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AFRICAN-AMERICAN ENTREPRENEURS: INTEGRATION, EDUCATION, AND EXCLUSION

CHERYL L. WADE*

INTRODUCTION

In this Article, I describe some of the subtle, obscure, and hidden challenges that African-American entrepreneurs face by providing the narratives of three African-American businesspeople. Two of the narratives are about African Americans who started businesses in the first half of the twentieth century. Theirs is a success story. Their businesses thrived. Yet, for a variety of reasons, the success these two entrepreneurs enjoyed would be unlikely today, even with the legislation and policy initiatives enacted in the latter half of the twentieth century and aimed at providing access to opportunities for people of color. The third narrative is about a twenty-first-century businesswoman, Ernesta Procope, an African-American woman who has headed Wall Street's largest minority-owned firm for decades. Her story is also a success story, but it is a story about success achieved in spite of subtle and perhaps unconscious decision making that impedes the entrepreneurial achievement of twenty-first-century African Americans. This twenty-first-century narrative reveals the intractability of the problem of lack of access to opportunity for black entrepreneurs.

In the twenty-first century, black entrepreneurs encounter more difficulties in establishing businesses and obtaining credit than their white counterparts.¹ African-American entrepreneurs frequently pay higher interest rates than similarly situated white busi-

* Harold F. McNiece Professor of Law, St. John's University School of Law. Many thanks to the organizers and participants in Western New England College School of Law's Interdisciplinary Conference 2009 on Women, Ethnicity, & Entrepreneurship for including me in the discussion.

1. See Robert W. Fairlie, *Minority Entrepreneurship*, in *THE SMALL BUSINESS ECONOMY: A REPORT TO THE PRESIDENT* 59, 89 (2005), available at http://www.sba.gov/advo/research/sbe_05_ch04.pdf. "The likelihood of business ownership among Latinos is roughly 60 percent of that for White non-Latinos and the African-American self-employment rate is roughly 40 percent of the White non-Latino rate." *Id.* at 59. "[L]enders provide less favorable terms in the credit market, such as higher interest

nesspeople. It is more difficult for businesses owned by African Americans to remain viable.² Sales and profits for African-American-owned businesses are typically less than those of their white counterparts. Based on data gathered from the 1999 and 2001 U.S. Census Bureau,

African American and Latino firms are less successful on average than are White or Asian firms. In particular, businesses owned by African Americans and Latinos have lower sales, hire fewer employees, and have smaller payrolls than White-owned businesses. African-American-owned firms also have lower profits and higher closure rates than White-owned firms.³

The three stories I tell in this Article reveal a counterintuitive proposition. The impediments to entrepreneurial success for twenty-first-century black entrepreneurs are different from the obstacles that their twentieth-century counterparts faced, but the obstacles are nevertheless as, and perhaps even more, serious. Minority entrepreneurs in the twenty-first century find themselves in a paradoxical situation. There are several federal, state, and local programs in place designed to assist small minority-owned and women-owned businesses.⁴ These programs help small women-owned and minority-owned businesses get loans and procure business from the federal government as subcontractors.⁵ In addition to these programs, many large public companies have diversity programs that attempt to ensure that the small business owners who supply them with goods and services are racially diverse. These programs, however, cannot resolve the problems that minority business owners face as a result of the subtle, often unconscious, racism of the twenty-first century.

For example, because of federal and local programs, there is likely a perception that minority entrepreneurs have an unfair ad-

rates, to the discriminated group because of the difficulty in observing entrepreneurial ability." *Id.* at 89.

2. See, e.g., Katherine Noyes, *Support African-American Entrepreneurs: Buy From Black-Owned Businesses*, <http://www.charityguide.org/diversity/> (last visited May 13, 2010). "In the United States, black-owned businesses are 20 percent more likely to fail within their first four years than white-owned businesses are. Black-owned businesses also tend to start with less capital, and are four times more likely to be denied credit than are white-owned firms." *Id.*

3. *Id.* at 60.

4. Fairlie, *supra* note 1, at 60. "A large number of federal, state, and local government programs have provided set-asides and loans to minorities, women, and other disadvantaged groups." *Id.*

5. See *id.* at 93.

vantage. This perception may cause many of the decision makers at large, publicly held companies to overlook minority entrepreneurs and give business opportunities to white-owned firms that are seemingly disadvantaged by minority business programs. This is likely to happen in spite of the public companies' supplier-diversity programs. The perception that people of color enjoy unfair advantages through programs designed to mitigate the effects of centuries of race discrimination has fueled energetic anti-affirmative action efforts in recent decades.

Another obstacle to entrepreneurial success for minority business owners, particularly black and Latino businesspeople, is best examined by understanding the collapse of the subprime lending market in the first decade of this century. In this Article, I describe the irrefutable evidence that African Americans and Latinos were targeted by mortgage brokers and lenders for high-interest, subprime loans even when the minority borrowers would have qualified for lower-interest prime loans. This discriminatory targeting also occurred in consumer lending. During the height of the subprime-mortgage debacle, billions of dollars in wealth were drained from minority communities.⁶ This drain in wealth has resulted in a reduction in sales for many minority businesses because minority consumers have less money to spend. And, of course, discriminatory lending practices impact minority entrepreneurs seeking capital to start or sustain their businesses.

I. THREE ENTREPRENEURIAL SUCCESS STORIES

Critical race theorists have long argued the importance of narrative or storytelling in the law.⁷ Judicial opinions and legislative histories, for example, are stories. Typically, the stories told in American law are the stories of society's dominant groups—the stories of middle- or upper-class heterosexual white men.⁸ Critical race theory, however, involves, among other things, counternarrative—the telling of stories of outsider groups whose narratives are

6. See Michael Powell & Janet Roberts, *Minorities Hit Hardest as New York Foreclosures Rise*, N.Y. TIMES, May 16, 2009, at A1, available at 2009 WLNR 9345561 (Westlaw) (noting that “the foreclosure crisis has . . . destroy[ed] billions of dollars in housing wealth . . . [and] has fallen with a special ferocity on black and Latino homeowners”); see also sources cited *infra* note 32.

7. See generally RICHARD DELGADO & JEAN STEFANCIC, CRITICAL RACE THEORY 37-46 (2001) (discussing various reasons why legal storytelling is effective).

8. See *id.* at 42-43.

typically marginalized or ignored.⁹ In order to make and interpret law and construct governance systems that are more just, the stories of all of this nation's constituents must be told and heard. It is for this reason that I tell the stories of three African-American entrepreneurs. Their stories help us to understand the reasons behind the disparities in wealth between whites and African Americans.

A. *Pattie Frances Ford: Twentieth-Century Entrepreneur*

After decades of suffering unfairness and abuse from some of the white families for whom my grandmother cooked and cleaned, she decided to start her own business. For African Americans of her generation, entrepreneurship was a way to preserve one's dignity. Entrepreneurship was the only road to equitable treatment and personal achievement that moved the entrepreneur and her family from abject poverty to working-class status. I tell my grandmother's story because it is a testament to the value of hard work and its impact on subsequent generations. My family's story of twentieth-century upward mobility begins with my grandmother's entrepreneurship.

My grandmother, Pattie Frances Ford, was born in 1903. She was raised by her maternal grandparents. In their first few years of life, my grandmother's grandparents had been enslaved. In the late 1930s, my grandmother started a business in her home, washing and styling the hair of her friends and neighbors, while she continued to work as a domestic and attended cosmetology school. After she finished school, her business grew rapidly, and in 1942 she rented a booth in a friend's salon. Eventually, my grandmother formed a partnership with another African-American woman, Mary Hicks. They rented their own space in which they operated The Exclusive Beauty Salon in the borough of Queens in New York City. When her business grew, my grandmother stopped working as a domestic. The hard work of my grandmother and grandfather ensured that subsequent generations, including my mother, my brother, and me, moved comfortably into middle-class American life.

There is nothing remarkable about the story I have told so far about my grandmother's entrepreneurship. African-American women have worked outside of their homes for centuries. The remarkable part of my grandmother's story is that, in order to establish her own business, she had to become a licensed cosmetol-

9. *See id.* at 43-44.

ogist. She did so, passing a New York State licensing exam with flying colors, having only attained a sixth-grade education.

My grandmother conquered the legacy of slavery. She survived Jim Crow segregation. She faced racism and sexism and yet she thrived. My grandmother achieved all that she did because she is exceptionally resilient and brilliant.¹⁰ But my grandmother's achievements would have been less likely today, even for a woman as resilient and bright as she. As unlikely as it was last century, it would be even less likely for a woman with only a sixth-grade education to become a licensed cosmetologist in the twenty-first century. This is true because even in the segregated south of the early 1900s where my grandmother was educated, the schools attended by black children, while dramatically inferior to those attended by white children, were superior in many ways to today's predominantly black elementary schools in impoverished urban areas.¹¹ Think of the generations of brilliant and talented African-American children who attend the inferior, predominantly black schools in American cities today. They must have the herculean strength my grandmother had in order to thrive in the crippling circumstances they face in their daily lives. If they cannot summon this strength, our nation will never benefit from their talent. My grandmother's story reveals much about the complicated history of this lack of educational opportunity for African Americans and its impact on our nation's economic welfare.

B. *James Liggans: Twentieth-Century Entrepreneur*¹²

James Liggans, like my grandmother, was born in the early 1900s. James, my husband's grandfather, opened a butcher shop in Clarksdale, Mississippi in 1940. Like my grandmother, James went

10. Even today, at 106, she remains mentally alert and witty.

11. See Jaekyung Lee, *Multiple Facets of Inequity in Racial and Ethnic Achievement Gaps*, PEABODY J. EDUC., Apr. 2004, at 51, 51-52 (discussing de facto school segregation and lack of equal educational opportunity that continue in the twenty-first century); Jaekyung Lee & Kenneth K. Wong, *The Impact of Accountability on Racial and Socioeconomic Equity: Considering Both School Resources and Achievement Outcomes*, 41 AM. EDUC. RES. J. 797, 804-05, 812-15 (2004) (describing larger class sizes and lower teacher qualifications in black schools); John D. Owen, *The Distribution of Educational Resources in Large American Cities*, 7 J. HUM. RESOURCES 26, 28-29 (1972) (describing the fact that teachers are paid less, are less experienced, and are less qualified in black schools).

12. James Liggans's story is based on his family's oral history. See also Interview with Arthur L. Kindred, Vice President, E.G. Bowman Co., in New York City, N.Y. (Nov. 30, 2009) (grandson of James Liggans); Interview with Estelle Rias, in Buffalo, N.Y. (Dec. 23, 2009) (daughter of James Liggans).

into business for himself in order to escape the injustices he suffered while working for white employers in the early decades of the twentieth century. James's path to entrepreneurship began when a white employer accused him of stealing money from the grocery store where he worked. James was jailed for a week and released after an investigation established his innocence. This was one of several incidents that inspired James to go into business for himself. James's entrepreneurship enabled him to support and raise thirteen children in a modest but comfortable home and to purchase a car for himself and another for his wife. James's wife cooked, cleaned, and made her family's clothes, but she never worked outside of the home.

James's customers were racially diverse. He sold meat to Latinos and African Americans, but most of his customers were poor and middle-class whites. Even in the profound racial complexity of the Deep South in the 1940s, before the Civil Rights Movement, white Mississippians patronized the shop of a black butcher. As with my grandmother's story, James's narrative of entrepreneurial twentieth-century success would be unlikely under similar circumstances in the twenty-first century. This is because of the *de facto* segregation in which we live today.

Neighborhoods, for a variety of reasons, remain racially segregated. A black butcher today is likely to do business in a black neighborhood. He would not likely rely on white customers simply because it would be highly unlikely for a white American to leave his or her neighborhood to travel to a predominantly African-American neighborhood in order to do business with a black entrepreneur. If James Liggins opened a business today, he would have to rely almost entirely on his black neighbors for a client base. The reality of the gap in wealth between white and black Americans means that a twenty-first-century butcher would have to rely on black consumers with far less money to spend than their white counterparts. Add to this the removal of billions of dollars in wealth from black and Latino communities in the first decade of this century as a result of predatory lending, and the success of the twenty-first-century black entrepreneur becomes even more difficult to attain.

C. *Ernesta Procope: Twenty-First Century Entrepreneur*

In September 2009, I visited the Museum of American Finance in New York City's financial district. The museum is affiliated with

the Smithsonian Institute and is the only public museum that focuses on entrepreneurship, money, and the nation's financial history. At the museum was an exhibit called the "Women of Wall Street" containing the stories of present-day and historical female icons in American finance and economic development. Incredibly, not one of the approximately ten narratives was about a woman of color.

The museum, located at 48 Wall Street, is just a few doors away from E.G. Bowman Co., a full-service commercial insurance brokerage and loss-control firm founded by Ernesta Procope, an African-American woman. Mrs. Procope, a renowned and revered business icon, particularly in the African-American community, is affectionately known as "The First Lady of Wall Street."¹³

I was stunned that Mrs. Procope's story was not included in "The Women of Wall Street" exhibit. Hers is a compelling story of a brilliant and persistent entrepreneur who transformed the storefront homeowners and auto insurance company she founded into the commercial brokerage firm it is today. Her entry into the commercial market was not easy. She had to struggle to get major corporations to do business with her firm. Her struggle was successful, yielding a client list that has included PepsiCo Inc., General Motors Corp., International Business Machines Corp., and Time Warner Inc.

I spoke to Mrs. Procope about her exclusion from "The Women of Wall Street" exhibit a few days after I visited the museum.¹⁴ "I am not surprised," she told me. I listened with quiet resignation as she told me about the racism and sexism she has faced for her entire professional life.

One of the most troubling aspects of Mrs. Procope's exclusion from the exhibit is that it results from the type of racism and discrimination that cannot be legislated away because it is subtle and perhaps unconscious. The museum's all-white "Women of Wall Street" exhibit is a type of denial of access to opportunity that is just as harmful to minority business owners as a Fortune 500 company's refusal to do business with minority entrepreneurs. The museum's exclusion of Mrs. Procope's firm renders the company invisible to potential clients. This is a problem that lingers in the

13. Interview with Arthur L. Kindred, Vice President, E.G. Bowman Co., in New York City, N.Y. (Sept. 14, 2009).

14. Telephone Interview with Ernesta Procope, founder of E.G. Bowman Co. (Sept. 20, 2009).

twenty-first century.¹⁵ It is a problem that cannot be resolved by federal or local programs designed to assist small and minority businesses, nor can it be resolved by supplier diversity programs in the private sector.

“As far back as 1978, the federal government mandated that federal agencies—as well as corporations that do business with them—award roughly 8 percent of the value of their contracts to small, disadvantaged, and minority-owned businesses, including those that are black-owned.”¹⁶ Most large, public corporations have created programs designed to increase the likelihood that they will do business with minority suppliers. But, “[c]ontracts frequently get awarded to suppliers that the functional manager already knows—which . . . very likely don’t include any that are black-owned.”¹⁷

The Museum of American Finance’s failure to include Ernesta Procope’s successful business story may also be attributable to unexpressed—perhaps even unconscious—attitudes that minorities in general, and the businesses they own in particular, are inferior. “An unspoken ‘perception of incompetence’ bias works against many black-owned businesses, which are believed to be somehow inferior or have lower professional standards. There’s also a common misperception that prices will be higher, and that supplier diversity somehow costs a company more.”¹⁸

This unconscious bias is likely to be shared by the major corporations with whom Procope’s company seeks to do business. In fact, her company has been asked on several occasions to sign a contract with a major company as a supplier. The major company is fulfilling a requirement that it do business with a certain percentage of minority firms in order to procure government contracts that impose such requirements. But, the deal suggested by some major companies did not include the actual provision of services from Procope’s firm. The only thing the companies required was that Procope’s firm *say* it was a supplier, even though it had to provide no services at all. Mrs. Procope and her managers have consistently refused to participate in these arrangements.

15. See Noyes, *supra* note 2 (“African-Americans are less likely to benefit from the multigenerational family and social ties that so often lead to business partnerships among white-owned firms in this country.”).

16. *Id.*; see also JAMES H. COWRY & RICHARD HOLLAND, *THE NEW AGENDA FOR MINORITY BUSINESS DEVELOPMENT* 6 (2005).

17. Noyes, *supra* note 2.

18. *Id.*

II. TWENTY-FIRST-CENTURY DISCRIMINATION: SUBPRIME LENDING TO BLACK AMERICANS

To fully understand the kind of discrimination that black entrepreneurs face in the twenty-first century, I discuss the subprime lending market that contributed to the last decade's financial collapse in this section. This is a particularly egregious and deleterious form of economic racism. Predatory lending¹⁹ occurred in two forms—mortgages and consumer lending. The predatory lending practices of both mortgage and consumer lenders demonstrate that overt economic racism remains a serious problem in the twenty-first century. We see this in the context of the explicit targeting and disadvantaging of Latinos and African Americans.²⁰ It reveals much about the climate in which African-American entrepreneurs do business. It is a climate in which economic discrimination is tolerated. It is also a climate in which minority entrepreneurs are likely to face discrimination when they seek financing.

Local, state, and federal investigations across the nation have revealed that brokers and loan originators targeted people of color for subprime mortgages.²¹ “In the contemporary United States

19. Not all subprime loans are predatory. Subprime loans extended to low-income borrowers have enabled many to purchase homes that would otherwise be unaffordable. The interest rates of subprime loans are higher than the rates on prime loans to account for the increased risk that accompanies lending to borrowers' with low income or poor credit history. Predatory lending, however, involves exorbitant fees that have nothing to do with a borrower's creditworthiness. See Nikitra Bailey, *Predatory Lending: The New Face of Economic Injustice*, 32 HUMAN RIGHTS 14, 15 (2005). Predatory lenders steer borrowers into high-interest loans without regard to whether they can pay them, even when borrowers qualify for prime loans. *Id.* at 14. Lenders do this in order to generate large fees for themselves. *Id.* at 15.

20. Alan M. White, *Borrowing While Black: Applying Fair Lending Laws to Risk-Based Mortgage Pricing*, 60 S.C. L. REV. 677, 687-92 (2009).

21. See Richard Marisco & Jane Yoo, *Racial Disparities in Subprime Home Mortgage Lending in New York City: Meaning and Implications*, 53 N.Y.L. SCH. L. REV. 1011, 1012 & n.3 (2008/2009).

African-Americans received 17.6% of all home purchase loans and 38.8% of all subprime home purchase loans In contrast, whites received 36.4% of all home purchase loans and 17.0% of all subprime home purchase loans

. . . .

Latinos received 13.8% of all home purchase loans and 22.2% of all subprime home purchase loans

. . . .

Slightly more than half of all home purchase loans to African-Americans (50.5%) were subprime. Only 10.7% of all home purchase loans to whites were subprime. African-Americans were 4.7 times more likely than whites to receive subprime loans.

. . . Latinos were over three times more likely than whites to receive subprime loans.

mortgage loan market, the predominant fair lending issue is no longer denial of loan applications; it is instead the fact that minority homeowners pay much more in interest rates and are much more likely to get risky subprime mortgages that lead to foreclosure.”²² In 2004, for example, African Americans were “four times as likely as whites to pay subprime rates on their mortgage loans.”²³

Even middle- and upper-income people of color were twice as likely as middle- and upper-income whites to receive high-cost loans.²⁴ People of color were targeted for subprime loans even when they had good credit histories.²⁵ Many people of color are vulnerable to predatory lending because they are underserved by banks and financial institutions in the prime market.²⁶

As relevant as the predatory nature of twenty-first-century lending is the discourse regarding it. Conservative commentators captured much of the discussion, placing the blame for the predatory-lending debacle, and even for the economic downturn itself, on minority borrowers.²⁷ Conservatives spoke of personal responsibility, or the lack thereof, on the part of borrowers who lied about their income or borrowers who were too dumb to realize that they could not afford the homes they bought. Conservatives, however, were mostly silent about the predatory-lending practices of mortgage brokers, nonbank lenders, and the Wall Street managers who ignored the practices of the firms that sold them securitized mortgages. In the documentary “American Casino,” an investigative journalist interviewed defectors from financial institutions, mortgage lenders, and other industry insiders who revealed that in

Id. at 1015-16.

22. See White, *supra* note 20, at 678.

23. *Id.* at 683.

24. EDUC. RESEARCH ADVOCACY SUPPORT TO ELIMINATE RACISM (ERASE RACISM), RACISM, PREDATORY LENDING AND THE MORTGAGE CRISIS: A MODERN EXAMPLE OF STRUCTURAL RACISM, available at http://www.eraseracismny.org/html/library/housing/resources/published_reports/Predatory_lending_mortgage_crisis.pdf (last visited Apr. 26, 2010).

25. Local, state, and federal investigations across the nation have revealed that brokers and loan originators targeted people of color for subprime mortgages. See, e.g., Marisco & Yoo, *supra* note 21.

26. See Bailey, *supra* note 19, at 14.

27. Neil Cavuto of Fox News said that “loaning to minorities and risky folks is a disaster.” *Your World with Neil Cavuto* (Fox News television broadcast Sept. 18, 2008), available at <http://mediamatters.org/mmtv/200809190021>. Conservative commentators also criticized Fannie Mae and Freddie Mac and the reason for creating these institutions—making home ownership possible for lower-income borrowers. Thomas J. DiLorenzo, *The CRA Scam and Its Defenders*, MISES DAILY, Apr. 30, 2008, <http://mises.org/story/2963>.

many instances the lenders, not the borrowers, lied about the borrower's income.²⁸ The lenders inflated borrowers' income in order to earn fees for originating loans even though the borrowers did not qualify and could not make payments.

The climate in which twenty-first-century minority entrepreneurs find themselves is one where economic racism endures. It is a climate in which minority borrowers were targeted for subprime loans even when they qualified for prime loans. In this climate, it is very likely that minority entrepreneurs will face discrimination when seeking financing, and the discrimination they face is likely to be ignored.

Disparities in wealth between white Americans and Americans of color have grown in the last thirty years even though more African Americans and Latinos have college educations.²⁹ Today, "[f]or every dollar the median white family owns, the median Latino family owns twelve cents. For every dollar the median white family owns, the median black family owns ten cents."³⁰ This seemingly intractable wealth gap is attributable to centuries of discrimination, including slavery and Jim Crow segregation.³¹ Even after the end of state-sanctioned segregation and discrimination, persisting racism imposed economic warfare on people of color that continues today.

African Americans and Latinos lost between \$164 billion and \$213 billion during the height of the subprime lending crisis.³² The discrimination in consumer and mortgage lending that people of color face has an obvious and deleterious impact on minority businesses.³³ It means that entrepreneurs of color have less to invest

28. AMERICAN CASINO (Table Rock Films 2009).

29. See, e.g., White, *supra* note 20, at 685-86.

30. Corporate Justice Blog, Predatory Lending and Racial Wealth Gap, Aug. 14, 2009, <http://corporatejusticeblog.blogspot.com/2009/08/predatory-lending-and-racial-wealth-gap.html>.

31. See Charles Lewis Nier III, *The Shadow of Credit: The Historical Origins of Racial Predatory Lending and Its Impact upon African American Wealth Accumulation*, 11 J.L. & SOC. CHANGE 131, 194 (2007-2008).

32. AMAAD RIVERA ET AL., UNITED FOR A FAIR ECON., STATE OF THE DREAM 2008, at vii (Christina Kasica et al. eds., 2008), available at http://www.faireconomy.org/files/StateOfDream_01_16_08_Web.pdf; Melvin J. Oliver, *Testimony at the National Commission on Fair Housing and Equal Opportunity* (Sept. 9, 2009), http://www.pirac.org/projects/fair_housing_commission/los_angeles/oliver.pdf.

33. See generally MORTGAGE LENDING DISCRIMINATION: A REVIEW OF EXISTING EVIDENCE (Margery Austin Turner & Felicity Skidmore eds., 1999), available at http://www.urban.org/UploadedPDF/mortgage_lending.pdf.

when establishing a business.³⁴ Continuing discrimination in lending means that minority entrepreneurs are less able to finance new businesses. And, because discrimination drains so much wealth from minority communities, consumers of color have far less to spend when they patronize minority businesses.

CONCLUSION

Even though black-owned businesses have suffered more than white-owned businesses as a result of the recent economic downturn, President Obama has not focused on the special problems that plague minority business owners. The President's silence about the impact of the financial collapse on communities of color is most likely attributable to the nation's political and social climate generated by his election. There has been a great deal of discussion about the President's election as the precipitating factor ushering in a new post-racial era. Many Americans want to believe that the election of the first African-American President signals the end of racism and discrimination, particularly as they affect the African-American community.³⁵ I, however, agree with Michael Eric

34. See Fairlie, *supra* note 1, at 59.

A few recent studies use inheritances, gifts, lottery winnings or insurance settlements as a measure of assets. Inheritances and other unanticipated, or at least less anticipated, lump sum payments represent a more exogenous or externally derived measure of assets than net worth. Inheritances and other lump sum payments are found to increase the probability of entering or being self-employed, suggesting that entrepreneurs face liquidity constraints. Additional studies find that home prices and home ownership, among other things, increase the likelihood of business creation and self-employment.

Id. at 81 (footnotes omitted). African Americans are less likely to inherit substantial sums of money because of the legacy of slavery and discrimination that precludes wealth gathering that can be passed on to subsequent generations. And, because American neighborhoods are racially segregated, with property values in predominantly black neighborhoods invariably depressed, the value of the home of the potential entrepreneur is lower. Targeted by predatory lenders, many African Americans have lost their homes. These factors—including little or no inheritances, depressed property values, and high foreclosure rates on homes—demonstrate that African Americans are far less likely than their white counterparts to have the capital they need to start a business.

35. See, e.g., Adam Nagourney, *Obama: Racial Barrier Falls in Decisive Victory*, N.Y. TIMES, Nov. 5, 2008, at A1. This was the headline the day after President Obama's election. The headline may merely refer to the racial barrier to the United States presidency, but many perceive Obama's election as the demise of racial barriers to a broad range of opportunity.

Dyson, who said that “post-racial” is not synonymous with “post-racism.”³⁶

It seems that for many Americans, the assertion that we now live in a “post-racial” world means that we no longer need to engage in discussions about race and racism. Our national discourse about race and racism has been superficial and wrought with difficulty, but since President Obama’s election, the post-racial assertion mandates silence on these issues: We have elected a Black President; racism has ended. This seems to define today’s “post-racial” era.

President Obama’s silence regarding the disparate impact the financial collapse has had on Americans of color is not likely attributable to his belief that racism and discrimination are no longer problems. He has made several comments that indicate otherwise.³⁷ But his silence about racism’s link to economic discrimination based on race obscures a troubling irony relating to minority entrepreneurship. Intuitively, one would think that in the Obama

36. See Michael Eric Dyson, *King and Obama: How the Prophet Paved the Way for the Politician*, TAKE POLITICAL ACTION (Jan. 19, 2009), <http://blog.takepoliticalaction.org/main/2009/01/king-and-obama.html>.

37. See THE SPEECH: RACE AND BARACK OBAMA’S “A MORE PERFECT UNION” 242-44 (T. Denean Sharpley-Whiting ed., 2009). Below are some excerpts from then-Senator Obama’s speech about race, a speech that was reluctantly delivered after the senator was attacked because of his association with his controversial pastor and friend, Jeremiah Wright.

[R]ace is an issue that I believe this nation cannot afford to ignore right now.

...
 ... [W]e . . . need to remind ourselves that so many of the disparities that exist in the African American community *today* can be directly traced to inequalities passed on from an earlier generation . . .

Segregated schools were, and *are*, inferior schools; we still haven’t fixed them, . . . and the inferior education they provided, then *and now*, helps explain the pervasive achievement gap between *today’s* black and white students.

... [H]istory helps explain the wealth and income gap between black and white, and the concentrated pockets of poverty that persist in so many of *today’s* urban and rural communities.

A lack of economic opportunity among black men . . . contributed to the erosion of black families . . . And the lack of basic services in so many urban black neighborhoods . . . continues to haunt us.

Id. at 242-44 (emphases added).

The President is most likely reticent about race and racism because so many Americans see discrimination as a historical problem with little relevance today. If candidate Obama had talked more about racism and discrimination, he would not have been elected. If President Obama talks more about these issues, he runs the risk of being perceived as the President of Black America rather than the President of the United States of America.

era, the so-called “post-racial” era, it would be easier for Americans of color to establish and succeed in their own small businesses. The counterintuitive reality, however, is that it was easier for African Americans to become entrepreneurs and thrive in the twentieth century than it is in this second decade of the twenty-first century.³⁸

38. Here is one very small, practical step each of us can take. In his State of the Union address, President Obama noted that economic recovery and job recovery are difficult to achieve without healthy small businesses. And, as the President observed, small businesses cannot be established, they cannot remain healthy, and they cannot create jobs, without financing. This is why the President wants to support community banks by making capital available to them so that they can lend to small businesses. As consumers, we can also support the community banks that lend to small businesses by making deposits with them.