potential to expand, because of economies of scale. Also, the larger stores most often have a stronger chance of survival.

SOCIO-PSYCHOLOGICAL

Now that we have had a meaningful discussion of community and black economic development, and its implication to business development in the black community, it would be appropriate at this time to discuss some of the critical issues* businesses face, that have hindered the efforts of both community and black/ghetto economic development. The issues that we are most concerned with are both socio-psychological and socio-economic. In saying socio-psychological, we are making reference to such important issues as, poverty and related conditions, image of self, powerlessness, and institutionalized racial discrimination -- all of which are a part of the black experience. In saying socio-economic, we are making reference to such important issues as, finance and or capital, and some of the problems associated with finding money to assist black businesses in the black community. We want to discuss "redlining" as one of the fundamental problems black businesses face in trying to procure financial support and as a consequence how disinvestment in the black community has slowed down the efforts of businesses to induce community and ghetto economic development.

Economic development results from the interactions of human resources with the other factors of production. Much of the literature on economic development, at least until fairly recently, tended to ignore - or took for granted - the role of human behavior in the economic development process. Sir W. Arthur Lewis, internationally known West Indian development economist, must

*I remind the reader that this is not a comprehensive study of "all the issues" that effect business development in the black community but, instead, a study of (some) issues the writer feels are most important and critical to the economic development of the black community.

be given credit for much of the pioneering research on the relationship between human behavior and economic development. Having established these relationships, Lewis noted,

"it is necessary to inquire into the differences in human behavior which influence economic growth. The inquiry into the human actions has to be conducted at different levels, as well as causes of these causes. The proximate causes are principally three. First, there is, the (will) to economize (illustrated by the desire for goods and the cost of effort to obtain them)... If the effort is not made, either because the desire to economize does not exist, or else because either custom or institutions discourage its expression, then economic growth will not occur. Secondly, there is the increase of knowledge and its application. This process has occurred throughout human history, but, the more rapid growth of output in recent centuries, is associated obviously with the more rapid accumulation and application of knowledge production. And thirdly, growth depends upon increasing the amount of capital or other resources per head."²⁶

The rationale of human actions as they relate to business and black economic development in the black community is the concern of this section.

a) Image of Self

Until fairly recently, the black man's image of himself was stigmatized solely because he was black. His consequent rejection of himself was moot testimony to the effectiveness of white America's persistent and penetrating insistence of white supremacy and superiority. While white was associated with rightness and goodness; black was associated with wrongness and badness. White was considered beautiful; black was ugly. The result of this low esteem of oneself, of course, breeds a lack of belief in oneself. Not believing in basic self-worth, in turn, had adverse consequences for black ambition and motivation. Being constantly told black people were inferior, and not being able to contradict these changes -- because the educational

system went to great pains (and still does) to ensure an unawareness that blacks had never made a contribution beyond menial and back-breaking work -- the tendency of many blacks was to conform - or, at least appear to conform - to the degrading stereotype systematically created and kept alive by the doctrine of white supremacy.

This stereotype is, of course, at great variance with black peoples past. Melville Herskovits in "The Myth of the Negro Past" emphasized the extent to which the African background has been either ignored or misinterpreted in most of the research studies conducted on American blacks.²⁷ However, critical historians and other social scientists have established that the black American's past goes back at least to the late Stone Age - prior to 5000 B.C. - recording that blacks were once rulers of famous empires of Ghana, Mali, Bormu, Baguirmi, Songhay and Benin around 700 A.D., prior to their becoming merchandise themselves. Up until this day, to some the history still remains forgotten.

In 1967 the slogan "Black Power" had been adopted, and the book written by Stokely Carmichael and Charles Hamilton entitled Black Power was published. Black consciousness and awareness had been awakened. Thus, despite the fact that black people had experienced some successes in the struggle for identity and dignity by 1967, the racial superiority - inferiority nonsense -- conceived originally to rationalize and justify the most despicably dehumanizing system of slavery in recorded history, and perpetuated after slavery in support, among other things, of capitalism and profit motive -- was still deeply ingrained in the psyche of black people.

However, despite the progress black people have made as a result of what occurred during the sixties, vestiges of this inferior and degrading

self-image still exist in the black community. Until it is completely supplanted by a pervading pride in self, black economic development will continue to be hampered.

b) Powerlessness

Closely associated with the black man's image of himself -- in that it represents a swing of the pendulum too far in the opposite direction -- is the illusion of power. As country after country in Africa achieved political independence, awareness of self, identity, and pride in self grew in the black community. This increased awareness, identity and pride coincided with (or resulted in) some civil rights victories -- and blacks began to believe their own slogans and rhetoric. So, if you had power, the feeling was that you didn't need economic development. Thus, power was loosely understood.

Blacks in the United States are relatively powerless people. Blacks have a significantly lower GNP than the majority population, black people are underrepresented in national and state legislative bodies. Only a small percentage of all black members of the Armed Services are officers (as compared with whites). Blacks are grossly underrepresented (country-wide) in news media, as business executives - Presidents, or Vice-Presidents, or in professional institutions of higher learning (i.e., colleges and universities). Black people employed in all types of organizations throughout this country are the minority in decision-making positions.

According to the estimates one selects, black Americans spend annually between \$30 and \$60 billion. The ego of black Americans tends to become inflated when it is realized that they spend more per year for goods and services than is produced by every other country of the world except Canada,

France, Germany, Italy, Japan, and the United Kingdom. Assuming only the estimate of \$30 billion, and assuming a United States black population of 23 million, the per capita black expenditures exceed the per capita gross national product of all but seventeen countries or territories of the world (Australia, Austria, Canada, United Kingdom, Belgium, Finland, Denmark, Japan, Italy, Luxemburg, New Zealand, Norway, Puerto Rico, Sweden, Switzerland, Germany, and France).^{*} However, the meaningful comparisons should be within the context of the economy of this country -- and when comparisons are made, the relative powerlessness of black Americans is underscored. Assuming a \$40 billion level of expenditures, in 1978 this was less than the reported assets of General Motors, Standard Oil of New Jersey, and I. T & T.

In order to make a meaningful impact on the black community, it is necessary that black people gain power. The real seat of power in our society is economic -- and unless black people can get an equal share of (economic) power can blacks begin talking about developing their own communities.

c) Poverty and Related Conditions

Correcting poverty is one of a few goals of a business development strategy. When we talk about business development and/or economic development in the black community we want to be clear in our understanding that the

^{*}The bulk of this information was provided by Minister Luis Farrakan in a speech delivered at Boston State College, April, 1979.

overall objective of either strategy is also, to reduce poverty and related conditions to its bear minimum. Improvements in the socioeconomic status of blacks during this century, and especially during the past two decades, indicate how far blacks were below the average for the country in terms of all standards of socioeconomic well-being. The existing gaps between blacks and whites with respect to these same standards underscore that which remains to be accomplished in terms of productive, consumptive, and other inequalities between blacks and whites.

Poverty has been defined by Lester E. Thurow on "Poverty and Discrimination" with reference to four varied bases. These are 1) "A fraction of the income distribution, 2) Explicit goals for the relative shape of income distribution, #) Estimates of the minimum income level necessary to guarantee healthy survival, and 4) Adequate standards of living as seen by the majority of the population."²⁸ Thus, it would be important for business or economic development strategies to impact these four factors, to (eventually) enable black people to have an equitable share of the income distribution in this country; thereby assisting in closing the black-white gaps in the indicators of economic well-being.

d) Institutionalized Racial Discrimination

Black poverty, self-image, and powerlessness are intimately related to the impact of racial discrimination in our society. This relationship was touched on in the discussion of these three subjects. It is of sufficient importance in and of itself, as an obstacle to business and black economic development, to warrant special attention as a psychological impediment to black economic and other progress.

Racial discrimination, as used herein, means all overt and covert psychologically relevant attitudes, perceptions, values, criteria, and institutions of the majority society which results in differential and irrational decisions and actions with respect to and affecting black people. It is institutionalized and an integral part of the economic, political, and social systems which operate -- overtly or covertly -- to ensure that blacks (and other nonwhites) will remain in a disadvantaged and inferior state. In the words used by the National Advisory Commission on Civil Disorders (the Kerner Commission), "The prejudice against color in America has formed a bar to advancement unlike any other."²⁹

The forms which discrimination takes are varied.³⁰ In employment, it results in larger than proportionate unemployment, the concentration of blacks in the lower-paying jobs, part-time employment, and (eventually) in the "discouraged worker" (i.e., an unemployed person who has given up looking for work and who becomes a voluntary nonparticipant in the labor force). In wages, it means that blacks are paid less than whites for the same work. Racial discrimination in occupation results in a concentration of blacks in the low-income jobs and the reservation of higher income jobs for whites; if the better-paying jobs are not explicitly reserved for whites, the job specifications are drawn up in ways that past discrimination in education and employment opportunities disqualify blacks. The consequences of racial discrimination in human investment are most evident in disparities in expenditures for educating blacks and whites, and in the receipt of certain essential public services -- health, sanitation, recreation. Discrimination through monopoly power is the exclusion of black factors of production

from those areas where monopolies result in factor returns above those prevailing in a competitive economy. In pricing racial discrimination is manifested by blacks having to pay above-market prices for what is sold. That blacks receive less than whites for the major commodity they have to sell - their labor power. That they have to pay more than whites for comparable housing, food and other necessities of life has been amply documented by several studies.³¹

The social-psychological dimensions of victimization caused by racial discrimination are varied. For example, one important consequence is that black people may be hesitant to make investments in themselves, in their own intellectual and professional development, than might be the case in the absence of such discrimination. Another result of racial discrimination which is psychological but has important economic consequences, is its self-fulfilling nature. When subjected to racial discrimination - accompanied by systematic and consistent humiliation and rejection - over a period of time, there is a tendency for those discriminated against to adjust their behavior and expectations to fit the stereotypes imposed upon them by the majority members of white society. The result more often than not, is that the adaptation to racial discrimination produced objective differences which tend to justify differential treatment.

In concluding it would be fair in assessing that, black economic development is impeded by most of the factors generally associated with undevelopment or underdevelopment; i.e., low incomes; disproportionately large concentrations in unskilled or, at best, semi-skilled jobs; relatively lower levels of educational and skill attainments; underutilization of manpower;

relatively low marginal productivity of labor; inadequate capital accumulation; and so forth. In addition to these obstacles, and perhaps more important, are phenomena, which tend to freeze black people in their low socioeconomic status or which tend to reinforce that status. These phenomena, which are mainly sociopsychological in nature, include an induced image of self which is retarding, powerlessness, and many other consequences of poverty.

Of primary importance is the problem of white racism, since it affects every aspect of black life. Its primary manifestation, racial discrimination, prescribes and proscribes black behavioral patterns, customs, aspirations, interpersonal relationships, and economic and political activities and relationships, and economic and political activities and relations. Also, it influences black thought processes to such an effect that to some black people blackness was something to be ashamed of. Racial discrimination has created a color-caste or ethnic-caste system, reinforced by the legal system, which victimizes black people and retards black economic development in many ways. For example, it denies black people opportunities to share in the affluence of a society which is dependent upon the labor and sweat of black people; it results in inequality of access to the necessities for upward socioeconomic mobility and it means, in the words of St. Clair Drake, "the operation of sanctions which deny blacks access to power, which limit the franchise, sustain job discrimination, permit unequal pay for similar work, or provide inferior training or no training at all."³²

SOCIO-ECONOMIC CONCERNS

In order to develop any realistic expectation (in light of our socio-economic concerns) about the capability of private enterprise to contribute to black economic development, it is necessary to make some assessment of the motivations and constraints acting on business.

a) The Constraints on Black Business Development

The historical description given in the first chapter served to indicate the forces which suppressed the development of the black entrepreneurial class. Going beyond this one can look at the present conditions which, in the absence of some of these historical forces, serve to maintain limitations on development. The three most critical impediments to the growth of black businesses are: 1) the lack of risk capital 2) the lack of adequate debt financing or credit to achieve leverage, and 3) the lack of training and experience among potential black businessmen.

Investment capital is created only where there are savings, that is, a surplus of money over and above that needed to meet living or business expenses which can be used for investment.³³ Among ghetto residents such discretionary income rarely exists; income from a job, welfare, or a business is the best adequate only to meet normal expenses. Rarely can friends or relatives be called upon for such money for they generally share the same circumstances. Inadequate and erratic incomes militate against savings in the ghetto. This is illustrated by comparing the size of an average savings account in a predominately white and predominantly black bank. In Harlem's Freedom National Bank the average account holds a few hundred dollars, as compared to the \$2,300 city-wide average of the Dollar Bank for Savings.³⁴

(The former also includes savings accounts of many of Harlem's black businessmen who use them as a substitute for business checking accounts.) The possibilities for capital-gains opportunities arising from black businesses are meager, eliminating another potential source of capital investors. The traditional great source of capital - the markets for new security issues - is not, at present, a fruitful means of financing the start-up costs of black ventures. As one investor notes "A lot of time is wasted and needless involvement undertaken looking around for 'front money' to protect the investors' interest. That money is never there."³⁵ Most sources of investment money are closed to the black community because businessmen choose safer, more stable, and more profitable investments. They point to the unreliability and unpredictability of the factors involved in doing business in the black community and generally forgo such investment unless external factors persuade them to do otherwise. (We will discuss this in more detail in our section on "Redlining").

The same factors limit the availability of credit for a black business even if front-money is available. A bank will only provide credit on terms that command a compensating rate of interest, but the risk involved in financing a ghetto businessman is perceived to be so high as to be satisfied only by usurious interest rates - therefore banks rarely lend him money. "The poor or non-existent credit history of the black entrepreneur, his frequent lack of experience, and the business conditions of the ghetto make almost any loan to the black businessman a 'soft loan'."³⁶ Visions of a struggling black adds additional incentive to the banks to steer clear. Running any kind of finance operation in the black community is

costlier because: 1) the loans are frequently small loans, 2) unestablished credit histories mean the undertaking of extensive credit checks on the part of the lender, and 3) the inexperience of the borrower means more time processing the loan. The president of Harlem's Freedom National Bank holds that his loan officer's major problem is in determining the amount a borrower needs to save his business and that this process requires extensive counseling time.³⁷ Any bank function, because of the small scale of each transaction and the higher activity, is costlier in the black community.

As a result of the absence of legitimate capital in the black community, loan sharks are frequently used as a source of start-up money and for carrying a businessman through poor times. The tremendously high interest rates charged frequently trap the borrower and guarantee that a near-marginal business will never develop successfully.³⁸

Many who are involved in programs of assistance to incipient black businessmen hold that their greatest handicap is not lack of credit but lack of managerial skills. In one sense this is obvious. The skilled and experienced black whose business judgment is sound can be judged by white business standards and found acceptable. The question for most interested blacks is how can they enter the world of business to achieve the skills and training which would make them acceptable to risks. While they may be familiar with the production side of a given enterprise, the requirements made of a proprietor or manager are frequently altogether alien. It is certain that, in order for blacks to do well in the business arena, they must possess the "businessmens' spirit." This spirit is said to consist of assertiveness, self-confidence, and a willingness to risk failure-qualities that white

society has worked to eradicate in blacks.

While it is not clear that these qualities are relatively absent in the black community, it is clear that those holding them have generally decided to forgo the business route to success. The primary motivation of many of those in the black community who do enter business appears to be a desire for independence - needing to get out from under "the man." A lack of success that can simply maintain them is often enough to satisfy them. The result is a lack of attractive or persuasive models which in turn stimulate others to enter business.

One additional liability faces the black businessman, and that is the greater likelihood of his enterprise being a small business. It is estimated by the Small Business Administration (SBA) that the one-year failure rate of small businesses is over 50 percent and one can expect the rate for black businesses to be equal to or higher than this. Small retail "mom and pop" stores today, unlike those of the 20's and 30's have to face competition from large chain stores, be they supermarkets or discount appliance stores. The economics of scale available to the large firm provide very stiff competition for the small shopkeeper. This is reflected in the price of goods, the selection and quality available and occasionally, the availability of credit.

This also affects the management of the business which, in a large firm, is diverse and specialized. A small firm frequently has only the owner to serve as buyer, bookkeeper, production manager, etc., and can rarely afford to hire professional help. More often he must rely on volunteer help, often student help from nearby business colleges. The ability to

support on-job management training is also less in a smaller enterprise. The picture is less bleak in the service enterprise for many of these-- hairdressers, barbers, garages, television repairs, etc., are typically small so that the black enterprise is not at such a great disadvantage.

b) The Force of Black Community Development

The above description of the existing conditions of black entrepreneurial activity implies that the lack of black business constitutes a problem - it may be useful to briefly state why it is regarded as a problem and what expectations are held for it. The most obvious sense in which it is a problem is that it reduces the options available to the average black in his choice of a career and it lessens the likelihood of his achieving affluence (and the rights and privileges which accrue to affluence). It is also a problem in that entire communities of blacks are frozen into a static economic posture.

At present most residents of the black community rely primarily on their own labor and wages it produces for their income, or on welfare benefits. Relevant to this, Eli Goldstein feels that, "our highly technological and industrialized economy results in a low marginal product accruing to labor, thus wages paid out are not a high proportion of the national income. The balance goes to the owners of assets as profits or rents and in the ghetto the owners of these assets are generally white non-residents."³⁹ Thus programs which are directed at reducing poverty in the black community through limited income-supplement programs (e.g., Job Corps, welfare, etc) generally produce a somewhat high standard of living, although this addi-

tional income can be expected to flow out of the ghetto as goods and services are purchased. To increase the aggregate income of the black economy any or all of the following must occur:

- 1) the value of goods or services exported from the ghetto (primarily labor at present) must increase;
- 2) an increase in the volume of goods and services produced within the ghetto must occur;
- 3) there must be increased retention of the profits and rents from the use of capital within the ghetto.

In short, the flow of income into the ghetto should be increased, the flow out decreased, and the flow within the community enhanced. The consequence of doing this through the development of black business has led one businessman to point to an old Chinese saying that Malcolm X also said:

Give a man a fish, and he can feed himself once
Teach a man to fish and he can feed himself the rest
of his life.

The way to multiply to effect of a shift of ownership of an asset into the black community is by employing residents, training them for higher paying jobs, selling to the white community, producing major goods and services for ghetto consumption and stimulating investment and sales between black businesses. In this way black businesses would act as a vehicle for trapping or increasing income in the community and turning it back to the use of the community.

c) A Prospect for Financing - Department of Development Assistance (DDA)

The most critical hinderance to black business development is the inability to acquire adequate financing. Financing is a nescesity regardless of the size of the enterprise. In many instances the problem of finding

money is due to racial discrimination, but the imposition of "standard objective criteria" by lending institutions in making a decision with respect to a loan would often dictate a negative response to the prospective loan applicant in the absence of racial discrimination. For example, in many instances, the applicant does not have much of a track record in the business for which he is seeking financing, the planning and financial documentation to support the application is often unsatisfactory--or inadequacies or inconsistencies in statements about financial requirement may exist. There can be no doubt, however, about the need for greater financial availabilities if black business development is to proceed -- and there also can be no doubt about the limitations imposed heretofore by racial discrimination.

The National Advisory Council on Minority Enterprise - created in March, 1969, by Executive Order 11458 - clearly recognized the need for more positive action in this area. In its final report, among some of the pertinent recommendations the Council suggested the following:

- (a) An increase in minority-group, ownership of, commercial banks, and other financial institutions;
- (b) officers of federal and state governmental agencies, such as the Federal Home Loan Board, to be urged to increase, the number of new financial institutions which are organized, managed, and controlled by minority-group Americans;
- (c) the increased use of purchasing of power by the public and private sectors to assist existing minority enterprises and to encourage the establishment of viable new business enterprises
- (d) the achievement as a matter of major national priority substantially increased minority ownership of economic resources in both urban and rural areas."⁴⁰

In order to implement and/or achieve the objectives of the Advisory Council's recommendations, this would mean assigning a fairly high priority to minority business development as a national objective. The present

administration would have to be totally willing and fully committed to wanting to substantially increase the state in the American economy for members of the black community, in order to make the recommendations of the Advisory Council a possible reality.

As a national objective, black business development, presumably, would be beyond the pale of partisan politics. This would obviate the necessity for each new administration to formulate its own program. The fact that each new administration has, in fact, formulated its own program for black business development, has created a feeling within the black community that they are recurringly in the position of having to start all over again whenever there is a change in national administration in Washington. Thus, not only have the faith and confidence of blacks and other minorities in the American economic system been challenged, but its political superstructure make assistance to black business more expensive than would otherwise be true. National objectives which transcend partisan politics are not unusual in this country; entirely inside from considerations of national defense and security, and space exploration, the list of precedents includes agricultural subsidies, various types of assistance to oil exploration, and a long list of other special interest programs.

The current administration in Washington is certainly aware of the problem, and on several occasions statements have been made which appeared to reflect an awareness also of the need to assign a high national priority to black business development. As an example, (as well as a part of the Presidents reorganization plans that will assist black business development) the Carter administration is presently looking at the possibility of creat-

ing a Department of Development Assistance (DDA), a cabinet department dealing with economic (including business) development. A Department of Development Assistance would include all of the Housing and Urban Development (HUD) programs, all of the Commerce Department's Economic Development Administration (EDA) programs, and the proposed development bank; Title V regional commissions, now administered by Commerce, the community and economic development programs from Farmers House Administration (FHA), the community economic development program from Community Services Administration (CSA) and the Section 501 and 502 loan programs of the Small Business Administration (SBA). The new department would have six major components: economic development, rural community facilities, urban community facilities, housing, planning, and a research, analysis, and policy constituent. It would include the economic development programs in table 2.

The DDA option would be beneficial, according to the Office of Management and Budget (OMB), in that it "pulls together the critical mass of resources needed for a meaningful business and economic development thrust; significantly simplifies program operations by eliminating duplicative application requirements, review procedures, auditing and reporting activities; improves access of CDCs to general economic development assistance and related technical and managerial support while still retaining the institutional identity of the CED program; provides greater flexibility to state and local governments in deciding how to pursue economic development goals."⁴¹

Though the idea of starting a DDA seems sound, it is unlikely that we will see its creation before the end of the present administration. During the past two years there has been strong conservative, Senatorial and Con-

Table 2

Economic Development Programs Included in the Department
of Development Assistance
(Millions of dollars)

Agency	Grant Program	Program Level	Loan Program	Program Level
Economic Development Administration	Title I	\$228.5	Title 11 ^c	\$182.5 ^b
	Title IV		Title IV	
	Title IX	\$ 88.5	Trade Administration ^c	225.0 ^b
	Title III	\$ 90.8		
Housing and Urban Development	Urban Development Action Grant Program (UDAG)	\$400.0	None	
Farmers Home Administration	Industrial Development	\$ 10.0	Business and Industrial Loan Program ^d	1,100
Community Services Administration	Community Economic Development Program	\$ 46.2	None	
Small Business Administration	None		501 and 502 programs ^c	9.5
Proposed National Development Bank	Grants	\$550.0	Guarentees, subsidies, and debt purchase	5645.0
		Total		Total
		\$1,414.0		\$7,247.5

Source: President's Reorganization Project Center for Community and Economic Development Newsletter, Spring, 1979

^a FY 1979 Budget figures are used. Proposed funding for the National Development Bank is used.

^b Based on current mix of loans and guarentees.

^c Direct loans and guarentees

^d Guarentees only

gressional opposition to the idea. Thus, if DDA is to be formed, it seems possible that this will occur only if President Carter is reelected in 1980, when Congressional and Senatorial support is more visible.

d) The critical Limitation on Financing - "Redlining"

In laymans terms "Redlining" is a process used by lending institutions to draw imaginary boundaries around neighborhoods considered to be "bad risks" or "bad investment areas." The most immediate result of a "redlining" policy is that residents, businesses, and potential businesses are unable to obtain loans, because of their geographic location. The non-loan decision is based (most of all) on location and is not always due to the credit worthiness of the borrower or the structural soundness of the property. Such policies often become selffulfilling prophecies.

The deterioration of our central cities has become increasingly obvyous in the last few years, because of redlining practices. One of the most visible elements in this process of decay is the continuously declining neighborhood which begins as a predominantly white if not an all-white residential community and proceeds through progressive stages of racial mixing and property exploitation until it resegregates as an "all-black" community and ultimately dies as an abandoned wasteland. Although many factors contribute to neighborhood deterioration, a critical point in the progression towards decay is the decision by local financial institutions to stop making mortgage loans in a particular area of the city. This decision to "disinvest" the community reflects a loss of confidence in the neighborhood as a viable economic investment, and has grave consequences not only for the businesses or residents of the area, but for the city as a whole.

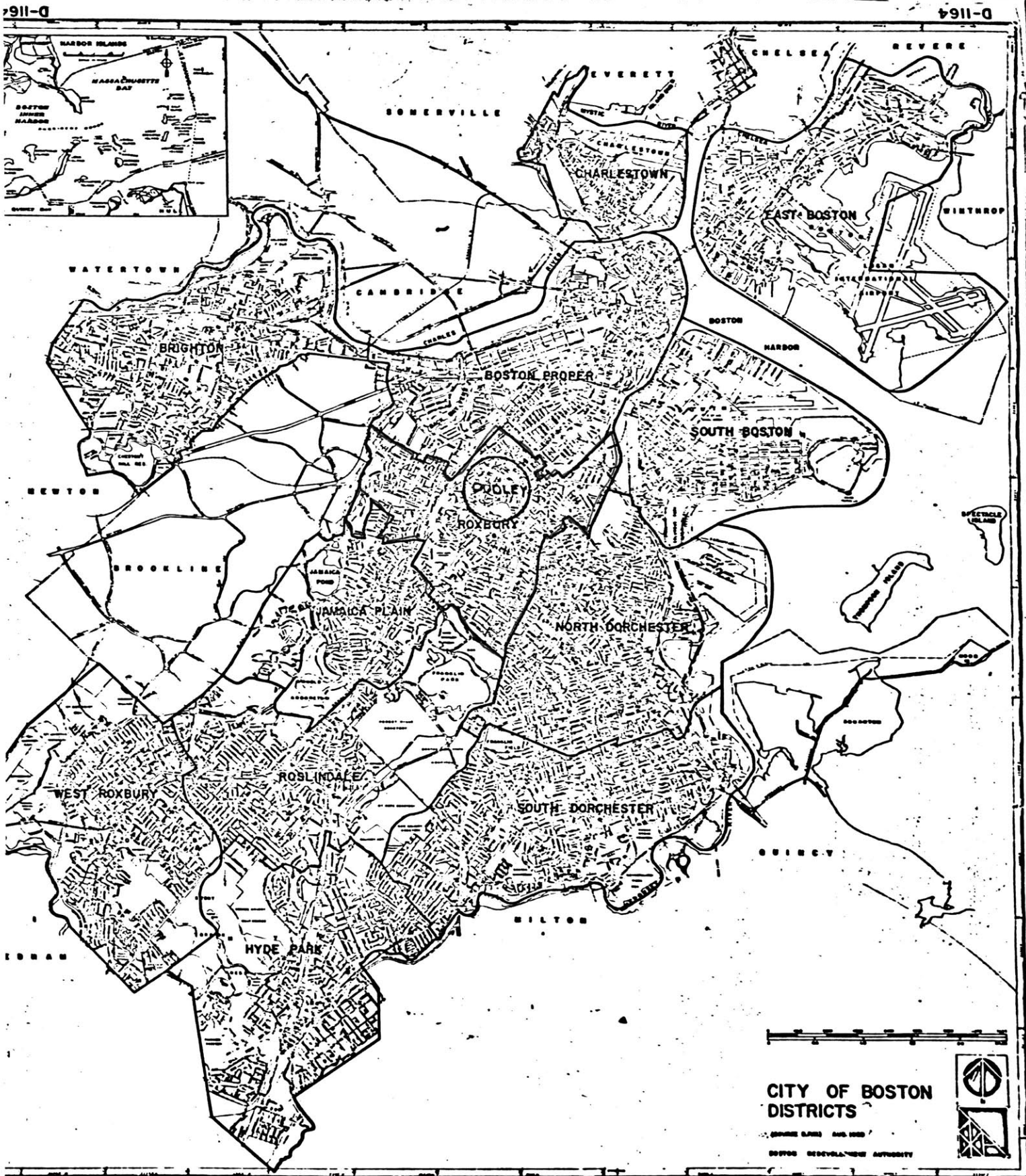
As things worsen, insurance becomes difficult or too costly to obtain, and neighborhood businesses already pressed by a lack of credit, begin to leave, taking essential services and important sources of cash flow out of the neighborhood. People are forced to go out of the area to obtain goods and services, leaving less and less a market for the businesses which do remain; these in turn fold. Those persons who cannot get around easily - the aged, the very poor, mothers with young children, etc. - are simply left to do without.

Those who can, move elsewhere. However, the movement of upwardly mobile residents or businesses is (sometimes) blocked by redlining because they cannot obtain loans to purchase homes or relocate their business in neighborhoods where the price of property is within their budget, or to renovate their property. Most businesses and residents under these circumstances must remain static while their property values decrease while years of accumulated savings devalue. Thus, if businesses are to be a viable force in fostering community and black economic development, then stringent measures will have to be taken to discourage disinvestment, and convince local financial institutions to give the green light to urban areas needing to revitalize, (e.g., the black community).

The "high risk" that banks and loaning institutions are forever citing should be challenged. These institutions should recognize that the black community is a place for human habitation and therefore should be worthy of investment. The black community can realize its potential if financial institutions are more than willing to invest. Finally, the federal government should step-up measures that will provide financial institutions with

an incentive encouraging investment in redlined black communities.

ILLUSTRATION I



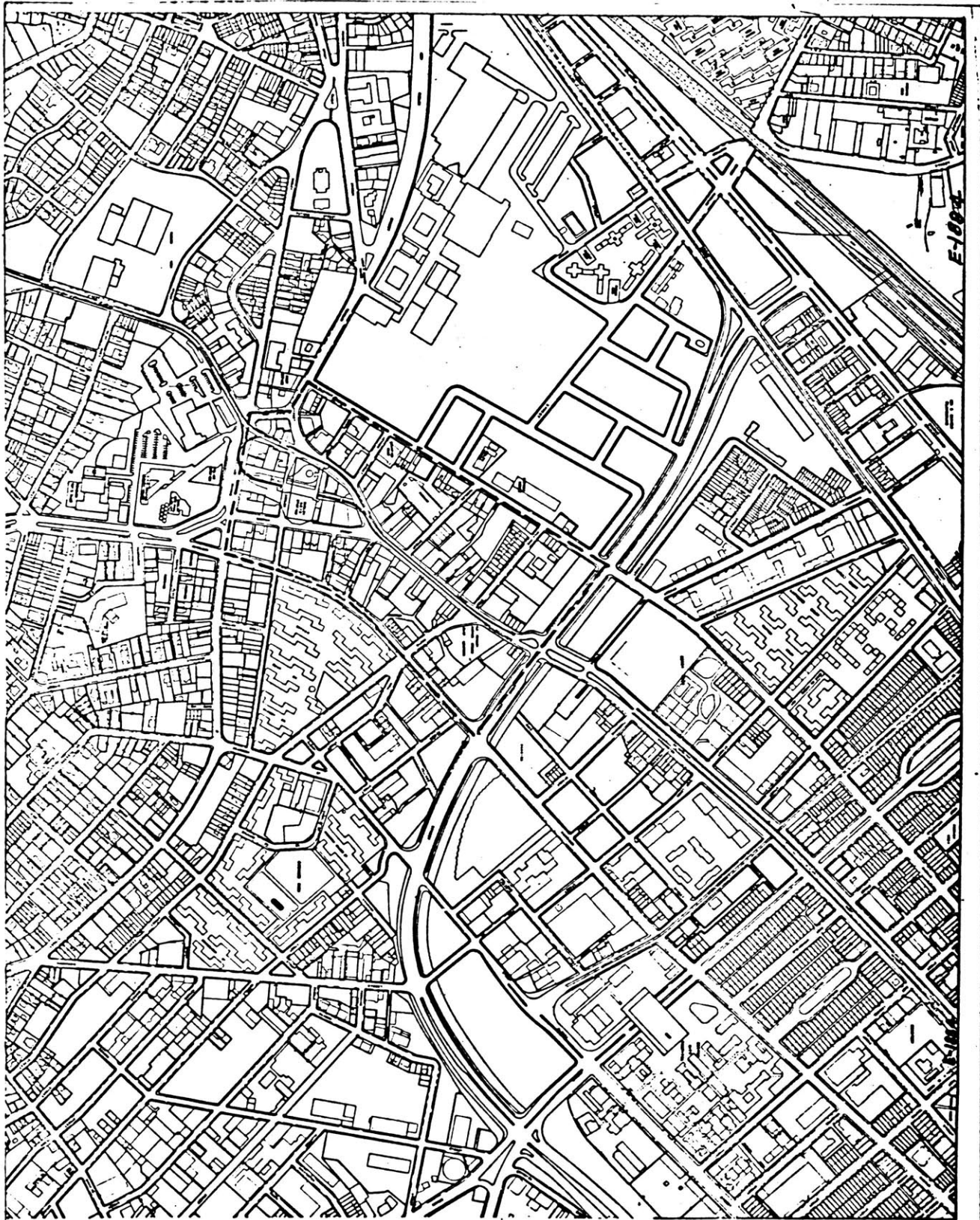
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CITY OF BOSTON
DISTRICTS

EDWARD M. WHELAN, CHIEF OF BUREAU
BOSTON DEVELOPMENT AUTHORITY






**DUDLEY
STUDY
AREA**

.....
SETTING THE CONTEXT

CHAPTER 3

THE CASE: Business Development for Community and Black
Economic Development in the Dudley Station
Neighborhood

When we began this study, we stated that our objectives was to examine business development in the Dudley Station retail area which we characterized as one way of achieving community and Black Economic Development (CBED). We wanted to study business development in Dudley Station because we were convinced that business development was a useful strategy for achieving community and black economic development. Thus, we went on to pursue an understanding of the connection between the two.

After a careful examination of the community and economic development strategy, we found that under ideal circumstances a community experiencing community and economic development achieved the following goals:

The creation of new local businesses

Identified new resources and talent

Improvement in the physical and social environment

Increase in job and entrepreneurial opportunities

Resident ownership or control of economic organizations (e.g., credit unions, business firms, banks, industrial development parks, housing development corporations, cooperatives and community development corporations (CDC's)).

Our intention now is to investigate how we can make application of the CED concepts to the retail revitalization of Dudley Station. Thus, we will examine Dudley in light of our definitions and what we have discussed in

previous chapters, to see if revitalization efforts meet our criteria of achieving community and black economic development.

The Dudley Station neighborhood was selected for evaluation because the neighborhood has experienced severe decline, yet has sub-pockets that are unusually appealing and offer potential for "revitalization" and/or black economic development. The public transit that makes it easily accessible to reach Dudley Station, the construction of the Southwest Corridor (SWC) transit line, the economic support for Dudley Station from Roxbury Community College, Madison Park High School, and the Occupational Resource Center and substantial public and private investment in Dudley Station and adjacent communities indicate that the long trends of decline may be reversed. The Dudley community is predominantly black, most employed residents hold bluecollar type jobs, and it is the ultimate hope of the community that commercial revitalization be restored.

Our interest in assessing the application of "business development" in the Dudley Station neighborhood is based on our assumption (within the context of our discussion in previous chapters) that business and/or commercial development provides for community and black economic development.

Profile

Historically, Dudley Station has been the main shopping area of Roxbury because of its central location and its role as a major transportation junction. However, traffic congestion, lack of parking, security problems, store-front obsolescence, the loss of buying power by neighborhood residents, the shift of white merchants to the Mattapan-Codman area, and decreasing attractiveness of the neighborhood in recent years, have led to considera-

ble decline in the commercial viability of the Dudley area. The absence of a strong unified image has been cited as one of the area's major problems.

Most commercial uses in the Dudley area are concentrated along Washington Street and on Dudley Street. In addition, there are a few commercial establishments along secondary streets in the shopping district. While many of the structures occupied by commercial users are basically in good condition, some buildings are in need of major repairs. Nevertheless, a number of indications suggest that Dudley Station can continue to be a viable shopping area. The MBTA Replacement/Transit Improvement Study is expected to recommend maintenance of Dudley Station's role as a major transit center. In addition, the new Crosstown arterial street will improve automobile access to the area, and the Crosstown Industrial Park will provide jobs for Roxbury residents, thus increasing the buying power of Dudley shoppers.

Assisting in the strategy for business development, working jointly, district planners, the Major's Office, and the Dudley Merchants Association have completed Phase I of a planning program. This includes the rehabilitation of the City's parking lot located at Shawmut Avenue and Ruggles Street and a commercial lighting program. In addition, street lighting improvements under the City's Public Works Program are in design for sections of Washington Street. The reconstruction of Warren Street from the Roxbury Boys' Club to Dudley Terminal and the Roxbury Branch of the Boston Public Library is near completion.⁴² Each of these changes will influence the form and future use of the Dudley area.⁴³

Roxbury, however, has a growing determination and growing capabilities for guiding its own future, and not simply reacting to changes imposed on it from the outside. In view of limited power and resources, this requires that the community be "ahead of the game" in understanding future change, and proposing actions to bring it about.⁴⁴

Historical Background on Dudley

Roxbury was founded in late 1629. This was just a few years prior to the founding of Boston proper. Roxbury existed at the south portion of a narrow strip of land that extended from the Shawmut peninsula to the mainland, which was later to become Boston. The beauty of the land and environment with great deposits of "pudding-stone" attracted many prospectors and settlers. Thus, settlement expanded and the meeting house in John Eliot Square became the community center for the residents.

In the late nineteenth century Roxbury became a center of light industrial and residential activity. At this time, newly arrived Irish and Jewish immigrants had settled in Roxbury. The geological character and the ethnic character provided attractive impetus for the industries and supplied ample water power and cheap labor.

The development of industries on Roxbury Bay and Back Bay influenced the development of secondary streets. As more and more factories were built, roads were necessary to transport the materials and goods. The building of ropewalks on Harrison Avenue and Webber Street and the Hunneman Fire Company on Hunneman Street are examples of streets laid out in the mid-1800's to accomodate industries. Naming the streets after prominent citizens and

families was a custom from the early days of Roxbury's history. Such names as Eustis, Williams, Dudley, Warren and Ziegler represented persons having influence in Roxbury.

By 1893, the Roxbury highlands area had prospered into a middle class suburb. Streetcars were extended to downtown Boston.

Generally, streetcars were routed along the radial avenues from the downtown area, and the only crosstown routes were on Massachusetts Avenue and Dudley Street.

In 1904, the elevated terminal was built on Dudley Street. It was named as the street that had been previously named after a prominent citizen, Governor John Dudley. Soon after, the commercial activity that existed at Roxbury Crossing declined and Dudley Square became the dominant commercial center in the Roxbury area. In 1910, buses replaced the streetcars at the Dudley Terminal.

In 1900 there were no Black people living the Dudley area as a community. Most Blacks lived in the Beacon Hill area of the city and in the South End. Black-Americans began moving into Roxbury during the 1920's as a consequence of Irish and Jewish residents migrating from that area. Shortly after, Roxbury became the predominantly Black community in Boston. Dudley Station was strongly established as the center of Roxbury.

The Black population in Roxbury showed a sharp increase shortly after the second World War. Although the area near Dudley Station experienced the largest population increase the citizens and residents worked primarily in menial and unskilled jobs, and lived in substandard housing conditions. The first area to become available for housing was the neighborhood around

Horatio Harris Park (Monroe, Townsend Streets and Walnut Avenue). Roxbury Highlands (the neighborhood that includes Highland Park) remained closed to Black people until the 1950's. By 1960, about half of Roxbury's total population was Black. That figure is now greater than 60%.⁴⁵

The Immediate Past and Present

In 1948, the Southeast Expressway and the Inner Belt were proposed in order to facilitate auto travel for the commuters living in the rapidly growing outlying suburbs. These arteries were to provide convenient access from the suburbs to the downtown Boston area. By 1966, initial land clearing procedures had begun. But in 1970, a construction moratorium was declared by Massachusetts Governor Francis W. Sargent. The compelling force of the moratorium was due to pressure on the governor from various community groups who questioned the value and effects of the expressways with respect to economic and social benefits, and the devastating effects it might have on the community. Finally, the Governor decided against construction of the proposed expressways. Later, plans were disclosed for relocation of the Orange Line Rapid Transit trains from the line's present location on the elevated track structure to the right-of-way site of the existing Penn Central Railroad.

In 1972, again, proposals for construction of the Southeast Expressway were vetoed. This provided a unique opportunity for the affected Roxbury communities to develop relevant planning programs to fulfill the needs of the residents. Since a majority of the residents in Roxbury were Black and low-income, special community organizations composed of professionals, business persons and common citizens were formed to act upon the issues and devise

plans for development. Presently, community organizations are actively planning and implementing projects on the sites that were cleared for the expressway.⁴⁶

The Dudley Station area is defined as a 32 acre site bounded by Harrison and Shawmut Avenues on the east and west, by the site of the proposed arterial roadway (at Sterling Street) on the north, and by Dudley Street on the south. Dudley Station is a major transportation mode for bus and rapid transit connections to several areas within and beyond the city. The retail area immediately adjacent to the Station provides various goods and services to the Roxbury community and is viewed by many as the heart of Boston's Black community.⁴⁷

Consequently, by nature, the Roxbury community has been a victim of constant change initiated by outside bureaucracies. Although in recent years, many areas of Roxbury, especially Dudley, have experienced social degradation and economic and physical decline at a constant rate, community organizations are greatly concerned with both the effects of the outside bureaucrats on the internal matters of the present character development and state-of being of the general Roxbury community. The future of Roxbury is a particularly important issue. Unfortunately at this time, the complexity of the issues tends to be constantly increasing. The relocation of the Orange Line, type and routing of replacement service, and the new Crosstown artery within the next decade will immensely influence the shape of Dudley as well as have apparent effects upon the greater Roxbury community.

Nevertheless, again, despite some of the shortcomings and lags in the process of Dudley's development, "revitalization" plans indicate that

the area has potential to successfully achieve community and black economic development. Is this a realistic hope? This will be the concern of our next section in which we will determine some "strategies for change."

Community Commitment and Participation (CCP)

One of the major tenets, for the achievement of successful community and black economic development (see Chapter 2), has to be a strong sense of "community commitment and participation (CCP)." Presently there are two "active" organizations particularly concerned with the Dudley area--the Southwest Corridor Coalition (SWCC) and the Dudley Merchants' Association (DMA). The main objective of these organizations is to protect and improve existing community resources. This is especially imperative for the benefit of Dudley's present state-of being and anticipated future changes in the social structure and environment.

A majority of the business people within Dudley are concerned mainly with the immediate context. This area contains a major part of the source of existing retailing enterprises. Accordingly, the geographic location, community structure, and sources of patronage of Dudley are inevitably inter-vened with any developments that occur in the Southwest Corridor. Thus, it is necessary for the Dudley merchants to consider their concerns as well as those that relate to the Southwest Corridor. The intervention of Dudley with the networks of the Corridor area generates a degree of responsibility of the Southwest Corridor Coalition to the Dudley Merchants Association for any effects caused by land-use changes and travel patterns. Consequently, SWCC must extend political support to the merchants for improvement of the

Dudley commercial core.

In addition, the development of vacant parcels (particularly within the impact area), should be the concern of other community organizations with "community expertise." (See Figure 1 - Development Sites and Recommended Uses.)

The continued existence and contingent improvement of the Dudley commercial area are dependent upon the success of the DMC, SWCC and others. Although many decisions affecting Dudley will be made by investors who are not part of any community group related to Dudley, it is expected that consideration will be given to the entire range of resources and potential of the community.

One useful strategy for the future of the Dudley area is for separate actors to accept a commitment to consider the area-wide benefits and expenses of isolated action, and consider creating closer linkages with the community and community organizations. This would be to construct a sound cordial foundation of negotiation and to initiate action. Such a process can at best be devised by participation in the atmosphere of communication and cooperation which can be provided by SWCC.⁴⁹

The Dudley Merchants' Association

The Dudley Merchants' Association was formed during the 1930's, first as a major trade association, to monitor business development in the Dudley area. In 1969 the trade association was then changed to the "Dudley Station Terminal Merchants' Association." Their role was the same, that of furthering business development and maintenance of the Dudley area. In 1975 the

Figure 1

DEVELOPMENT SITES AND RECOMMENDED USES

Parcel	Site	Available	Area	Owner	Use
10	Arterial	1975	64,600	public	commercial
10X	Arterial	1975	55,4000	private	commercial
8	Arterial	1975	57,000	public	industrial
9	Arterial	1975	10,000	public	
9X	Arterial	1975	44,000	private	
	School	1975	165,000	public	
6,6X	Gray Line	1975+	351,000	public & private	industrial
2,2X	EDIC	1975+	736,000	public & private	industrial
17	Ruggles St.	1980	160,000	public	large scale development
18	Ruggles St.	1980	250,000	public	large scale development
24	Rox. Crossing	1980		public	commercial
34	Jackson Sq.	1980	37,800	public	commercial & residential
34X	Jackson Sq.	1980	247,000	private	commercial & residential
	blocks	1975+		private	
	station	1984	86,000	public	

Source: Dudley Report Prepared by:
Total Environmental Design Studio (MIT, 1975)

Merchants' Association was incorporated. Presently there are 50 members of the Association of which some are merchants--business and professional people. Their most immediate goals are as follows:

- To make Dudley a viable commercial district with the hope of establishing a drug store, furniture store, restaurant and supermarket, in addition to reducing the number of bars and liquor store, which its president says is a major source of their problems.
- Reduce crime/increase security. Dudley has been plagued by vandalism, robberies and other crimes. "The merchants would like to increase police protection"⁵⁰ in the Dudley community; presently it is unadequate.
- Continue dialogue with city agencies to gain improved municipal services, to assign responsibility to monitor services. The hope is to have a liaison person or group between association and city departments.
- Change the image of Roxbury--to make Roxbury a more attractive place. Roxbury is often associated as dirty and unattractive. People unfamiliar with Dudley feel the same since it is in Roxbury.

However, despite some of the problems associated with Dudley's image and crime problems, it is the sense of the Merchants' Association's that "Dudley Station is on the upswing and in the next ten years Dudley will be prospering. Dudley's greatest asset is that most residents care."⁵¹ This is a positive sign that encourages business development.⁵²

The Southwest Corridor Coalition (SWCC)

The primary task for SWCC in the Dudley area is to demonstrate the critical importance of the retailing function to all of Roxbury in support of merchant efforts to gain renewed city investment. Other SWCC efforts

in the area should assist a community developer in the use of Parcel 10 as one step in a sequence of non-competitive developments.

Actions necessary are to incorporate community views into a guide for parcel disposition which outlines the most appropriate parcel uses and at the same time determines whether there is an appropriate developer for available parcels. If so, SWCC should nominate this developer for Parcel 10 development. If an appropriate developer cannot be designated, SWCC should pursue a policy of land banking until an acceptable developer emerges.

An important continuing function of the SWCC should be to establish a program of periodic policy review which examines the plans set forth in this report.

Retail Revitalization

In order to reach the overall goal of the revitalization of retail activity in the Dudley area, the existing downward trend must be reversed. No long-term development strategy for the area is feasible without a set of immediate actions designed to check future decline.

Historically, Dudley has been a healthy residential and commercial community. Despite the apparent decline in commercial activities, market studies have shown that the area still possesses market potential, especially for daily necessity commodities (see Market Analysis in next section).

The merchants in Dudley have recently organized themselves to revitalize the area and are currently engaged in some immediate steps to do so. It is felt that the collective efforts of the merchants will not only

SWCC TASKS TO SUPPORT MEMBER GROUP CONCERNS

Year

1977

and

onward

- | | |
|---|---|
| 1. Coordinate membership support for Merchants Association; contact with the city. | 1. Printed policy statements; direct contact with city personnel; publicity of Dudley area's importance to Roxbury. |
| 2. Solicit community input for environmental analysis report on corridor land and assemble community endorsement of guidelines for development. | 2. Membership group involvement in SWCC; contact with State Planning Office |
| 3. Review routings of replacement service and buses. | 3. SWCC staff or outside consulting work. |

achieve immediate results in the improvement of the area, but will also help to develop the awareness and organization necessary to deal with future issues that may have more subtle and longterm effects.

The community, especially the merchants, is strongly urged to continue to press for the following immediate actions and to begin to plan for some intermediate goals. The immediate improvements represent, for the most part, an upgrading of the present level of municipal services, and thus, are not dependent upon the expenditure of community development funds.

I. Parking is urgently needed to sustain commercial activities along Washington Street. This main thoroughfare is already congested, while parking along side streets is limited. There are two sites which can be used as parking lots, as shown in the accompanying map. The first site, within the block bounded by Washington Street, Shawmut Avenue, Ruggles and Vernon Streets, can accommodate about 100 cars, and has been promised to the Dudley Merchants Association by the city's Public Facilities Department.

The second site, within the block bounded by Washington Street, Harrison Avenue, Eustis and Palmer Streets, can accommodate approximately 80 cars. Some visual connections between the parking lots and Washington Street are strongly suggested to establish a functional relationship between

between parking and commercial activities along Washington Street.

- II. Adequate police protection is necessary for Dudley commercial activities to survive. Although a police station and courthouse are located on Dudley Street, adjacent to the commercial area, a lack of police visibility has always been a concern of the area residents and merchants. With adequate police protection, Dudley can be made a more desirable area in which to live and shop.
- III. Adequate street lighting is important to provide a greater sense of security for residents and merchants alike. At present, most merchants close shop at five o'clock, with the result that streets are deserted in the evening. If the necessary street lighting is provided along Washington Street, as well as along side streets, then residential areas will be linked with the commercial center and life may return to the streets.
- IV. Portions of Washington Street and some side streets are dirty and trash-filled. This may be due to either inadequate city services or the inappropriate scheduling and means of trash collection.

The merchants and the city should devise an efficient system of regular street and sidewalk clean-up. This will also improve the image of Dudley as a whole.

- V. Store-front face-lifting may be considered a next step by the merchants, if a long-term strategy is deemed important in sustaining the revitalization of the area. The merchants may consider organizing a revolving loan fund for the face-lifting operations. This is important, not only as a collective effort to finance improvements, but also as a further consolidation and development of the Merchants Association into a body that is prepared to deal with vital, but more complex issues.⁵³

Market Analysis

The analysis of the Dudley retail area has been undertaken cautiously as market analysis is by no means a perfect indicator of market feasibility. Market analysis is certainly an important component in determining feasibility and as such is preferable to an educated guess.

It is important to note that in the development of economically depressed areas, market feasibility must not be the final criterion for accepting or rejecting a proposal development scheme. Cost-benefit analyses must be undertaken to ensure against the imprudent expenditure of limited community resources. Issues such as job generation and community service take prece-

dence over typical market concerns. It is inadvisable to create a competitive situation between new and existing retail establishments as the demise of older establishments represents the loss of valuable community resources. Keeping these reservations in mind, a market analysis was taken. In this thesis we will explore some of the findings.

The general findings indicate that the population decline of the 1960's has reversed itself and that significant growth is not occurring in the area. This situation, combined with the fact that Dudley as Roxbury's retail center fulfills a need for area residents, assures the retail center of continued existence.

Furthermore, it is felt that the area has the capacity to improve and expand. A number of improvements are either underway or are in the planning stages (e.g. street lighting, better trash pickup, improved parking, more police patrols and storefront renovations). These betterments will upgrade the image of the area and help it to retain its present patrons and to attract new ones.

The findings also demonstrate that the retail floor area can be expanded by 25,000 square feet to include a new supermarket and related commercial uses at the intersection of Washington Street and the new Crosstown arterial. It is also likely that the 16,000 square feet of vacant retail space along Washington Street, at the retail center's northern end, will begin to fill with small businesses.⁵⁴

Findings of Transportation Study

For several years, Dudley Station has served a major role in the Boston transportation system as a transfer point between buses and rapid transit. Because Roxbury and North Dorchester lie in the sector of the city with the lowest ratio of automobile ownership to population, there is heavy reliance on the use of buses for the journey to work, for shopping excursions, and for trips to recreation activities and institutional use.

The bus routings are of two types: radial routes serving Roxbury, North Dorchester, and part of Jamaica Plain which feed riders to the present Orange Line for trips downtown, and; crosstown routes which connect Dudley Station to employment centers and services located in Cambridge, Brighton, Brookline, Kenmore Square, the Bringham Circle medical area, City Hospital and City Point. Dudley Station serves as a transfer point not only between radial routes but also between radial and circumferential routes.

Transportation analysis conducted by the "Total Environmental Design Studio" (MIT, 1975) indicate that the greatest number of buses travel Warren Street from Dudley Station to destinations in North Dorchester. A second set of routes serve Roxbury along Blue Hill and Humbolt Avenues, and along Washington Street to Egleston Square. Finally, the crosstown buses travel Tremont Street, Ruggles Street, and Massachusetts Avenue to locations well beyond Roxbury. Only the first two sets of routes now serves what is considered to be the retail market area of

Dudley. While it is not clear how many shopping trips to Dudley are associated with commuter trips, it is apparent that the location of Dudley makes it highly accessible for people living throughout Roxbury and North Dorchester. The effect of a possible shift of the bus transfer point cannot be determined. It may be likely that routing buses through a stop at the present commercial area would provide Dudley with sufficient exposure and accessibility to preclude an anticipated decline in sales.

Replacement for the removal of the Orange Line along Washington Street has been the immediate concern of both the shoppers and merchants alike. However, the replacement of transit service after the Orange Line is relocated and the elevated structure is abandoned can take place in several ways. Replacement service in the South End will probably consist of a Green Line streetcar routed in the center of Washington Street, terminating at the arterial rather than at the present Dudley Station. Several routes remain open for the Roxbury replacement service: 1) a streetcar on Warren Street; 2) a streetcar or subway on Blue Hill Avenue; or 3) a light rail route along the Midlands Branch right-of-way. All these routes would provide service to Grove Hall and may eventually be extended to Mattapan Square. Both the Blue Hill Avenue and Midlands Branch routes will bypass Dudley completely while the Warren Street route would follow Harrison Avenue as an extension of the South End service. The Harrison Avenue route permits the placement of a stop near the present Dudley Station, giving shoppers easy access to the commercial area. Two

major disadvantages to this alignment are: first, the longer travel time to downtown provided by a surface streetcar which would make frequent stops in the South End; and second, the disruption of traffic and environment caused by a streetcar running on Warren Street. This option would be most beneficial from the point of view of the Dudley merchants, although it would not necessarily be most beneficial to Roxbury as a whole.

Beyond the street framework serving Roxbury is the larger network of streets servicing the city-wide scale. On the east, Columbia Road and Blue Hill Avenue provide inbound connections from Dorchester and Mattapan. Columbus Avenue on the west is the major radial route from portions of Roxbury and Jamaica Plain. There are no major circumferential routes in the area besides Massachusetts Avenue. To relieve the traffic burden carried by Massachusetts Avenue and local streets and to provide a direct truck route during the construction of the relocated Orange Line, a four-lane crosstown arterial route is planned. It will extend from the Southeast Expressway near City Hospital Along the cleared route of the Inner Belt and will connect with a reconstructed Columbus Avenue near Ruggles Street. Several development parcels will become available after the arterial and the new Orange Line are completed. These sites represent a potential resource which can be used by the community.⁵⁶

Financial Support for Development: An Inventory of Resources

In order to achieve our goals of having business development or community and black economic development or retail revitalization, money is needed.

In the case of Dudley Station, the inflow of public and private funds is an important resource to the area and supports development opportunities in the whole of Roxbury. Federal monies are available to the Roxbury area (in limited amounts) through the current Revenue Sharing program, and State funds may be available for development through the Community Development Finance Corporation (CDFC). (See Appendix A, Financial Participation by Public and Private Entities.) Such assistance, although limited, will partially be applied to new residential and commercial development of Corridor and arterial parcels.

The use of public development funds to support existing retail businesses appears unlikely, but public investment in the form of improved city services would not be realized in the purchase of land unless immediate development were to be undertaken.

Another area of governmental assistance is housing construction and rehabilitation. The Massachusetts Housing Finance Agency (MHFA) has been assisting housing development throughout the Corridor area. This agency may become a resource to the immediate Dudley area sometime in the future, although the area contains no desirable large housing sites at present. The State 705 program may assist rehabilitation efforts although the program presently is not geared to the special needs of small retailers or owners of largely vacant commercial buildings.

In addition, the Community Development Corporation (CDC)--a legal entity created to carry out community-based economic development--often exemplifies a form of "people's capitalism" by selling voting stock in an individual enterprise within a community. The CDC can be of tremen-

dous assistance to retail revitalization in Dudley.

Other models of community economic development applicable for black economic development considerations include;

- 1) Local Development Corporations--business development entities to assist local merchants establish new or expand existing businesses;
- 2) Employee's Stock Ownership Trusts (ESOT's)--where employees own the means of production, and in some cases make the managerial decisions as well as respond to the social goals of the community;
- 3) Community Action Agencies (CAA's)--non-profit social service agencies that may control subsidiary CDCs, whose ventures can channel profits into social services;
- 4) non-profit housing development corporations for the development of quality, low-cost housing for the elderly and low-income families; and
- 5) consumer' cooperatives--organizations which encourage local production and are controlled by the members who patronize the cooperative's business.

The above institutions exist primarily to provide financial assistance for local community economic development. It should be in the interest of the community to take advantage of these (and all resources, that will assist in furthering development.

Recommendations for the Further Development of Dudley

It is necessary in the redevelopment process of an area to check or eliminate the sources creating the need for development, or to cease the decline that exists within the Dudley community. Thus, it is vitally important to develop a strategy for the immediate first steps in order to initiate and compel the actions for long-term development. Also,

first steps implemented early in the planning process are important in motivating community interest and participation.

The necessary steps for furthering development in Dudley are as follows:

- increase police protection to citizens and the Dudley retail merchants;
- improve street lighting in order to provide a greater sense of personal and business security;
- increase parking facilities through the utilization of vacant lots;
- improve municipal services: trash collection, street and sidewalk cleaning, street repair, etc.;
- coordination of storefronts and storefront facelifting

Future Recommendations

- develop new routes to optimize exposure to the retail markets--this would retain existing usage patterns;
- retain existing bus routes at Dudley Station, but eliminate the Station's function as a terminal--to reduce overcrowdedness, and traffic congestion;
- improve circulation patterns of vehicular and pedestrian traffic; provide a balanced/vehicular/pedestrian traffic intervention--to ease traffic flow in and out of Dudley and reduce congestion;
- improve the conditions of streets in Dudley;
- provide both on-street and off-street parking;
- maintain close contact with SWCC--to monitor development in Roxbury;
- generate a mixed-use development at Dudley Station. Development at the Station shall be an extension of the existing area and shall provide necessary amenities and activity functions to stimulate economic growth and revitalize the job market and other specific needs vital to the welfare and future of the Black community;
- market studies indicate the need for a supermarket--provide a

(cooperative)community supermarket to make available a large supply and broad variety of food sorts at a price compatible with the economic base of the community (low-medium). Location of the supermarket shall be near the existing market in the area and readily accessible from the proposed Crosstown Arterial and the existing Mission Hill Housing.

- improve the public security measures in the Dudley community; increase the surveillance by patrol guards; generate economic incentives to attract new minority businesses into the area. The new businesses shall be largely to provide specialized amenities to the area.
- A study of Orchard Park Housing shall be conducted to provide a comprehensive physical rehabilitation program. The management system should be reconstructed to alleviate the development from city control to tenant/community control.
- transform or eliminate elevated tracks--to make Dudley look more appealing.

Primary Objectives of Development--in the context of overall objectives of black economic development for Dudley

- Economic (goals):
1. Create new jobs for community workers;
 2. Provide incentives for investment, leverage, ownership, and management opportunities;
 3. Increase supply and upgrade quality of goods and services;
 4. Generate co-op business opportunities bearing strong local linkages;
 5. Increase profit shares in existing ownership, managements and holdings.

- Physical (goals):
1. Improve the quality of pavements and details in the facades of existing buildings;
 2. Set guidelines and controls for retail displacement and relocation;
 3. Increase open and closed communal areas;
 4. Increase public services and amenities (parking, security lighting, sanitation, etc.).

Transportation
and Traffic
(goals):

1. Retain existing bus routes at Dudley Station;
2. Provide service buses to the new MBTA stations and the relocated Orange Line prior to the completion of Orange Line alternate route to Grove Hall;
3. Improve the traffic patterns of vehicles and pedestrians.⁵⁷

CHAPTER 4

Synthesis

In Chapter Three, we studied Dudley Station, using the "single community approach" (i.e. it was not a comparative analysis). We selected Dudley because it had experienced severe decline yet was an ideal community on the "up-swing" to be economically developed--in a black setting, Roxbury. Examining Dudley, by looking at transportation studies, market analysis, participation from coalition groups (SWCC and DMA), we concluded, with recommendations, that "retail revitalization--business development" was possible in Dudley. In essence, business development was a possible means for community and black economic development.

In short, our approach to the thesis was to set the context by which we could understand the concept of business development in the black community. By business development we also established that we meant commercial and/or retail improvement in the black community. We used this term interchangeably with "revitalization," "restoration" and sometimes "rehabilitation" to denote the stemming of decline and regeneration of a viable black community, living environment, black business district and housing market.

We are interested in understanding black economic development (through retail revitalization efforts) in the black community, primarily because of our concern for the future of businessmen who owned, operated and delivered needed black enterprises. We were also concerned about the

social costs the black community should be aware of associated with disinvestment and commercial decline. "A healthy commercial area and community contributes to the psychological well being of the residents."⁵⁸

The "business development" efforts of various coalitions of individuals and groups around the country indicate that retail or commercial decline can be arrested under certain conditions given certain inputs and stimuli. Though we believe this to be true, the range of factors and forces that combined to spark "revitalization" was more apparent in our case study on Dudley Station.

Analysis: Case to Ideal

In terms of what we have learned in the Dudley case, it would be appropriate now to examine any connections between the case and what we discussed to be "ideal" community and economic development in the black community. Thus, in Chapter Two we stated that a community moving towards an "ideal" community and economic development strategy attempted to achieve the following goals:

- I. Creation of new local businesses. In the case of Dudley Station it is the intention of the Dudley Station Merchants Association, with the help of the city and Greater Roxbury Community Development (GRCDC) to assist merchants in procuring monies for new retail "start-ups." The intention is to establish in the near future needed retail services to

the community. It appears feasible that the retail center at Dudley could support a new supermarket with related retail (e.g., drug store, furniture store, restaurant, laundromat, etc.) However, although there are some intentions to create new retail businesses (i.e., large drug store, supermarket, furniture store, etc) in Dudley, many of the businesses already in Dudley have been there for a long period of time. Thus, most new retail businesses are in planning.

II. Identified New Measures and Talent

When we identified new resources in Dudley we defined resources as a set of existing land uses, available land, financial capital and human abilities which may be directly utilized in carrying out a development program. Also, resources exist in varying degrees of availability according to the amount of control that the community can exercise in determining their allocation. The following four sections provide an inventory of some of the resources in the Southwest Corridor and the opportunities for their use.

1. The Dudley Commercial area: The retail area surrounding Dudley station contains the major portion of all retail businesses. The entrepreneurial skills of the approximately eighty merchants in the Dudley area are a valuable community resource which must be preserved utilized. The Dudley merchants' collective voices and expertise can be the catalyst in the revitalization of Dudley. Even now merchants are pressing for improved parking, lighting, sheet maintenance, and police protection in the station area. Once accomplished, these improvements will not only enhance the retail center but will also upgrade Roxbury's image and environment.

It is into this improving environment that new business will be attracted.

2. **Financial Assistance for Development:** Federal funds are available to the Roxbury area in limited amounts through the current revenue sharing program and state funds may be available for development in the near future through the proposed Community Development Finance Corporation. Such assistance, although limited, will probably be applied to new residential and commercial development of corridor and arterial parcels.
 3. **Community Development Skills:** There is an increasing amount of development expertise emerging in the Roxbury area, especially in the organization of RAP, GRCDC, LRCC, and the Roxbury Chamber of Commerce. Some individuals of these community organizations have demonstrated the willingness and ability to initiate new projects in the Dudley area.
 4. **Developable Land:** Vacant parcels along the Southwest Corridor, and crosstown arterial have development potential and can have a positive impact on the Dudley Station area.
- III. **Improvement in the Physical Environment:** Dudley Station has had problems of traffic congestion, lack of parking, security problems, inadequate street lighting, store-front obsolescence, the loss of buying power by neighborhood residents, the shift of white merchants to the Mattapan-Codman Square area, and decreasing attractiveness of the neighborhood in recent years, have led to some decline in the commercial viability of the Dudley area. The absence of a strong unified image has been cited as one of the area's major problems. However, because of planned improvements in parking, lighting, store-fronts, security, and traffic congestion, the physical environment will be substantially improved in the next few years.
- IV. **Increase in job and entrepreneurial opportunities:**
As Dudley opens new retail businesses in an effort to

"revitalize", job opportunities will become more available. Also employment opportunities will be created as development take place on the various parcels along the corridor and crosstown arterial. Thus, we can look forward to employment opportunities opening in the future.

V. Resident ownership or control of economic organizations:

Presently there are two active organizations particularly concerned with the Dudley area--the Southwest Corridor Coalition (SWCC) and the Dudley Merchants' Association (DMA). The members of these associations consist of mostly community merchants, business and professional people. Their main objective is to protect and improve existing community resources and to establish a sense of local accountability for city services. This is especially imperative for the benefit of Dudley's present state-of-being and anticipated future changes in the social structure and environment. Other community organizations surveyed include, Roxbury Action Program (RAP), Lower Roxbury Community Corporation (LRCC), and the Greater Roxbury Community Development Corporation (GRCDC). RAP proposes to generate employment, to develop housing, and to restore historic sites in the area of Highland Park and John Eliot Square. LRCC operates in the area to the northwest of Dudley to sponsor and develop new housing construction. GRCDC has been doing extensive planning for the improvement of the Dudley Station retail area, in addition to development work in other parts of Roxbury and Dorchester. All of

these organizations have been instrumental in encouraging community and economic development.

Concluding Thoughts:

After a careful examination of the case and the information presented in the previous chapters, it is my conclusion the Dudley is "moving toward" but, has not yet achieved community and black economic development. We want to base this on our findings which has indicated that Dudley Station is experiencing problems of vandalism, crime, parking, lighting, traffic congestion, loss of buying power by neighborhood residents, decreasing attractiveness of neighborhoods, and other problems. If these problems are not addressed soon, Dudley will simply continue to decline.

However, there are some positive things that can be said despite the problems Dudley Station has been experiencing. The goals of achieving community and economic development are attainable. Dudley Station has "development" potential but, this will not occur until later years. The removal of the Orange Line will add to the attractiveness of the area. Thus, it will give Dudley a more favorable image. Once the Occupational Resource Center, Madison Park High, and Roxbury Community College are completed, we can probably expect new businesses, and the present businesses to increase their selling capacity, because of the large number of students that will be expected to shop at Dudley. The Southwest Corridor transit line will also add to the vitality of the Dudley area, by providing easy access to and from Dudley.

Dudley Station also has strong support from community organizations, which is necessary for progress. RAP, SWCC, GRCDC, LRCC, and DMA have shown strong support for retail and housing revitalization in the Dudley and Roxbury areas as a whole. More importantly, the residents of Dudley care, and would like for retail revitalization to occur.

In short, the Dudley area is moving towards the goals of community and economic development and this may occur as a consequence of Dudleys' retail revitalization efforts. Although minimal progress has occurred to date, we can certainly expect in the future greater amounts of progress toward full community and economic development.

APPENDIX A

NATURE AND EXTENT OF FINANCIAL PARTICIPATION BY PUBLIC AND PRIVATE ENTITIES

1. Federal Sources	Amount	Date by Which Funds Will Be Made Available
Department of Transportation (Urban Systems)	\$ 7,000,000	Spring 1978
Department of Commerce - EDA	\$2,200,000	Spring 1978
Department of Labor - discretionary funds for Skills Training Improvement Program	\$ 232,000	1978-1980
H.E.W. for Adult Basic Education	\$ 600,000	1978 - 1980
Small Business Administration (SBA loans)	\$ 900,000	1978 - 1980
LEAA Central Business Alarm System	\$ 300,000	1978 - 1979
Section 312 Loan Program	\$ 1,300,000	1978 - 1980
Subtotal	<u>\$ 12,532,000</u>	
2. Local Sources		
Capital Budget* (City Bond Issue for sewer, water, streets & sidewalks)	\$ 1, 350,000	1978 - 1980
Community Development Block Grant*	\$ 7,600,000	1978 - 1980
City allocations from CETA local operating budget*	\$ 4,800,000	1978 - 1980
Subtotal	\$ 13,750,000	
3. TOTAL		
Federal & Local Sources	<u>\$26,282,000</u>	

*Estimates based on previous experience and current goals (preliminary 3-year projection)

Source: Boston Redevelopment Authority (BRA, May, 1979)

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- ⁵ Joseph A. Pierce, Negro Business and Business Education, "Their Present Prospective Development," (New York: Harper 1947), p.10.
- ⁶ Kinzer and Sagarin, Negro in American Business, p. 103.
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- ⁹ Presidents Advisory Council on Minority Business Enterprise, Minority Enterprise and Expanded Ownership, "Blueprint for the 70's" (Washington, D.C., GPO, 1977) p.33.
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