

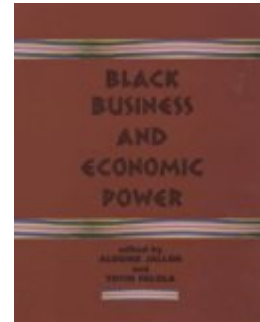
H-Net Reviews

in the Humanities & Social Sciences

Alusine Jalloh, Toyin Falola, eds. *Black Business and Economic Power*. Rochester: University of Rochester Press, 2002. 628 pp. \$75.00 (cloth), ISBN 978-1-58046-114-6.

Reviewed by Waithaka Iraki (Department of Economics, Finance and General Business, Jackson State University)

Published on H-Africa (October, 2003)



In its twenty-two chapters this book takes one from the precolonial period to the twenty-first century. It highlights with rare clarity black people's attempt to acquire wealth through entrepreneurship in a world often hostile to them. The book follows the black man's economic life in two main regions, the United States and Africa, and in diverse periods ranging from the slave trade era to globalization. The book addresses issues not just dear to black people, but relevant to anyone interested in understanding economic and business relationships in a changing socioeconomic environment.

Chapter 1 by Magbailey Fyle highlights the origins of the informal sector in Africa, how it was affected by colonialism, and how the attitudes developed then have outlived colonialism. Joseph Inikori in chapter 2 details how the slave trade directed entrepreneurship in the wrong direction and produced subsequent long-term damage to other businesses and subsistence activities. He notes that it was easier to raid one's neighbors and sell slaves than to engage in other entrepreneurial activities, just as modern elites in some African states find it easier to rent property rather than start new enterprises. The slave trade also destroyed flourishing interregional trade. Ralph Austen and Dennis Cordell in chapter 3 discuss the trans-Saharan trade and argue that its size and cost kept off European competitors. They explain how the camel replaced the wheel, perhaps prolonging the trade, and how the trade was further aided by the course of political evolution. In chapter 4, Gareth Austin shows how the establishment of political entities such as the Caliphate of Sokoto in 1804 led to expansion of business and trade. The chapter further discusses the effect of the end of the slave trade and how ethnic diasporas, as they flourished, erected entry barriers to newcomers.

In chapter 5, the start of part 2 of the book, Akanmu Adebayo explains how the British and the French have run credit and banking sectors in colonial and post-colonial West Africa. While Britons had established banks by 1872, the French introduced theirs much later. While Britons encouraged autonomy, the French were more paternalistic, setting the West African franc free only in 1994. People under French and British rule often disliked banks and came up with alternative sources of capital such as rotating credit unions; indeed, they still do this today in certain regions of Africa. The collapse of some indigenous banks in the middle of the twentieth century created a crisis of confidence in banking that was replicated after SAPS in the eighties. In chapter 6 Ayodeji Olukoju shows how the British colonialists restricted black business through shipping restrictions, produce inspection, and credit denial. He also points out how institutions such as polygamy interfered with entrepreneurship by dispersing the firm's assets after the owner's demise. He observes that after independence, indigenization, or whatever name this process was given in various countries, benefited only a few, particularly those close to power. It set the stage for growth in rent seeking and bribery, another hindrance to entrepreneurship—the Schumpeterian way. In chapter 7, Catherine Coquery-Vidrovitch addresses the forgotten issue of women in business and entrepreneurship in colonial and post-colonial Africa, clearly showing that they have played their role and can play greater ones. The observation that women have graduated from small roles as “market women” to modern entrepreneurs is good news to women and nations that have neglected this group of entrepreneurs. In chapter 8, John Mbaku shows how statism held down entrepreneurship by not

allowing the market mechanism to work. He explains how the new elite used its newly acquired political power to accumulate wealth. This rent-seeking and bribery bred tensions and possibly planted the seeds of various coups and civil strife in Africa as different groups realized the only way to get rich was to seize political power. This behavior stifled entrepreneurship farther after colonialism had played its part through taxation and pooling of labor in reservations. Mbaku calls for new institutions that protect private property and individuals, create an enabling environment for entrepreneurs, and focus more on the creation of wealth not its distribution.

Nimi Warikobo in chapter 9 looks at management in post-colonial Africa from a historical perspective. His reference to Ashante bureaucracy and the canoe system, which he observes are close to Charles Handy's doughnut management structure, shows that there existed management systems before colonialism. He asserts that colonialists stunted the growth of management systems because they had their own agendas. Monopolies given to chartered companies like Royal Niger Company were not conducive to development of management systems. This was compounded by other factors such as indirect rule, pioneered by Frederick Lugard. The legacy of these colonial institutions, he notes, are still alive; they have joined statism, family orientation, management by results, and lack of strategic orientation to stifle the development of effective management systems in Africa and inhibit the transfer and adoption of Western models. In chapter 10, Nimi Warikobo adds the religious factor to business and economics by indicating that religion has been used as a basis of ethics and law by black people. He gladly concludes that religion is not an obstacle to development, offering as a counterexample the tigers of South East Asia such as Taiwan and Singapore; despite their static religions, they have developed at a breathtaking pace. He lays the blame for underdevelopment on politics. He further notes how religions have often aided business by securing business relationships and ethnic-specific assets. But religion can also lead to conflict in business relationships and between market systems; for example, Islam forbids as usury the taking of interest, which economists would support.

In chapter 11, Alusine Jalloh further highlights the connection between religion and business by noting that the two reinforce one another. Islam, for example, gives laws and guidelines on issues such as *sadaqa* (charity giving) and *riba* (interest). He notes that while Muslims had a longer history of accumulation, in the post-independence era dominated by the new elite they had

to compete with other religions in the business arena. Readers would have encouraged the authors to comment also on black Muslims in the United States. In chapter 12, Janet McGaffey explains how entrepreneurs survived chaos in Zaire by using their personal ties that reduced transaction costs. In chapter 13, Scott Taylor addresses indigenization in Zimbabwe and South Africa, and shows how various efforts have been taken to empower black people. He questions the policy of transferring established firms to black people instead of allowing them to take risks by starting new enterprises. This, he observes, is one of the obstacles to progress and a bad legacy of statism and socialism. His contrast of the empowerment process in South Africa and Zimbabwe is very enlightening, with South Africa appearing to have learned from Zimbabwe. In chapter 14, Anita Spring records how women entrepreneurs have come of age, from market women who only dealt with foodstuffs to new entrepreneurs who can sell anything, even own factories. They keep records, are well educated, use advanced technology, and take risks. She paints a very rosy future for women entrepreneurs.

Part 3 of the book shifts to the United States and addresses the plight of Afro-Americans' economic power or lack of it. Robert Weems begins with the observation that economically for Afro-Americans, things may have become worse after the civil rights movement. He notes that despite more Afro-Americans having better access to jobs after the end of segregation and the fall of Jim Crow, they spend that money on non-black business and their patronage of black businesses has declined. This, if it is true, is not good news for the Africans in diaspora. In chapters 16 and 17, Bessie House focuses on black culture and criminal activities which are more prevalent among the enclaves of Afro-Americans. She finds that contrary to popular belief, there is enough entrepreneurial potential among the Afro-Americans but the legacy of segregation had stifled it. Hence there is an absence of entrepreneurial culture as common among some communities like the Jews and the Lebanese. He decries the criminal activities and calls for an economic solution. In chapter 18, John Ingham looks at female self-employment in ten U.S. southern cities between 1880 and 1930. His finding that black women had a higher level of self-employment than white women may be a legacy of slavery which gave black women a yearning for human dignity and independence. One may ask, why not black men? In chapter 19 Juliet Walker gives us a portrait of a successful black female entrepreneur, Oprah Winfrey. Walker also highlights some of the efforts taken to em-

power black people such as Jesse Jackson's Wall Street project. But as one reads of Oprah's rise to success one is left wondering whether there should not be more black entrepreneurs, given the proportion of black people in the population. In the next chapter, Crenshaw Dailey addresses an attempt by Afro-Americans to start an enterprise, the African Union Company, in the 1900s. But lack of funding, perhaps an indication of the odds against black entrepreneurs at that time and seeking inspiration in the wrong place, among people who never had run any enterprise, led to the dream's premature demise. In chapter 21, Juliet Walker again addresses neocolonialism and the African diaspora. She raises an interesting and challenging question, whether Africans of the diaspora's investment in Africa can be seen as neocolonialism. However, the buying out of firms owned by Afro-Americans by whites coupled with globalization adds another twist to the question before it is answered. The final chapter by Okechukwu Iheduru draws a parallel between the development of black capitalism in South Africa and in the United States. He finds that one of the obstacles to this growth is hardened racial attitudes and stereotypes. He faults affirmative action and prefers empowerment. He calls for black people to engage in interracial/ethnic networks in the spirit of globalization as the way forward, and away from the ghetto mentality that makes black people feel guilty for being successful amidst their brothers.

The book not only identifies the problems but also gives suggestions on how they can be solved. It would be a good reader for entrepreneurs, political and development economists, sociologists, anthropologists, historians, and anyone interested in gaining an understanding of the past and current economic status of black people in Africa and the diaspora. While it is true that no book can cover everything, the addition of some cases from South America and the Caribbean, which the authors accept have a substantial population of black people, would have given us greater insights into the economic empowerment or lack of it for black people. The book left out Ethiopia, which is unique in that she was never colonized. Scholars would be glad to know how entrepreneurship fared there without interference from colonialism. The authors should, however, have included some maps in the book. This would have made the book more user-friendly, particularly when one considers that boundaries and names of places have changed several times in Africa over the period the book covers. Future scholars may perhaps focus their attention on the regions the book left out. They can also focus their attention on the future of black people's economic and business power in a globalized world. Will black people gain from globalization? By so doing, these future scholars will be paying their debts to the courageous men and women of the volume reviewed here, who have done a good job in addressing an issue few scholars and politicians can ignore.

If there is additional discussion of this review, you may access it through the network, at:

<https://networks.h-net.org/h-africa>

Citation: Waithaka Iraki. Review of Jalloh, Alusine; Falola, Toyin, eds., *Black Business and Economic Power*. H-Africa, H-Net Reviews. October, 2003.

URL: <http://www.h-net.org/reviews/showrev.php?id=8297>

Copyright © 2003 by H-Net, all rights reserved. H-Net permits the redistribution and reprinting of this work for nonprofit, educational purposes, with full and accurate attribution to the author, web location, date of publication, originating list, and H-Net: Humanities & Social Sciences Online. For any other proposed use, contact the Reviews editorial staff at hbooks@mail.h-net.msu.edu.