



Supporting Durham's Black Business Ecosystem
March 19, 2020

CJ Broderick, President/CEO
Greater Durham Black Chamber of Commerce (GDBCC)

Preface

With a vision of economic equity, The Greater Durham Black Chamber of Commerce (GDBCC) exists to create a prosperous Durham by investing in the growth and development of the Black entrepreneur, the Black business, and the Black business ecosystem. The necessity of the GDBCC is easily traced to the pervasive ways in which structural racism effectively challenges and curbs the growth and development of Black businesses in Durham and in most places around the United States. With these additional hurdles for Black entrepreneurs and Black-owned businesses, the historic entrepreneurial successes of companies like NC Mutual and M&F Bank are even more noteworthy as they have had to overcome the effects of deeply rooted inequities via systemic racism and the lack of structural representation in Durham's economic development policies over time. Some of the symptoms of structural racism like gentrification, over-policing, and food insecurity are commonplace, but its impact on economic development has been less obvious. Systemic racism has ensured the lack of structural representation of the Black business ecosystem, allowing regions to ignore the goals, priorities, challenges, and fears of the Black business community in designing, implementing, and evaluating area growth and development. This is the focus of this document and a big part of the work of the Greater Durham Black Chamber of Commerce is to improve diversity, inclusion, and equity in Durham economic development.

Let's first begin with some definitions to create shared language, ensuring that we are working towards a shared understanding.

Definitions

Greater Durham - a region of NC (location) that encompasses Durham County, the City of Durham, and neighboring areas.

Black - a racial classification ascribed to people of African descent or of a brown phenotype. Note that the B is capitalized to signify the reference to a group of people and not simply a color.

Chamber of Commerce - a voluntary association of individuals and businesses that work together to further the goals and interests of its member businesses and business at large.

Race - a specious classification of human beings, created by Europeans, during a period of worldwide colonial expansion, using themselves as a model for humanity, for the purpose of assigning and maintaining white skin access to power and privilege, and to legitimize the dominance of white people over non-white people. --*Dr. Malauna Karenga*

Economic Development - the process a governmental body employs in order to improve the economic well being and quality of living of its people.

Structural Representation - necessitated access and participation in the design, implementation, evaluation, information, decision-making, planning, and significant activities

City of Durham and Durham County Economic Development Budgets

Durham County 2019-2020 Economic Development Budget - \$2,841,263 - [Link](#) (page 218)

City of Durham 2019-2020 Economic Development Budget - \$4,747,481 - [Link](#) (page 210)

Introduction

Durham is currently experiencing significant economic growth. However, many of its Black businesses have been relegated to spectators, unable to participate in this growth. While Downtown Durham and nearby areas have been transformed by many economic development initiatives, Durham's Black business community has been on the outside of its planning, design and implementation. As a result of this exclusion, Durham's growth has often resulted in Black businesses and residents being pushed out, unable to take advantage of the new markets created by the surge in downtown residents. Although the gentrification in Durham has been widely covered and has resulted in the Durham City Council passing of a \$95M affordable housing bond, the inequitable economic development system that is the root cause has not received much attention. In order to create shared prosperity and a better Durham for all of its citizens, we must change our non-inclusive and inequitable approach to economic development in Durham by ensuring that Durham's growth and development also means the growth and development of Durham's Black business community. This is achieved through the structural representation of the historically marginalized Black business community, ensuring that the goals, challenges, fears, and dreams of Durham's Black business community are systematically incorporated in the shaping the future of Durham's growth and development, as opposed to being systematically dismissed as unimportant.

The current lack of structural representation in Durham's economic development has created a **suppressed** state of the Black business ecosystem, where the lack of access to information, planning, and tools consistently disadvantages our entire business community. As this lack of structural representation is corrected, the true potential of the Black business ecosystem can be realized and more communities across Durham can benefit from growth and development. Since both the City of Durham and Durham County governments have published goals of shared prosperity and inclusive & equitable economic development, there is an opportunity to work together to achieve mutual goals. As a result, the GDBCC is seeking a contractual agreement with the city and county economic development departments, representing the interests of the our membership and Black business community, similar to the contractual agreements that the city and county economic development departments have with the Durham Chamber and Downtown Durham Inc., representing the interests of those membership bodies and stakeholders. It is important to note that the GDBCC supports both the Durham Chamber and DDI and enjoys outstanding working relationships with both organizations. Our goal is not to replace the work of either organization, but instead to supplement the city and county economic development efforts to truly make them diverse, inclusive, and equitable. As such, the GDBCC seeks the same structural access that has allowed these member-driven organizations an opportunity to help shape the growth and development of Durham on behalf of their stakeholders.

This contractual relationship will represent the first of its kind in Durham. While Durham has earned the "Black Wall Street" moniker, the economic interests of its Black businesses have never been structurally represented in Durham's 150 year history. It is important to note that although we romanticize the historic achievements of NC Mutual, M&F Bank, and the Black Wall Street era, these businesses and other large Black owned businesses have also suffered from a lack of structural representation in Durham's economic development. Broadly, the interests and goals of the Black business community have often been ignored in Durham's economic development. Without structural representation, the Black business community has often been a target for destruction, disinvestment, neglect, and sacrifice as evidenced during urban renewal's teardown of Hayti without rebuilding. This lack of representation has been compounded by the devastating conditions Blacks in Durham have faced, including subjection to the harshness of plantation slavery and racial subjugation during, before, and after the American Revolution, the Civil War, the Great Depression, and the Civil Rights movement. These racial subjugations continue in current day Durham and all over America.

Today, Durham has an opportunity to join other cities across the US in pursuing equity in economic development by granting structural access to Durham's Black business community via the GDBCC. In Austin, Texas, the economic development department has provided a great example of working towards economic equity by funding the Greater Austin Black Chamber of Commerce with roughly \$171,000 per year. Last year, for the 2019-2020 budget, the GDBCC requested \$100,000 from the City and County and received \$0. This year, we are requesting \$110,000 and working to change economic development in Durham by ensuring that the interests of Durham's Black-owned businesses are structurally represented in Durham's plan to grow and develop.

The GDBCC is well positioned to represent the interests of Durham's Black business community because it has a strong membership base of over 150 Black-owned businesses, a strong record of working with both the City and County, and an understanding of how both the City and County execute their economic development initiatives. With key experience in diversity, inclusion and equity strategic planning, an understanding of inclusive and equitable economic development, and a 10+ year history of service to Durham's Black business community, the GDBCC has both the technical capacity and community trust necessary to adequately deliver services to the Durham community. A contract with the GDBCC is a highly effective way for the City and County to ensure structural representation of Black businesses interests in Durham's economic development design, implementation, and evaluation.

Without this structural representation, Durham's economic development efforts have failed and continue to fail to be inclusive or equitable. The devastating results of this lack of inclusion and equity in economic development can be seen in the recent development of Downtown Durham. When redevelopment in Downtown Durham was beginning in 2004, 42 of the 824 downtown businesses were minority-owned, just 5%. 10 years later in 2014, after a lot of economic growth and new businesses flooded the downtown area, it was expected that the percentage of Black owned businesses would grow to much higher than 5% in the home of Black Wall Street. However, only 39 of the 1100 businesses in 2014 were minority-owned, just 3.5%. It is important to note that if minority owned businesses dropped down to 3.5%, the percentage of Black-owned firms was even lower. Without structural representation in the economic development design, implementation, and evaluation of Downtown Durham, the interests of Black business could not have been adequately considered and pursued. As a result, the requisite diversity in economic development planning and execution for both the City and County governments was not met, negating the opportunity for inclusion and equity.

This lack of structural representation in the planning, design, and implementation of Durham's economic development has left a wide gap in who has benefitted and continues to benefit from Durham's growth and development. Structural access would have given Black businesses that existed in and around downtown Durham in 2004 a much better chance of not just surviving, but thriving. The time is now to make the changes necessary to pursue shared prosperity. As an economic development partner of the city and county, the GDBCC is poised to help Durham reach its true potential as a diverse, inclusive, and equitable city and county. A failure of the city and county to structurally engage and contractually consult with the GDBCC would be a failure to create the structural change the city and county continue to highlight in their goals of shared prosperity. Further, it would represent a continuation of the non-representative and exclusionary economic development policies and practices Durham has employed since its inception.

A Structural Problem

In the 2019 State of Durham County on March 25, 2019, Durham County Commissioners Chair Wendy Jacobs expressed some frustration over the failure of the light-rail project. In the remarks, Chair Jacobs noted a few points that are worth highlighting, noting that:

- underlying racial structural inequities exist in Durham

- many people and neighborhoods continue to suffer from the historic remnants of redlining and disinvestment as well as the dislocation, destruction and disconnection caused by 147
- gentrification and rising housing costs are linked to the revitalization of downtown Durham and new economic opportunities are exacerbating inequities
- 26% of Durham's children live in poverty (37% Black, 36% Hispanic, and 8% white)
- white Durham residents are more likely than Black residents to own their own home and get a mortgage and almost 1/3 of Black and Hispanic households have zero or negative net worth
- racial equity trainings are an important first step that must be followed by structural, systemic change

While we are very encouraged by these words by Chair Jacobs, we continue to challenge Chair Jacobs and Durham County to put the appropriate actions behind these words. Despite Durham County calling for inclusive and equitable economic development, the structural investment has been lacking. Last year, the GDBCC reached out to Chair Jacobs, all of the Durham County Commissioners, the County Manager and Economic Development staff, and presented a consulting proposal for the GDBCC to serve as a partner/consultant to Durham County. The proposal was for \$100,000 for an annual contract that included equitable engagement, recruitment, retention, marketing, and other services.

Without a formal review and proper consideration from the group, the proposal was shelved via email responses from two commissioners, insisting that the county would soon be re-evaluating its economic development policies, and that they would reach out to us at that appropriate time. There was no follow up meeting and Durham County continues to deny the Black business community structural access to economic development. While the Black business community is denied structural access and investment, it is important to note that in the 2019-2020 budget, Durham County commissioners approved \$751,159 with the following contracted partners in economic development:

- Durham Chamber of Commerce: \$265,000
- Downtown Durham Inc: \$160,000
- Moogfest: \$70,000
- History Museum: \$51,000
- Research Triangle Regional Partnership: \$43,829
- Sports Commission: \$161,330

In addition to this \$751,159 in the 2019-2020 budget, Durham County allocated \$2,132,171 for incentive payments to 21C, Avaxis, Corning, Gentian Group, LLC, LabCorp, Longfellow, Pairwise, Premier Research Intl, Purdue Pharma, Sensus USA, and Wexford Science & Technology.

During the 2019-2020 budget cycle, the GDBCC had a been a brief period of engagement with the City of Durham in discussing an economic development plan to realize shared prosperity. Through the Bloomberg Cross Boundary Collaboration program, I took part in strategic discussions with other Durham business leaders from December 2018 to May 2019. In those sessions, I presented the interests of the members of the GDBCC and the Black business community and had the opportunity to work directly with Andre Pettigrew, the Director of the City of Durham's Office of Economic and Workforce Development (OEWD). However, this engagement was voluntary and not backed with the institutional power of a structured contract.

In January 2019, as a part of the 2019-2020 budget cycle, the GDBCC submitted a \$100,000 proposal to partner with the City of Durham as a strategic partner and consultant in designing, implementing, and evaluating the City's plan for shared prosperity. We were thankful to have several meetings, discussions, and deliberations with Mayor Schewel, Deputy City Manager Keith Chadwell, OEWD Director Pettigrew, and others. However, we were shocked when OEWD's

proposed 2019-2020 budget failed to include any funding to consult with the GDBCC or any other Black economic development agency in spite of our recommendations. Instead of listening to the Black business community's recommendation for a consulting agreement with the City, OEWD decided to seek \$400,000 to create its own nonprofit, Built2Last, while investing \$0 in a strategic partnership with the GDBCC.

We continue to work with and encourage City Council, OEWD, the County Commissioners, the County Manager, the County's economic development staff, and other government leaders to fully embrace their stated commitment to inclusion and equity by granting economic development access to the Black business community. We are happy to be currently engaging both local governments and have had continued meetings with the City Council in pushing this work forward.

As we work to structurally address the inequities in Durham's economic development, it is important to recognize that Durham's history of systemic racism, economic inequity, lack of representation, disinvestment, and denial of access to Black people and Black institutions is a significant challenge. It is only through understanding the depths of the systemic denial of access based on race that we can truly appreciate the difficulties associated with proposing structural change and recommending equitable access for Blacks. Lastly, it is only by understanding the depths of racial equity that we can start to understand the complicated prevalence of internalized racial oppression, where Black political leaders and government employees undermine and undervalue the significance of Black led and Black focused institutions.

History

Since its founding in 1869, Durham has been steeped in systemically racist practices and policies, inheriting much of its ways from colonial Virginia. In order to truly understand the history of racial inequity in Durham, and how it relates to economic development, we must begin with the history of race in Virginia and North Carolina, notice how it overlaps with Durham's history, and recognize the connections between economic development and the denials to access to freedom, land ownership, and voting. This lack of access, over many generations, has been normalized and manifested into laws, policies, and practices that deny Black communities exposure and power in economic development activities.

16th and 17th Century

Prior to the 16th century in pre-colonial America, Native Americans lived peacefully all over North Carolina. As the population in England doubled and unemployment rose, the English crown sought westward exploration in search of new lands to conquer. English explorers traveled to North America, eventually establishing English colonies in Virginia throughout the 1600s and King James I of England gave colonists the Virginia Charter in 1606. Initially, indentured servitude was the common form of labor in the colonies as English, Scottish, Dutch, and other indentured servants worked as contracted labor for a defined period of time.

Indentured servants were generally treated poorly and many ran away and/or petitioned for better treatment. Runaways were sometimes branded with an R to discourage the practice. In 1619, the first 19 Africans arrived in the colonies and were sold as laborers. During this period, most servants routinely found ways to access their freedom. In 1640, Hugh Gwyn took three of his indentured servants who had run away to Maryland and been captured to court. Victor (a Dutchman) and James Gregory (Scotsman), were sentenced to 30 stripes of whipping and 4 years added to their indentured servitude. John Punch (African) was sentenced to indentured servitude for life, slavery.

This distinguishable difference in the discernible appearance of African indentured servants and the lack of rights afforded by the law promoted further ambition for the colonists to seek more African labor. The darker skin of African servants made it easier to track and negated the need for branding runaways. By 1661, English indentured servants

were discouraged from running away with Black indentured servants by the General Assembly by stating that they would serve the missed time of the negroes they ran away with. In 1667, the General Assembly passed an act stating that baptism did not relieve negroes from bondage, even though Christianity had been a passage to freedom. A concerted effort to strip African servants any rights followed and slavery ensued.

After the success of Bacon's Rebellion in 1676, the ruling class became very scared of servant and slave rebellions. The combination of the high death rate in the colonies and masters' increased cruelty to indentured servants slowed the traffic of indentured servants migrating from England. Meanwhile, as indentured servants sought more rights and protection in the courts, the English colonists turned more and more to African slaves as a labor force. In 1691, whiteness was defined in the colonies and interracial marriages were outlawed. Free Blacks were ordered out of Virginia in an effort to erase the hopes of enslaved Blacks.

18th century

In 1705, in "An Act concerning servants and slaves", the general assembly makes the distinction in how to treat Blacks who were enslaved and white servants. White servants were protected from naked whippings while slave masters could kill their slaves during punishment without penalty. White indentured servants were further encouraged to differentiate themselves from their Black counterparts because they were incentivized with 50 acres, 30 shillings, 10 bushels of corn, and a musket upon completion of their servitude.

As the English crown continued to commission more companies to colonize North America and fight Native Americans for their inhabited lands, new North Carolina towns were created. In building new towns, the settlers continued to exploit Africans as slave labor. Between 1705 and 1770, the slave population in North Carolina is approximated to have grown from about 500 to more than 40,000. In 1739, slaves were restricted from carrying guns and the manumission of slaves was forbidden except as a reward for outstanding service to the state in 1741. In 1752, Orange County was founded. By 1790, according to the census of 1790, North Carolina had roughly 107,000 slaves, 25.5% of the NC population. By the end of the 18th century, the harsh labor force of slavery was rampant in NC, as towns continued to grow. Stagville, the historic Durham plantation was formed during this time in 1768.

19th Century

In the beginning of the 19th century, white planters in NC continued to import more and more slaves to advance the production of tobacco, cotton, and rice in North Carolina. By 1860, the slave population in NC had grown to roughly 300,000, about 33% of the overall NC population. The necessity of slavery for white planters in NC was coupled with harsh realities of Blacks living in NC. While the 1776 Constitution had granted freed slaves the right to vote, it was amended in 1835 to take voting rights away. In 1861, when the civil war started, NC had the highest percentage of seated politicians that owned slaves at 85%. Slavery was at the crux of the NC economy. As such NC provided at least 125,000 soldiers to the confederacy to fight for the continuance of slavery, the largest number of any state.

The civil war started in 1861. During the war, in 1863, the Emancipation Proclamation declared slaves freed. However, this alone was not enough to end slavery, and an amendment to the constitution was necessary. Near the end of the civil war, before the southern states had been restored, the 13th amendment was passed and abolished slavery for all except those convicted of a crime. However, when Abraham Lincoln was assassinated in 1864, Raleigh-born Andrew Johnson became President. As a southern sympathizer, Johnson relaxed the efforts to punish the confederate states, and as a result, just about all of the slave owning leaders of NC who had fought for the Confederacy and were able to return to their lands. With the reneged promises of 40 acres of land, freed Blacks are then relegated to sharecropping, often working for the same land owning white families as before the Civil War.

Durham was founded in 1869 as a key railroad town to transport cash crops. As Durham was still economically controlled by the white land owning families as prior to the civil war, Blacks were heavily disadvantaged and relegated to sharecropping and employment in the tobacco industry. Naturally, white tobacco entrepreneurs who had fought for the Confederacy emerged as successful tobacco entrepreneurs in Durham, including Washington Duke, Julian Shakespeare Carr, Edward James Parrish, and Robert F. Morris. It is these entrepreneurs and their colleagues who would push for Durham County to be formed in 1881, complaining of the amount of time lost traveling back and forth to Hillsborough to conduct business.

As the 19th century closed, despite segregation and a lack of significant access land, Black entrepreneurs successfully began to build companies in a Durham that was not designed for their success. While NC Mutual and M&F Bank were being formed, American Tobacco Company, W. T. Blackwell Tobacco, and Durham Cotton Manufacturing Company were already well in stride and dominated the local economy. In 1890, American Tobacco (owned by the Dukes) produced 90% of the cigarettes in the US and was one of the 12 original companies on the Dow Jones Industrial Index.

20th Century to present day

Although slavery was abolished in 1865, at the beginning of the 20th century, white supremacy culture continued to rule Durham, NC and the postbellum South. Jim Crow laws ruled the land and Blacks were treated as inferior, relegated to segregated communities. As tobacco and cotton production brought riches to white Durham entrepreneurs, Blacks generally continued to face discrimination and unfair labor practices. In 1906, the Durham Chamber of Commerce was formed and represented the economic interests of white business owners, not accepting Black members until after the civil rights movement in 1963. While Blacks continue to form and operate outstanding organizations like Lincoln Hospital in 1901, NCCU in 1910 and the Durham Committee on the Affairs of Black People in 1935, the interests of Durham's Black businesses were never structurally represented in city and county economic development.

Without this structural economic representation, as Durham grew over the next few decades, the interests of Black businesses were neither heard, considered, or prioritized. After the Great Depression, the New Deal effectively excluded Black workers from benefiting from its policies. In 1937, the Home Owners' Loan Corporation produced a redlined map of Durham, creating a structural opportunity for disinvestment and targeting of Black neighborhoods. Between 1934 and 1960, the federal government backed \$120 billion of home loans, 98% going to white families.

In 1959, 5 years after Brown vs Board of Education reversed the separate but equal school in 1954, the schools were still segregated. When the federal government tried to force integration, white Durham citizens fled to the suburbs and abandoned downtown Durham. In order to create access to the suburbs and a newly conceived Research Triangle Park, a highway through Durham's largest Black community, Hayti, was planned. With a promise of imminent investment and infrastructure upgrades for the Black community, city and county officials pitched this plan to the Durham Committee on the Affairs of Black People and convinced them to support urban renewal. However, without structural representation in Durham's economic development policy to implement this plan equitably, city officials did not follow through on their promises to the Black community. Instead, many Black businesses like Deshazor's Beauty College were destroyed and never rebuilt. Meanwhile other nearby businesses like American Tobacco, Erwin Mills, and Duke University, who had structural representation in the design of the urban renewal plan were untouched during urban renewal.

Blacks in Durham, NC played a significant role in the Civil Rights movement. After Rev. Douglas Moore led the Royal Ice Cream Parlor Sit-in in June of 1957, Durham became the 7th town in NC to desegregate its lunch counter in 1960. This

sit-ins also led to an increased strategic focus on Black political power as the protesters had been found guilty in the Durham courts, the Durham County Superior Court, and the State Supreme Court, with the federal Supreme Court refusing to hear the case.

Despite the social and political gains of Blacks in Durham since the Civil Rights movement, economic gains have been challenged by structural racism and the perpetual lack of structural representation of Black business interests in Durham's economic development plans. Since urban renewal, this has resulted in a lack of investment in redlined areas and the destruction of some of Durham's Black owned businesses. Today, this lack of structural representation is resulting in the continued disinvestment in the growth and development of Durham's Black business community. The voices of Durham's Black business community continue to be ignored as city and county officials make decisions on behalf of them, refusing to engage with a representative organization like the GDBCC. Meanwhile the city and county structurally engage with and fund other representative organizations for economic development.

In the last 20 years, development in Durham has been rampant, especially in downtown Durham. This development has been spurred by hundreds of millions of dollars of investments via many vehicles like the New Markets Tax Credit (NMTC), which offers investors a federal tax credit for supporting projects in low income areas. The program, which has since been twice reauthorized by the American Recovery and Reinvestment Act, delivered \$140M to downtown Durham between 2003 and 2006, \$127M going to American Tobacco. However, the federal tax credits that were designed to enhance the quality of life of impoverished citizens living in and near the downtown area further exacerbated the problem due to the lack of structural representation.

Without structural representation, the Black community has been systematically excluded from downtown Durham's growth and development. DDI shares that since 2000, over \$1.8B has been invested in downtown Durham. While this has been great for many, it has also come at a cost to some. Without structural representation, the people that the federal tax credits were designed to help in the low income and distressed, redlined neighborhoods have not been served. Instead, they have simply been pushed out of their communities, making way for investors to decide how to grow their communities. Instead of fixing one of the root causes of the situation by providing low income communities with the structural representation they need to grow their communities in an inclusive and equitable way, our government has instead turned its focus to creating affordable housing for the displaced.

Conclusion

As an economic development agency, the GDBCC represents an opportunity to do economic development the right way by providing structural access and structural representation to the communities that have historically been excluded, the ones that the New Markets Tax Credits were designed for. The time has come for both the city and county to make good on its promises of inclusive and equitable economic development by structurally engaging with the GDBCC as a representative of Durham's Black businesses and small business community. As a process, racial equity requires meaningfully engaging and prioritizing the wishes of those most affected by the decisions being made by allowing full participation in the design, implementation, and evaluation. This has not happened in Durham's economic development. We have an opportunity to move towards racial equity by meaningfully engaging the Black business community in economic development, by consulting and contracting with the Greater Durham Black Chamber of Commerce.

If we are able to do this and close this gap in structural representation, we could start to create a thriving business climate for all businesses in Durham by finally allowing structural access to Black businesses in Durham. In the absence of that commitment, we continue to operate in a fragile state of Black business in Durham. In this fragile state, historic

Black-owned businesses like NC Mutual have been pushed to the brink of closure. In this fragile state, the number of Black-owned businesses in downtown Durham is decreasing instead of increasing. In this fragile state, Durham is not reaching its full economic potential by under-investing in a historically entrepreneurial Black business community.

When Durham finally allows structural access to the Black business community, we will start to connect the Black community to economic development. We will once again start to see more diversity in our downtown areas. We will start to see more local businesses taking part in developing our communities and thus see less gentrification. We won't need to pursue a future \$100M affordable housing bond because the economic development plan will be of and for the people, taking their living space into consideration.

Durham has an opportunity to live up to its goals for diversity, inclusion and equity and to be a national leader in supporting the growth and development of its economy by finally unleashing the power of its Black business community. We look forward to working with all of Durham's economic development agencies to ensure inclusive and equitable growth.