

# LAW AND CONTEMPORARY PROBLEMS

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## FOREWORD

The civil rights movement of the late 1950's and early 1960's brought about a national awareness of the extent to which the black minority was unaffected by the nation's economic prosperity. Unwilling to accept the suggestion of some that this disjuncture was a necessary part of our economic system, institutions at several levels responded with measures intended to establish that poverty and minority status were not inseparable. Since societal prejudice had often forced blacks into relatively compact geographical areas, this response could conveniently be directed on a community level. This symposium examines the impact of the initial efforts at community economic development and attempts to provide a perspective for the controversies which remain.

One of the realities of the development effort has been the interrelationship of economic and political development. This association is expressed in several forms. For example, the initial governmental commitment to economic development was a response to increasing minority political involvement at local and national levels. Of more lasting significance is the political activity which will be stimulated by community development. As economic opportunities increase, it is expected that demands for political equality will become both more incessant and more potent.

Despite notable efforts at private sector involvement, government funding continues to support the most extensive development projects. While accepting the economic importance of community development, government policy gives less than full recognition to its political implication. Since those who spend development money are not those who provide it, this approach may be unavoidable. It has, however, had considerable impact on the form which development efforts have taken. Milton Kotler's article discusses the role of increased community political activity in the evolution of governmental policy and identifies the need for internalization of government support. The manner in which governmental policy is effectuated through the funding process is the subject of Otto J. Hetzel's work. His study also examines the effect of bureaucratic administration on the achievement of development goals.

Whether private business will play a meaningful part in community economic development continues to be a subject of debate. It is generally recognized that established businesses could provide significant managerial assistance while avoiding

many of the political limitations of government support. The high-risk nature of ghetto investment, however, has deterred broad-based participation of profit-oriented businesses. Tax relief to established businesses which assist ghetto operation may provide the necessary inducement. Unfortunately, we do not yet have examples of incentive programs which will achieve the desired result of securing extensive private participation. Robert S. Robin analyzes this problem and proposes a mechanism for attracting a variety of private enterprises.

It is apparent that while there will necessarily be interaction of economic and political objectives in community development, the level at which this interaction will occur is an issue of particular importance. A crucial factor is the extent to which business operations will be subject to community political aspirations. Frederick D. Sturdivant discusses the compatibility of economic and political goals in the community development corporation. A different approach to the same issue is undertaken by J. A. C. Hetherington in his analysis of the role of community participation in minority economic development. Professor Hetherington's work is a comprehensive statement of the limitations of community control of the business function.

Basic to the development effort, of course, is the establishment of viable businesses. Samuel I. Doctors and Sharon Lockwood examine the limitations of existing programs for minority development and suggest approaches which must be taken in the future if minority businesses are to achieve relatively full participation in the nation's economy. Relevant to an assessment of the impact of expenditures for economic development is an evaluation of the incidence of failure among business begun under present programs. The reasons for business failures and the prospects for improving the performance of minority business are discussed by William A. Strang. John E. Oxendine and Alvin N. Puryear use the experience of a large urban CDC as a basis for assessing the role of profit motivation and management assistance in minority business development.

The impetus for this symposium was a conference on community economic development sponsored by the Center on Law and Poverty of the School of Law, Duke University, in May, 1970. While the written contributions were prepared subsequent to the conference, the meeting did provide the occasion for an initial discussion which highlighted the issues of greatest concern among those involved in planning development programs.

Particular assistance in framing the topics treated in this issue and the one to follow was provided by John McClaghry of McClaghry Associates, Inc., Washington, D.C.; Walter G. Farr, Jr., Professor of Law, New York University Law School; Paul Garrity, now in private practice in Boston, Massachusetts; and Otto J. Hetzel, Professor of Law, Wayne State University.