

The road not taken: alternative strategies for Black economic development in the United States.

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Throughout the twentieth century, there have been a number of approaches suggested for improving the economic viability of African-American communities in the United States. Given the economic discrimination and oppression by institutions in the larger society, many social theorists and urban economists have argued that African-Americans should use their segregated social circumstances to build a separate and autonomous economic base within their own communities. The shared experience of social segregation, employment discrimination, and minority status would provide the rationale for the development of cooperative enterprises that would advance the economic conditions of the entire black community.

The Mondragon Cooperative Movement in northern Spain is an example of successful economic development by a people with a history of social and economic oppression and minority status. Many of the elements that account for the Mondragon's economic success have been proposed, and in some cases, implemented by African-American leaders in the United States in the twentieth century. This paper examines four of these approaches. However, of these major proposals for black community development, only that of the important scholar and intellectual leader W. E. B. Du Bois came close to the actual practices associated with Mondragon. The economic programs of Booker T. Washington, Marcus Garvey, and the advocates for Community Development Corporations (CDCs) fell far short of bringing about community development or collective economic advancement for African-Americans. This essay begins by briefly identifying those specific elements that explain the success of the Mondragon Cooperative Movement. The similarities and differences between the Mondragon and the four approaches for bringing about collective economic development for African-Americans in the United States will be examined. Although the historical circumstances surrounding the development of these five economic programs were distinct, they were all aimed at improving the economic status of a oppressed and impoverished ethnic minority in a capitalist society.

The Mondragon Cooperatives

Mondragon, reputedly the most significant cooperative system in the industrialized world, is named after a town located in the Basque Region of Spain. Unlike U.S. economic development policy, which deals with issues of

equity indirectly, Mondragon is founded on a belief that social development is essential to economic development. The governing structures of the Mondragon are democratically controlled, based on the principle of one member, one vote. Congruent with this principle of democratic control is the requirement that the Mondragon Cooperatives be self-managed. The membership participates in the oversight, operation, and development of the cooperatives. Self-management avoids the technical and bureaucratic elitism associated with capitalistic or socialistic economies [Morrison 1991, 2, 3, 9, 11].

The conditions that the Basque people faced were not unlike those that African-Americans encounter in the United States. Poverty and political powerlessness were central aspects of Basque life. There was a long history of impoverishment and worker exploitation, especially by absentee landlords of huge estates. Under the fascist regime of Francisco Franco from 1939 to 1975, major political and economic institutions in Spain, including those in the Basque, fell under the control of the dictatorship. Intellectuals and priests who challenged Franco's totalitarian rule were jailed or executed. One of the Franco regime's more vicious acts was the cultural repression of the distinct Basque language. Persons caught speaking "Euskera" could be fined or persecuted. In its darkest moment, the Franco regime created conditions in the Basque region that resembled life in black communities in the United States. In *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*, William and Kathleen Foote [1991, 26] pointed out that in the Basque region, "working class people were desperately poor and oppressed by unemployment, rundown and overcrowded housing. . . . People spoke of hopelessness. They saw themselves as a conquered people, living under a regime that offered neither political freedom or economic opportunity."

Despite the history of oppression, the Basques are a self-reliant people who have been persistent in their push for independence from Spain. Indeed, nationalistic sentiments are at the center of Basque life. This cultural nationalism was essential for the formation of the Mondragon cooperatives. The cooperatives gave the Basques an additional means to proclaim their common heritage despite the Spanish state. Other economic and cultural traditions aided the development of Mondragon. Well before the creation of the Mondragon system, the Basques formed a number of cooperatives and democratic social institutions. And officials of the Roman Catholic Church were closely identified with the Basque struggle for independence especially during the Franco regime [Whyte and Whyte 1991, 38, 41].

In 1941, during the early and cruelest years of Franco's rule, Don Jose Maria Arizmendiarieta, the father of the Mondragon Cooperatives, began his Catholic priesthood in the Basque region. Extremely dedicated to the Basque culture, Don Jose Maria sought to end the oppression and suffering of these people and viewed education as means to alleviate the economic despair of the Basques. In time education and training became integral parts of his social vision. Education

focused on the virtues of work, solidarity, and the need for cooperative and collective action. Don Jose Maria believed that "it is necessary to have learned to tame one's individualistic or egoistic instincts and to adapt to the laws of cooperation. One becomes a co-operator through education and the practice of virtue" [Whyte and Whyte 1991, 231]. Education also had to emphasize the development of technical knowledge and skills that would make the Basque more employable, industrious, and eventually self-sufficient. For Don Jose Maria education, cooperation, and economic progress were linked together. At the same time, he was highly suspicious of capitalistic approaches to economic development because of its emphasis on "individualism" and tendency to be exploitative.

Don Jose Maria's educational vision was not easily transformed into reality. The existing educational system was not designed for the upward mobility of the working class Basque. Public secondary schools did not provide technical courses and training in crafts, and a college education was an impossibility for children of the poor and working classes. Apprenticeships were usually only offered to relatives of employees who already worked for a local factory. In 1943, Don Jose Maria opened his own independent school, Accion Catolica, where technical training and industrial skills were taught along with the principles of cooperativism. Also reflecting the spirit of cooperation, funding was sought through private solicitations and those making pledges of financial contributions became voting members in decision making at the school. Approximately 600 people, or 15 percent of the local adult Basque population, as well as various businesses, made pledges [Whyte and Whyte 1991, 26, 30].

In 1956, five of his students created the first worker cooperative, ULGOR, an appliance manufacturer, based on the concept of cooperative entrepreneurship. This variant of business ownership replaced individualistic competition with a concern for the well-being of workers and other humane social values. ULGOR's formation promoted other key concepts associated with cooperatives; for example, financing came from member contributions and a percentage of profits were reinvested in educational, cultural, and charitable institutions [Morrison 1991, 11].

From these humble beginnings, the Mondragon system has become a successful model for economic development that contributed to the collective advancement of the Basque people. It now consists of more than 170 co-ops, of which 100 are cooperative businesses. The system is comprised of schools, housing, health facilities, and banks that minister to the comprehensive needs of the more than 100,000 people it serves. Even during the Franco years, the severe recessions of the 1980s, and the unrelenting competition of the international market, Mondragon has created 21,000 well-paying jobs [Morrison 1991, 3,8].

There have been numerous studies of the elements that account for the Mondragon's success, which will be used in comparing the four economic

strategies suggested for black economic advancement in the United States. Researchers have identified eight specific characteristics of the Mondragon: (1) it serves an oppressed ethnic minority; (2) its primary objective is collective economic advancement; (3) it avoids control by a technical or managerial elite; (4) it promotes democratic control of its governing structures; (5) it makes social development an essential goal of economic development; (6) it requires cooperative entrepreneurship; (7) it provides comprehensive social services and training; and (8) its economic activities expand beyond the ethnic group and local market.

Some researchers have suggested that the Mondragon approach to cooperative economic development could be used by any group living under conditions similar to the Basques. It was created by ordinary working people with minimal financial resources and with a commitment to self-determination. In *We Build the Road as We Travel*, Morrison [1991, 36] describes that the cooperative movement as a positive response of an oppressed people to their social and economic conditions.

While the Mondragon cooperative system grew out of a unique historical and cultural environment, it is not only relevant in the Basque context; it arose and still develops in response to conditions that exist throughout the industrialized world; it is a creative and successful adaptation to universal problems.

The Booker T. Washington Model

The economic nationalism of Booker T. Washington, which relied on business ownership to provide the means for group advancement, represents the classic capitalistic approach to economic development. In this approach, business ownership is seen as the economic engine for the community development process. Economic development through the promotion of entrepreneurship exalts individualistic efforts and predicts the eventual "trickle down" of benefits from the capitalists to the workers. Washington assumed that since entrepreneurship has worked successfully for many other Americans by bringing economic and social advancement, it should do the same for African-Americans. Entrepreneurship is assumed to have immense powers [Sviridoff 1994, 84]. Economist Sol Ahiarah, a latter-day proponent of Washington's economic philosophy, argued that "by owning [businesses] and . . . controlling their means of livelihood blacks can solve most of their own problems and even be immunized against racism" [Ahiarah 1993, 18].

Business ownership was promoted as the means for community revitalization. The plan has been an attractive one because it corresponds with the prevailing capitalistic ethos in American society. Many policymakers have been so persistent in their reliance on entrepreneurship that alternative approaches were rarely considered.

Washington's economic development proposals were a response to the legal segregation of that era. He promoted appeasement and political accommodation- these were the hallmarks of his ideological position. His overall objective was self-sufficiency, and he was considered the leading advocate of economic nationalism in the black community [Butler 1985, 65]. To Washington, the development of black entrepreneurship within the confines of the segregated black community was the most viable route to economic stability and equality. The economic development of the black community would be proof to the dominant white society that African-Americans were equal [Blair 1977, 10].

The Washington approach and the Mondragon share only two common characteristics. First, both were designed to serve an ethnically oppressed people. Second, each is touted as a means for achieving group advancement. Unlike the Mondragon, which makes social development essential to economic development, Washington's entrepreneurial focus was only implicitly tied to broader social concerns such as group advancement. To Washington, the primary issue was individual economic advancement. Equality, and indeed independence, would be achieved as individual blacks proved their ability to survive in the American capitalist environment. Washington believed that blacks would achieve their civil rights only after they had established an economic base [Thornburgh 1969, 11].

Washington's entrepreneurial focus benefitted a small group of individuals. The propensity to be elitist contrasts with the intentions of the founders of Mondragon, who were distrustful of elite control. Unfortunately, Washington's elitist approach reduces the positive impact that business development can have on the wider community and the likelihood of group advancement [Wallace 1993, 46]. In his analysis of Washington's economic program, social theorist Harold Cruse concluded that this approach "would not have gone very far in alleviating the economic disabilities of the black rank and file in the industrial, agricultural, and service sectors" [Cruse 1987, 92]. Because elitism is integral to Washington's approach, it could never lead to democratic control-an essential element of the Mondragon Cooperatives.

As an economic development strategy for the black community, entrepreneurship is a simplistic approach. It focused solely on economic issues, while the other conditions endured by blacks were to be gradually attended to through the process of trickle down. The Washington approach did not provide comprehensive solutions, as the Mondragon approach requires, to resolve the complex of problems found in black communities.

Many other ethnic groups in the United States were able to become self-sufficient because they could conduct business within and outside their immediate neighborhoods and communities. Similarly, the expansion of the Mondragon Cooperatives has made the Basques increasingly more self-reliant. However, the opportunity for expansion is not available to black businesses. Legally sanctioned

discrimination forced black entrepreneurs to take an "economic detour," around the possibility of conducting business beyond their own communities. This detour seriously limited the potential development of black businesses and entrepreneurship [Butler 1985].

In an article in the Crisis magazine, W.C. Matney made this important observation:

Into this [free enterprise system], we find the Negro first introduced as a slave and denied all rights. Today he is a slave of the industrial and commercial order by virtue of the industrial and commercial restrictions and denials imposed upon him. He lives in a competitive age but must not compete in a competitive market [1930, 11].

Community Development Corporations (CDCs)

The Community Development Corporation (CDC) reflects the federal government's persistent reliance on entrepreneurship as a vehicle for bringing about social and economic advancement to depressed minority communities. In theory, the CDC mirrors the Mondragon's emphasis on self-determination and a commitment to social and community development. However, over time the entrepreneurial focus of the CDCs became increasingly more important than community development. As this occurred, CDCs started to shed their Mondragon-like characteristics and began to resemble Booker T. Washington's capitalistic approach to community development.

As a part of President Lyndon B. Johnson's Great Society legislation, the Self-Determination Act of 1968 called for the creation of Community Development Corporations (CDCs) to improve the quality of life for the poor. Improved housing, employment, and social services were to result from government-initiated programs to strengthen existing businesses, initiate new businesses, improve the community's infrastructure, and create joint ventures between the private sector and poverty-stricken neighborhoods.

Originally, the CDCs mirrored the characteristics associated with the Mondragon. First, they were designed to serve the needs of a poor and oppressed people. Second, their governance was based on democratic control [Halpern 1995, 127-131]. For example, local residents were given decision making roles on the boards of the CDC. Third, social development was taken to be integral to economic development. The CDC was unique in its commitment to community development rather than profit maximization. Fourth, CDC profits were to be reinvested to provide funds for a comprehensive array of services including day care, health care, legal services, and other socially beneficial programs that local citizens needed. Finally, group advancement would be achieved as the members of the community became self-sufficient [Berndt 1977, 5].

Many CDCs failed to transform black inner-city neighborhoods into liveable and self-sustaining communities. The social mission of the CDCs was not achievable because their overall focus became increasingly entrepreneurial. Many CDCs soon succumbed to the profit-making ethos that was intrinsic to the capitalist environment in which they operated. The shift toward entrepreneurship narrowed the focus from the community to individuals - much in contradiction to the Mondragon ideal of cooperative entrepreneurship. As such, these CDCs were only able to help a small group of blacks. Because of these limited impact on the entire community, these CDCs were unable to contribute to the group economic advancement. Many CDCs were unable to expand their service areas. Ironically, though increasingly entrepreneurial, few, if any, CDCs were ever able to become self-sustaining or profitable enough to reinvest in the community [Tabb 1979, 403]. In *New Rulers in the Ghetto*, Harry Edward Berndt examined 15 urban CDCs nationwide and found that profits were too insufficient to be reinvested to provide housing, jobs, or socially beneficial programs. His analysis of the Union-Sarah Economic Development Corporation (USEDCE) in St. Louis, Missouri, revealed that this CDC, despite expenditures that exceeded \$2.5 million, had been able to produce new housing and created only 133 jobs - of which only 20 could be attributed to the work of USEDCE staff [Berndt 1977, 133]. He adds, "[e]ven assuming 133 employees, which is probably greatly overstated, less than four-tenths of 1 percent of the local population would be directly affected" by USEDCE's employment opportunities [Berndt 1977, 133].

CDCs had to conform to the rules of the market if they were to survive. Sociologist Robert Allen, in *Black Awakening in Capitalist America*, pointed out that "even if cooperative economic ventures were successfully initiated, its managers, in order to keep afloat, would have to be responsive to the demands and constraints imposed by the overall competitive economic system rather than the needs of the surrounding black community" [Allen 1969, 53].

Conformity also meant that the social goals of many of the CDCs would never be attained. For example, increased emphasis on profit making subordinated the ideal of hiring local residents to a lesser concern as sophisticated business acumen was needed to keep the CDC competitive. To ensure its survival, business professionals were hired and given decision-making positions [Tabb 1979, 411-12]. This meant that rather than distrusting a managerial or technical elite, these CDCs actually became reliant on this type of control.

The problems of the black community are not merely economic as the entrepreneurial policy presupposes. These dilemmas require comprehensive solutions. Tabb concluded that CDCs would not attain the collective goal of community revival because the strategy called for the support of black entrepreneurs who operated for personal profits. The failure of many CDCs to foster economic advancement for urban blacks again demonstrated the inherent weakness in black capitalistic ventures as vehicles of community development.

The Marcus Garvey Model

Marcus Garvey's Universal Negro Improvement Association (UNIA) produced an alternative cooperative model for black community development that has also been utilized by other groups including the Nation of Islam and many black religious denominations. It shares many characteristics with the Mondragon. Although never fully realized, Garvey's strategy envisioned the collective economic advancement of African peoples throughout the world [A. Garvey 1967, 127].

Garvey is best known as a black separatist, who set into motion a huge back-to-Africa campaign for African peoples living in North and South America and the Caribbean. Garvey believed that Africans worldwide were powerless and dominated by whites. It was hopeless to depend on whites or to want to "integrate" into their institutions and societies because they, like any racial group, would continue to protect their own self-interests. This meant that the social barriers that were erected to prevent black advancement and to give advantages to whites were permanent. In fact, Garvey envisioned the extermination of blacks by whites unless blacks became self-sufficient and created their own separate political and economic base. To Garvey, this inevitability meant the movement of African-Americans back to Africa and the creation of a prosperous black nation-state on the continent that would also assist in the development of a self-sufficient black economy in the New World [A. Garvey 1967, 85-6]. Although a popular belief among supporters of the Garvey movement, the return to Africa was never meant to be a mass exodus nor was it a prime objective; it represented only one element in Garvey's overall movement.(1)

UNIA was organized in Jamaica in 1914 and, like the Mondragon, was designed to serve the needs of an oppressed ethnic group. Garvey recognized the special plight of African-Americans not only in the United States but worldwide, and this provided the motivation to create the UNIA [Martin 1986, 6]. For Garvey, the most appropriate strategy for social advancement required that economic development supersede demands for political and civil rights. "After a people have established successfully a firm industrial foundation," Garvey declared, "they naturally turn to politics and society, but not first to society and politics, because the two latter cannot exist without the former" [Negro World 1924].

This position mirrors that of Washington, whom Garvey greatly admired. And like Washington, Garvey extolled the virtues of business ownership as a major route toward self-reliance, especially if African-Americans were to move beyond being merely consumers to become producers [Cruse 1989, 85]. "Without commerce and industry, a people perish economically. The Negro is perishing because he has no economic system, no commerce, no industry," wrote Garvey [Hill and Bair 1987, 304].

The parent body of UNIA in Harlem was able to assemble an impressive array of businesses despite the hostile racial environment of the 1920s. For example, the Negro Factories Corporation was comprised of firms in the service industry (one laundry, one printing plant, and three restaurants), retail (three groceries stores), and manufacturing (two uniform assembly factories). The industrial and transportation sector was represented by the Black Star Line, which was to carry African-Americans to and from Africa and transport UNIA goods worldwide. Between 1920 and 1924, employment among the UNIA and its affiliates in the United States sometimes exceeded 1,000 [Martin 1986, 34-35].

Most Garvey scholars believe that he, unlike Washington, was not an exponent of black capitalism as a means for achieving race advancement [Vincent 1971, 24]. They point to Garvey's belief that black entrepreneurs exploit the black community and that personal profit was their principal motive. Garvey's economic perspective reflected his commitment to collective self-reliance and was quite similar to the Mondragon concept of "cooperative entrepreneurship." The commercial operations, for example, were run more like cooperatives. The Negro Factory Corporation, though owned by the UNIA, was designed to be managed by its members who bought bonds and were given profit sharing privileges.(2)

Similar to the founders of the Mondragon approach, Garvey distrusted self-interested elites and made democratic participation a component of the decision making process.

Capitalism is necessary to the progress of the world, but there should be a limit to the individual or corporate use or control of it. No individual should be allowed the possession, use or privilege to invest on his own account more than a million, and no corporation should be allowed to control more than five million. Beyond this, all control, use and investment of money should be the prerogative of the State with the concurrent authority of the people [A. Garvey 1967, 72].

The cooperative or collective, as implemented by Garvey, would be a part of an expansive market area, beginning with each UNIA chapter and spreading outward to create a Pan-African trading network based on economic cooperation. Garvey's grand vision went beyond the UNIA and included the entire black race that would become one self-reliant community: Garvey stated, "Negro producers, Negro distributors, Negro consumer! The world of Negroes [would] be self-contained" [Martin 1986, 35].

UNIA's collective vision and self-reliant spirit also took into account the problems blacks faced beyond the economic arena. Social development was essential to economic development, which is an important element that helps account for the success of the Mondragon Cooperatives. Education and training were fundamental parts of the UNIA's goal of making the race more cultured and independent. The UNIA was committed to the establishment of academic and vocational schools to educate black youth. In 1925, the UNIA was able to open

its own university, the first of a proposed group of academies, in Claremont, Virginia. Unfortunately, it operated only for a brief period of time before fiscal problems forced its closing [Hill and Bair 1987, xivi-xivii].

Because of his accomplishments, Garvey's enemies were considerable both within and outside of the race. The NAACP and other groups that promoted integration spurned him because Garvey advocated black separatism and opposed interracial alliances. The U.S. Department of Justice labeled black radicals of any stripe "subversive," and Garvey was certainly counted in this number. Eventually, federal officials began to conspire against Garvey, and he was unfairly indicted and convicted of mail fraud in 1923 and was subsequently imprisoned. Garvey was deported from the United States in 1927 and the UNIA fell into disarray with the removal of its charismatic leader [Martin 1986, 13-14].

Garvey's vision of cooperative economic ventures to bring self-sufficiency to black communities was eventually taken up by W.E.B. Du Bois, who during the 1920s was considered Garvey's major enemy. Initially, Du Bois opposed Garvey's program because he believed the UNIA was taking advantage of poor, uneducated blacks in a desperate economic situation. However, by the 1930s, Du Bois had become convinced about the wisdom of promoting cooperative efforts to foster black community development and social advancement. He advocated the creation of cooperative economic institutions that utilized the energies and resources of the entire black community; unfortunately, his plan was never fully actualized. On a theoretical level, Du Bois's plan calling for mutual cooperation, comprehensive social and economic development, closely resembled the Mondragon model.

The W.E.B. Du Bois Model

W.E.B. Du Bois was the most influential African-American intellectual in the first half of the twentieth century. Du Bois's economic nationalism can be divided into two distinct stages of development. In the late 1890s and early 1900s, as a professor of history and social science at Atlanta University, Du Bois' views mirrored those of Washington.⁽³⁾ His approach was decidedly capitalistic. Du Bois contended that "the growth of a class of merchants among us would be a far-sighted measure of self-defense, and would make for wealth and mutual cooperation" [Du Bois 1899].

Even during this early period, Du Bois's ideological perspective included many of the elements that later made the Mondragon Cooperatives successful. Du Bois's approach reflected a concern for blacks as an oppressed ethnic group.

Let us not deceive ourselves at our situation in this country. Weighted with a heritage of moral iniquity from our past history, hard pressed in the economic world by foreign immigrants and native prejudice, hated here, despised there and

pitied everywhere: our one haven is ourselves, and...our own implicit trust in our ability and worth [Du Bois 1899].

Because these conditions affected the entire group, Du Bois, similar to the founders of Mondragon, was deeply concerned about collective advancement and group solidarity. Du Bois's early model for collective economic advancement was based on his belief that blacks must solve their own problems, especially given the fact that legalized discrimination prevented integration into the economic institutions of the larger society [Marable 1986, 35, 147]. To Du Bois, black self-determination meant that African-Americans had to create a comprehensive array of facilities and services focused on their social, cultural, and economic needs.

As a race we must strive by race organization, by race solidarity, by race unity. . . . For the accomplishment of these ends we need race organizations: Negro colleges, Negro newspapers, Negro business organizations, a Negro school of literature and art, and an intellectual clearinghouse, for all the products of the Negro mind. . . . [Du Bois 1897].

In time, Du Bois's economic theories changed as he became increasingly disenchanted with capitalism and its materialistic ethos. His later writings reflected these new ideological influences, and he inevitably came to question capitalism's ability to bring about black collective advancement and its propensity to be create an exploitative elite. It became apparent that capitalism would not lead to mutual cooperation. In a 1917 article in Crisis magazine, which he edited between 1910 and 1934, Du Bois asked rhetorically, "Shall we try the old paths of individual exploitation, develop a class of rich and grasping brigands of Industry, use them to exploit the mass of the black laboring people and reproduce in our own group all the industrial Hell of old Europe and America?" [Du Bois 1917, 166].

Out of his despair over free enterprise and capitalism came a preoccupation with a "new" and "efficient" mode of production and consumption - the economic cooperative [Du Bois 1917]. Du Bois believed that the cooperative would undercut the exploitative free enterprise system and would lead to group advancement. During the economic depression of the 1930s, as despair deepened among African-Americans, Du Bois became more strident about the need for a black cooperative system. Moreover, Du Bois combined his advocacy for cooperatives with a push for black separation. Given the persistence of legal segregation, he felt that the most reasonable and effective option was for African-Americans to create a "Nation within a Nation" [Du Bois 1935, 265-67; 1971, 163-79; Manning 1986, 147].

This was to be an act of voluntary separation for collective advancement. This separatist ambition was based on Du Bois's optimistic belief that the resources-institutions and consumer wealth-to revitalize the black community were

available. Du Bois's proposal was based on the cultural value of black self-determination, and voluntary separation would become a vehicle for blacks to achieve equality in America as other groups had done [Franklin 1994, 15, 29]. Du Bois felt that it was impossible to think in terms of complete separation since a segregated economy could provide only a portion of the opportunities that blacks needed.

Through careful planning, a cooperative movement could be successively initiated. The cooperative reflected Du Bois's belief that African-Americans needed to position themselves "to fit . . . into the new economic organization which the world faces" [Du Bois 1986, 699]. Du Bois believed that the depression represented the end of capitalism and a reorganization of industry worldwide. This reorganization shifted power from the producers to the consumers, whose preferences would guide the industrial process. Similar to the Mondragon, the Du Bois approach avoids elite control by giving authority to the consumers, which means that democratic decision making was integral to the management and development of the cooperative. The coming of this "new economic order" based on cooperation was propitious for African-Americans because they were largely consumers. Given their buying power, they could become increasingly self-reliant if the cooperative strategy was pursued [Du Bois 1986, 699].

The founders of the Mondragon envisioned the creation of an ever-expanding cooperative network. Du Bois's approach includes this element of the Mondragon Cooperatives. Black churches, schools, newspapers, restaurants, and other existing institutions and resources represented a nascent framework for economic expansion [Du Bois 1986, 699]. He argued that blacks could expand that foundation into a system of factories and larger industries, creating a fully elaborated economy that would lead to group self-sufficiency. This would create a host of benefits. "Tomorrow we may work for ourselves, exchanging services, producing an increasing proportion of the goods which we consume and being rewarded by a living wage and by work under civilized conditions" [Du Bois 1986, 711]. The surplus income generated from these economic activities would be reinvested to finance Du Bois's elaborate program of community development. This is a form of cooperative entrepreneurship since businesses were required to contribute directly to the community building process.

Given the low social and cultural status of blacks in this society, Du Bois's program went beyond business development and profitmaking; in other words, Du Bois understood that social development had to be tied to economic development if group advancement was to be achieved. The program had to deal with the ignorance, poverty, sickness, crime, and the racist discrimination that affected the black community. As a part of this comprehensive plan, educational, medical, legal, and other professional services would be socialized to benefit the group, as opposed to private individuals. The church was needed to provide moral instruction and to serve as a charitable organization. Art and literature were needed to enlighten, civilize, and instill pride [Du Bois 1986, 698].

Presaging contemporary community development strategies, Du Bois's model has what economist John W. Handy noted as important to make community development successful: "a multi-dimensional strategy drawing on all of the strengths, abilities, and talents of the African-American community . . . African-American public officials, business leaders, educators, health professionals, the black church, and historically black colleges and universities...must form the vanguard for community development" [Handy 1993, 42].

Du Bois's idea was never put into practice because of its advocacy of separate development, which was anathema to integrationist positions associated with the NAACP leadership. According to Cruse [1986, 92], Du Bois ". . . was not really talking about racial separatism, but about internal racial economic cooperation." Unwilling to admit to the potential advantage of "voluntary self-segregation," the NAACP leaders emphatically rebuked his economic program, and in 1934 Du Bois resigned from his position in the NAACP.

Conclusion

The Mondragon Cooperatives are a powerful illustration of how an oppressed ethnic group can overcome insurmountable social and economic odds. The Basques, despite the repressive rule of Francisco Franco, were able to become self-sufficient through the Mondragon system. Principal among its many virtues was the Mondragon's emphasis on cooperation and group advancement. The Mondragon is testimony to the fact that the cooperative approach to economic development could serve as the vehicle for improving the quality of life for an oppressed minority group. This example should serve as encouragement to those persons in this country interested in strategies for bringing about the revitalization of urban black communities.

Table 1 summarizes the comparative analysis discussed in the paper. The chart shows how few similarities there were between the approaches of Booker T. Washington and the CDC with that of the Mondragon's cooperative strategy. With its emphasis on individualism and the "trickle down" of economic benefits, the Washington approach has proven to be an ineffective vehicle for black community development because the entrepreneur is generally more concerned about personal profits than about group advancement.(4) Relying on business ownership as a "social" remedy as well, this purely capitalistic approach has proven incapable of solving the multidimensional problems within the black community. Even when entrepreneurship was given a community orientation, as is the case with many of the CDCs, collective advancement has not been achieved. Eventually, the managers and officials of the CDCs in many urban black communities became more preoccupied with profitmaking than the social and economic development of the surrounding neighborhoods.

Many of the elements of the economic programs implemented by Marcus Garvey in the 1920s, and advocated by W.E.B. Du Bois in the 1930s, were virtually

identical to those of the Mondragon Cooperatives, as table I shows. Although wary of the exploitative nature of capitalism, Garvey, like Washington, thought economic development must come first and that other forms of advancement would follow. Yet, unlike Washington, Garvey was concerned about the collective interests of the black community. Mutual profit sharing and collective decision making were the basis of operation and ownership of the UNIA's commercial operations.

The collective objectives were important to Du Bois even when he supported capitalistic approaches to black economic development. However, Du Bois later came to believe that the economic cooperative world undercut the exploitative tendencies of capitalism. This more complete rejection of capitalism, which did not apply to the approach, makes the Du Bois program the most similar to the Mondragon Cooperatives. Du Bois became convinced that cooperative institutions were the solution to the social and economic problems in the black community.

The depth of the dilemmas that black communities face requires strategies that focus on the entire group and the total problem, that is, the collection of factors that constitute the quality of life of a community [Handy 1993, 42]. Capitalistic schemes have only scratched the surface and relieved a few of the symptoms of pressing social problems and generally have benefitted a select few. However, despite its obvious limitations, black entrepreneurship is continually put forward as the best strategy for bringing about the revitalization of urban black communities.

At the same time, however, the economic cooperative has provided the Basque people of northern Spain, a historically oppressed minority group, with economic self-sufficiency. This successful Mondragon system, along with the economic programs advocated by Garvey and Du Bois, provide important examples of a road not taken for black community development in the United States.

[TABULAR DATA FOR TABLE 1 OMITTED]

Notes

1. Vincent [1971, 16]. Vincent states that Edmund Cronon [1955] helped to create the myth that Garveyism was synonymous with the return to Africa for black Americans. Vincent contends that the UNIA only planned for a "relative few - at most, a hundred thousand - to emigrate. Their task was to develop Africa and solidify an alliance between blacks in the Western and Eastern hemispheres."

2. Hill [1983, 273]. In addition to these cooperative-type businesses in the United States, the UNIA had cooperatives in other countries. The UNIA branch in Colon, Panama, operated a cooperative bakery. The Kingston, Jamaica, branch ran a cooperative bank [Martin 1986, 35].

3. In fact, Du Bois rather than Washington came up with the idea for the National Negro Business League. In 1899, a year before Washington formed the NNBL, Du Bois encouraged participants at the Atlanta University conference on "The Negro in Business" to initiate "Buy Black" campaigns and create Negro Business Men's Leagues in their communities [Harlan 1972, 265-67, 360; Marable 1986, 43].

4. According to economist Donald J. Harris [1993, 66], there is no automatic mechanism that assures redistribution of wealth and income as the economy or businesses grow. "The trouble with the trickle down idea, as appealing as it may appear, is that it is both analytically invalid and historically incorrect."

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