

WORK AND THE AFRICAN AMERICAN



THE SIREN SONG OF GOVERNMENT JOBS

by Dinesh D'Souza

Two deeply ingrained attributes have seriously damped African Americans' economic development. One is an unfortunate dependence on government as an economic agent. The other is a remarkable weakness in establishing independent businesses—the single most important income elevator for many ethnic groups.

Today, about 24 percent of all blacks (compared with 14 percent of whites) are employed by federal, state, or local governments. Among educated blacks the proportion is even higher. According to sociologist Bart Landry, about half of black professional males and two-thirds of black professional females work for some arm of the state. Moreover, partly as a consequence of widespread racial preferences, employment in the public sector has been rising at a faster rate for blacks than for any other group.

According to a recent survey, two-thirds of black Americans believe the government, rather than private business or individuals, has the greatest responsibility for creating jobs. Two-thirds likewise insist that increases in government spending are the best way to invigorate the economy and provide employment. Whites, on the other hand, are far likelier to look to places other than government for jobs.

Meanwhile, blacks have done very poorly in small business, a vital source of American jobs and upward mobility. According to 1987 government data, blacks—who make up 12 percent of the population—owned about 420,000 businesses in America with total receipts of \$19 billion. By contrast, Asians (only 3 percent of the population) owned 350,000 businesses whose receipts totaled \$33 billion. African Americans currently start and run less than 3 percent of the nation's businesses and take in less than 1 percent of the nation's gross receipts. Black enterprise is so fragile that a large proportion of its receipts come from the government; many black businesses would collapse without government contracting preferences and set-asides. A substantial majority of black enterprises are tiny, with receipts of less than \$5,000 a year.

Many attempts have been made to explain the scarcity of blacks in small business. "Capitalism and its institutions are basically individualistic," writes James Hund in *Black Entrepreneurship*, "but the ethos of the black community is collectivistic." Thomas

Kochman suggests that while whites view economic advantages as something to be earned by individuals—"I worked for what I have"—blacks tend to view them as the fruit of political activism—"We fought for this."

Government was originally recruited as an ally and guarantor of black status out of necessity. Federal intervention in the 1860s freed the slaves, and black leaders were later compelled to turn to the federal government to combat state-sanctioned segregation and private discrimination. Faith in political struggle and state provision continues to dominate black thinking.

"When I graduated from college," Nikki Giovanni writes in *Racism 101*, "the only true credential I had for a job was that I was pretty good at picketing." Giovanni has made a career for herself writing poems about bigotry, but most blacks who follow such a career path find themselves at a dead end. The only detour is into the racism industry, where protest becomes a way of life and indignation becomes a job qualification. Meanwhile, other ethnic groups are selling cars and computer software and moving to the suburbs—which causes black resentment and confusion, as indicated by the widespread suspicion in inner-city neighborhoods that the U.S. government is secretly providing capital to Koreans to fuel their many visible successes.

Economist John Kasarda points out that Asians establish small businesses in order to overcome the obstacles they face as newcomers to this country: problems of language and access to credit. Other scholars such as Ivan Light and Timothy Bates have described how immigrant groups establish rotating credit associations for the purpose of pooling capital and investing it in new enterprises. By succeeding through the private sector such groups haven't needed many civil rights leaders. They are led by entrepreneurs instead.

Despite the opportunities open to them in the world of business, and the limitations of government in solving socioeconomic problems, many black intellectuals continue to stress political agitation as a means of securing larger transfers of wealth from the public treasury to African Americans. Government, of course, has a legitimate role in providing needed services and a safety net. But the degree of black reliance on government today is dysfunctional. It prevents many African Americans from being "spurred by necessity," as John Kasarda puts it, into the risks and rewards of entrepreneurship.

Like the Big House in times of slavery, government can provide security. But protection from cradle to grave comes at the cost of self-reliance and private initiative. And in the long run, these offer far richer rewards—not only in financial terms but also, more importantly, in an abiding sense of personal freedom.

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by Tony Brown

The American black community's socio-economic failure is not an accident. We have never organized to become economically self-sufficient. Worse, a cruel plan of socialism has been imposed on us by black and white liberals. Blacks have been re-enslaved as the worst victims of the "economics of scarcity" by patronizing whites and an unaccountable black leadership that has historically preferred to put its hand out for entitlements rather than apply its shoulder to the wheel of self-reliance.

Other ethnic and racial groups continually overcome discriminatory barriers by using free-market tactics. But blacks have stood passively on the sidelines of business enterprise. Author Joel Kotkin was being kind when he referred to native-born black Americans as "reluctant entrepreneurs." But when Kotkin examined the median income of U.S. black families of Caribbean ancestry, he found that it actually exceeded the level of whites. And the source of these West Indian blacks' success was their strong interest in running small businesses. "The West Indian experience is the best indication that it is historic and cultural factors, not skin color, that best explain the disinclination toward business among so much of black America."

This "disinclination" arises from a socialist impulse deeply embedded in the psyche of our black leadership, perpetuating a slave economics wrongly confused with our proud African cultural heritage. While most black Americans ask "Where's mine?", blacks of West Indian descent have gone out and created theirs by embracing cooperative traditions that allowed them to build small businesses, just as Chinese, Japanese, West African, and Korean immigrants have done. In the process, they've given the lie to the 200-year-old excuse that native-born blacks don't own businesses because racially prejudiced lenders won't provide them with financing.

Discrimination-in-lending has lost its force of logic as an explanation for the retardation of black business, as leading scholar Ivan Light explains in his book *Ethnic Enterprise in America*. Studies of small businessmen, he notes, show that institutional loans, contrary to expectation, have been relatively inconsequential as a financial resource. Only a small percentage of entrepreneurs seek or obtain bank loans in order to open their small businesses. A far greater percentage rely entirely on personal resources, mostly their own savings and loans from family and friends. "Since bank credit has been so insignificant a resource for new proprietors in general, even complete denial of bank credit could hardly account for the Negro's singular difficulties in small business," Light argues.

In my speaking and writing, I have called for black entrepre-

neurs to finance their ventures by saving and borrowing against their own equity. Toward this end, blacks can call on their own cultural traditions. In West Africa, for instance, there is the Yoruban institution called the *esusu*, where a group of friends or relatives pool their savings as seed money for the founding of small businesses. The Japanese, Koreans, and other ethnic and racial groups have similarly leveraged their capital and built many successful enterprises.

When West Indians began migrating to the United States around 1900, they brought the *esusu* tradition with them. Unfortunately, native-born black Americans quickly began to resent their successes. Today there are still strains due to the thrift and competitiveness of West Indian blacks.

Not surprisingly, one of today's leading proponents of black entrepreneurial activity, *Black Enterprise* magazine, is the creation of Earl Graves, whose parents came to America from Barbados. West Indians also filled the ranks of Marcus Garvey's economic self-help movement, the largest in black history. They were aggressive in starting retail businesses—grocery stores, tailor shops, jewelry stores, fruit markets, real estate firms—in direct competition with whites.

For generations, blacks have watched in anger and humiliation as wave after wave of new immigrants surpass them economically. In Harlem, many blacks now call for running Koreans out; in Miami, some blame the Cubans and Haitians for accepting minimum-wage jobs; in Houston, blacks express sometimes hostile wonderment at the efficiency of mom-and-pop stores run by Indochinese refugees in black neighborhoods.

The problem is with us, not them. Blaming others for exploiting the free marketplace puts no meat or potatoes on your table. Cultural unity and economic development alone will free blacks. In a theme now adopted by Nelson Mandela in South Africa, Martin Luther King, Jr., told his fellow blacks that "New laws are not enough. The emergency we now face is economic." Racism, discrimination, and a debilitating welfare system have caused blacks to lose faith in themselves. Blacks will improve their communities only when they regain that faith. God and economics—faith and money—are an unbeatable combination.

Blacks should enter the legitimate entrepreneurial economy at whatever level they can. "Circle of friends" marketing programs such as Mary Kay Cosmetics and Amway are entry-level endeavors that require minimal initial investments. These businesses can help individuals develop valuable marketing and business skills, as well as extra income of a few hundred dollars a month that can make a big difference both symbolically and practically.

But a shift toward enterprise will occur in the black community only if its leaders adopt such a strategy and make it their own. They must not just talk, but also act, founding their own businesses and helping others to do likewise. No other group in this country has the expertise and the cultural affinity to lead the black community into a new place in history. It is time for the Talented Tenth to recognize economic reality and accept their responsibility to live it.

Tony Brown is host of the PBS television show *Tony Brown's Journal*. This article is derived from his book *Black Lies, White Lies*, forthcoming in October.

