1-1-1995

The Competitive Advantage of the Inner City: Does Race Matter?

Philip S. Hart
University of Massachusetts Boston

TROTTER INSTITUTE

The Competitive Advantage of the Inner City: Does Race Matter?

by
Philip S. Hart

OCCASIONAL PAPER

WILLIAM MONROE TROTTER INSTITUTE
UNIVERSITY OF MASSACHUSETTS AT BOSTON
BOSTON, MASSACHUSETTS 02125-3393

Occasional Paper No. 33

The Competitive Advantage of the Inner City: Does Race Matter?

by
Philip S. Hart

1995

This Occasional Paper is based on an analysis of economist Michael Porter's work on the competitive advantage of nations in relation to the inner city. Philip S. Hart is Professor of Sociology in the College of Public and Community Service at the University of Massachusetts Boston.

Foreword

Taking off from his important work on the competitive advantage of nations, Michael Porter has proposed to use his cluster model to examine the competitive advantage of the inner city. This essay reviews Porter's work on this topic and examines its implications in relation to the racial dimension. The author argues that while Porter's proposed model for economic development in the inner city has some significant merits, it fails to account for the impact of racism on the continuing efforts to promote business opportunities and economic development in inner city neighborhoods across the United States. The author calls for a new working model that better addresses these concerns.

The Trotter Institute publishes its research through the Occasional Papers Series, the Research Report Series, the Monograph Series, and the Institute's periodical, the *Trotter Review*. The opinions and conclusions contained in these publications are those of the authors and do not necessarily represent the opinions or endorsement of the Trotter Institute or the University of Massachusetts Boston. For more information on any of these publications or the William Monroe Trotter Institute, please contact us at the address below.

Publications Department
William Monroe Trotter Institute
University of Massachusetts
100 Morrissey Boulevard
Boston, MA 02125-3393

Introduction

Following up on his important work on the competitive advantage of nations, economist Michael Porter has turned his attention to the competitive advantage of the inner city. In his work on the competitiveness of nations—a five-year study of ten leading trading nations—Porter found that no nation was competitive in everything.[1] He noted that competitive success tends to concentrate in particular industries and groups of interconnected industries, or clusters.[2] By turning his attention on the inner city, Porter has helped to reinforce the emerging sense that it is important to concentrate on the assets of such locations rather than on their liabilities. This perspective differs from the social welfare model which focuses on the liabilities of the inner city as opposed to its assets.

In looking at the competitive advantage of the inner city, it is important to note that such neighborhoods are predominantly made up of racial and ethnic minorities, and have suffered from levels of disinvestment and social disorganization not common in other locales. It is also clear that the bettering of economic conditions is quite important to residents of such communities and, specifically to African-American residents of inner city neighborhoods, the bettering of economic conditions has been a priority for at least five decades.[3] This priority was revealed strongly in the author's book entitled, *Cities, Suburbs and Blacks* (with James E. Blackwell).[4]

In examining Porter's model on the competitive advantage of the inner city for business development, I will consider as well the impact of race on business and economic development in inner cities. In so doing, I will compare and contrast Porter's work with those of authors such as Cornel West, James Blackwell, Timothy Bates, and my own work. It is my goal to gain a preliminary understanding of the viability of Porter's model when the seemingly intractable variable of race is in the mix. Further, I seek to determine whether Porter's model can accelerate the growth and development of business opportunities for racial and ethnic minorities who remain the primary residents of inner city neighborhoods throughout the United States.

The Competitive Advantage: A "Cluster Approach" to Business and Economic Development in the Inner City

According to Porter, "the economic distress of America's inner cities is one of the most pressing issues facing the nation. . . . Underscoring the current state of affairs is [the] sad reality [that] the numerous efforts to revitalize inner cities over the past few decades have clearly failed."[5] Porter argues that the failure of past efforts is due to the use of the wrong model for business and economic development. As he reminds us, historically, inner city revitalization has been viewed as a social problem—thus, the existence of such social programs as housing subsidies and food stamps.

Porter has identified six models for inner city economic development that have been advanced over the past three decades. Although they have had mixed success, Porter notes that "none of them will be sufficient as a development concept."[6]

The first model described by Porter is the *real estate model*. Porter provides examples of this model, but terms it inadequate alone because real estate projects are the outcome of economic development, not the driver of economic development. Porter argues that economically-viable housing and retail projects depend upon a healthy local economy. In the absence of a healthy local economy, such development projects will not be self-sustaining. Office and industrial development projects are more directly targeted to economic development, but because land and building costs are markedly higher in the inner city these locations find it difficult to compete for industry with suburban and rural sites in the absence of significant subsidies.

The second model is that of *location incentives*. That is, incentives that use tax credits, job credits, sales tax relief, and other such inducements to attract or retain industry.[7] Porter deems this model inadequate for a variety of reasons, including the observation that it is difficult to see a company choose an inner city location except out of social conscience or political pressure. In this regard, Porter cites the example of Digital Equipment Corporation's tenure in Roxbury from 1980 to 1993, a project of which I am intimately familiar, and on which Porter and I differ as to motivation and reasons for Digital's exit.[8] Nevertheless, Porter is correct in his assertion that this model has had mixed success.

The third paradigm described by Porter is the *social conscience/philanthropy model*. This model is based upon encouraging business firms and individuals to support the inner city economy through various means even though the inner city offers a lower economic return than other locations. The problem here, Porter notes, is that social conscience and philanthropy can overcome economic reality for only so long, thus rendering this approach unsustainable.

The fourth model is known as the *mandate model*. This model is dependent upon the use of government mandates, minority set asides, and other minority preferences to encourage economic development. Porter recognizes the reasoning behind such mandates—discrimination and racial stereotyping, for example—but deems this approach lacking primarily because he feels it dulls incentives and slows down cost and quality improvement.

The fifth paradigm is the *community entrepreneurship model* which encourages local business development and the recycling of dollars within the community. Porter feels this model has merit as part of a broader strategy, but considers this approach doomed if it only serves the local market and does not reach out to the regional market. Porter also sees this approach as isolationist. That is, the inner city is seen as a separate economy. Porter further asserts that, within this paradigm either explicitly or implicitly, assistance is often directed toward businesses that are owned by local residents and/or minorities.

The final model Porter discusses is the *migration model*. The goal here is to connect inner city residents to the jobs available in the suburbs. The underlying assumption is that sufficient jobs cannot be created in the inner city to meet the demand of an ever-growing population. Porter recognizes the deficiency of this model as well as the reality that inner city residents are at a disadvantage in competing for jobs in the suburbs.

Given these limitations, Porter has proposed a new model based upon an economic rather than a social perspective.[9] He states that in order to be effective, this model needs to be centered on the private sector, not the government or social service organizations. This model, he argues, must concentrate on creating inner city businesses that are profitable in their own right and which are "export" oriented such that regional, national, and even international companies can grow and thrive in the inner city. To achieve such a goal, Porter suggests a "cluster approach" by which firms can be linked together through customer, supplier, or other relationships. In Massachusetts, for instance, Porter notes that there is a highly competitive cluster of industries in the area of information technology in which competitors push each other to improve products and processes. Thus, for Porter, clusters are the main drivers of economic development.

Applying this logic to the inner city, Porter notes there are four potential areas of advantage: physical location, demand conditions, linkages to regional clusters, and human resources. His preliminary work has focused on inner city Boston and inner city Los Angeles. According to Porter, the clusters with location advantages in Boston include food processing, storage, and equipment;

logistics and storage; printing and publishing; and commercial laundry and other support services. The demand advantage for inner city Boston are in the areas of security services and real estate. In inner city Los Angeles, Porter has identified food processing, and logistics and storage as location advantages as well as toy and electronics importing and distribution. The demand advantages in Los Angeles include hair products, ethnic food products, and apparel.

Porter goes on to delineate the disadvantages that must be overcome in order to unleash the economic potential of inner city neighborhoods. These include: 1) the difficulty of land assembly and high costs; 2) high building costs; 3) high non-wage costs, e.g., water, utilities, insurance, real estate taxes; 4) security issues; 5) infrastructure issues; 6) lack of employee skills; 7) lack of management skills; 8) lack of access to capital; and 9) attitudes. Finally, he identifies the tasks that need to be accomplished if a new vision of the economic potential of the inner cities is to be realized. They are as follows: (a) identifying sources of competitive advantages; (b) developing linkages with competitive regional clusters; (c) identifying and upgrading existing clusters; (d) creating a plan for site, infrastructure, security, and implementing it; (e) reducing non-wage costs of doing business; (f) mounting an aggressive human resources development strategy; (g) restructuring financing sources; and, (h) finding new ways of encouraging entrepreneurship and new business formation.

Porter's discussion of the old models and the cluster approach as a foundation for a new paradigm for inner city economic development are important additives to the on-going debate on revitalizing America's inner cities. Through his working model, Porter recognizes the racial dimension but does not fully account for the debilitating effects of racism as related to inner city business and economic development. The following section attempts to address these issues more fully.

The Competitive Advantage: Does Race Matter?

As Cornel West reminds us, "To engage in a serious discussion of race in America, we must not begin with the problems of black people but with the flaws of American society—flaws [that are] rooted in historic inequalities and longstanding cultural stereotypes."[10] Among those flaws is the segregation of black Americans into isolated communities commonly referred to as ghettos. This racial segregation is evident in America's inner cities and the suburbanization of white America. Another flaw is the exclusion of black Americans from the economic mainstream of the American society. Bear in mind that the American brand of apartheid is only decades removed. Others have noted that an unintended consequence of integration is the weakening of a black business class that had a captive market during the days of de jure segregation.[11]

Yet another flaw is that pernicious inequality and lack of capital access have led to a situation in which business formation among the nation's black populace lags significantly behind other racial and ethnic groups in society.[12] As Herbert L. Tyson notes, among minority groups, black entrepreneurs had the lowest business formation rate.[13] Despite this relatively low business formation rate among black entrepreneurs, Timothy Bates points out that in the past decade black-owned companies in business services, manufacturing, and construction have more than tripled their employment rolls.[14] Further, Bates notes that with the logic of network hiring, white-owned businesses tend to hire whites while black businesses tend to hire blacks.[15]

West has postulated that the fundamental crisis in black America is too much poverty and too little self-love, a problem that "is primarily due to the distribution of wealth, power, and income—a distribution influenced by the caste system that denied opportunities to most 'qualified' black people until two decades ago."[16] West further argues that the exodus of stable industrial jobs from urban centers to cheaper labor markets along with other factors have eroded the urban tax base.[17] He infers that with a collapse of meaning in life that is linked to employment, a pervasive spiritual impoverishment has developed in many urban centers.

Timothy Bates has argued that vibrant, expanding small businesses are desperately needed in low-income, inner-city minority communities.[18] The reasoning is that healthy businesses help economic development and create jobs. Bates further notes that the logic of network hiring suggests that an expanding black business community is what will generate jobs for African Americans.[19] Thus, while Porter argues for a new model of inner city economic development, he does not seem to recognize as do West, Bates and Tyson, that such a model needs to address black business development and the logic of network hiring if the issues of job and wealth creation in the African American community are to be addressed.

The closest Porter comes to this realization is in his reference to "economic disadvantage," whereby when economically distressed citizens and economically distressed areas do not have their problems addressed, there can arise social tension, lawlessness, and despair.[20] Compare this to West's characterization of a collapse of meaning in life and Blackwell and Hart's notion of distrust and alienation, as concerns within the black community.

West and Porter would agree that a new model for inner city economic development is needed. West's argument would probably be couched in the need to create jobs and wealth for inner city residents who are predominantly black. Porter would probably argue for a race-neutral inner city business development that emphasizes clusters with the potential for reaching regional and national markets. Further, West has stated that we must look beyond the same voices that recycle the older frameworks. For West, this new leadership needs to be grounded in grassroots organizing that highlights democratic accountability.

Along these same lines, Christopher Sower and Geraldine Taylor Gist have argued in their recent book, *Formula for Change*, that our nation's major social problems are due, in part, to obsolescence and "hardening of the arteries" in large organizations charged with solving these problems.[21] Sower and Gist further maintain that "the nation's urban communities are in deep trouble."[22] On this point Porter would agree. Sower and Gist go on to argue, "Cities have had enormous problems in achieving local development, especially the kind that can be produced only with extensive citizen and community participation."[23] Porter would probably assign such participation of lesser importance as a reminder of the failed social welfare model.

The need for community participation as an element of local development emphasized by Sower and Gist—and the difficulty in achieving such participation—correlates with West's sense of the breakdown of family and neighborhood bonds. Thus, as West argues, we have created rootless people with little link to the supportive networks that sustain some sense of purpose in life. Employment has often served as an important root that anchors people and provides a purpose in life. The chronically high unemployment rates in this nation's inner cities over the past few decades has helped contribute to the breakdown in the fabric of life in these vulnerable communities.

Factors seen contributing to this situation include broader market forces as well as institutional racism. As noted by this author and James E. Blackwell, "dominant groups may use racism, prejudice and institutional discrimination as mechanisms to assure the maintenance of power and control. This racism is transformed into an ideological quality when racist beliefs are combined with beliefs of the biological, intellectual or cultural superiority of one group over another. It becomes institutional whenever the group creates arrangements and solidifies practices within established institutions designed for the benefit of that group over others."[24]

Broader market forces are reflected in the out-migration of jobs and industry from inner city locations to suburban and off-shore locations. These market forces in combination with institutional racism have left inner-city communities vulnerable. This vulnerability is now evident with relatively high levels of social disorganization and disinvestment, thus conspiring to stamp inner cities as risky investment. Filling the void left by manufacturing jobs over the past two to three decades have been the primary goal of social welfare programs predicated on the notion of widespread community participation. Such programs have had mixed success. Porter, West, Bates, and others would argue that what is needed now is business development activity in our inner cities. West would probably further argue that such new investment needs also address the loss of community in such areas. An important question at this point in time is whether the need for new investment in inner city business development can be reconciled with the current views toward community participation. Business formation and management tends to have a different rhythm and style than widespread community participation. Perhaps the time is ripe for a new sense of what constitutes appropriate business formation activity within a local participation context in our urban cores.

Participation suggests inclusion. For the most part, African Americans have been excluded from significant business development opportunities in the United States. White males have dominated business in this country since its founding. According to Becker,[25] and Blackwell,[26] white males are so socialized to believe in their primary entitlement to economic opportunities and rewards, and to exclude all others who might interfere with their prerogatives, that they bring into the labor market place an internalized "taste for discrimination" which manifests itself in day-to-day labor market activities. In this regard, Lester Thurow has argued that white males monopolize power. It is this monopolization that is so critical to discrimination since, without it, less racial prejudice would be directed toward racial minorities.[27]

As we approach the twenty-first century, white male monopolization of economic and political power continues nearly unabated. Porter's model fails to account for this social reality. Although West recognizes this reality, he has not formulated an appropriate model in his own right. Bates and Tyson, however, have delineated the historic underrepresentation of African Americans in business formation as well as possible reasons for this dilemma. Bates goes on to note a recent surge in business formation among this group and reminds us that the idea of business investment to re-energize enterprises in declining ghetto neighborhoods looks like a losing proposition. Yet, minority business enterprises in the nation's largest metropolitan areas have been growing rapidly in size and number over the past decade.[28] Bates adds that those businesses with the best performance and prospects are increasingly situated outside poor ghetto communities, and their markets are not just minority households. However, these companies hire a predominantly minority workforce.

Bates' findings are consistent with Porter's notion that inner city businesses cannot be isolationist and must reach a broader market. However, Porter does not address the issue of black business development, nor recognize Bates' concept of network hiring. Given the white monopolization of the business sector, the logic of network hiring has meant a workplace dominated by white males. At the same time, it is white males who seem to feel most threatened by affirmative action policies such as goals, mandates, and set-asides. The notion of reverse discrimination is one that has been raised mainly by white males.

In his discussion paper on the competitive advantage of the inner city, Porter makes reference to Black Entertainment Television (BET), a company based in Washington, D.C.[29] A brief review of BET as a case study may be instructive in relation to white male business dominance and its relation to black business development.

BET was founded in 1980 by Robert L. Johnson. Johnson was an aide to Walter Fauntroy when the latter was a District of Columbia representative in Congress. Johnson then went on to an executive position in the National Cable Television Association (NCTA). It was in these two positions that Johnson met the emerging leadership in the cable television industry, such as John C. Malone of Tele-Communications Inc. (TCI) based in Englewood, Colorado, a suburb of Denver.[30] With $15,000 of his own money, Johnson approached Malone with a plan to start up the first cable television service targeted to the growing black consumer market. Malone liked the idea. TCI then invested $500,000 in BET, while Johnson maintained majority ownership. Time-Warner then entered as a financial partner. Thus, Johnson and BET had as two of its initial partners the two largest multi-system cable operators in the nation. BET would be carried as a basic cable service on the TCI and Time-Warner systems.

To this day, BET remains the only cable programming service aimed specifically at the black consumer market. BET is now listed on the New York Stock Exchange (NYSE) after going public in 1991. Its market value is estimated to be between $400 and $500 million, and Johnson's net worth is in the $150 million range. BET is an income generator for over 400 employees and a wealth creator for a select few. Consistent with Bates' logic of network hiring, BET's workforce is largely black, while both TCI and Time-Warner's workforces are predominantly white.

A key factor in BET's success is the mentor-like relationship that exists between Johnson and Malone—a white male. Malone and TCI provided technical assistance, financing, and a protective environment for BET. The $515,000 needed to launch BET in 1980 would require upwards of $50 million today. Without Malone's assistance, it is doubtful that Johnson and BET could have achieved their current success. Malone shared Johnson's vision and a successful company was created as a result. Can this success be duplicated elsewhere? Does Porter's approach provide any clues in this regard?

Porter's new model is predicated on the notion that businesses in the inner city need to cultivate regional and national markets; that they should not be isolationist; and that not just local residents and/or minorities should be encouraged and supported in inner-city business development. Clearly, BET, through TCI and Time-Warner's cable systems, was able to reach regional and national markets. BET did not become isolationist in a strict sense of the word. Johnson is a racial minority and a local D.C. resident who tied in with a non-minority and non-local resident to help him build his company. With the BET case in mind, I look at Porter's model to try and determine if it can help promote both inner-city economic development and black business development at the same time. For if Bates' logic of network hiring is accurate, then it is black business development that should drive black employment.

The kernel of Porter's model are clusters of businesses with more than local markets in which competitive advantages can be identified and exploited. In Boston, for instance, Porter has identified nascent clusters such as electronic components, tourism, health care supply and back office support activities. Can business opportunities for African Americans be identified and exploited among these nascent clusters? For, as West has argued, income generation and wealth creation continue to be two of the most critical needs of the black community. Income generation comes from employment. Wealth creation comes from ownership. African Americans have not been able to create wealth nor generate adequate income because of a relative lack of business ownership opportunities.

It is estimated that the average net worth of a black family in the United States is one-tenth that of a white family.[31] The median income of a black family is around 60 percent of the median income of a white family.[32] The business formation and ownership rate among black Americans is considerably less than that among white Americans. These facts suggest that Porter's model for inner-city economic development, or any other such model, must address these realities in order to sufficiently overcome "the economic distress of America's inner cities."[33]

In a recent paper I discuss three cases related to creating opportunities for new technology ventures in distressed communities.[34] This paper is based upon my work in helping to create a new technology, biotechnology cluster in Lower Roxbury along the Albany Street corridor. To date, this new technology, biotechnology venture development in Lower Roxbury, is dominated by non-black corporate entities. It remains to be seen whether nascent clusters can emerge—along with food processing, logistics and storage, printing and publishing, and commercial laundry—and find regional and national markets in such a way as to enhance the sites and infrastructure of the inner city so as to accelerate the revitalization of this inner city location. It also remains to be seen whether this cluster can become the income generator and wealth creator so badly needed in the Roxbury community.

Adding Value to Inner Cities

There are still serious obstacles to inner-city economic development. Adding value to inner cities as locations for business activities is still problematic. Porter has done a useful service in critiquing the old models of inner-city economic development and proposing a new model. This new model, however, is still evolving. It warrants discussion and debate among those interested in inner-city economic development.

The continued segregation of American society along racial lines makes it imperative to evaluate Porter's model from a perspective that incorporates this social reality. The consistent economic need of the African American community—that is, of bettering its economic condition—is predicated upon generating income and creating wealth. Bates' logic of network hiring runs to the root of the problem—whites tend to hire other whites and blacks tend to hire other blacks. Thus, inner-city economic development strategies that do not emphasize black business development will not succeed in addressing the two primary economic needs of this community. Bates has suggested that policies to assist the more capable black businesses, wherever they are located, is what makes sense.[35] He also states that policy makers should be asking if there is any way to speed up the process of expanding the black business community as a way to generate jobs.

Porter and West would probably agree with Bates' assertion[36] that healthy businesses help economic development and create jobs. Porter would argue that this can be accomplished by developing new ways of encouraging entrepreneurship and new business formation. His cluster model is one way of addressing this need. Bates would probably weigh in by saying, that's fine, but our bias should be toward encouraging entrepreneurship and new business formation among African Americans because of the logic of network hiring. West would probably conclude the debate by emphasizing that black America's poverty problem can best be addressed via job-creation and wealth creation strategies, if not the more radical step of redistribution of wealth.

Thus, as Porter's model for inner-city economic development is debated, it is important to cling to its core—that of creating a competitive advantage for the inner city. Those of us concerned about the economic health of the African American community in the inner city must drive Porter's model further down the road. It is a bumpy road with few directional signs, but it must be traversed in order to arrive at a model that can render that road less bumpy and more responsive to the needs of the long-neglected African American community. For, as we are all more successful at upgrading and revitalizing these communities for all types of productive activities, including business ventures, then the more value will be added to our individual and collective lives.

Endnotes

1. Michael E. Porter, *The Competitive Advantage of Nations.* (New York: Free Press, 1990).

2. Michael E. Porter, Rebecca E. Wayland, and Jeffrey Grogan, *Toward a Shared Economic Vision for Massachusetts*, in collaboration with Challenge to Leadership, November 5, 1992, p. 2.

3. See Gunnar Myrdal, *An American Dilemma*, Vols. I and II (New York: Harper and Row, 1944), for his discussion of a rank order of discrimination in which black Americans identify better economic conditions as their top priority.

4. James E. Blackwell and Philip Hart, *Cities, Suburbs and Blacks: A Study of Concerns, Distrust and Alienation.* (Bayside, NY: General Hall, 1982).

5. Michael Porter, *The Competitive Advantage of the Inner City*, Discussion Paper, May 20, 1994, p. 1.

6. Ibid., p. 5.

7. The current Empowerment Zone programs funded by the Clinton Administration is an example here. Also, in Massachusetts, the issues raised recently by Raytheon and Governor William Weld's new business tax relief proposals bear watching in this regard.

8. See Philip S. Hart, *Creating Opportunities for New Technology Ventures in Distressed Communities.* (Boston, MA: University of Massachusetts, The McCormack Institute, 1994.)

9. Porter, *The Competitive Advantage of the Inner City,* op. cit., p. 5.

10. Cornel West, *Race Matters.* (New York: Vintage Press, 1994), p. 6.

11. Timothy Bates, *A New Kind of Business.* (Boston, MA: Inc., 1994), p. 23.

12. Herbert L. Tyson, *Black Entrepreneurship in the United States: A Survey.* (Boston, MA: University of Massachusetts, William Monroe Trotter Institute for the Study of Black Culture, 1993), pp. 9-10.

13. Ibid., p. 10.

14. Bates, op. cit., p. 23.

15. Ibid., p. 24.

16. West, op. cit., p. 93.

17. Ibid., p. 9.

18. Timothy Bates, *A Bad Investment*. (Boston, MA: Inc., 1995), p. 27.

19. Bates, *A New Kind of Business*, op. cit., p. 24.

20. Porter et al., op. cit., p. 30.

21. Christopher Sower and Geraldine Taylor Gist, *Formula for Change: Using the Urban Experiment Station Method and the Normative Sponsorship Theory*. (East Lansing, MI: Michigan State University Press, 1994), p. 51.

22. Ibid.

23. Ibid.

24. James E. Blackwell and Philip Hart, *Race Relations in Boston: Institutional Neglect, Turmoil and Change*. (Boston, MA: The Boston Committee, 1983), pp. 14-15.

25. Gary S. Becker, *The Economics of Discrimination*, 2nd Edition. (Chicago: University of Chicago Press, 1971).

26. James E. Blackwell, "Persistence and Change in Intergroup Relations: The Crisis Upon Us," *Social Problems*, Vol. 29, No. 4, April 1981, pp. 325-346.

27. Lester C. Thurow, *Poverty and Discrimination*. (Washington, DC: Brookings Institution, 1969).

28. Bates, *A Bad Investment*, op. cit., p. 28.

29. Porter, *The Competitive Advantage of the Inner City*, op. cit., p. 22.

30. Because of businessmen such as Malone, and before him, William Daniels, Denver and its suburbs became the capital of cable television. In Porter's model, a cluster of companies in the cable television business grew and prospered in metropolitan Denver forging regional and national markets.

31. Blackwell and Hart, op. cit., 1982, p. 3; also see, James E. Blackwell, *The Black Community*. (New York: Harper Collins, 1991), p. 169.

32. Ibid.

33. Porter, *The Competitive Advantage of the Inner City*, op. cit., p. 1.

34. Hart, op. cit.

35. Bates, *A New Kind of Business*, op. cit., p. 24.

36. Bates, *A Bad Investment*, op. cit., p. 28.