

# **ECONOMIC EMPOWERMENT**

## DISSECTING THE CHALLENGES AND OPPORTUNITIES FOR MINORITY PARTICIPATION IN THE NEW ECONOMY

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Not so many years ago, Cleveland was a magnetic city known for its economic vitality and opportunity. At the start of the 20th century, Cleveland was well-positioned at the forefront of the industrial revolution with the founding of companies such as Standard Oil, TRW, Inc., and Eaton Corporation. These robust organizations laid the foundation for decades of prosperity. The region's vibrancy was augmented by convenient waterways, including Lake Erie and several rivers that allowed for the shipping of iron ore and other raw materials and products that strengthened the region's manufacturing capacity. This economic boom led to the creation of thousands of jobs, which in turn attracted thousands of residents seeking employment opportunities. Many of these new residents hailed from European countries such as Hungary, Germany, Italy, Poland, and Ireland. The tremendous growth of jobs and corresponding increase in overall population led Cleveland to a peak population of 915,000 residents in 1950. For the first 50 to 60 years of the last century, opportunities for jobs and a good quality of life were abundant for citizens residing in the area.

In addition to attracting immigrants from European countries, Cleveland's fast-paced growth and prosperity also initiated migration patterns from southern states. From the 1940s through the 1960s, thousands of African Americans seeking employment and a better quality of life (not to mention civil rights) migrated to Cleveland from Georgia, Alabama, and Mississippi and other southern states. What they found were plentiful jobs, good schools, a rich arts and culture environment and active faith-based institutions. These southern transplants hungry for opportunity settled largely into Cleveland's East Side neighborhoods and quickly began to experience a new lifestyle replete with all of the accoutrements that urban America had to offer.

Many of these African-Americans landed jobs in the manufacturing sector, including working for automakers, steel mills, stamping plants, and in other assembly line positions. Although a good number of them had less than a high school education, these "blue collar" workers became the first generation in their families to reach middle class status.

Manufacturing positions paid competitive wages and often led to labor union affiliations. Manufacturing also provided steady employment with long-term staying power. Other important benefits, such as medical coverage, pension plans and, in some cases, bonus pay-outs, laid the groundwork for comfortable lifestyles and financially sound retirement years. As a byproduct of reaching this level of status, African-Americans who for so long had been denied opportunity, also became empowered to further pursue and attain the American dream. Their view of the American dream, just like that of their white counterparts, was varied and multi-faceted: purchasing homes in safe and integrated neighborhoods, sending their children to quality school districts (and colleges and universities) and engaging in entrepreneurial endeavors. Their success in pursuing these ambitions and accomplishments created wealth, stable neighborhoods, families and hope for the promise of future generations.

As African-Americans became more educated and prosperous, they began to migrate from the central city where they had been concentrated for many years to inner-ring suburban communities. They also began to take leadership positions within major corporations, civic and community organizations, and local governments. In 1968, Cleveland became the first major city in America to elect an African-American mayor. In the sports world, the first African-American to play in the American League of Major League Baseball played for the Cleveland Indians, and the first African-American general manager in Major League Baseball led the same franchise. All of these developments confirmed, for celebrities and common folks alike, that the City of Cleveland was a national model of opportunity, upward mobility, and empowerment for African-Americans.

In the decades that followed, however, the living and social conditions for African-Americans began to plummet. Higher percentages of African-Americans failed to complete high school, compared to their white counterparts. The quality of the public schools began to be called into question. A hastily organized desegregation plan in the late 1970s led to tumultuous times in the Cleveland Municipal School District, including the exodus of large numbers of white students from the district and the sharp division among many African American students within the district, which resulted from neighbors and former classmates being split among east and west side rival schools. Crime rates in neighborhoods began to increase, and the tight bonds that had held communities together started to unravel. The plentiful manufacturing jobs that at one time served as the magnet and anchor for African-Americans began to disappear, due to the decline of U.S. automakers who were faced with foreign competition, a decreasing demand for steel in America and a growth in outsourcing entire industries, such as textiles and light manufacturing to Mexico and China. These developments began the “emptying out” of manufacturing businesses in Cleveland, leaving behind vacant buildings, ailing infrastructure and high unemployment. Workers with the economic wherewithal started leaving the central city for greener pastures—literally and figuratively—as urban sprawl began to take minorities with financial means further away from the urban core.

Coinciding with this exodus of jobs and educated, financially stable minority families from the central city was the wholesale criminalization of the African-American male. Incarceration rates among young African-American men started to rise alarmingly in the 1970s and exploded in the 1980s and 1990s, with the advent of the nation’s legal crack-down on crack cocaine. Over a period of two decades, thousands of able-bodied African-

American men were taken away from their families and their neighborhoods and sent to penal institutions. This incarceration boom contributed to an explosion in the number of single parent households, which ultimately changed the life experiences for the last two generations of African-Americans who have had to grow up in homes and communities where responsible fathers were rarely seen. This explosion of single parent households, by all accounts, has resulted in decreased family income and diminished opportunities. Decreased family income, in turn, has contributed to a deterioration in community resources and the downward spiral of neighborhood businesses and supportive service agencies. Upon returning home from prison, men found themselves ostracized and shut out of jobs. This lack of opportunity to re-enter the workforce led many to conclude that they had no other option than to re-establish the criminal activities that had led them to prison. This vicious cycle of incarceration and unemployment created despondent children who have largely continued the cycle of poverty by following the examples set by African-American men going to prison and discounting the importance of education. This combination of high rates of incarceration and low levels of educational attainment, more than anything, has been the most significant detriment for African Americans in Cleveland—and other urban areas—over the past few decades. Unemployed, undereducated males have proved to be a death sentence for many minority neighborhoods. As the nation has rapidly shifted toward a knowledge economy and greater global competition, education has increasingly been touted as the “last best chance” for African-Americans, and the communities that they call home, to survive.

## EDUCATION

*The Washington Post* reported in a 2007 article that nearly half of African-Americans born to middle-income parents in the late 1960s plunged into poverty or near-poverty as adults. The article went on to say that 45 percent of black children whose parents were solidly middle-class in 1968—a stratum with a median income of \$55,600 in inflation-adjusted dollars—grew up to be among the nation’s lowest fifth of the nation’s earners, with a median family income of \$23,100. Only 16 percent of whites experienced similar downward mobility.

How could this be? The simple answer is the demise of the manufacturing sector and the challenges of the public education system in Cleveland. In the 1960s, many more men were working and therefore able to support families because of the abundance of manufacturing jobs. By 2005, roughly 65 percent of all males living in poverty were African-American. Nearly one-third of African American men living in area cities never completed high school. The overall high school graduation rate for the Cleveland Metropolitan School District in 2008–09 was only 54%. Such a low rate of completion in this era that trades on knowledge is cause for concern. However, alarm bells should be ringing over the fact that 19 to 26% of African-American young men are completing high school. Lack of educational attainment poses a significant barrier to economic empowerment, not only for these disenfranchised citizens but the entire region.

The following grim findings underscore the dangers of large minority communities such as Cleveland not taking advantage of what education has to offer:

- In 2003, workers who did not complete high school earned less than \$21,000 a year on average, according to the Bureau of Labor Statistics.
- Minority working families in Ohio are about twice as likely to become low-income or poor.
- In most counties of Northeast Ohio, 2000 Census figures reveal that the percentage of African-American men living below the poverty line is 2 to 3 times higher than the overall poverty rate among all males.
- Joblessness among African-American men who live in central cities and never finished high school is oppressive. Northeastern University's Center for Labor Market Studies found that 44 percent did not work in 2002. Losses in the manufacturing sector have no doubt contributed significantly to the rise in unemployment among African-American high school dropouts.

Given that the loss of low-skilled manufacturing jobs has been a major contributor to decreasing levels of employment among African-American workers, Clevelanders must re-invent the pipeline to ensure that low-to-moderately skilled individuals can become and remain gainfully employed. This is not a moral lament, but an economic imperative for our region's economic health. To do this, a revamping of educational offerings and opportunities will be paramount.

The Cleveland Metropolitan School District is in the process of launching a major transformation plan. This plan is expected to increase the number of Cleveland students who successfully graduate and leave school well-prepared for positions of relevance in the 21st-century workforce. Those positions, to a great extent, will hinge on the continued expansion of the health-care industry, which now accounts for the highest number of jobs not only in Cleveland but the entire State of Ohio. The Cleveland Metropolitan School District has reacted to this industry trend by creating new schools that prepare their students for medical-related employment opportunities, including the Cleveland School of Science and Medicine and the STEM (Science, Technology, Engineering, and Math) schools. Other high quality schools, such as the Cleveland School of the Arts, Early College, the School of Architecture and Design and Max Hayes, are also preparing students for other 21st-century jobs in areas such as technology, alternative energy, arts, architecture, and advanced manufacturing. It is absolutely imperative that these kinds of specialized schools continue to grow and expand if African-American citizens are to be empowered to take control of their own destiny. So far, these innovative, industry-focused approaches to education have centered on the high school years, but they need to be integrated into the K-8 feeder schools that prepare students for their high school years. The Cleveland School District and several neighboring districts are all carefully evaluating programs that align education reform efforts with the needs of the 21st-century workforce and are pursuing a core strategy of replicating successful and proven models throughout their respective districts.

## ENTREPRENEURSHIP

Minority and small businesses within core cities such as Cleveland are critical to helping initiate urban revitalization. Because the very survival of communities depends on thriving businesses that provide employment for residents and contribute taxes for government services, state and federal policies should support and complement efforts to connect minority businesses to investments designed to stimulate urban economies. Minority businesses employ a higher number of minority employees, as compared to majority businesses. This, in turn, increases the likelihood that dollars will recirculate in minority communities. Recirculation of dollars can determine the overall quality of life for a neighborhood or city and should never be underestimated.

The National Center for Policy Analysis has estimated that some 25 million Americans participate in a “hidden economy,” often made-up of self-employed people who employ workers off the books, perform unlicensed services or exchange unregulated goods. Although some of this activity is illegal, the vast majority of these off-the-books workers produce goods or services that are legal. Whether they be unregulated catering services, unlicensed barber shops, uncertified auto mechanics or unregistered construction and/or landscaping businesses, these services often offer the only opportunities for employment and wealth creation for urban core residents. This is especially true for disenfranchised populations such as convicted felons, who are disproportionately African American, male and poor, and who find that they are not wanted in most mainstream jobs. The aforementioned explosion of health-care jobs, by example, will not serve the needs of this demographic group, as most medical institutions have policies that prohibit the hiring of ex-felons. Therefore, entrepreneurship must be a vital component of any plan or strategy to empower minority residents to earn a living and contribute their share to the region as tax paying citizens. The “heavy lifting” associated with making such opportunities come to fruition will clearly rest with those entities that regulate, certify and provide licenses. Special outreach programs that assist minority entrepreneurs with everything from education about certification and licensing programs to obtaining financial assistance with fees and necessary training could go a long way. Access to bid opportunities and business contracts would also ensure that these enterprises can compete and ultimately thrive.

According to Small Business Resources, African-Americans are 50 percent more likely to start their own businesses than white workers. A Junior Achievement poll of students 13 to 18 found that 86 percent of black teenagers want to be entrepreneurs, compared to 69 percent of white teens surveyed. This not only further makes the case for the need to empower minorities to start and grow their own businesses, but also suggests that more grant and loan dollars should be designated for minority businesses. Such an investment would be a sound approach and would support the reality that the propensity for many minorities (especially those who are disenfranchised) is to explore entrepreneurship.

Clearly, Northeast Ohio would benefit by nurturing and cultivating this entrepreneurial spirit among African-Americans who are trying to create their own American Dream. Melvin Gravely II, of the Institute for Entrepreneurial Thinking, summed up the opportunity as follows:

We have been spending resources to impact the economics of minorities primarily using a social model. Our next big opportunity is to invest in economic inclusion through the proactive development of minority businesses. Success in this critical mission means the same type of investment used in other important areas of our communities. It means a comprehensive strategy that captures the trends of the market, invites the ideas and passions of the individual and leverages existing assets.

Northeast Ohio leaders need to recognize that true growth and development in America stems from hard work, ingenuity, opportunity, and entrepreneurship. We, as a region, need to offer each and every individual, especially African-American men, the chance to develop and prosper.

## EMPOWERMENT

An analysis of economic empowerment requires some focus on the meaning of the word empowerment. In the article, “Empowerment: What Is It?” (*Journal of Extension*, www.joe.org), the term is defined as a multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power in people for use in their own lives, their communities and in their society by acting on issues they define as important. The article goes on to state that the core of the concept of empowerment is the idea of power. The possibility of empowerment depends heavily on the premise that power can change. If it can, then empowerment is possible. If it can't, empowerment is impossible. Additionally, the concept of empowerment depends upon the notion that power can expand. The article goes on to state the following about power:

Power is often related to our ability to make others do what we want, regardless of their own wishes or interests (Weber, 1946). Traditional social science emphasizes power as influence and control, often treating power as a commodity or structure divorced from human action (Lips, 1991). Conceived this way, power can be viewed as unchanging or unchangeable. Weber (1946) gives us a key word beyond this limitation by recognizing that power exists within the context of a relationship between people or things. Power does not exist in isolation nor is it inherent in individuals. By implication, since power is created in relationships, power and power relationships can change. Empowerment as a process of change, then, becomes a meaningful concept. (Page and Czuba, 2)<sup>7</sup>

There are many forms of power that affect the quality of life for citizens in neighborhoods, cities, and even nations. These forms include political power, economic power and community/civic power. Each of these are detailed below in the context of Cleveland's future, bearing in mind that power relationships can change and ultimately lead to empowerment.

## POLITICAL POWER

Elected officials play a major role in setting the course for the region's economic success. They set the parameters for tax structure, city services, human services, land use, and safety, just to name a few. If political leaders are bold, proactive and inclusive in their approach to their work, they can help empower constituents, especially marginalized or

less-connected constituents, to realize opportunities that lead to jobs and shared prosperity. If these same leaders have a more limited view of how their priorities might include minorities and other disenfranchised populations, the community and many of its citizens will not reach optimal levels of success. The power of voting citizens is the one element that can counter the abuse of political power and power relationships.

## **ECONOMIC POWER**

Economic development, business attraction, business growth, per capita income and gross regional product are all terms that measure or contribute to a region's economic health. As a region grows and attracts businesses, it becomes more competitive and helps to generate tax dollars as well as philanthropic dollars that contribute to the quality of life for its citizens. If these same areas falter, the region can experience negative trends that slow or impede growth. Therefore, it is in any region's best interest to generate economic power. However, that economic power cannot be amassed in a fashion that benefits a few. It cannot only apply to large corporations or wealthy individuals. Again, the power needs to be shared so that, as the region gains economic power, it can "lift all boats."

## **COMMUNITY/CIVIC POWER**

The ability of citizens to organize, mobilize, and strategize on the important issues facing their community is a good determinant of the community's collective level of progress and impact. Key decision-making cannot be limited to corporate leaders and elected officials who control the political and economic power. It must also include community and civic leaders who are "closest to the ground" on the issues affecting the city and the region. Community residents are, by and large, most affected by political and/or economic decisions on an on-going basis, which results in outcomes such as tax increases, job loss and urban sprawl. Therefore, the ability of the Cleveland community to share power with the masses will be a key ingredient to success. The power of the community to speak in one voice and to challenge the status quo will ensure that decision-making is balanced and representative of community needs. In doing so, decisions will be more likely to lead to job creation, business attraction and improved city and county government services.

Providing economic empowerment for Cleveland's residents will require changes in how power is organized and shared. That process cannot and will not happen until all representatives have a seat at the table, with social and economic equity at the core of all power-sharing and empowerment efforts.

## **NORTHEAST OHIO'S FUTURE OPPORTUNITIES**

Northeast Ohio is rich with opportunities that can address and fortify its financial position. These include opportunities associated with neighborhood development, education, workforce development, immigration, and arts and culture. A few concrete recommendations for several of these categories are listed below:

- Schools in distressed communities that have significant minority populations should have a longer school year and extended instruction time throughout the year to help close the achievement gap. Providing enriched and accelerated programs for African-American students (particularly boys) will require additional resources, but, given the correlation between low educational attainment and high levels of unemployment, poverty, and incarceration, the additional investment should pay off in improved employability and opportunities for empowerment.
- Schools need to elevate the quality of instruction among teachers who work in schools with significant numbers of minority males. All such teachers should have access to professional development that introduces them to cultural awareness and sensitivities associated with this population. Unique teaching approaches need to be developed to assist this population in moving from dead last in academic performance to more respectable levels of achievement. Special incentives should also be developed to attract more African-American male teachers to serve this student demographic.
- African-American entrepreneurs need access to assistance that goes well beyond the usual anecdotal information offered in workshop or seminar format. Business intermediary groups, economic professionals, and local financial institutions should conduct an analysis of this issue to better understand why and how minority businesses struggle. After the analysis is complete, those groups should commit to devising and implementing a plan that supports and lends resources to help minority entrepreneurs succeed.
- Acknowledge the impact of race in employment. Traditional training programs have typically failed to take into account the important influence of race and ethnicity. Although white workers in rural Appalachian areas and black workers in poor urban neighborhoods may have similar levels of unemployment that stem from similar marketplace shifts, their workforce development needs may be different because their cultural backgrounds, community values and life experiences are different.
- Incorporate state-level Alternative to Prison (ATP) programs that offer proactive options to first-time offenders and those who commit lesser crimes. The alternatives should include year-round school, boot camps, “skill training” camps, probations (contingent on working towards educational goals) and community service. These programs could be financed with dollars saved from a declining incarceration rate, which ideally would be reduced by 10 percent to 15 percent over a three-year period. This approach would lessen the number of individuals who enter the penal system and thereby mitigate one of the most pressing challenges facing African-American males today. This approach would also lessen the tax burden of the entire region.



- Focus training efforts on employment in the trades to fill the projected shortage of construction workers. Efforts to redevelop aging cities and to expand “green building” and urban agriculture practices and technologies should create job opportunities that could be targeted toward disenfranchised urban workers. Projects such as the medical mart and the new casino should provide many opportunities in this regard. Cleveland’s focus on being a leader in sustainability should also help to develop new “sustainable-oriented” businesses, including solar and wind energy.
- Analyze each neighborhood block by block and make the necessary tough choices about where investment dollars are warranted and where they would likely be wasted. Identify assets within neighborhoods that can be built on and channel resources toward developing a unique sense of place and catalyzing work opportunities in support of those anchoring assets.
- Provide incentives to banks and the Small Business Administration to invest in small to medium-sized neighborhood businesses. In addition to providing access to capital and supplying technical assistance, help local businesses understand how they can position themselves for growth and prosperity in 21st-century neighborhoods.
- Teach the history of Cleveland and economics to area school students. Provide supportive resources that empower them to get engaged in projects and programs that lead to community service, civic engagement, and entrepreneurship. Focus these programs on minority students with a goal of empowering them to take risks as well as control their own destiny. Helpful programs could include business mini-grants, college readiness training, and civic engagement coordination.
- Leverage the rich arts and culture environment in Northeast Ohio by connecting minority residents with employment opportunities in arts-related positions. Expose minority residents to arts through classes such as music, painting, drawing, poetry, and dance, and help them understand the long-term opportunities that may stem from training and experience in the arts. Offer arts scholarships, internships and work study programs at local arts institutions.
- Aggressively market the Cleveland region as a hub of activity and opportunity for immigrants. Develop a welcome center and offer immigrant incentives such as discounted housing, opportunities for the “clustering of homes” (geared toward families moving to the region), and technical assistance, ESL classes, and scholarship dollars for higher education. Get immigrants involved in the growth and prosperity of the region, and build in expectations for reciprocity, such as philanthropy, volunteerism, and a long-term civic and residential commitment to the region.

“Empower” is defined in two very interesting ways: 1) give or delegate power or authority to; and 2) give qualities or abilities to. Based on these definitions and as previously referenced, it is imperative that minorities be afforded the critical tools defined in the word empower or empowerment. These tools include delegating and/or sharing power, extending authority to unusual partners and providing opportunities and skills to those who have the potential but lack the networks and prospects for success.

We need all of our citizens empowered and working toward returning Cleveland and Northeast Ohio to the vibrancy of its past. We need all citizens to be educated, equipped with relevant skill sets and armed with confidence. They also all need to feel that they are a part of the solution and integrated into the fabric of the community in which they reside. As discussed throughout this chapter, it is going to require concentrated effort to reach out and empower minority citizens, particularly African-American men, to succeed in today’s changing work environment. There are many challenges. Yet, connecting minorities to opportunity has the potential and is the key to transform the region. As such, those with political, economic, and civic power must do all that they can to include minorities in the growth and prosperity plans for the region. Every citizen should be empowered to make Northeast Ohio a quality place to live, play, work, worship, and raise a family.

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