
The Business of Black Power

*Community Development, Capitalism, and
Corporate Responsibility in Postwar America*

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Chapter Three

A McDonald's That Reflects the Soul of a People

Hough Area Development Corporation and Community Development in Cleveland

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Professional smiles, proud faces, and business-clad Black activists sporting perfectly coiffed naturals dot the pages of the Hough Area Development Corporation's 1974-75 Annual Report, titled *Building a Community That Reflects the Soul of Its People*.¹ The community activists of Hough Area Development Corporation (HADC) had reason to be proud. Cleveland's Black activists built an organization whose work ranked among the most unique and innovative of efforts for economic growth in the Black power era. Founded in 1967, several years before this 1974 Annual Report, HADC boasted significant achievements in banking, job training, housing, employment, and individual business ownership. By 1973, HADC had also purchased its own companies—among them two franchise restaurants of the McDonald's Corporation—which proved to be HADC's leading businesses in community economic development.

HADC's acquisition of the two McDonald's restaurants changed the terrain of Black power in Cleveland in the late 1960s and early 1970s through its embrace of a Black economic development model that both broadened Black access to wealth and challenged narrow definitions of Black capitalism. The McDonald's restaurants became experiments in a form of community capitalism that eschewed the usual business model of individual franchise ownership and low-wage labor and offered alternative opportunities to build collective wealth over time. In doing so, HADC attempted to strike at the heart of mass poverty and address the realities of financial inequality for the greater Black community. This approach to Black economic power was far more dynamic and potentially transformative than the more recognized and

accepted "Black capitalism" that embraced free market ideas and effectively limited wealth to a few.

Two conflicts, however, hampered the success of HADC's community capitalism project. The first was internal dissension within the Cleveland-based Black nationalist organization Operation Black Unity (OBU), over who should own the McDonald's restaurants, which ultimately led HADC away from its activist beginnings. The second dispute concerned the transfer of power from executive director DeForest Brown to his successor Frank Anderson. Both developments derailed HADC from its initial mission and eventually hampered the organization's use of a community capitalism prototype to remedy Black poverty. These conflicts illustrated both the external pressures and the ideological disagreements that foreclosed collective strategies of building Black wealth and economic independence, and contributed to the eventual demise of HADC.

Community Development Corporations and the Emergence of "the Machine"

In 1966, the term "Black power" entered the American mainstream. With two words, the phrase captured the changing dynamics of the 1960s freedom movement. The Black community militantly challenged the slow end to de facto and de jure discrimination. Black power advocates called for political, social, cultural, and economic participation in every aspect of American society. Black political power made headway in many areas across the United States. Unhindered voter participation led to the election of Black politicians in all facets of government from town and city halls, to the statehouse, to Capitol Hill. Culturally, Black power found expression in fashion, television and film, music, naming traditions, and the celebration of body image. Socially, Black power ranged from control of school boards, independent schools, and Black studies programs in universities to community and national unity groups.

Economic power, in particular, became a central component of Black power. The movement attacked economic inequality, but much of its rhetoric seemed to adhere to a Black version of good old American laissez-faire capitalism to address wealth disparity. The "Black capitalist" approach offered to transform Black inequity by expanding business opportunities to a select number of Black owners who would then extend employment opportunities to others. Widely publicized projects, such as Floyd McKissick's Soul City and President Richard Nixon's Office of Minority Business Enterprise, propagated the ideals of free market participation by Black businesses and in the process reduced Black economic power to Black capitalism.²

Contrary to popular belief, African Americans sought Black economic power through a variety of strategies and launched economic experiments that departed from Black capitalism in response to the needs and commitments

of local people. Indeed, a number of activists and movement critics opposed much of Black capitalism as an illegitimate method for addressing the entrenched poverty of the Black community. Leading this charge was Robert Allen, whose 1969 *Black Awakening in Capitalist America* was among the earliest and most searing condemnations of Black capitalism. Allen argued that Black capitalism amounted to the formation of an elite stratum of Black bourgeoisie that acted as the face for white oligarchs. Worse, Black capitalists who partnered with Republican Richard Nixon's administration all but confirmed for Allen that the Black community was being sold into capitalist servitude. Earl Ofari Hutchinson, another critic of Black capitalism, wrote: "Like its protector American corporate capitalism, [Black capitalism] polarized the Black community to the point where a small clique tightened its hold on the reins of leadership."³ For Hutchinson, Black business ownership had little relevance to the broader Black community.

Many Black activists embraced portions of Hutchinson's and Allen's critiques. Capitalism *had* systematically prevented Black wealth building. But even so, there was wide acknowledgment that capitalism would remain the nation's economic system.⁴ In addition, massive funds were urgently needed to change the material existence of the Black poor. Thus, a pragmatic question emerged: how could Black activists make capitalism more accessible to the poor? Community development corporations (CDCs) emerged as a middle ground between free market Black capitalism and anticapitalist/Marxist views.⁵

Utilizing federal, state, city, foundation, and corporate money, CDCs attempted to lift Black people out of poverty through job training, homeownership, banking access, low-interest loans, and employment opportunities. CDCs also formulated new ways of manipulating the American capitalist structure to increase participation by poor Black communities. Scholars, policymakers, and economists worked in tandem with CDCs to expand and push capitalism toward a more inclusive system—often called community capitalism.⁶

Like Black economic power, approaches to community capitalism varied. The Congress of Racial Equality (CORE), for example, submitted a legislative proposal that would create a national domestic development bank to facilitate Black CDCs.⁷ Economist Louis Kelso argued that "ghetto" enterprises could provide employee stock options or facilitate the extension of credit as wealth-producing techniques. Other observers suggested building wealth by purchasing stock dividends in community businesses, which helped establish credit, provided additional income, and set the stage for a level of participation in the capitalist system beyond mere ownership of an enterprise.⁸ CDCs' multifaceted approach to community capitalism included credit unions, social service projects, stock options, and group employee ownership.

Many major cities were beginning to form CDCs in the 1960s. The federal government provided funds to catalyze such efforts, but few CDCs received adequate funding to carry out their proposals, and many initially relied on

the resourcefulness of local leaders. The Office of Economic Opportunity (OEO), established under President Lyndon Johnson in 1964, provided financial assistance to people struggling for economic parity and development. The OEO initially administered the War on Poverty programs, but it also played a pivotal role in funding local CDCs operating in poor Black communities across the United States.⁹

One such community in Cleveland formed the Hough Area Development Corporation to assist its neighborhood. Hough was initially a white middle-class enclave, but white flight and Black migration following World War II turned the community Black almost overnight. By the 1960s, Hough was one of the most dilapidated areas on Cleveland's majority-Black east side. When a six-day riot in Hough rocked Cleveland in 1966, the deteriorating state of the community and Mayor Ralph Locher's ineffectual response drew local and national attention and ultimately bolstered HADC's formation.¹⁰

After the riot, Black community leaders, concerned about the distribution of recovery funds slated for Hough's revitalization, formed the Hough Area Development Corporation. The organization entered the nexus of Black power activism and economic development in April 1967 when DeForest Brown, a social worker and civil rights activist, created a loose-knit group whose mission was to ensure the proper use of federal funds for urban renewal and poverty programs. Brown was joined by forty community leaders and Black professionals (most of whom were connected to the Cleveland civil rights movement) who dubbed their unofficial entity "the machine." What began as an informal discussion about community control of revitalization funds became a reality when the group met in 1967 at Lancer Steakhouse to launch an economic development corporation underwritten with their own money. This caveat was particularly important in that the organization initially attempted to be independent from outside influence. Cofounder DeForest Brown was selected as HADC's executive director.¹¹ With only internal funding from its members, HADC began as a watchdog organization monitoring the emergence of businesses and community institutions, identifying those that provided or withheld neighborhood assistance. HADC soon expanded its activities to include researching the viability of low-income housing and the causes of Hough's economic deprivation.¹²

As HADC plotted a more aggressive economic course, it applied for funding from various local foundations and corporations and, in the process, attracted the attention of the Office of Economic Opportunity. HADC appealed to the OEO for a number of reasons. It represented a large cross-section of activists, community leaders, and professionals who supported OEO's mission. It was self-started, and it targeted a defined portion of the city. And HADC had already begun an economic development project with a grant from Cleveland Now!, a program of Cleveland's new mayor, Carl Stokes. It helped, too, that Hough was located in a city of critical importance to the

Democratic presidential nominee, Hubert H. Humphrey. These factors made HADC an ideal target for the OEO, which encouraged the organization to apply for a grant. In July 1968, Humphrey announced that HADC would be the first CDC to receive \$1.5 million, making it the most well-funded in the nation. It would remain so after receiving consecutive grants from the OEO through 1974.¹³

With OEO, local, city, and foundation funding secured, HADC immediately determined which businesses would be most appropriate for the community. In so doing, HADC created its first business, Community Products Inc., a manufacturing company that produced rubber parts for the automobile industry. Community Products expected to employ five hundred Hough residents, many of whom were women formerly on welfare, over four years. HADC served as the holding company for Community Products until the company reached solvency—at which point, its profits were deposited into a general fund to sustain HADC's community work and facilitate other start-up businesses. The rubber venture was a first step toward creating employment for Hough residents, restoring their economic independence, and generating a model for community ownership of neighborhood businesses.

Within the first couple of years, HADC provided venture capital for new businesses, consultation for small business owners, and job training and education for Hough's residents. In addition, it produced proposals for a six-hundred-unit low-income housing development, a credit union, the Handyman Maintenance Services Company, and its most ambitious business project, the Martin Luther King Jr. Plaza—a shopping center located squarely within the Hough community. The King Plaza was to be a symbol of Black economic power: created by Black architects, built by Black construction companies, and housing both Black businesses and Black residents.¹⁴

From its board members to its community projects, nearly every aspect of HADC promoted economic power and community control. HADC's board—both the executive numbering thirty-six people and the advisory numbering seventy-five—consisted almost entirely of Hough residents and Black Clevelanders who advocated community control.¹⁵ It mandated that HADC spinoff companies employ Hough residents. The Handyman Maintenance Company, for example, trained unemployed Hough residents and ultimately provided work to twenty-six.¹⁶ The profits from the King Plaza provided daycare services, entrepreneurial and job training, and technical assistance to local businesses. HADC also anticipated setting aside stock in Community Products Inc. for the welfare mothers it employed.¹⁷ Without question, HADC's efforts to translate calls for community uplift and control into tangible gains made it a promising, albeit experimental, CDC in only two years. So when the opportunity to obtain a McDonald's restaurant opened up, the purchase was hardly the cornerstone of HADC's economic development program. It would, however, eventually figure heavily in the

CDC's program of Black economic power. It would also portend many of the issues that would ultimately undermine the organization's success.

McDonald's Meets Black Power

Hough Area Development Corporation purchased two McDonald's franchises following a contentious boycott of the fast-food giant by a militant Cleveland-based Black nationalist umbrella organization called Operation Black Unity (OBU). Operation Black Unity represented a nexus of the eclectic Black power formulations its member organizations endorsed. Officially constituted on June 21, 1969, OBU grew to more than twenty local community organizations, including HADC, Afro-Set (a Black nationalist organization), the National Association for the Advancement of Colored People (NAACP), Congress of Racial Equality (CORE), the Federation of Black Nationalists, July 23rd Defense Committee, United Pastors' Association, PRIDE Inc., and the House of Israel.¹⁸ Prior to its official organization, OBU created committees to address various racial issues arising in the city, including an organized boycott of downtown stores over Christmas. The protest was eventually downgraded to a demonstration against one store, Sears, Roebuck and Co. OBU demanded that the Cleveland Fire Department increase its number of Black employees. It also investigated the brutal attack of Black students by white students at Collinwood High School and subsequently held a rally.¹⁹ In short, OBU made small forays into civil rights activism, until a serendipitous incident led the group to launch its first and only major project, a boycott of several McDonald's restaurants in the Black community.

By 1965, McDonald's boasted more than five hundred locations. The Big Mac had made its debut in 1968, and by 1969, McDonald's was overhauled to update architecture, increase the number of sit-down restaurants, and create the now-famous Golden Arches—an enduring symbol of the company's success.²⁰ The year also witnessed the first franchise purchase by an African American, Chicago resident Herman Petty. Despite the addition of Petty, McDonald's hardly operated at breakneck speed to increase Black franchise ownership, particularly given the company's profitability in Black neighborhoods.²¹ In fact, Petty himself did not own a McDonald's franchise outright. Instead he was part of a "salt-and-pepper" ownership arrangement in which a white owner profited while the Black owner maintained the bulk of day-to-day operations.

The practice of salt-and-pepper ownership emerged as a reaction to the changing demographics in urban areas. McDonald's restaurants were originally situated in white communities, which by the 1960s had become almost exclusively Black.²² Many white franchise owners now found their McDonald's surrounded by a community it had not initially intended to serve. McDonald's embraced salt-and-pepper ownership as a solution to maintaining profits with token Black representation. However, in Herman Petty's case, this co-ownership

proved problematic for two reasons. First, his two white partners in the new scheme embezzled funds and leveraged the restaurants to purchase other businesses. Second, the arrangement failed to challenge the corporation's franchise rules, which actually prevented all-Black ownership of McDonald's restaurants in Black communities.²³

In 1969, Reverend Ernest Hilliard, a minister in Cleveland's First Spiritualist Christian Church of America, tested the recalcitrance of McDonald's by attempting to purchase a franchise. Rabbi David Hill, ministerial leader of Cleveland's House of Israel, joined Hilliard's effort.²⁴ Throughout the spring, Hilliard and Hill met with McDonald's officials to lobby for a franchise located in the Black community. McDonald's stymied their efforts, claiming that only local franchise owners could accept a purchase offer. In April, negotiations fell apart when Hilliard learned that McDonald's had another Black Clevelander, Charles Johnson, under consideration for ownership of a lucrative restaurant.²⁵

The McDonald's negotiations deteriorated further when Hilliard was fatally shot in the driveway of his home in Warrensville Heights, a Cleveland suburb.²⁶ Given the threats Hilliard had received, many believed that his murder was related to his negotiations for the McDonald's franchise.²⁷ Whether there was any truth to this assertion, his death aggravated the tensions between McDonald's and Rabbi Hill. Additionally, Rabbi Hill earned a reputation among McDonald's executives for his theatrical and intimidating negotiation style, which included an accompaniment of bodyguards, abrupt closure of meetings, and shouting executives into silence. Given Hilliard's death and Hill's militant confrontations, the corporation had no intention of negotiating. Hill, therefore, turned to Operation Black Unity.²⁸

Hilliard and Hill had introduced the idea of a boycott to OBU in late spring/early summer, but the questionable death of Hilliard and McDonald's perceived slight of Hill spurred the group into action. The newly formed OBU intended to support Hill and push McDonald's to sell to Black owners.²⁹ OBU initiated contact with the overseer of McDonald's franchises, corporate vice president Edward A. Bood, and demanded a meeting in early July to discuss the conflict with Hill. OBU determined that McDonald's would either meet them or face a boycott.

Bood, however, was not about to meet with Hill or Operation Black Unity. Instead, he responded with a letter to OBU that charged Hill with encumbering "meaningful and rational dialogue" and complained that Hill's strident, emotionally charged rhetoric, bodyguard entourage, and unfamiliarity with "sound business practices" hindered any future dialogue with him or OBU.³⁰ Bood further asserted that previous attempts by McDonald's to promote Black business failed because the Black community lacked business expertise and financial resources. Bood added that he had no intention of attending a meeting nor would he capitulate to threats, harassment, coercion, intimidation, and violence.³¹ Finally, Bood noted that some members of OBU had requested that prospective franchise buyers donate funds to OBU's community programming, an act Bood considered extortion.³²

Bood's accusations angered OBU, particularly his assessment that the Black community had no business acumen and would use violence or threats to force the sale of restaurants to Black owners. OBU contended that McDonald's made hundreds of thousands of dollars in the Black community while limiting Black residents to low-wage earning status. In addition, parasitic business practices—like those of McDonald's—and economic discrimination limited the financial resources in the Black community. Thus, OBU asserted, the corporation had to alleviate this condition and play a stronger, more flexible role in facilitating Black ownership. Financially qualified Black owners were few, particularly given the \$150,000 cost of a new McDonald's restaurant.³³ As such, the stringent rules of franchise ownership were neither applicable nor appropriate for potential Black business owners.

In response to Bood's letter, OBU began a boycott on July 10, 1969. OBU members, mostly from Afro-Set and led by Harlel Jones, demonstrated in front of four McDonald's chains on Cleveland's east side. By the end of the week, all four restaurants temporarily closed down forcing McDonald's to meet with OBU to begin negotiations. When OBU selected Rabbi Hill to serve as chairman of negotiations, however, McDonald's refused to negotiate any further. In turn, OBU walked out of the meeting and pledged to maintain its picket line in front of the four McDonald's restaurants.³⁴

As McDonald's and OBU haggled, owners of the picketed restaurants turned to Carl Stokes, Cleveland's first Black mayor, for help. The restaurant owners argued that nonviolent picketers posed a potentially violent risk, and further, that the boycott—which forced them to close and reopen based on the status of negotiations—harmed their businesses.³⁵ Stokes placed a police officer at each restaurant to alleviate their concerns. He also interceded in negotiations between McDonald's and OBU. To that end, the Stokes administration helped OBU write a position paper listing five demands.³⁶ First, McDonald's must approve the sale of four restaurants to Black owners or institutions. Second, any future McDonald's built within the Black community must be sold to Black owners. Third, franchise payments must be paid to OBU *rather than* McDonald's. Fourth, McDonald's must grant irrevocable franchise rights to the purchaser—a request meant to prevent any betrayal by McDonald's. And finally, OBU had the right to approve the franchise buyers.³⁷

McDonald's refused to accept all of the terms. The corporation would allow, but not guarantee, the sale of stores within the Black community to Black owners. McDonald's also refused to offer irrevocable franchise rights and prohibited paying any portion of the licensing fee to OBU.³⁸ In response to the OBU demand for sole approval of owners, McDonald's offered to share approval for any interested parties. OBU rejected McDonald's counterproposal and the boycott continued.

Within weeks, the boycott immobilized all four restaurants, causing job losses for over 150 Black employees.³⁹ To be sure, a few of the McDonald's employees were not pleased by the boycott or the loss of employment, but protesters from Afro-Set noted that only a few expressed their anger, and

many more openly supported OBU.⁴⁰ The potent combination of employee support and the refusal of many customers to cross the picket lines inevitably forced the McDonald's restaurants to lose business and close again. A two-month impasse eventually forced the Stokes administration to step in and mediate outright. Stokes convinced OBU to halt its boycott while it again negotiated terms with McDonald's. The final agreement gave McDonald's and OBU coapproval of interested buyers. All four restaurants would be sold to a Black Clevelander or Black Cleveland institution, and McDonald's earmarked a future restaurant, the first sit-down McDonald's in the city, for Black ownership.⁴¹ Negotiations began for the two McDonald's restaurants located at East 104th Street and St. Clair Avenue and at 9101 Kinsman Road, while buyers for the other two were quickly approved. Charles Johnson, considered previously by McDonald's, purchased the East 142nd Street and Kinsman Road McDonald's. The newly organized, economically minded Hough Area Development Corporation purchased the largest McDonald's on East 83rd Street and Euclid Avenue.⁴²

Both McDonald's and OBU had reason to confirm HADC. For McDonald's, HADC was the only mutually agreed-upon buyer with the financial ability to pay \$300,000 for the franchise.⁴³ From OBU's perspective, HADC was a credible Black power organization because it boasted a staff and board of recognizable Black community leaders and activists and was the best-funded CDC in Cleveland. But when McDonald's unilaterally approved HADC's purchase of the fifth, sit-down restaurant, conflict arose between McDonald's, HADC, and OBU.

HADC versus OBU

OBU and HADC first clashed when the McDonald's representative, James Davis, accepted a request from HADC to purchase, not one, but two McDonald's restaurants.⁴⁴ The request was intended to resolve a major problem that would have prohibited HADC's involvement in the deal. First, only twelve years remained on the lease and franchise arrangement for the East 83rd Street restaurant. Second, the OEO retained approval on large HADC expenditures and refused purchase of a restaurant with long-term debt, short-term profitability, and a relatively short lease.⁴⁵ HADC had two choices: extend the lease period or obtain an additional franchise. McDonald's refused to grant an extension for reasons that are unclear, but it accepted HADC's proposal for a second purchase. The sit-down store designated for East 107th Street and Euclid Avenue would be sold to HADC to ensure its purchase of the East 83rd Street restaurant.⁴⁶

OBU was not pleased. OBU leaders felt affronted by McDonald's decision to sell the fifth McDonald's to HADC. In fact, OBU previously approved the sale of that McDonald's to OBU's own secretary, Fred Benbow, and the St. James AME Church. Without apprising OBU, McDonald's accepted HADC

before Benbow and St. James placed a bid for the future restaurant.⁴⁷ OBU immediately challenged the sale of the 107th Street restaurant. But from the corporation's perspective, there was no reason to back out of its agreement, especially given the recent influx of federal funds that made HADC a secure purchaser. Second, the inclusion of the fifth restaurant exceeded the original demand. It was offered by McDonald's as a good faith effort to increase Black ownership. Finally, given OBU's listing of HADC among the acceptable purchasers, McDonald's rejected OBU's desire to designate particular buyers for particular restaurants.⁴⁸

McDonald's refused to negotiate the matter, and its legal counsel added insult to injury by using the rhetoric of Black economic empowerment against OBU. Davis wrote:

I appreciate . . . that some elements in Operation Black Unity would prefer that the restaurant at East 107th and Euclid be sold to an individual purchaser to be designated by Operation Black Unity. I am confident, however, that upon consideration of this problem by Operation Black Unity as a whole, the long-term advantage to the Black community of ownership of this restaurant by a community organization, where the profits from the restaurant will be available over a period of years to broaden and strengthen the economic base of the Black community as a whole, will be apparent.⁴⁹

Davis hoped that his use of Black power rhetoric would convince OBU to rethink its position, suggesting it was a "destructive thing . . . for OBU to rock the boat now."⁵⁰ This cynical exercise in Black power rhetoric, however, only aggravated OBU members, and they halted the search for two additional buyers and relegated HADC to outsider status within OBU.

OBU responded swiftly to Davis's refusal to capitulate. In particular, Rabbi Hill complained that the original agreement ensured OBU's right to determine Black ownership for specific McDonald's branches. Though OBU approved HADC's ownership of a McDonald's, it did not approve HADC's specific ownership of the restaurant at East 107th Street and Euclid Avenue.⁵¹ As negotiating spokesman for OBU, Hill added that if McDonald's did not concede on the ownership issue, all negotiations would be nullified and OBU would resume boycotting. But Hill held only a committee chairmanship within the organization. He had no right to make such threats without consulting OBU cochairmen Reverend Donald Jacobs, W. O. Walker, and Reverend Jonathan Ealy.⁵² Hill could not overturn any decision OBU made, though he implied he could.⁵³ Hill's posturing notwithstanding, Jacobs and Ealy agreed with his assertion that OBU could assign franchises to specific buyers.⁵⁴ Thus, Davis's argument in favor of a community-owned McDonald's proved irrelevant. OBU's goal was to extend Black ownership of the McDonald's franchise to as many community members as possible on its own terms.

While moderate voices within OBU challenged HADC's right to purchase a second store, the more strident Black nationalists attacked the organization and its executive director, DeForest Brown, outright. In an OBU meeting, Jay Arki, a member of the Federation of Black Nationalists, accused Brown of double-dealing and criticized him for being arrogant. Arki felt that HADC leached off OBU. More important, Brown's refusal to accept OBU's demand to withdraw the second purchase offer insulted the OBU members most responsible for the victory against McDonald's. In response, Brown and his supporters pushed OBU to rescind its agreement with Fred Benbow. When this failed, HADC threatened to withdraw its purchase offer completely.⁵⁵ The contentious meeting ended in an impasse.⁵⁶ In truth, there was no stipulation that OBU could designate particular stores for certain buyers, but members continued to debate breaking the HADC/McDonald's agreement.⁵⁷ By March 1970, OBU threatened to call another boycott against McDonald's for its breach of the negotiation contract and considered seeking a court injunction against HADC.⁵⁸

In the meantime, OBU members used other measures to deal with HADC and what some viewed as its treachery. News of the internal dissension leaked to various news media, from the *Cleveland Press* to the local Black newspaper, *Call and Post*. The *Inner City Voice*, a newsletter generated by OBU member Mae Mallory—famed Black power advocate recognized for her stand with Robert Williams against the North Carolina Klan—was one of the most scorching.⁵⁹ According to the *Inner City Voice*, HADC "played a buzzard's role in the entire summer long struggle." The editorial argued that the organization neither assisted with community education about the boycott nor participated in the boycott itself.⁶⁰ Although it was also true that many other prominent OBU member organizations failed to participate in the boycott, HADC alone faced this embarrassing public inquiry about its community loyalty and commitment.

Making matters worse, Davis's use of Black power rhetoric in support of HADC made it appear that HADC and McDonald's were too cozy. To some extent, OBU had reason to question the relationship. Davis claimed he asked HADC to be a prospective buyer, though it was HADC that required the purchase of two restaurants.⁶¹ Although HADC was still a member of OBU, its request circumvented OBU's protocol for allocating the restaurants. Adding insult to injury, HADC refused to donate desperately needed funds to OBU even though it was the OBU-led boycott that had enabled HADC's involvement in the franchise deal in the first place. Between 1969 and 1970, OBU faced a financial crisis related to both the McDonald's protest and court costs associated with defending Rabbi Hill and other OBU members accused of extortion for donation appeals.⁶² The financially strapped OBU originally turned to McDonald's owners for funding. Although local owners initially agreed, McDonald's balked at a "kickback" request. OBU recanted, but raised the issue again with prospective buyers like HADC. When HADC refused to financially assist OBU's organizational efforts, it offended OBU members even more.⁶³

To a great extent, the anger directed at HADC was not about its "double-dipping" or its refusal to give OBU a contribution. OBU and HADC disagreed over the fundamental nature of Black capitalism and Black business. Although OBU appeared willing to consider community ownership, by January 1970, its central thrust had been individual Black ownership. OBU extolled the virtues of its approach and noted that the success of its boycott had echoed beyond Cleveland. "President Nixon," it was touted, "urged other large businesses to open the doors to minority groups across the nation."⁶⁴ OBU further claimed it would "seek and support efforts designed to secure for Black Americans considerations historically granted by government to others on a group basis. . . . These considerations will include government subsidies, protected markets, and business loans at reduced rates."⁶⁵

The clearest symbol of OBU's ideological inclinations emerged in its list of accepted buyers. The organization submitted fifteen individuals, including five members of OBU: Rabbi David Hill, Reverend Donald Jacobs, Fred Benbow, Baxter Hill, and Booker Tall. There were no submissions for community institutions or organizations.⁶⁶ The Fred Benbow/St. James AME Church coalition approximated community ownership, but it developed only after Benbow's individual request failed to move forward. Jacobs, Ealy, and Walker argued that St. James qualified as a community organization, and that "Mr. Benbow completely meets this suggested stipulation. He plans to operate the restaurant with St. James AME Church, which would hold 40% ownership."⁶⁷ Ironically, OBU used the coalition to refute McDonald's argument that HADC was the better buyer given its community mission. Realistically, they were not the same. Unlike St. James, HADC intended to provide an example of a community-controlled and -owned business.

HADC's community-minded mission emerged from purposeful fits and starts, wins and losses. Winfred "Soup" Overton, an ally of DeForest Brown and an early member of "the machine," noted that HADC went through a process of "discarding and retaining" the economic theories that worked for Hough.⁶⁸ Brown facilitated HADC's path to community development innovation by sending staff members across the nation to examine economic development programs and Black capitalist approaches to community uplift. During HADC's early years, the organization underwent a complicated process of discovery and experimentation, as it selected businesses and methods of implementing community ownership.⁶⁹ Through this process HADC drew a distinction between Black capitalism and Black economic development. Black capitalism replaced white business owners with Black business owners with no broader impact on the economic well-being of the Black community. Black economic development, by contrast, operated at the behest and to the benefit of the whole Black community. HADC facilitated individual Black businesses, but its mission was not "making Black millionaires," and thus community ownership became its basic economic development goal.⁷⁰ To that end, HADC planned to designate

and retain company stock for employees or the Hough community. For example, HADC held stock in trust for employees of Community Products Inc. until the business became profitable.

In the case of its McDonald's franchises, all Hough residents and organizations could purchase stock.⁷¹ HADC first established each McDonald's restaurant as a separate corporation and then combined them to create Ghetto East Corporation, in which Hough residents could own stock. HADC planned to sell 124,000 stock bonds at ten dollars apiece. Ghetto East also offered stock in multiple payment options of twenty-five cents a week or one dollar a month if Hough residents could not afford the initial price. In addition, HADC limited stock ownership so that no one person purchased at the expense of broad community ownership.⁷²

HADC intended its McDonald's restaurants to be community businesses in the broadest sense. Hough residents made up a significant percentage of the employees, and the restaurants played a central role in HADC's division of profits between itself and the community. With close to \$1 million in net sales and \$175,000 expected in future profits, plenty of funds existed to begin such an ambitious plan.⁷³ However, given HADC's well-known financial stability, challenges arose over the necessity of owning two restaurants.

Though HADC's double purchase had few supporters within OBU, it was not the only voice for community-minded profit sharing. Similarly, CORE believed that the restaurant's profits should empower the broader Black community. Charles Cook, Cleveland CORE chairman and OBU member, argued: "We're not talking about making a half-dozen millionaires, CORE is interested in a structure in which profits from the restaurant will benefit the total Black community."⁷⁴ That CORE's stance contrasted with OBU's position earned it suspicion and accusations by Black nationalists of undermining OBU.⁷⁵

CORE's support notwithstanding, resentment grew among both militant and moderate members who perceived HADC as a pariah in the Black community. HADC could not avoid the lingering implication that it swooped in after OBU had done the hard work of bringing McDonald's to the negotiating table. The ultimate result was that HADC lost friends across the board when it came to Cleveland's activist community.⁷⁶

Eventually neither OBU nor HADC continued to confront the other over the McDonald's franchises. Though attacks against HADC continued through early 1970, the point became moot when HADC purchased and opened the two restaurants. HADC attempted to smooth the waters by donating money to OBU's Rabbi Hill Defense Fund, but it was too little, too late.⁷⁷ Despite the offer, OBU and many others in the Black community had little good to say about HADC. After HADC opened its franchises, the two organizations had no further dealings.⁷⁸

Despite having stepped "on the toes" of its civil rights cohorts in the name of community development, HADC—under DeForest Brown's leadership—

had achieved considerable economic success. By the end of the protest, HADC added McDonald's to its growing list of community businesses and, under Ghetto East Corporation, would divide McDonald's stock among Hough's residents at a low cost. If HADC made good on these promises, the Hough community would ultimately benefit and no one could challenge its approach to economic development.

However, the struggle between HADC and OBU to determine an economic trajectory for Hough's development had not been fully resolved. The OBU-HADC conflict emanated from HADC's self-conscious decision to privilege the physical transformation of Hough over social protest. Under Brown's leadership, HADC made this transition successfully despite its eventual break with OBU. But when in 1971, the executive directorship of HADC transitioned to Frank Anderson, the group's organizational philosophy changed once again. HADC's second director backed away from the community ownership concept, favoring a model of free market Black capitalism to promote physical change and economic development.

The Arrival of Frank Anderson

Frank Anderson's leadership of Hough Area Development Corporation began in April 1971, after the contentious break with OBU. Although a founding member of "the machine" and a board member of HADC, Anderson had left for Harvard Business School in September 1969 and missed much of the OBU-McDonald's fight. Despite his absence, Anderson expected to return as the new executive director of HADC.

DeForest Brown resigned from OBU to direct Cleveland's Model Cities Program under Mayor Carl Stokes. But he left HADC weakened by a series of attacks.⁷⁹ Not only had OBU questioned HADC's community commitment, but the city's conservative newspaper, the *Cleveland Plain Dealer*, also called HADC's activities into question. The *Plain Dealer* lambasted HADC for mispending government funds and charged the organization with financial support of armed Black militants. Black leaders challenged the stories immediately, questioning the paper's motives.⁸⁰ Although many accusations proved misleading and incorrect, the series discredited HADC. Worse, it forced the OEO—HADC's major financial backer—to investigate and justify the grants made to HADC.⁸¹ Both the attacks by the *Cleveland Plain Dealer* and challenges by the federal government were precipitated by conservative forces opposed to Black equality and economic development.

The Hough community's perception of HADC remained the more crucial issue, however. In an evaluation of positive perception and community support among CDCs funded by the Special Impact Program, HADC ranked fifteenth out of sixteen. It did not bode well for HADC that as the fifth-largest CDC in

the nation—and recipient of the second-most OEO funds—it should rank so low.⁸² The Comptroller General's Report to Congress declared that HADC had brought few visible benefits to Hough.⁸³

Anderson inherited an HADC weighed down by widespread criticism and still orienting itself to the new and complex field of community development. That ongoing process allowed Anderson to craft his own vision of community development as director of HADC. He immediately instituted changes within the CDC, approaching its public relations problem by creating and touring a full-sized model of Hough, which allowed residents to see their homes as well as the location of HADC projects. In addition, Anderson deployed delegates to serve as a conduit between the Hough community and HADC. Companies that operated in the red, including the rubber company employing Hough welfare mothers, began to turn a small profit. Under Anderson's tutelage, HADC finished the Martin Luther King Shopping Center and other projects stymied or slowed from completion.⁸⁴

Despite his positive transformations, contention emerged regarding Anderson and his vision and subsequent implementation of economic development. Community residents and HADC board members viewed each alteration of HADC policy as a break from the Black community. As a result, the executive board led the charge against Anderson. In fact, before he arrived, the board tried to prevent Anderson from becoming executive director over concerns about prospective changes. After that first attempt, the board frequently undermined Anderson, and even fired him on a number of occasions, to no avail.⁸⁵

Specifically, it opposed Anderson's decision to shrink the HADC staff from thirty-nine to twenty-five, by reducing the number of midlevel managers.⁸⁶ As Anderson fired, he also hired—mostly Black and white employees from outside Hough and Cleveland. Although a few outsiders had always been a part of HADC, Anderson ousted Black Clevelanders on the staff as he hired workers unknown to Hough. Anderson argued these changes helped to “professionalize” and mediate the organization's weakness in knowledge and skill. The staffing changes were viewed, however, in the context of other changes that some interpreted as running counter to the interests of the community. It hardly helped that Anderson fired Sam Tidmore, the manager of Ghetto East (the holding company for the McDonald's restaurants), and a former administrative assistant to Congressman Louis Stokes, brother of the mayor.⁸⁷

Anderson's personality created a second problem. He was a strident and assertive figure, who could be abrasive in his speech and approach. Anderson was also a Republican and a Nixon supporter. Additionally, he disliked dealing with the large multifaceted organizational structure, which included executive and advisory boards that approached approximately 100 members.⁸⁸ More to the point, he took issue with the subsequent lengthy meetings, group factionalism, indecisiveness, and what he viewed as ineffective business management. Anderson's abrasiveness and his pro-Republican leanings meant he rarely

hesitated publicly to challenge the Stokes administration, a huge miscalculation from the perspective of many on the HADC board.⁸⁹ In fact, it was his challenging of the Stokes administration in a radio interview that prompted another episode of Anderson's firing.⁹⁰ In effect, the changes to HADC were read, warranted or not, as developing the community without the leading community residents and activists (those persons being HADC board members and the Stokes administration).

Beyond the personality and personnel issues, Anderson's interpretation of HADC's community mission—social activism and service versus economic development—became the most substantive problem. For Anderson, it was a choice of “the shopping center vs. skating rink” concept.⁹¹ The board assumed HADC's economic development included projects that also dealt with the health and social environment of the community. It was not unreasonable for them to think so given HADC's initial activities, which included supporting the local community center, the Thurgood Marshall Recreation Center. However, the shift under Brown, and more firmly under Anderson, changed organizational focus from social action to economic development. And though Anderson accurately delineated HADC's divisions, the issue centered not only on this conflict but also on the nature of economic development itself.

Anderson accepted the laissez-faire capitalist view of Black economic development as a result of his education at Harvard Business School. His immediate concern was not whether Black people owned a piece of the economic system but whether they were able to participate in the current system at all. Community capitalism facilitated ownership, but Hough residents would only build wealth over time. Meanwhile, individual Black business ownership served the immediate need for monetary circulation in the Black community by providing employment to more Hough residents.

Anderson's perspective on the economic needs of Hough residents and the utility of community ownership goals were also influenced by the training he received from Hamburger University, a McDonald's education program for owners and corporate staff. That experience convinced him that the community ownership model would fail to bring substantive change to the lives of McDonald's workers or Hough residents. Instead, he believed a “family” model consisting of a single major owner shepherding other entities who dealt with the day-to-day management was the prevailing model of success. In other words, HADC—not the community—would retain ownership and run several restaurants. Retaining owners was particularly important, because Anderson fervently believed that individual ownership allowed for expansion of the number and size of businesses in the Black community.⁹²

Anderson's perspective on the feasibility of community capitalism versus the free market approach shaped the McDonald's profit-sharing program's implementation. In Brown's community capitalism model, the McDonald's restaurants would fund larger community projects and provide individual

income via stock ownership. Given the financial instability of HADC's other businesses, however, Hough residents and the organization had yet to reap the full benefits. This made the McDonald's restaurants all the more important for HADC's community capitalist initiative. But despite HADC's initial assertion that McDonald's profits would foster community ownership, under Anderson this failed to occur.⁹³

The staff and the advisory board debated which of the two approaches would realize Black economic development in Hough. Anderson's free market approach—particularly his decision to change the McDonald's profit-sharing plan—led some community members to question his commitment to economic development. HADC's executive board became concerned that he might be "enriching" himself rather than the Black community. Unfounded accusations such as this (in fact, Anderson turned down a lucrative job offer after graduation from Harvard, in order to come back to Cleveland), reached their peak when the OEO attempted to force Anderson to sign a contract dictating rules of operation that restricted his right to purchase any McDonald's restaurant franchise.⁹⁴ Clearly, Anderson was not trusted.

But the more damaging question surrounded HADC's credibility. In effect, HADC transitioned from a promising, but not quite effective, community organization to an effective organization whose leadership was distrusted by HADC members and Hough residents. Not only had the community lost the opportunity to own a business via stock, but some also felt Anderson's changes forfeited even symbolic ownership of HADC at a point when its businesses became profitable.⁹⁵

That HADC's McDonald's was never profitable magnified the disappointment. According to initial estimates, the restaurant was expected to generate \$1.4 million in sales with a yearly net profit of \$175,000. However, the nine-month income of the East 83rd Street McDonald's amounted to \$20,000, operating in its first eight months at a loss!⁹⁶ Over the years HADC increased the income from both restaurants, but they never reached the anticipated levels or provided the revenue HADC hoped they would.⁹⁷

It is not entirely clear why the McDonald's franchise failed to make the expected profits. Certainly, there were a number of problems affecting its growth. It is possible that the OBU boycott drove away some of the customer base. It was rumored that Case Western Reserve University redirected its workers away from that McDonald's in an informal boycott of their own. McDonald's Corporation also displayed a tendency to sell off those restaurants most in need of repair and to inflate the value of a franchise. There were various overhead problems: employees appropriating food, sporadic incidents of petty theft that added up, high employee turnover, inefficient workforce scheduling, turnover of general managers, funding Black managers to support their partial ownership, the costs of repurchasing from managing partners who backed out, and the perception that McDonald's failed to provide parking at the sit-down

restaurant.⁹⁸ Anderson overhauled the McDonald's restaurants in an attempt to turn them around, but to no avail. Both saw small profits, but never the anticipated \$175,000 annually. Frustrated by efforts to stymie his vision of economic development, Anderson left HADC in 1976. Near the end of his tenure, he strongly advocated that HADC simply sell the two McDonald's.⁹⁹ HADC eventually followed the suggestion. The 1975–76 annual report marked the final appearance of the McDonald's restaurants on HADC's books.

In the meantime, McDonald's sold additional franchises to Black owners. Heavily influenced by the OBU boycott, the corporation issued a directive requesting that white owners in inner-city areas sell to interested Black owners. Twenty-one stores in Detroit, Oakland, Kansas City, St. Louis, Los Angeles, Chicago, Dayton, and Denver were sold to Black owners as a result. McDonald's then hired a director to oversee the transfer nationally.¹⁰⁰ The OBU boycott also influenced other fast-food restaurants nationally. One former HADC and CORE member, Nate Smith, believed that once Burger King witnessed the effect on McDonald's, it, too, began to seek Black franchise owners.¹⁰¹ Thus, though short-lived and economically narrow, OBU's boycott had a greater impact than expected. It forever changed the policy direction of the fast-food industry. Indeed, Black capitalism could claim substantial victories in reshaping corporate policy.

After Black power declined, HADC continued to shape community development in Hough through its housing development, job-training programs, and social services. By the 1980s, however, HADC had divested itself of most of its businesses, and the failure to retain economic independence undercut the organization in the long run. Its dependence on the federal government eventually undermined the organization, when it lost funds under Ronald Reagan's administration in 1984. HADC effectively closed its doors soon thereafter.¹⁰²

HADC's closure ended the dream of Hough's bid for economic power. Unlike organizations and groups stymied by government cooptation and suppression, Hough's Black power project collapsed from a forfeiture of its vision of mass wealth building and organizational self-sufficiency. Its community capitalism strategy offered a form of capitalism that served a larger social movement, employed a model for collective business ownership, and challenged the binary relationship of owner exploitation and low-income wage earner. DeForest Brown's decision to embrace community capitalism made HADC one of the era's most promising CDCs, but internal and external forces hindered its development. Anderson, who proved more adept at handling these forces, completed several projects and made others profitable. His directorship, however, fundamentally changed HADC's direction and ground community ownership to a halt. His decision to abandon community ownership helped sever ties with the Hough community.¹⁰³ As HADC deviated from community capitalism, it proved increasingly unable to attack mass poverty, leaving Black residents outside the capitalist system and itself increasingly dependent on external funding.

Notwithstanding its inability to enact community ownership, HADC is not totally a story of failure. It serves as a nuanced case study of Black power's multiple forays into the capitalist system. And though the more radical aspects of HADCs' approach to Black economic power were blunted, its work birthed a larger movement of community development corporations. These entities emerged in urban and rural locales across the nation—each struggling to alter the physical landscape of their community and striving to break the economic inequalities that hindered the Black community. Thus, HADC's history is also a testament to the enterprise and innovation of a vanguard movement struggling to meet the challenges of mass Black poverty.

Notes

1. HADC 1974–75 Annual Report, Hough Area Development Corporation (HADC) Manuscript Collection, box 17, folder 329, Western Reserve Historical Society (WRHS), Cleveland, OH.

2. For information on Soul City, see Devin Fergus, *Liberalism, Black Power, and the Making of American Politics, 1965–1980* (Athens: University of Georgia Press, 2009); for information on the Nixon administration and its relationship to Black capitalism, see Robert E. Weems Jr., *Business in Black and White: American Presidents and Black Entrepreneurs in the Twentieth Century* (New York: New York University Press, 2009); Stewart Perry, "National Policy and the Community Development Corporation," *Law and Contemporary Problems* 32, no. 2 (Spring 1971): 297–308; Sar A. Levitan, "The Welfare State, Nixon Style," *Asia Pacific Journal of Human Resources* 4, no. 19 (July 1969): 19–23; and Stanford Kravitz and Ferne K. Kolodner, "Community Action: Where Has It Been? Where Will It Go?" *The ANNALS of the American Academy of Political and Social Science* 385, no. 30 (July 1969): 30–40.

3. Earl Ofari Hutchinson, *The Myth of Black Capitalism* (New York: Monthly Review Press, 1970); Robert L. Allen, *Black Awakening in Capitalist America: An Analytic History* (Trenton, NJ: Africa World Press, 1992); Robert L. Allen and Earl Ofari Hutchinson are two of the more well-known critics of the period, but there were others; see also Andrew Brimmer, "Profit vs. Pride: The Trouble with Black Capitalism," *Nation's Business* 57 (May 1969): 78–79; E. Franklin Frazier, "Negro Business: A Social Myth," in *Black Bourgeoisie: The Book That Brought the Shock of Self-Revelation to Middle-Class Blacks* (Glencoe, IL: Free Press, 1997), 153–73; and F. D. Sturdivant, "The Limits of Black Capitalism," *Harvard Business Review* 47 (January–February 1969): 122–28. Following this period, other texts also challenged the utility of Black capitalism and discussed the rise of CDCs as a response to the Black capitalist critique. For example, see John Hall Fish, *Black Power/White Control: The Struggle of the Woodlawn Organization in Chicago* (Princeton: Princeton University Press, 1973); and Manning Marable, *How Capitalism Underdeveloped Black America: Problems in Race, Political Economy, and Society* (Boston: South End Press, 1983).

4. For a strong summary of the debates over Black economic power, see Solomon P. Gethers, "Black Power: Three Years Later," *Black World/Negro Digest* (December 1969), 4–10, 79–81.

5. For more on community development corporations, see Ford Foundation, *Community Development Corporation: A Strategy for Depressed Urban and Rural Areas* (New York: Ford Foundation, 1973); M. Brower, "The Emergence of Community Development Corporations in Urban Neighborhoods," *American Journal of Orthopsychiatry* 41 (1971): 646–58; Burt W. Griffin, "Office of Economic Opportunity Programs," *Business Lawyer* 25 (1969–70): 43–50; Stewart E. Perry, "Black Institutions, Black Separatism, and Ghetto Economic Development," *Human Organization* 31, no. 3 (Fall 1972): 271–79; Robert S. Browne, "Barriers to Black Participation in the American Economy," *Review of Black Political Economy* 1, no. 2 (1970): 57–67; Geoffrey P. Faux and the Twentieth Century Fund Task Force on Community Development Corporations, *New Hope for the Inner City: Report of the Twentieth Century Fund Task Force on Community Development Corporations* (New York: Twentieth Century Fund, 1971); Harry Edward Berndt, *New Rulers in the Ghetto: The Community Development Corporation and Urban Poverty* (Westport, CT: Greenwood Press, 1977); Stewart Perry, *Communities on the Way: Rebuilding Local Economies in the United States and Canada* (New York: State University of New York Press, 1987); Rita Mae Kelly, *Community Control of Economic Development* (New York: Praeger, 1977); and Neil R. Pierce and Carol F. Steinbach, *Corrective Capitalism: The Rise of America's CDCs: Report of the Ford Foundation* (New York: Ford Foundation, 1987).

6. Other terms emerged during this period that described efforts by economists, policymakers, and activists to formulate a capitalist structure that would reach persons blocked from entering the economic system. These terms included collective capitalism, welfare capitalism, and compensatory capitalism. On Black economic development literature, see Thaddeus Spratlen, "Ghetto Economic Development: Content and Character of the Literature," *Review of Black Political Economy* 1, no. 4 (June 1971): 43–71. The *Review of Black Political Economy* showcases the debates and analyses of the various approaches to Black economic development. On community capitalism, see Griffin, "Office of Economic Opportunity Programs"; and Kelly, *Community Control of Economic Development*, 136–44.

7. Theodore Cross, *Black Capitalism: Strategy for Business in the Ghetto* (New York: Atheneum, 1969), 171–73; and Kenneth Miller, "Community Capitalism and the Community Self-Determination Act," *Harvard Journal on Legislation* 6 (1969): 6–11; For questions regarding the utility of the Community Self-Determination Act, see Hutchinson, *Myth of Black Capitalism*, 120; and Gethers, "Black Power," 72–73.

8. Cross, *Black Capitalism*, 24, 255. Kelso figures heavily in CORE's program of economic development. See Nishani Frazier, "Harambee Nation: Cleveland CORE, Community Organization, and the Rise of Black Power" (PhD diss., Columbia University, 2008), 237–40.

9. The OEO aided early CDC development through Title I-D of the 1964 Economic Opportunity Act, Special Impact Program. Senators Robert Kennedy and Jacob Javits sponsored the bill, which allotted \$106 million to the OEO from 1968 to 1974. For more information on the start and work of OEO, see Robert Halporn, *Rebuilding the Inner City: A History of Neighborhood Initiatives to Address Poverty in the United States* (New York: Columbia University Press, 1995), 131–48.

10. Russell Davis, *Black Americans in Cleveland from George Peake to Carl B. Stokes, 1796–1969* (Washington, DC: Associated Publishers, 1985); Perry, *Communities on the Way*, 17–23; Norman Krumholz, "Cleveland: The Hough and Central Neighbor-

hoods—Empowerment Zones and Other Urban Policies," in *Rebuilding Urban Neighborhoods: Achievements, Opportunities, and Limits*, ed. W. Dennis Keating and Norman Krumholz (London: Sage Publications, 1999), 90–92; and Leonard Moore, *Carl B. Stokes and the Rise of Black Political Power* (Urbana: University of Illinois Press), 37–51.

11. "The Machine," n.d., HADC Collection, box 25, folder 490, WRHS; Perry, *Communities on the Way*, 17–18; Frank Anderson, interview by author, February 5, 2010; and Krumholz, "Cleveland," 93 (in author's possession).

12. Perry, *Communities on the Way*, 17–23.

13. This was a significant amount of funding for this type of venture at the time. Anderson, interview; Perry, *Communities on the Way*, 17–21, 185; Griffin, "Office of Economic Opportunity Programs," 48; Christopher Gunn, *Third Sector Development: Making Up for the Market* (Ithaca, NY: Cornell University Press, 2004), 13; Comptroller General of the United States, *Development of Minority Business and Employment in the Hough Area of Cleveland, Ohio, under the Special Impact Program [of the] Office of Economic Opportunity*, and *Report to the Congress* (Washington, DC: General Accounting Office, 1971), 8.

14. Register of HADC Records, March 30, 1988, HADC Collection (collection guide files), WRHS; Harvard Law Review Association (HLRA), "Community Development Corporations: Operations and Financing," *Harvard Law Review* 83, no. 7 (May 1970): 1571–73.

15. Kelly, "Community Control," 41; and Comptroller General, *Development of Minority Business*, 9.

16. Summary of HADC activities, n.d., HADC Collection, box 4, folder 74, WRHS.

17. HLRA, "Community Development Corporation," 1573; Comptroller General, *Development of Minority Business*, 3; and C. Michael Curtis, "Travels with Mr. Charlie," *Atlantic Monthly* 224 (August 1969): 31–38, esp. 32.

18. Other member organizations included Congress of Racial Equality (CORE), Council of Churches, National Association for the Advancement of Colored People (NAACP), Urban League, Ohio Black Concern Committee, Welfare Grievance Committee, Poor People's Partnership, Federation of Black Nationalists, Community Fighters for Housing Large Families, July 23rd Defense Committee, United Pastors' Association, Southern Christian Leadership Conference (SCLC), PRIDE Inc., House of Israel, Greater Cleveland Welfare Rights Organization, and Domestic Workers of America. See Edward Bood to OBU, July 28, 1969, box 33, folder 608, Carl Stokes Papers, WRHS (hereafter cited as Stokes Papers). Additional members included Afro-American Society of Case Western Reserve University, Avery AME Church, Black Information Service, Bruce Klunder Freedom House, Cleveland Association of Afro-American Educators, Community Fighters for Housing Large Families, East 63rd Black Nationalists, Judo and Karate Academy, and Northern Christian Leadership Conference (aka SCLC). Walter Johnson, "The Summer of Unity," <http://www.nhlink.net/ClevelandNeighborhoods/hough/SummerOfUnity.htm> (accessed May 16, 2011).

19. No author, December 3, 1969, FBI Files of Operation Black Unity, author's possession; and OBU Minutes, December 13, 1969, box 3, folder 5, Humanist Fellowship Collection, WRHS.

20. Time line of McDonald's History, McDonald's Corporation, http://www.McDonalds.com/us/en/our_story/our_history.html (accessed May 16, 2011).

21. Roland Jones, *Standing Up and Standing Out: How I Teamed with a Few Black Men, Changed the Face of McDonald's, and Shook Up Corporate America* (Nashville: World Solutions Inc., 2000), 124.

22. *Ibid.*, 118–19, 170–74.

23. *Ibid.*, 159–65. The first all-Black-owned store was purchased in Chicago in July 1969 around the time of the Cleveland McDonald's boycott. Ownership by community organizations also emerged in this period. In 1970, the Better Boys Foundation and the West Side Organization for Better Boys, two athletic clubs for urban youth, purchased a McDonald's restaurant and ran it successfully. Jones, *Standing Up*.

24. Johnson, "Summer of Unity."

25. "Chronology McDonald's," n.d., box 32, folder 583, Stokes Papers, WRHS.

26. Multiple accounts emerged regarding a statement Hilliard made about his attackers before his death. His wife claimed that he said he was shot by "some white folks." The police contradicted her, suggesting Hilliard actually referred to a white car that neighbors later recalled fleeing from the incident. See "Bullet Ended Man's Dream to Be City's First Black Owner of a McDonald's," *Cleveland Press*, July 22, 1969, Operation Black Unity (OBU) Collection, box 1, folder 3, WRHS.

27. Anderson, interview; "Don't Buy at McDonald's," n.d., box 1, folder 1, OBU Collection, WRHS.

28. Edward Bood to Wendell Erwin, Charles Cook, W. O. Walker, Revs. Donald Jacobs, Emanuel Branch, E. Randall T. Osborne, Jonathan Ealy, and Bishop David Hill, July 3, 1969, box 32, folder 583, Stokes Papers, WRHS.

29. "Chronology McDonald's."

30. Bood to Erwin et al.

31. *Ibid.*

32. *Ibid.*

33. Roland Jones, an early Black executive at McDonald's corporation, discusses this issue in great detail. Purchase prices for stores with strong sales could be more expensive. In addition, he notes that banks were loath to lend money for "ghetto" enterprises. See Jones, *Standing Up*, 123.

34. "Chronology McDonald's."

35. "Chronology McDonald's."

36. Moore, *Carl B. Stokes*, 125.

37. Operation Black Unity, "Position Paper," July 24, 1969, box 33, folder 608, Stokes Papers, WRHS.

38. Edward Bood to OBU, n.d., box 33, folder 608, Stokes Papers, WRHS.

39. Edward Bood to OBU, July 31, 1969, box 33, folder 608, Stokes Papers, WRHS.

40. Johnson, "Summer of Unity"; Harlel Jones, interview, June 14, 2004 (in author's possession).

41. McDonald's initially refused to consider the 107th Street restaurant for sale. Meeting in Sam's Perry Office, October 28, 1969, box 23, folder 441, HADC Collection, WRHS.

42. "News Press Release by McDonald's Corporation, Inc.," January 22, 1970, box 32, folder 583, Stokes Papers, WRHS; and James Davis to Stanley Tolliver, December 4, 1969, box 23, folder 441, HADC Collection, WRHS.

43. Davis to Tolliver, WRHS. The original asking price was \$450,000. It was negotiated down to \$300,000.

44. Davis, a lawyer for Squires, Sanders, and Dempsey, asked HADC to purchase the second McDonald's. However, it is worth noting that he did not have much of a choice given the parameters of HADC's needs. Comptroller General, *Development of Minority Business*, 38; and Bob Williams, "McDonald's Says It Asked Hough Corp to Buy In," *Cleveland Press*, April 7, 1970, box 1, folder 4, OBU Papers, WRHS.

45. Ibid.

46. "McDonald Sit-Down Unit May Be Run by Blacks," n.d., box 1, folder 4, OBU Collection, WRHS.

47. Jonathan Ealy, W. O. Walker, and Donald Jacobs to James C. Davis, Esq., December 23, 1969, box 32, folder 583, Stokes Papers, WRHS.

48. Davis to Tolliver, WRHS.

49. Ibid.

50. HADC and McDonald's had several meetings regarding HADC's purchase of the East 83rd Street and 107th Street restaurants. Within this context, HADC justified its right to have both restaurants, not only for pragmatic reasons, but also based on its greater contribution to the Black community. James Davis to Sam, n.d., box 23, folder 440, HADC Collection, WRHS; and DeForest Brown to James Digilio, November 12, 1969, box 23, folder 441, HADC Collection, WRHS. Meeting in Sam Perry's Office, October 28, 1969, box 23, folder 441, HADC Collection, WRHS.

51. James C. Davis to W. O. Walker, Donald Jacobs, and Jonathan Ealy, March 9, 1970, box 32, folder 583, Stokes Papers, WRHS.

52. Jacobs was executive director of the Council of Churches and former pastor of St. James AME Church; Walker was publisher and editor of the Black newspaper *Call and Post*, and Ealy was pastor of the Lilly Baptist Church and executive secretary of the United Pastors' Association of Cleveland.

53. Davis to Walker, Jacobs, and Ealy, WRHS; press release, n.d., OBU Collection, box 1, folder 4, WRHS.

54. Ibid.

55. OBU minutes, December 13, 1969, box 3, folder 5, Humanist Fellowship Papers, WRHS.

56. OBU minutes, January 31, 1970, box 1, folder 1, OBU Papers, WRHS.

57. OBU minutes, December 20, 1969, box 3, folder 5, Humanist Fellowship Papers, WRHS; and OBU Minutes, March 7, 1970, box 1, folder 1, OBU Collection, WRHS.

58. Jonathan Ealy to James Davis, March 10, 1970, box 32, folder 583, Stokes Papers, WRHS.

59. For a summary of Robert Williams and the NAACP, see Timothy Tyson, *Radio Free Dixie: Robert F. Williams and the Roots of Black Power* (Chapel Hill: University of North Carolina Press, 1999).

60. "BEDC Responds to Racist Attack on the Black Community," *Inner City Voice*, May 1970, in *Black Power Movement Papers, Part 3: Papers of the Revolutionary Action Movement, 1962-1996*, reel 13, frames 659-64.

61. Williams, "McDonald's Says."

62. OBU minutes, March 14, 1970, box 1, folder 1, OBU Collection, WRHS; and OBU minutes, February 28, 1970, and May 16, 1979, box 1, folder 1, OBU Papers, WRHS.

63. James Davis to Stanley Tolliver, December 8, 1969, box 23, folder 441, HADC Collection, WRHS.

64. No title, January 30, 1970, box 1, folder 1, OBU Collection, WRHS; and Operation Black Unity Goals, n.d., box 1, folder 1, OBU Collection, WRHS.

65. Ibid.

66. OBU Negotiating Committee Report, November 15, 1969, box 1, folder 1, OBU Collection, WRHS; and "Don't Buy at McDonald's." Baxter Hill became chair of the negotiating committee after Rabbi David Hill. Booker Tall was an activist in the community and a supporter of HADC.

67. Ealy, Walker, and Jacobs to Davis, WRHS.

68. "Cleveland: The Hough Area Development Corporation," *VISTA*, 6, box 25, folder 492, HADC Collection, WRHS.

69. Ibid., 5-9.

70. Ibid.

71. Griffin, "Office of Economic Opportunity Programs," 49; and Comptroller General, *Development of Minority Business*, 3; "Cleveland," 6.

72. Comptroller General, *Development of Minority Business*, 40; and Bob Sable and Jim Alexander, "Recommendations for Ghetto East Stock Transfer," July 5, 1970, box 23, folder 440, HADC Collection, WRHS.

73. Summary of HADC activities, n.d., box 4, folder 74, HADC Collection, WRHS; and Comptroller General, *Development of Minority Business*, 11.

74. Quoted in Moore, *Carl B. Stokes*, 126.

75. It is quite possible that CORE's close ties to HADC, as many former CORE affiliates and members were now staff and board members of HADC, contributed to the conflict. See "Cleveland," 5-9. Frazier, "Harambee Nation," 270-71.

76. *Inner City Voice*, May 1970; and Ealy, Walker, and Jacobs to Davis, WRHS.

77. OBU meeting minutes, March 14, 1970, box 1, folder 1, OBU Collection, WRHS.

78. Comptroller General, *Development of Minority Business*, 39.

79. Pranab Chatterjee, "Local Leadership in Black Communities: Organizational and Electoral Developments in Cleveland in the Nineteen Sixties" (PhD diss., Case Western Reserve University, 1975), 88.

80. The *Cleveland Plain Dealer* had a long and fairly antagonistic relationship with Black residents of the city, which led the paper to be boycotted on a number of occasions. Ruth Turner, interview (in author's possession); and Frazier, "Harambee Nation," 118, 126.

81. Chatterjee, "Local Leadership," 84; and Comptroller General, *Development of Minority Business*. Actually this report was generated as a direct result of questions about HADC spending.

82. Chatterjee, "Local Leadership," 89.

83. This was an investigatory body that monitored the use of federal spending. See Comptroller General, *Development of Minority Business*, 2, 11.

84. Anderson, interview; Anderson subject heading, "Power Struggle Hampers HADC," June 11, 1972, Cleveland Press (CP) Collection, Cleveland State University (CSU) Archives, Cleveland, OH; HADC 1974-75 Annual Report; and HADC 1975-76 Annual Report, box 18, folder 337, HADC Collection, WRHS. The CP Collection is the clipping file of the *Cleveland Press* newspaper. It is arranged by subject heading.

85. Anderson, interview; "Power Struggle Hampers HADC"; and Anderson subject heading, "HADC Trustees Retain Anderson" (n.d.), "Director Anderson Fired by Hough Development Board" (June 10, 1972), "Anderson Head Orders Anderson Back" (June 13, 1972), CP Collection, CSU Archives.

86. "Power Struggle Hampers HADC."

87. Anderson, interview; and Chatterjee, "Local Leadership," 88-89.

88. The board number range for HADC runs from 75 to 90 members. See Kelly, "Community Control," 41; and Comptroller General, *Development of Minority Business*, 9.

89. In fact, it was an on-air challenge to the Stokes administration that provided the impetus for firing Anderson at one point. See "Director Anderson Fired," CSU Archive.

90. Anderson subject heading, "Director Anderson Fired by Hough Development Board" (June 10, 1972), CP Collection, CSU Archive.

91. Anderson, interview.

92. Ibid.

93. Chatterjee, "Local Leadership," 88; and Comptroller General, *Development of Minority Business*, 18.

94. Anderson, interview.

95. According to John Fish, a similar process takes place in a Chicago-based community development corporation. In effect, as the Woodlawn CDC slips away from its activist origins and becomes more formal in its approach to economic development, local activists and organizations become critical of what they view as Woodlawn's "tame and accommodating" stances. Fish, *Black Power/White Control*, 292-301.

96. Comptroller General, *Development of Minority Business*, 11, 39.

97. Berndt, *New Rulers in the Ghetto*, 20. The East 83rd Street restaurant initially generated funds and then declined.

98. HADC leased space but few recognized the space as McDonald's parking.

99. Jones, *Standing Up*, 160-61, 174-75; Anderson, interview; and Comptroller General, *Development of Minority Business*, 39. Jones's work is particularly useful for examining the difficulties of Black owners across the board. He notes that a number of the franchises went out of business due to a variety of factors, largely affected by high purchase costs and unequal loan practices.

100. *Urban Enterprise*, October 10, 1969, box 1, folder 4, OBU Collection, WRHS.

101. Frazier, "Harambee Nation," 272-73.

102. Krumholz, "Cleveland," 93.

103. Berndt, *New Rulers*, 115.