

ROBERT F. KENNEDY AND BEDFORD-STUYVESANT

In 1965 – 1968, Sam Beard began as Staff Associate to U.S. Senator Robert F. Kennedy working to revitalize Bedford-Stuyvesant, a low-income community in Brooklyn, New York.



Sam Beard as Staff Associate to U.S. Senator Robert F. Kennedy. 1966

In 1969, Mr. Beard founded the National Development Council (NDC), a national non-profit organization dedicated to redeveloping urban and rural low-income communities. NDC has initiated and run four national job creation programs for Presidents Nixon, Ford, Carter and Reagan.

In the United States in 1968, Blacks and Hispanics owned 1/1000th of 1 % of America's business assets. With

Presidents Nixon and Ford, Sam pioneered in stimulating minority-owned business investment. These activities opened doors and set new standards and led to hundreds of millions of dollars of investment in minority-owned businesses.

With Presidents Carter and Reagan, Sam focused on small business job creation in low-income urban and rural communities. Direct financing stimulated by these programs exceeds \$300 billion and has impacted more than 2 million jobs. Every major bank in America began investing \$50 to \$100 million per year.

NDC formed hundreds of local development organizations and trained more than 65,000 economic development professionals to process the loans. As a catalyst, these efforts have created more than 10 million jobs.



MINORITY ENTERPRISE AND INNER-CITY SMALL BUSINESS JOB CREATION – A CASE STUDY

When I graduated from college, I knew that I wanted to work in public service, but had no idea how. I was a liberal arts major. I loved the promises of America and its vision of equal opportunity for all. This led me to economic development. In 1965, I was thrilled when Senator Robert Kennedy called and asked if I would work with him in low-income revitalization in Brooklyn, New York's Bedford-Stuyvesant community. After the Senator's assassination, I started the non-profit National Development Council in my apartment.

– Sam Beard

Our first project was creating business ownership for minorities. In 1968, all the banks in New York City combined did not lend any more than \$1 million to African-American and Latino businesses. We cranked up 3,000 volunteers and within two years, the New York banks were lending \$40 to \$50 million to minorities. This set a standard for the country. My mentor, Al Stern, suggested that I create a program with President Richard Nixon, who had campaigned on Black Capitalism. I started laughing. This seemed fanciful. Stern interrupted me, "If you don't try, you won't get anywhere." Within 18 months, my first presidential program was approved, and I was the Chairman.



President Richard Nixon congratulated NDC on initiating and chairing the President's \$100 Million Minority Bank Deposit Program. Nixon heralded it as "the largest transfer of economic resources into minority-owned economic institutions in the history of the United States." 1971

Step 1 – The original idea – 1965-1968

In 1965 - 1968, while working with U.S. Senator Robert Kennedy in inner-city Bedford-Stuyvesant in Brooklyn, New York, Sam realized that rebuilding communities required jobs. Fortune 500 companies were not going to move to Bedford-Stuyvesant. The only answer was small business. There were three requirements to succeed:

People need to accept small business job creation as a policy priority.

Financial institutions need to commit capital for small businesses in inner cities.

Cities and local development nonprofits need to have trained professionals to process the loans.



*“With congratulations on surpassing the Neighborhood Business Revitalization goal of \$1 billion.”
President Jimmy Carter. 1980*

Step 2 – Initial failures, then the first loan – 1969 – 1972

All “For the most part.” In the beginning, policymakers focused on Fortune 500 companies. Basically, people talked ‘small business,’ but there was no follow through. Banks were not lending in low-income communities, and, at that time, they were not willing to use government guarantees to shelter their perceived higher risk. Cities had no professionals who could read financial statements or process loans. Sam established the non-profit National Development Council (NDC), raised start-up money and hired one professional. It took NDC three years to finance the first loan – a desk manufacturing company in Brooklyn, New York. 300 new jobs were created.

Step 3 – Five cities and \$30 million of financing – 1973 – 1975

Over the next three years, NDC grew and hired four professionals.

NDC moved into five cities. (Including Baltimore, Buffalo, Chicago and Atlanta) NDC processed \$30 million of loans.

Step 4 – Fifteen Cities. \$100 million of financing. Baltimore: The First city to commit \$89.5 million for inner-city small business job creation – 1976 – 1978

In the next three years, NDC expanded to six staff professionals and began working in fifteen cities.

NDC achieved \$100 million of financing.

In Baltimore, NDC worked directly with Mayor William Donald Schaefer. For the first time, NDC got the Baltimore banks to commit \$89.5 million for small business inner-city lending using government guarantees.

Step 5 – NDC creates and runs President Jimmy Carter's \$1 billion Neighborhood Business Revitalization Program (NBR) – 1978 – 1982

Working with U.S. Senator Sam Nunn and U.S. Congressman John LaFalce, NDC created its third presidential program, the President Jimmy Carter \$1 Billion Neighborhood Business Revitalization Program (NBR.) This was launched in 32 cities and grew to over 100 cities.

The \$1 billion goal was achieved in 22 months. Thereafter, NDC and NBR achieved \$1 billion of financing per year.

With the presidential power, NDC enlisted every bank to commit \$50 to \$100 million of financing per year for inner-city job creation.

Step 6 – NDC creates the U.S. Small Business Administration Section 504 – Local Development Company Program – 1978 to the Present

In 1978, NDC worked with U.S. Senator Sam Nunn and U.S. Congressman John LaFalce and the Carter White House to create the U.S. Small Business Section 504 Local Development Company Program (LDC's).

NDC established LDC's in up to 100 cities, and trained more than 65,000 local Economic Development professionals (EDP's).

To date, SBA 504 is responsible for more than \$300 billion of total financing and has impacted more than two million jobs. This is the United States government's second largest lending tool.

With Jimmy Carter, NDC ended up in 100 cities. Directly, we established up to 500 local development companies. Indirectly, another 500 were created.

Step – 7 NDC creates and runs President Ronald Reagan’s \$2 Billion Small Business Revitalization Program (SBR) – 1983 – 1988

In 1983, NDC created its fourth presidential program – President Ronald Reagan’s \$2 Billion Small Business Revitalization Program (SBR).

SBR worked with 30 U.S. Governors and initiated more than \$10 billion of small business financing.



President Ronald Reagan in the Oval Office, with Governor Kit Bond, HUD's Steve Bolinger and SBA's Jim Sanders, announcing the NDC proposed \$2 Billion Small Business Revitalization Program. 1982

Step 8 – NDC as a Catalyst – At Present and Ongoing Ten Million Inner-City Jobs Created

There is no proven research measuring the NDC impact.

What we know is that NDC began with a BIG IDEA. NDC pioneered the whole small business inner-city job creation initiative starting in New York City. This grew to two priority presidential programs working in 100 cities and 30 states.

When NDC began, there were not two known local economic development organizations in America with proven professional loan packagers.

The model that NDC multiplied was the Philadelphia Industrial Development Company (PIDC) with Walt D'Alessio. Directly, NDC has trained more than 65,000 Economic Development professionals, initiated the SBA Section 504 LDC program, and used the leverage of two U.S. Presidents to enlist America's banks to provide the capital.

Today, there are upwards of 1000 local cities, county and state professional economic development organizations similar to the initial Philadelphia PIDC. As a catalyst, Sam believes that NDC has led to the creation of more than ten million inner-city jobs.