

LAW AND CONTEMPORARY PROBLEMS

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FOREWORD

The following articles continue the discussion begun in part I of this symposium on community economic development. While the contributors to this issue discuss different specific problems, the underlying controversies confronted here are the same as those treated in the prior issue. It is recognized that a matter of fundamental concern is the sources and types of financing available to development groups in low-income communities. Of equal importance is the extent to which the unique background and objectives of business ventures in underdeveloped communities necessitate special planning efforts. Finally, there is a need to define the appropriate role of government regulation in the planning and operation of community development efforts.

Government funding has been the major source of financial support for ghetto business development. The substantial risk which attends ghetto investment and the major role which social objectives play in community development suggest that the predominance of the government role is likely to continue. Charles E. Olken discusses the integration of economic development activities into the Model Cities program. An advantage of this type of funding is its potential for relating economic development to other aspects of community development. Another recent governmental program, the Opportunity Funding Corporation, attempts to provide publicly-financed incentives for private capital investments in low-income communities. The objectives and structure of the new program are discussed by Professor Samuel I. Doctors and Sharon Lockwood.

The status of the community development corporation under the Internal Revenue Code has a significant effect upon both the types of funding which will be available to it and the types of activities in which the CDC will be likely to engage. The impact of the provisions of the Tax Reform Act of 1969 relating to private foundations is analyzed by Jordan D. Luttrell.

It is clear that even with adequate initial funding, additional planning is needed to insure that minority business enterprises develop as viable economic units. The difficulties encountered in starting a small business place significant demands on the energies of the minority entrepreneur. Programs for managerial assistance to the minority operator may provide the advice necessary to insure the orderly growth of

the business. However, the success of such efforts depends upon the achievement of a durable working relationship between the consultant and his client. Professor Thomas P. Ference discusses the difficulties encountered in structuring an effective program. He describes a model program which is designed to anticipate potential conflicts. Because the minority business operates in an environment distinct from that typically found in other sectors of the economy, many of the traditional approaches to business development must be modified. The effect of the location and objectives of the minority business upon its marketing activity are analyzed by Professor Carl E. Block. While planning for community economic development has concentrated on the establishment of traditional business units, there is increasing realization that housing development by community organization may both stimulate significant economic activity and satisfy an immediate social need of the community. Paul G. Garrity outlines the considerations which will affect the formation of a community-controlled housing program.

The presence of extensive public funding provides the occasion for an interaction of community goals and the institutional policies of government. The two are often not compatible and a means of accommodation is needed. Geoffrey Faux discusses the manner in which governmental controls have been employed in some programs to achieve the political and philosophical objectives of program administrators. Another aspect of the relationship between community development and government policy is treated by Stewart E. Perry. The author examines the institutional and philosophical origins of the community development corporation and suggests the need for insuring that national policy formulations take account of the political and social significance of this organizational form.

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