

**REMARKS  
OF  
RONALD N. LANGSTON  
NATIONAL DIRECTOR  
MINORITY BUSINESS DEVELOPMENT AGENCY  
WASHINGTON, D.C.**

**BEFORE THE  
AFRICAN AMERICAN  
KNOWLEDGE TRANSFER SUMMIT**

***“GLOBAL ECONOMY CONFERENCE”***

**WEDNESDAY, OCTOBER 29, 2008  
OMNI HOTEL  
LOS ANGELES, CALIFORNIA**

## A NATIONAL URBAN MARSHALL PLAN

### A Perspective

To the leadership, members and friends of the African American Knowledge Summit, thank you for your very gracious invitation to address your conference on the Global Economy. I am honored to once again be in Los Angeles and the great State of California.

California has a special place in the State of Minority Business Enterprise. Twenty-five percent of all Minority Business Enterprises nationally are located in California. Forty-percent of the twenty-five percent are located in the greater Los Angeles metropolitan area. I have often noted “so goes the State of California, so goes the State of Minority Business Enterprise.

The State of California and the viability of its work force and industry sectors are critical to the economic viability of the U.S. domestic economy and more important in the spirit of the your conference, the *global economy*.

You have challenged me with the daunting task of addressing the topic of “An Urban Marshall Plan” within the broader context of the conference discussions centered on positioning and building capacity in the urban community to enhance the ability of residents and business enterprises to effectively engage the global economy.

Your challenge is welcome. There is no time like the present, on the eve of a presidential election imbued with the emotions and ramifications of momentous change to have a serious dialogue about positioning urban America and particularly minority business enterprise in the global economy.

Ironically, in 2003 The Minority Business Development Agency (MBDA) titled its national Minority Enterprise Development (MED) Week Conference “Minority Business Enterprises in the Global Economy: The Business Case.”

### Globalization and the U.S. Economy

“If you want to understand the post-Cold War world you have to start by understanding that a new international system has succeeded it –globalization. That is the ‘One Big Thing’ people should focus on. Globalization is not the only thing influencing events in the world today, but to the extent that there is a North Star and a worldwide shaping force, it is this system.”

--Thomas Friedman, *The Lexus and the Olive Tree*, p. xxii

According to the Report commissioned by MBDA in partnership with the TUCK School of Business, “the term globalization refers to the emerging structure of world affairs in which markets, nation states, and technologies are becoming increasingly interconnected. The Product of this arrangement is that actions of governments, business, and individuals have the potential to affect each other more quickly and to a higher degree than ever before”...and “that much of the world politics today are shaped by the globalization of the international economy.”

If the current economic crisis has taught us anything, it is the fact that we are inter-dependently connected as a nation, states and individuals. What affects the U.S. will in many instances affect various parts of the world and visa-versa. At home we have a new appreciation that a hurricane in the gulf coast will have an impact on the price of energy, and a major fire or flooding in California will impact us both domestically and internationally.

Like it or not, the U.S. and many parts of the world are competitively engaged in a *strategy of inter-dependence*. The issue is which strategic alliances will remain or change of necessity and survival and what will be the ramifications for urban American and especially the growth and expansion of minority business enterprises nationally.

### **The Marshall Plan: Looking Backward In Time**

In a few words the Marshall Plan was proposed and implemented for one primary purpose; European Recovery. Dr. Henry Kissinger noted in the 1997 book *The Most Noble Adventure* by Greg Behrman, “The Marshall Plan – that, as much as the Allied victory saved Europe as we know it...” and others join in the praise, such as Walter Isaacson, characterized the Marshall Plan as “...the most creative and inspired act in modern American foreign policy. It preserved the possibility of freedom and showed the potential for great leadership...”

Finally, Daniel Yergin, author of *The Prize: The Epic Quest for Oil, Money and Power*, noted, “There is much for our time to learn from the Marshall Plan...about what common purpose can we achieve and how cooperation among nations, even in dangerous times and amidst high tension, can bring such great common benefit.”

There is often a quick assumption made that if the United States can finance and implement a strategic plan to rescue Europe from the destruction and devastation of World War II, why can't America rescue its

central and inner cities and rural regions? I recognize this assumption is part of the challenge you have put before us today.

The quick answer is the Marshall Plan for Europe and an Urban Marshall Plan for America are neither historically analogous nor parallel in setting. Europe was totally destroyed. Europe's economic institutions and governmental infrastructure were decimated. The inter-dependence and strategic alliance of trade and commerce among and across nation states ceased to exist.

The people of Europe were homeless, starving and without the means to secure health or security. The short and long term prognosis to rebuild the old world order was in grave doubt. It was in this setting and in this context in which General George C. Marshall on June 5, 1947 spoke at Harvard University and unveiled what has become known as the "Marshall Plan."

Are there similarities between Europe after the war and central and inner cities in America? Are there pockets of poverty, despair, starvation and the lack of access to health care and security? Has central and inner city America been the subject of an allied invasion designed to rescue itself from an axis of evil? Some today metaphorically would say yes! I think however, if we are honest and candid, the answer is no.

So what can we learn from the Marshall Plan? What are the tactical and strategic steps that may have relevance today? How do we capture the essence of such a grand and noble plan and apply it to circumstances challenging urban America's central communities, inner cities and rural areas?

First, as the scripture says, "*without a vision, the people perish.*" The Marshall Plan had a vision to rebuild Europe, to feed starving populations and to secure economic sustainability. It was in America's interest and in fact, the global interests, to rebuild and to re-engage a vibrant and robust European economy. As General Marshall noted:

"...In considering the requirements for the rehabilitation of Europe, the physical loss of life, the total destruction of cities, factories, mines and railroads was correctly estimated, but it has become obvious during recent months...long standing commercial ties, private institutions, banks, insurance companies and shipping companies disappeared through loss of contracts, absorption through nationalization or by simple destruction. In many countries, confidence in the local currency has been severely

shaken. The breakdown of the structure of Europe during the war was complete...”

Second, based on the above state of affairs a *business case* was made and a grave *sense of urgency* was embraced. There was “buy in” by academic institutions, the media, the finance community and most importantly, the American people.

As Marshall noted, “I need not tell you that the world situation is very serious. That must be apparent to all intelligent people.” The sense of urgency and the embracement of the world situation made institutional intervention, both public and private, acceptable and the generous good will of the American people further sustained the challenge to execute such a noble plan.

Third, there was superb leadership both here in the United States and more importantly, among the leaders of Europe. The historians are unanimous in their observations and critiques of the *competent organizational mastery* and the execution of the Marshall Plan. The lesson learned is *leadership matters* in any great challenge or endeavor.

Fourth, The Marshall Plan made it clear that Europe must engage in its reconstruction and re-emergence.

General Marshall noted:

“...This is the business of the Europeans. The initiative, I think, must come from Europe. The role of this country should be to provide friendly aid in the drafting of a European program and of later support of such program so far as to be practical for us to do so. The program should be a joint one, agreed to by a number of, if not all, European nations.”

General Marshall ended his remarks at Harvard with an appeal and an optimistic challenge of faith to the American people:

“...An essential part of any successful action on the part of the United States is an understanding on the part of America of the character of the problem and the remedies to be applied...With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.”

**Where Do We Go From Here?**

Let us return to the noble cause of the Marshall Plan; the recovery of Europe. The question, and frankly the challenge, is whether an Urban Marshall Plan modeled after the original Marshall Plan for Europe, is not only analogous, but appropriate to design a recovery plan for America's central cities and urban centers?

The further question I put before you is, what is your vision for urban America? What is your business case? Who and where is the leadership class? How organizationally competent is the leadership class? Who are your strategic partners committed to execute an Urban Recovery Plan?

Unlike Europe at the end of the war, America's central and inner cities are not comparably decimated. Yes, there are pockets of poverty, but according to Dr. Michael Porter and the Inner City 100, there are also signs of wealth and growth in America's inner cities.

Europe had no viable or sustainable infrastructure. This is not the case in most of America's central and inner cities. There is infrastructure. There are organizations providing services and frankly there is a tax structure and distribution of resources at the State and local levels of government. There is also a vibrant social network of faith-based communities and non-profit associations committed to serving those in need.

Politically, the number of appointed and elected officials who are minority is at an all time high nationally, especially in the deep-south and in key urban areas in the largest metropolitan cities across America. Comparatively, urban American is in much better shape than Europe was immediately following World War II.

African Americans for the first time in history have more wealth than any time in U.S. history and today are the wealthiest of the African Diaspora. There are more college graduates among African Americans today than past history. Minorities of every hue are finding opportunities in corporate America. As the National Director of the U.S. Minority Business Development Agency, I am very proud to note the fastest growing segment of the U.S. economy is minority owned businesses.

### **Minority Business Enterprise: The Business Case**

According to the U.S. Census, minority entrepreneurs are establishing businesses at a faster rate than non-minority entrepreneurs. Specifically, between 1997 and 2002, the number of minority businesses increased by 30 percent. The number of non-minority firms increased by only 6 percent

The annual gross receipts generated by MBE's increased by 12 percent, compared to non-minority firms which only increased by 4 percent over the same period. Lastly, workers employed by MBE's grew by 4 percent between 1997 and 2002 compared to the number of workers employed by non-minority firms which declined percent.

During this period the number of Native Hawaiian and other Pacific Islander firms grew by 49 percent. African American firms grew by 45 percent. Hispanic firms grew by 31 percent and Asian firms grew by 30 percent.

Minority women are starting firms at a faster pace than both minority and non minority men.

More than 20 percent of all African American firms are in health care and social services, which is the largest industry sector for African American firms.

## **Exports**

The good news is that minority entrepreneurs, especially Asian and Hispanic Americans, are already adept at fostering global business relationships with Asia and Latin America, respectively.

In fact, according to MBDA's analysis of data from the U.S. Census Bureau, minority-owned firms are twice as likely to export compared to non-minority-owned firms (2.5 percent of firms vs. 1.2 percent of firms).

From my perspective, minority firms have a competitive export advantage over all firms due in part to language capabilities, ancestral ties, cultural compatibility and an innovative perspective on products and services.

This means U.S. minority firms are a great American asset and the time is right for them to seize the opportunity to expand and export their goods internationally.

Building strategic alliances—nationally and internationally is the wave of the future and an imperative for staying competitive.

## Education

The United States must continue to lead the world in harnessing the creative power and talent of individuals committed to the excellence and the advancement of the human condition. Our greatest resource and advantage as a nation has always been our educated, hard working, ambitious people and we must keep that edge.

I am very alarmed over the high school drop-out rate of our African American and Hispanic students. The drop-out rate is 40-70 percent in some areas of the country.

According to the U.S. Bureau of Labor Statistics report this year, the labor force participation rate for drop-outs was 56.2 percent, compared with 76.6 percent for those who graduated high school but had not enrolled in college.

The U.S. Department of Education, National Center for Education Statistics (2008) shows the drop out rate for all 16-24 year-olds – including white, Black and Hispanic – has declined each year from 1972 to 2006. That's good news.

The bad news is that each year during that same period, the drop-out rate for Hispanics was the highest; and in 2006, the most recent statistics, the Hispanic drop out rate was still more than 22 percent compared to African-Americans at 10.7 percent and whites at 5.8 percent.

To be competitive in the 21<sup>st</sup> century global economy, this is unacceptable.

Unacceptable -- unacceptable – unacceptable!

We can not tolerate this result and expect to be a great people.

Our greatest resource as a nation is our human capital – our people, especially our young people. We have always been educated, hard-working and ambitious and we must keep that edge. As leaders, we must address the educational gaps and challenges in our communities. After all, we cannot produce the next generation of business or community leaders if they are not educated.

We must challenge parents, educators, and business leaders to step up as mentors and role models for our youth. And when we do, we will see college enrollment increase, unemployment rates will drop in our

communities and our sons and daughters will possess greater positions of influence across the board.

If young people, especially minorities, do not see themselves as part of the President's vision of an "*ownership society*" then the ownership of America—its market, assets and global value chains—will become the ownership of others. Capital is vital to a new society of minority ownership.

Therefore, minority entrepreneurs must continue to do everything they can to be prepared to compete in the 21st century economy. Preparation means positioning yourself and your business to access capital. Preparation means being financially literate and excelling at running the back room of your business.

Competition in the 21st century economy will require using technology as a business tool for administrative efficiencies, quality control and market expansion to achieve competitive advantage. Being prepared is building strategic alliances to enhance and expand your business, as I mentioned earlier, in size, scale and capacity.

### **National Apprentices Program**

Let me bring this back to what it means for minority business and specifically urban America. I believe it is imperative for our communities to establish a *national apprenticeship program* to build the next generation of minority entrepreneurs. Education is the backbone to entrepreneurship. Both education and apprenticeship training must be a national strategic priority.

Preparation is critical. Our young people must be financially literate. And they must understand the underlining backroom business functions.

There is urgency for a new generation of innovative and principled business and labor leaders. There is a national shortage of highly skilled labor, particularly in the building trades. We "must" replenish our labor force and educate this new labor force about the importance of technology and how it applies to the rebuilding of America's infrastructure.

Specifically, we need master plumbers, electricians, carpenters, and masons, etc. There can be no Urban Marshall Plan without the "*boots on the ground*" to execute the skill and the labor to rebuild America's infrastructure and global systems and business competitiveness.

## **Immigration**

Ponder this assessment with these new trends in our country.

Between now and 2050 the fastest growing segment of the U.S. population will be among minorities. Equally significant is that the growth in the U.S. labor force will largely come from the minority segments of the population.

Much of minority growth will be fueled by immigration. The United States will once again become a nation of immigrants.

The difference will be that the immigration will be people of color. The challenge for the United States is to embrace the demographic change.

It is a fact the United States more than any other country in the world looks and speaks like every other country in the world. This is our strength and competitive advantage in a 21st century worldwide economy.

## **STRENGTHENING THE RELATIONSHIP BETWEEN THE AFRICAN AMERICAN AND HISPANIC COMMUNITY**

Lastly, it is vital our communities build coalitions to stimulate wealth creation in our communities and position people of color in areas of influence. Rufus P. Browning and Dale Rogers Marshall wrote a great book titled *Protest Is Not Enough* and the book discusses the struggle of Blacks and Hispanics for equality in urban politics.

Browning and Marshall contend that by producing community leaders, elected officials and building coalitions of influence, the African American and Hispanic business enterprise communities can help shape the policies of public and private sector initiatives.

If we embrace Browning and Marshall's theory of "incorporation" coupled with the population changes underway in America, the benefits for us as minority leaders and business owners are only positive. Naturally, entrepreneurship will drive wealth creation. The U.S. still remains an entrepreneurial economy.

Collaboration and coalition building between our communities will position us in areas of influence.

## **It's About LEADERSHIP!**

Nelson Mandela once said "A leader is like a shepherd. He stays behind the flock, letting the most nimble go out ahead, where upon the others follow, not realizing all along that they were being led from behind."

This quote represents the freedom to be creative, innovative. It gives us permission to step outside the proverbial box and grow and learn.

That's what a good leader does.

One of my favorite professors is Dr. Martin Kilson, of Harvard University. Dr. Kilson taught me that "it is not the size of the group, but the quality of its leadership".

In today's environment, it's more important for all of us to be not just *good*, but *GREAT* leaders of *quality* and *high competence*.

Great leadership of quality and high competence fosters creativity, innovation and collaborative problem solving and *great execution*.

## **Secretary Colin L. Powell – The Noble Cause**

One of the best justifications or business case for minority business enterprises to engage in the *global economy* was presented in 2002 at MBDA's National MED Week by former Secretary of State, Colin Powell:

"I'm anxious to see how you can improve your businesses, anxious to see how you can get the venture capital you need to expand your businesses, but I hope you also do it in the knowledge that you have so much to contribute not only to our society, but you have so much to contribute to all of those nations around the world who are in need and who are looking to the United States for inspiration, for support and for investment, and for an example of what is good in this world and what is right in this world. And we as a nation must always be there for them, and I know that you will help us in what I believe is a noble cause of helping all the people of the world live a better life."

## **Final Thoughts**

In order to pursue "any" plan to address the challenges of Urban America, we must see ourselves as contenders committed not merely to be participants, but winners in the world-wide economy. It is right for this

gathering to focus on the global economy. I applaud your audacity to THINK BIG! and to ACT BIG!

To the American African Diaspora, there is a heavy responsibility and burden on us to reach out to Africa. I want the American African Diaspora to have the same relationship with Africa that Asian Americans enjoy with Asian, which Hispanics pursue with Central and Latin American. I want the American African Diaspora to be concerned about the plight of Africa the way Jewish and Irish Americans focus their passion and resources on Israel and Ireland.

The potential to link Minority Business Enterprises from the United States with Small and Medium Enterprise (SMEs) in Africa is real. They want to partner with the United States and especially with you. This is the great noble cause of the 21<sup>st</sup> century and a potential solution to address mutual challenges in urban American and Africa and other emerging economies.

An Urban Marshall Plan would be woefully inadequate in today's 21<sup>st</sup> century global economy without the inclusion of a strategy to link the American African Diaspora with the continent of Africa.

In this regard we owe much to President George W. Bush for his passion for Africa. If you have any doubts, ask the Africans.

---

Finally, let us prove once again to a doubting world -- we have the 'right stuff.' Let us demonstrate by our deeds, not our rhetoric -- we have the skill and courage to reach out to Native peoples, Hispanics, Asians and others from distant lands and faraway shores. Let those of us from many hues and nationalities inform the doubters that in the spirit of Langston Hughes "we too speak American."

Remember the scriptures and heed their lessons: "*to whom much is given, much is required*" There is an anecdote "*the Lord giveth and the Lord taketh away*"

Let us also be steadfast and not afraid of the *challenges of change*. As we have been taught from the Apostle Paul's letter to the Corinthians:

*"We may be troubled on every side, yet not in distress.  
We are perplexed, but not in despair.  
Persecuted, but not forsaken.  
Cast down, but not destroyed."*

*II Corinthians Chapter 4:8-9*

**Let us have the courage to be great.**

This is my final “formal” speech as the National Director of MBDA. It has been an honored to serve the American people and particularly the national Minority Business Enterprise community. It is very fitting that my final public remarks are here with you in Los Angeles, California...and that you have challenged me with a great and meaningful topic.

On behalf of the President and Commerce Secretary Carlos Gutierrez, thank you.