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# Racial Barriers to African American Entrepreneurship: An Exploratory Study\*

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*Much has been written in the ethnic entrepreneurship literature about the contrasting business performance of African American entrepreneurs and those from other minority and immigrant groups. Yet very little research has been conducted by social scientists on the business experiences of black entrepreneurs. In this exploratory study we examine the situation of black contractors in the U.S. construction industry, utilizing 76 in-depth interviews in one of the South's metropolitan areas. We document the nuanced character of the racial barriers faced by black contractors in several areas of the construction industry. We find racial discrimination in unions, in white general contractors' contracting and bidding processes, in construction project conditions, and in the bonding, lending, supplier networks critical to a successful construction business. Looking at persisting discrimination theoretically, we suggest examination of the cumulative, interlocking, and externally-amplified dimensions of discrimination. Our empirical and conceptual analyses provide a start toward understanding how discrimination is organized in a major U.S. industrial sector long neglected in social science research.*

## Introduction

Recently, a resurgence of research on ethnic entrepreneurs has expanded our knowledge of their character and viability. A common conclusion in this research is that small ethnic businesses have been a viable route of mobility for immigrant and non-European Americans (Waldinger et al. 1990). The small business sector has been a major engine of U.S. economic development and has included an infusion of "new ethnic owners into the ranks of petty proprietorship" (Waldinger et al. 1990:19).

Why do some minority groups do better in business than others? Reflecting a heavy emphasis on immigrant groups, existing ethnic entrepreneurship research has generally answered this question in terms of pre-migration characteristics, circumstances of migration, and language facility. The problems confronting ethnic entrepreneurs are typically seen as issues of information networks, culture, training, regular suppliers, and cheap workers. While discrimination by native or dominant groups is recognized, it has so far received little in-depth attention (Light 1972; Waldinger et al. 1990). African Americans are either neglected or used as an example of a group that has been unsuccessful in developing an ethnic economy as viable as that of other minority groups (see Butler 1991).

\* We would like to thank the many black construction contractors who took time out to help us understand the character of modern racial barriers. We would also like to thank the local government officials for permission to use interview data we collected under their auspices and Michael Hodge, Jack Davis, Lillie Latimore, and Debi Van Ausdale for their help in data coding and processing. Address comments to Joe R. Feagin and Nikitah Imani, Department of Sociology, University of Florida, Box 117330, Gainesville, FL 32611.

Several scholars have tried to explain why African American business development has lagged behind that of other groups. Comparing blacks to immigrant groups, Glazer and Moy-nihan (1963) have accented the lack of special home-country cultural needs that might generate entrepreneurs in the black community. Light (1972) argues black communities are too individualistic and do not have the networking and solidarity that support business in other communities. Light and others suggest black cultural values tend not to foster entrepreneurial activity. Waldinger and his associates (1990:63) criticize such explanations for leaving out the “extraordinary discrimination” faced by black business people, which has deprived them of capital and impoverished their customers. Yet even the insightful work of Waldinger and his fellow researchers barely touches on racial discrimination in their empirical analyses of ethnic entrepreneurs. One weakness in much entrepreneurship literature is the too heavy focus on the culture and organization of minority groups and the frequent neglect of discriminatory treatment of certain non-European groups by the dominant white group.

In addition to the neglect or downplaying of racial discrimination in the entrepreneurship literature, there has been much argument in other scholarly writing that racial discrimination is no longer a serious problem for African Americans, especially for those in, or moving into, the middle class. William J. Wilson (1978, 1987), among others, accents what he views as a decline in economic discrimination, particularly for the black middle class. The latter, including black entrepreneurs, have experienced “unprecedented” economic opportunities “that are *at least* comparable” to those of middle-class whites (Wilson 1978:151; see also Steele 1990; Jaynes and Williams 1989).

Entrepreneurship scholars often argue there is no significant business *tradition* among African Americans, an argument refuted by the historical analysis of Butler (1991). There is a long tradition of African Americans creating business enterprises, like those of some immigrant groups, in an attempt to move up the economic ladder (Butler 1991). At best, the ethnic entrepreneur literature touches briefly on the racial/ethnic hostility that frustrates minority economic development. While serious, the hostility faced by most immigrant groups does not compare in kind or degree to the across-the-board exclusionary practices that historically have kept African Americans out of many business arenas. Butler (1991) has demonstrated that as early as the 1700s there were many important black businesses serving black and white customers and that over the next two centuries thriving business communities were developed in numerous towns and cities. Discrimination by white business people and other whites, including massive violent attacks on African American businesses in cities like Tulsa, helped bring a decline in much black business activity in the decades before World War II.

The logic behind this exclusion was both rational and irrational. There was the “rational” desire on the part of some whites to destroy black competitors in business; but for many whites the goal of anti-black discrimination was, and is, quite irrational. The discrimination is designed to get rid of those who are considered to be racially inferior, if not sub-human. In *Dusk of Dawn* W.E.B. Du Bois (1984 [1940]:6) suggests how the “color bar” is created not only by ignorance and maliciousness but also by “unconscious acts and irrational reactions unpierced by reason.” Many whites seem obsessed with blackness and with negative views of African Americans, and their antiblack actions have frequently had a visceral hate dimension, what Kovel (1984:xi) calls the “madness” of white racism.

Since the 1930s, because of white discrimination, most black businesses have been forced to locate in black communities and have concentrated on providing personal services within those communities (Waldinger et al. 1990; Butler 1991). Waldinger and his associates (1990) point out that opportunity structures vary from one ethnic group to another and that, if market conditions permit ethnic businesses to service non-ethnics, opportunities for mobility are greater than if clients come only from inside.

In spite of continuing racial discrimination, a strong interest in creating businesses can be found in African American communities today. By 1990 the number of black firms had grown to more than 424,000, about 3 percent of the total. In Department of Commerce data, African Americans have the largest number of businesses among all non-European groups, yet, with Puerto Ricans, the lowest business ownership percentage (1.3 percent versus 6.4 percent for the nation) (Waldinger et al. 1990). Black businesses generate less than two-tenths of one percent of total receipts generated by all businesses (Swinton 1990). While small businesses may not be as common or as profitable among African Americans as among white Americans and certain non-European immigrant groups, the rate of initiation of small businesses remains high, and the idea of starting one's own business is still a significant part of the American dream for African Americans (Butler 1991; Cose 1993).

In this article we focus on the U.S. construction industry, which is often seen as a bellwether of U.S. economic health because of the products it makes. This industry includes not only building contractors and subcontractors but also numerous supporting groups such as materials suppliers and lenders. Businesses in this industry often do not require large amounts of capital to start. Thus, construction can in theory provide an important avenue of economic mobility for African Americans. By the early 1970s a few federal programs had been inaugurated that fostered "black capitalism," including programs encouraging local governments to "set aside" some government contracts for minority contractors. These set-aside programs have expanded the number of black businesses getting into the once all-white construction industry.

The construction industry has been important in the last decade as a place for the startup of small black businesses, ranking second only to retail trade and services (Waldinger et al. 1990). Still, federal economic data suggest there is a problem; Swinton (1990) found that black enterprises generated only three tenths of one percent of total business receipts in the construction industry. The one previous study we have found that examines the situations of black contractors is Gallo's (1983) unpublished study of white, black, and immigrant entrepreneurs in New York's construction industry. Gallo (1983:25) found successful subcontracting firms depended on high levels of "institutional and social integration, expressed in membership in industry organizations and through informal connections and the achievement of standing in the community from which the firm's clientele is likely to be drawn." Ties to industry organizations and informal networks were critical to getting workers and building a clientele. White firms, well integrated into critical networks, had the widest access to projects. The disproportionate reliance of blacks on government programs for construction was not because they were less efficient but because of discrimination in construction networks (Gallo 1983). The rarity of research like that done by Gallo underscores the lack of attention to racial discrimination in the contemporary entrepreneurship literature.

Why are black businesses such a small part of the construction industry? Is the ethnic entrepreneurship literature correct in neglecting or playing down racial discrimination in favor of black culture or values? If not, what are the racial barriers to black entrepreneurship in construction today, and just how do they operate? Drawing on in-depth interviews with 76 black contractors in the construction industry in a major metropolitan county (hereafter called "Southern County" to preserve the anonymity of our respondents), we develop an exploratory analysis seeking serious answers to these questions. Our task here is to look at the everyday world of construction as these black contractors experience it.

### **Certain Dimensions of Discrimination**

Examining the business activity of black contractors, we have found discrimination to be significant in their accounts of daily experiences. Although the entrepreneurship literature

has not focused on this aspect of business development, racial discrimination is not an unexpected finding in light of recent documentation of racist practice in U.S. society (see, for example, Feagin and Sikes 1994) or of Butler's historical analysis of racial discrimination in black business history. Given the importance of discrimination in our findings, we briefly consider relevant literature and highlight our theoretical suggestions.

Most social science work in this area has oscillated between an individual emphasis and an institutional emphasis. Gordon Allport (1958) focused mostly on the stereotyping and prejudices of individuals, with some discussion of the way these attitudes link to discrimination. In more recent decades, however, some idea of the institutionalization of racial discrimination has pervaded many analyses. In this case, institutional racism or discrimination refers to anti-minority motivations that shape power inequalities, which are in turn exfoliated in patterned discriminatory actions (Carmichael and Hamilton 1967; Knowles and Prewitt 1969). Some early researchers contrasted institutional racism with "individual racism," but more recent research has suggested how this is an artificial distinction (Butler 1975).

Institutionalized discrimination, whether in hiring at a corporate workplace or in contracting in the construction industry, is carried out by white individuals, acting singly or in groups, who implement and reinforce shared racial norms. At least three quarter of whites today harbor some anti-black stereotypes and related sentiments, and at least four in ten hold numerous strong anti-black notions (Lawrence 1987; Jaynes and Williams 1989; Anti-Defamation League 1993; Feagin and Vera, forthcoming). Now as in the past, most white Americans think in racialized terms when choosing mates, neighborhoods, employees, and business partners. Research suggests that most whites are pervaded with a racial consciousness that is more than a matter of simple prejudices but rather involves a broad structure of racialized thought, a way of daily processing information about the nature and actions of both black and white Americans (Aleinikoff 1991; Blauner 1989; Feagin and Vera, forthcoming).

While white individuals are at the center of discriminatory action, they do *not* act in isolation. This contribution of the institutionalized racism view must be retained. Anti-black discrimination persists today because the white normative environments condoning and encouraging it have persisted generation after generation since at least the 17th century in what is now the United States. Whites have the power to discriminate as individuals, but much power to harm comes from membership in *social networks* that link individuals to the larger structures Collins (1988:406) terms "enforcement coalitions." A recent socio-psychological study (Blanchard, Lilly, and Vaughan 1991) found that social networks are critical to the reinforcement and expression of prejudices. White respondents who were joined by concordant white voices expressing racial prejudice verbalized more prejudice themselves, and more enthusiastically, than whites in the presence of dissenting anti-racist whites.

### *Aspects of Discrimination*

Feagin (1991; see also Feagin and Sikes 1994) has underscored the importance of several major aspects of contemporary racial discrimination, two of which are the site of discrimination and character of discriminatory actions. In this article we describe the sites and character of discrimination in the construction industry for one metropolitan area. To aid the reader in assessing the interview data, we briefly sketch a few key aspects of our findings on the character of discrimination in construction.

First, we have found that social networks play a central role in the discrimination faced by African American businesspeople. As Gallo (1983) and other scholars have noted, the construction industry relies more heavily on social networks (what our respondents sometimes called "buddy-buddy" networks) than many other industries in getting the work done. Deals are often made or restructured in informal settings such as over a beer or at lunch. A white contractor's buddies are often called on informally to help, for example, in beating bids

by “non-buddies” made through the formal bidding process. Long-term arrangements with friends make completion of construction contracts easier.

It is often hard for newcomers of any background to break into a local construction industry. In most cities much construction has been so controlled by the pre-existing white “buddy-buddy” network that some white male contractors even have trouble breaking into the major contract sphere. Often mentoring and grooming through family and friendship connections or through construction unions have been critical in getting a newcomer into substantial contract arrangements. Given this networking, the implementation of ascriptive discrimination based on racial (or gender) prejudices is not difficult. The informal organization of the industry makes discrimination relatively easy to implement and hard to fight. Today, the informal organization of the construction industry amplifies the effects of racial discrimination, frequently to the point of excluding or severely hamstringing African American contractors. In its origins, moreover, the buddy-buddy system was built on excluding black businesses.

The discussions of the black subcontractors below underscore three important dimensions of discrimination that have received scant attention in the literature: (1) *cumulation*, (2) *interlocking*, and (3) *externally-amplified*. Gunnar Myrdal (1964 [1944]) introduced the idea of cumulation as an explanation for the “vicious cycle” in which white racism leads to a worsening of black conditions, which in turn can generate more white prejudice. We conceptualize the cumulative dimension of discrimination differently here, as the aggregation of events viewed in terms of Gaventa’s (1980:13) “first dimension of power.” African Americans experience and perceive a single discriminatory incident in the larger context of *prior* individual and collective experience with racial subordination, by necessity taking care to note the group with the power to prevail. Blacks endure damage from an incident in concert with being part of a group that, because of lesser power, is subject to mistreatment over lifetimes. When blatant acts combine with subtle and covert injuries to individuals (and their primary groups) and these accumulate over months and years, the impact on a black person is far more than the apparent sum of individual incidents. The black contractors in Southern County not only bear the burden of an individual discriminatory incident but also the accumulating weight of other discrimination they and fellow contractors have faced in the past. This experience not only increases the pain of a new instance of discrimination but also provides well-grounded knowledge useful for spotting future discrimination.

Like other industries the construction industry has important subsectors, each with its own norms. The interlocking dimension of discrimination involves the manner in which discriminatory white actions in one subsector of a particular industry — such as construction — link to discrimination in another subsector of that same industry. Discrimination interlocks across these places, multiplying the damage done, as in the case where discriminatory denial of a loan subsequently costs a black contractor a local government contract. The interlocking dimension of discrimination can be theoretically situated in the “mobilization of bias” framework suggested by Bachrach and Baratz (1970). Either the mobilization of an existing systemic bias in the form of precedent or the establishment of new institutional barriers can keep a less powerful group from seeking effective relief, especially if there is a cross-sectoral linking of racial barriers. In our construction case, there is a historical pattern of anti-black discrimination that can be seen in recurring incidents across the different construction subsectors, which are frequently linked at their base through the buddy-buddy networks.

There is also an interlacing of cross-sector discrimination in the construction industry with racism intruding from outside, what we term the “externally-amplified” dimension of discrimination. Discrimination in a particular construction setting can be amplified by racism intruding from outside, such as white stereotypes of black men as likely to be violent or criminals. The “externally-amplified” dimension of discrimination generates an effect that Gaventa (1980) calls the “third dimension of power,” in which there is repeated dominance

of A over B across many areas in a social field of dominance. In cases of present discrimination the oppressed victims may experience not only the cumulative effects of past negative actions and the negative impact of a cross-sectoral linking of discriminatory actions, but also the steady "acid rain" impact of outside racist messages crashing into the work world. Clearly, the construction industry simultaneously influences and is influenced by the larger societal environment with its imbedded structures of racism.

Although the existing literature gave us the conceptual frame to attend to the sites and character of discrimination, in working through the many dozens of accounts of discrimination, we came to see clearly the importance of these three dimensions of modern discrimination. These are not the only aspects of discrimination evident in our data (and we comment on other aspects below), but they are serious dimensions that have been underdeveloped in the discrimination literature. In the quotes from our respondents, all three dimensions often appear in one guise or another. For that reason we have not organized this article around the dimensions presented in serial order, but rather have singled them out where they are most visible in particular settings.

### **Our Research Procedure**

The group of contractors we interviewed was drawn from lists supplied by a Southern County government office that supervises government set-aside and goals programs for public construction, one a list of 68 certified construction subcontractors and another list of 132 subcontractors whose certification recently expired. (We use the terms "contractor" and "subcontractor" interchangeably for our respondents.) Initially drawing random samples, we found we would have to use the entire lists because of problems in locating these mostly small firms, many of which had gone out of business. We sought out those difficult to locate, and by the end of the project (late 1990) we had interviewed 76 black contractors. Knowledgeable local government officials dealing with construction confirmed that our final sample includes most of the approximately 90 black construction businesses extant late in 1990. Wherever possible, we reinforce our findings with data from federal sources and unpublished studies of minority contractors.

The climate for black businesses in Southern County is difficult, and many respondents talked on the condition that we would keep their names and firms anonymous; some expressed fear of retaliatory measures by whites. For that reason, in quoting these men and women we have deleted names and replaced businesses with pseudonyms.<sup>1</sup>

The black firms are relatively young: 28 percent are between a few months and five years old; 36 percent are between six and ten years old; and the rest are more than ten years old. This underscores the importance of relatively recent government minority utilization programs in fostering the growth of small black firms. Most are small in terms of gross revenue, with 71 percent reporting gross annual revenues (1989) of less than \$500,000. One-third did not generate a profit. Most are small in number of employees, with 92 percent having 25 or fewer. Most (93 percent) are headed by men.

As social biographers, we examine the black role in construction by constructing partial life histories of numerous role-occupants, each adding richness to the others (see Orum, Sjoberg, and Feagin 1991). In our interviews the local construction industry is multiplex, a constellation of institutions reflecting domination and resistance.

1. We have also edited some quotes lightly for grammar and to delete repetition of words like "uh" and "you know."

## Black Entrepreneurs and Construction: A Demographic Overview

From 1977 to 1990 billions of dollars worth of private and county government construction projects were carried out in Southern County (Brimmer 1991). Construction is an attractive area for new black businesses. Yet the effects of past and present racial discrimination in the industry are suggested in government business statistics. Department of Commerce business surveys found just 22 (1.7 percent) of the general contractors in this urban area were black in 1977; the comparable figures for 1982 and 1987 were 28 (1.9 percent) and 79 (3.7 percent) respectively (Brimmer 1991). The increase between 1982 and 1987, as well as the increase to about 90 firms by 1990, has been attributed to the local government's black contractor utilization program (Brimmer 1991). Still, a little more than a fifth of Southern County's population and workforce are black, far larger than the proportion of black firms in construction.

In an unpublished study Brimmer (1991) examined black firms' revenues in the local construction industry. Calculating a "disparity index" (average receipts per black firm divided by average receipts per all firms), Brimmer found values in the .26-.33 range, all well below parity, for three major construction categories. Brimmer concluded it was likely black-owned businesses suffered from discrimination.

Table 1 lists major "bones" in the discrimination skeleton in construction and provides an overview outline of our data presentation on the sites and character of local discrimination.

**Table 1 • Possible Sites and Types of Discrimination in Construction**

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1. UNIONS	Union Exclusion
	Unfair Job Allocation
2. THE CONTRACTING AND BIDDING PROCESS	Private Sector Exclusion
	Late Bid Requests
	Bid Shopping and Switching
3. PROJECT AND SITE CONDITIONS	Slow/No Payments
	Harassment on Site
	Racist Epithets
4. GOVERNMENT OFFICIALS	Collusion with White Contractors
	Unfair Performance Evaluations
5. BONDING FIRMS, BANKS, AND SUPPLIERS	Bonding Exclusion/Restriction
	Loan Rejection
	Supply Discrimination

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### Entry Into Construction: Discrimination at the Union Site

Many construction entrepreneurs get their start through union programs where they learn a building trade, which can become the basis for starting a construction business. Yet white-dominated unions in many industries, including construction, have long histories of discrimination against African Americans (Waldinger and Bailey 1991). If black workers are



restricted, their ability to learn a skilled trade and make contacts with present and future contractors is severely lessened. Until the late 1960s there were no black apprentices in any building construction unions in this urban area, and in recent years the number in unions has remained small (Brimmer 1991). Many of our respondents reported some discrimination involving unions, and some noted recurring incidents. One black subcontractor described the union atmosphere in the 1970s:

There were three other blacks in apprenticeship program at the time. [Smith], [Jones], and I can't think of the other guy. The guy that I can't remember his name, the pressure was so great on him he quit and went to washing airplanes for an airline. [Smith], he acquiesced to the pressure and became a truck driver. [Jones] and myself, we came on through. Now, out of the four of us, nobody would go to union meetings but myself. And I was threatened to be *hung*. The first union meeting I went to, being ignorant to what the rules were, I sat where everybody else was sitting. And the crowd began to move up, because they had folding chairs. I don't know no better; as they moved up, I moved up. So the president . . . made a statement: 'Brothers, we don't want no niggers in here.'

In the accounts that follow we see repeatedly that white dominance means the attempt to control business spaces now sought by black businesspeople. Injury comes here in the form of ostracizing the alien "niggers" from the critical "buddy-buddy" networks that often are rooted in union spaces. The cumulation dimension of discrimination is seen in the reference to lynching. The white invocation of the "hung" metaphor only works because there is a reasonable expectation of a historical memory association on the part of this black subcontractor. Feagin (1991:115) notes how various code words, like "hung" and "nigger," are freighted with a collective historical memory. One black businessperson in that national study noted how anti-black code words bring "into sharp and current focus all kinds of acts of racism — murder, rape, torture, denial of constitutional rights, insults, limited opportunity structure, economic problems, unequal justice under the law" (Feagin 1991:115). In spite of the collective memories conjured up — and the physical threats — the contractor just quoted stayed in the union because membership was critical to a construction career. He had the fortitude to ignore the invocation of lynching and press on against the odds. Collective memories of racial oppression often must be endured silently.

Once in the union, other strategies have been used to exclude blacks seeking to gain experience, as another black contractor recounted:

Well, there are a lot of incidents where, out of that particular union hall, that when people are out of work, they go back supposedly on a list. And as you come in, you supposedly enter the list, but you know it seems that if you are white, in a lot of instances, and new to people on the staff, you can tend to skip the list. But being black, there's no way you could skip the list, you had to be in line. [Can you give me like a specific incident that you may know of?] Well, there are a lot of incidents whereas you can be in the local hall and you know your number is, for example, number five and somebody else's number is number twenty-five, but they leave the hall before you. I mean, this is kind of like a customary thing. . . . [Now, where was this at?] A local union . . . names are not really important; it was the people who was in charge. The president, you know. Well, of course this was back when we were in the union, so this time or period would have to be 1973 to 1978. You know, during this period of time you might have a problem where you were laid off on a job and had to go to the union hall; this is where those things occurred during those periods. Not only to me, but to most of the guys who were plumbers and black; it kind of got to be a normal thing. Last one hired, first one fired.

Implicit in the comment is the close relationship between white workers and white contractors — the understanding that whites are to be preferred in receiving jobs. White unity even cuts across class position. And there is a domino effect. Discrimination in placement leads directly to a lack of seniority, which in turn can mean a less desirable job history, which in turn can lead to a lower priority in future jobs. When asked about how the union treats

blacks today, this man replied: "No different. I don't think it's much different. They might hide it more, but still basically, you know, buddy-buddy; you're black and you're the first one laid off." Here again is a direct allusion to exclusionary networking.

The owner of another contracting business discussed unions in the 1980s and 1990s:

The union is still far packed from black, because I tried to get in three times with them. . . . I went down there, and on three occasions they told me that the door . . . is closed, in some respect. Okay, that's the term. And they say you have to come back, go two times. So one of the stewards is a good friend of mine, he's out there at the shop, at Southern County's shop. And he took me down, the shop steward. Okay, you have to go down with one of them. So he took me down, and four other guys [whites] went. . . . Those guys got in, I didn't make it. And there wasn't no test involved, taken, at that time; it was strictly, when you was with the school board, who they want they automatically take them in, okay. So they took in the . . . white, and we all had as a matter of fact, I had, a master license — all those [white] guys had was a journeyman license. And I didn't get in.

The white network operated as an enforcement coalition and saw to it that the respondent was unable to join. This account illustrates the non-meritocratic standards used by some whites when blacks are involved. In these commentaries on union contacts, we see clearly the cumulation and interlocking dimensions of discrimination. We see how informal social networks are central to interlocking discrimination in this larger urban area. These current networks are similar to those that operated under the even more segregated construction conditions prior to inauguration of the minority business utilization program. Significantly, Brimmer (1991 I:88) has demonstrated that before 1980 local government contracts were generally let through "connections," the networks of government contracting officials and favored white contractors and vendors.

### **Black Entrepreneurs and White Contractors: Trying to Get Work at Private Commercial Sites**

Those black construction workers brave enough to make it through the unions, or to strike out on their own, may run into discrimination in establishing their own businesses. White general contractors control most major projects in this large metropolitan county. Two major construction markets there are the private commercial sector, encompassing privately funded commercial projects such as office buildings, and the public sector, which includes governmental-financed projects such as airports. These markets were the primary focus of our interviews.

A majority of the black subcontractors noted problems blacks have in getting significant construction work from the white general contractors, who dominate private commercial (and often residential) projects. One subcontractor commented on experience with whites on such projects:

I have not been able to break into the private sector. . . . Well, it's minor jobs, but when I say private sector, I mean bid on a shop with some of them, or bid on a custom home for somebody, you know. Maybe you can get bits and pieces out there, but I, you know, nothing big. Building churches or something like that. No, we have not been able to do that. . . . Only, only times that you get a call from a white . . . contractor to bid on a project, when the project has a minority or a black goal. You will *not* get a call from them to bid on any other project other than that, okay. We have not *ever* got a call, and my other friends, or subcontractor friends I know of, have *never* got a call. Only when they was forced or made to do it is when they would get a call.

The severity of networked exclusion in the private sector is revealed in the view that only government set-aside programs can pressure white firms to employ black subcontractors on

significant projects. What work there is from white contractors involves only “bits and pieces.”

Another black subcontractor pointed out a type of bait-and-switch routine encountered in the private sector. Asked how often white contractors asked for bids on their private construction projects, he replied:

Not very often. You see, maybe once in a blue moon that I call up. I hear about a project and I call up. And they'll, they'll say, 'Well, you want to come and pick the plans up?' And they see that you are black, and then they'll kind of shuffle you around a little bit, give you a set of plans but, if they have it, you know. [Have you experienced racial discrimination in this regard?] Yes! You know, here again, I'm not being thin-skinned, because I have worked at all levels, and I feel, you know, it doesn't really bother me if a guy don't like me because of my color. It bothers me when he denies me the chance to work, you know. And I've had a lot of discrimination, but as long as I'm getting some work, it really doesn't bother me. Because I know from a qualification point of view I'm just as qualified as the best contractor.

A key aspect of modern racial discrimination is suggested here. The black experience moves from apparent inclusion to quick exclusion; the only difference between the phone and in-person situations is that the blackness of the subcontractor is evident in the latter situation. In a recent study of black professionals in employment settings (Feagin and Sikes 1994) black middle-class respondents reported that when they discussed matters of employment, housing, and shopping with whites over the phone, they often received fair treatment because the white person assumed the voice was white. Yet when they showed up in person, they were sometimes rejected. Significant here is the “I've had a lot of discrimination” language, which again signals the cumulation of racial discrimination in a black person's life.

### *Government Construction Programs*

As late as 1980 *not one* construction contract was let to a black firm in this county, which has a large black population. Exclusion was total and a long-term feature of white buddy-buddy networks in construction. Complaints about discrimination pressured the local government to adopt a black business utilization program. For more than a decade a black goals program has required white general contractors to make a significant effort to find black subcontractors for local government projects. In addition, some construction projects are “set aside” for blacks only. (The “goals” program is often called the “set-aside” program by local contractors since both are supportive of black businesses.) During the 1980s 158 black contractors were reportedly used on 525 county projects controlled by these race-conscious measures (Brimmer 1991). Local government officials argue that the utilization program, which covers most government projects, has significantly expanded the number of black entrepreneurs.

Numerous black subcontractors have relied on the utilization program to get started or to stay in business. Only a few have worked solely in the private commercial sector. And, although the majority have done some private work, most are frustrated with the small amount of private work they typically get from the white general contractors (GCs). Most believe that enforced set-aside programs are necessary, as one subcontractor explained:

If the black contractors don't have the set-aside program, the GCs [white general contractors] will automatically use their buddies to bid the jobs. Even if the black contractor bid the jobs, the GCs will automatically give it to their buddies. So in order to make it a fair deal, or let them have their own part of the cake. . . . [Has this set-aside business helped you get business from white . . . contractors in the private sector?] No, not in the private sector.

White businesspeople who oppose minority set-aside programs often espouse the idea that black subcontractors would be recruited as often without government programs because of the action of the “free market.” Yet this black entrepreneur noted the natural operation of the

market is not in fact free, but often oligopolistic. The "buddy" language underscores the way networks of white subcontractors and general contractors are forged in a shared racial heritage.

Expressing a hopeful view, one subcontractor described the role of the governmental goals and set-aside programs in cases like his:

Well, without it, for a new contractor, I don't think I would be in business without it, okay. Because what it does, it give you an avenue to the world, so to speak. Okay, open up the gate and then you can, your record is being set, automatically. And then you just, your record has been set; you have, you're now established.

As a consequence of government-forced utilization, black firms can build reputations and financial bases that result in future contracts. One black subcontractor put it even more strongly: "If all of those programs was cut out, I would be out of business *tomorrow*. Because you can't do enough business with the private sector to sustain the business."

In a mid-1980s study of the state in which this urban area is located, Bentil (1989) sent a questionnaire to some white and black contractors. Just three percent of the white general contractors felt minority utilization programs had a positive effect on minority communities, compared to 41 percent of the minority contractors. Reflecting on the importance of participation for the local community, a subcontractor in our study commented:

With respect to or reference to this black community, where you have the place not well developed and the few black contractors: If they can't get the projects and other things going on . . . in order to hire their own people who are out of job and who are not working, the problems will tend to increase because most of these people will have no choice but to sell drugs. . . . I would say it's best to leave the set-aside for another 50 years, and have an effective plan or schedule with it, and to make sure that the GCs of the companies comply with the program. . . . The GCs, the prime contractors that are involved, comply with the program. [. . . they are *not* complying with them now?] Oh, well, you know, *they* will. They have no choice than to comply with the program as it is now. But if they have another alternative choice, they will not comply with the program. So it's best to make them comply with the program, and as the program goes on for 50 years, then you can analyze it and see the stages that, of where things are by going through populations and other things to determine who is the minority and who is not. . . . And also, to make sure that the black contractors utilize the program, so that there will be sort of a balance of power, because there is no balance. When you have the arms and ammunition in one person's hand and the other guy don't have but just his sword, and you give the other guy a bullet and ammo with a tank to fight a guy with a sword.

Institutionalized discrimination in construction is yet again conceptualized in power imbalance terms similar to those of Gaventa (1980). In this man's extensive experience breaking into the area's construction market requires the power of government against entrenched white networks. In his unpublished study Brimmer (1991 I:69) examined what happened when this set-aside program was discontinued for a short time: the program's importance was proven "by the scarcity of black contractors among those working on projects put out for bid during the temporary suspension of the programs." Without pressure white contractors brought in few black firms. In the quote we have another window on discrimination's cumulation and interlocking dimensions, here in terms of redress. The view that at least 50 years of enforcement is necessary recognizes discrimination's cumulation and interlocking character in construction.

### *Contracting and Bidding Problems*

Our black contractors make it clear that discrimination in the private commercial sector makes building a business very difficult. As a result, they depend on government projects

that come under governmental requirements mandating “good faith efforts” by white businesses to bring in black subcontractors, which include whites seeking bids from them. However, most of our black subcontractors discussed serious problems with getting construction bid requests on a timely basis or in the right form from white contractors. One builder involved in government projects criticized the practice of chronically late bid requests:

[Have you ever had a general contractor seek a bid or contract from you so late you were unable to respond?] *Every bid, every bid.* That they mostly, when they give you a call, it’s always a day before the bid, or the day of the bid. *Always.* It was like, the way they would set it up, you know. You need at least ample time to take a set of plans off if you’re going to bid with that particular contractor. But all the notifications I’ve seen, I’ve seen notifications mailed out the day before the bid go in. So undoubtedly, you get the notification on the day of the bid. So yes, that is, I would say 99 percent of the times that we bid with them that happens.

Speaking about a similar problem, another subcontractor indicated some reasons for the white contractors’ late requests:

Say it’s stated that they have to meet up a certain percentage of minority positions. They would play certain games like calling you three days before the bid time. I say, look, three days before bid time to tell you, hey look. ‘We are requesting for a bid,’ and, you know. Thinking maybe you might say, ‘Hey, I can’t bid it because of the time factor. It is too close.’ Because you can’t call somebody on a big project three days before bid time and tell them, ‘Say, look, I need a bid from you.’ . . . you deal with many GCs. You know when you get beat. . . . So if he despise you based on, you know, it can’t be based on any other thing than your race. It doesn’t take too much from somebody who is intelligent to know what’s going on, unless, you know, you’ve got to be a fool.

One strategy of white contractors is to delay asking for a bid from black subcontractors until it is too late to respond. The problem of late bids is not unique to black contractors, and most contractors are faced with this problem on occasion. However, the black respondents report that this is not an occasional problem for them, but rather a recurring subterfuge, one that is hard for the understaffed county agency to police. As the first man above put it, “every bid” request is just before (or after) the deadline.

These data on bidding do not stand alone. Bentil’s (1989) earlier questionnaire survey of minority contractors in the southern state where this urban area is located found that a quarter of the minority sample complained of not being notified of bids by white general contractors and a quarter also protested not having sufficient time to bid properly. There is no quantitative study of the distribution of late bids by racial group for this urban region, but it is clear that the judgments of the black subcontractors about discrimination come not only from the steady accumulation of personal experiences but also from checking with other black and white subcontractors. These black men and women regularly participate in conversations with others in construction and make judgements on the basis of what is conventional practice.

One subcontractor spoke of yet another problem with white business people: “. . . the basic problem there is for them taking your bids, taking your bids and they get the job with your bid, they don’t give you the job. They give it to their buddy.” He is pointing to the practice of getting a black contractor’s bid, showing signed papers to the county as evidence of a “good faith effort,” and thereby securing a construction contract. The black entrepreneur does not get the business, for the white contractor secures a “buddy” to do the job. The owner of a construction company talked about a related problem:

See, it’s difficult to know whether or not you’re the low bidder. The [white] contractor can make it whatever he wants because you are not privy to the other bids he gets. So you know, all you know is that he’s not using it, he’s using the same people he’s been using for 20 and 30 years. So you can bid all what you, you can bid low/high, and you’re still not going to get the job, because there . . . [is the] buddy-buddy system.

One aspect of the intramural networking of whites is its role in excluding blacks from critical information about bidding on and contracting for projects. This black entrepreneur continued by tying together late bidding, exclusion from bonding, and white networking:

Oh, that's the [delaying] tactic they use in sending you a bid. They all do that, a couple of days before the bid is due. [Can you give me a couple of examples?] [XYZ company]. All the majority contractors. [What happened with [XYZ company]?] It's only recently that they advertise in the paper that they are in a constant bidding process, but prior to that, they only send a couple of — they're usually in there a couple of days before the bid is due. . . . They know you have the capacity or the capability to do the job. And they swing this bonding or 'We'd like to work with you, but you cannot bond this job.' So there is always something there for them to kick you out, and they know it. They don't want to use you! I mean, it's natural, they have their buddy. If you check all these general contractors, these majority contractors, you will find the same people doing their work for the last 20 years.

No county-level data have been collected on white/black utilization patterns over the last 20 years, but these black subcontractors as a group have much experience on the basis of which they draw the conclusion of like-cloning-like in construction choices. This man then turned to a specific example:

You take the airport [project]. They have got, only certain guys get into the airport. You have [names white company], you have [names white company], you have [GHI], you have [names white company], you have, it's the same, it's the same set of people, the same set of general contractors, the same set of subcontractors. They got guys at the airport for 50 years. Like this paving company, they've been there since it was built. Until today there is *very few*, *very few*, if any. Blacks get there to do menial jobs. There's no black at the airport doing a job for \$100,000. . . . So even the airport practices discrimination.

Our respondents frequently indicate that trouble with white contractors in one area of business is not an isolated problem, but one component in a larger configuration of *interlocking* practices, some blatant, others subtle. Here late bid requests from white contractors are only one headache. Even after submitting bids under time constraints, this man received no contracts and decided to stop bidding. Citing airport construction, he lamented the often incestuous relationships between white contractors and subcontractors.

In the context of discussing interrelated bid and contract problems, one black contractor described the lack of government monitoring of the set-aside program:

There is nobody who really monitors the program. And that is one of the main problems we have. The minority program. You see . . . the way it is set up [is] not the way it is being run. People do what they want, how they want. There is nobody who monitors to see that things are done the way it's supposed to be done.

The lack of supervision, he continued, allowed the white contractors to discriminate in a number of ways:

Because of that, we have a problem, we have a lot of problems. . . . [ABC company] calling me one day about a job which was bidded, and I said to him did you really want me to bid this job? He said why? I said because you couldn't want me to bid this and call me today to bid a job when tomorrow is the bid [deadline]. He said, 'Well we thought you knew about the job.'

After commenting on the problems of subcontractors generally, this man returns to the problems black subcontractors have with white general contractors:

They will take a number from you, and let's say you give them a bid, but they have a friend who does the same job, the same type of work, but the friend might give them a higher [bid]. You give them a number but they want to give it to their friend. They shop with your number and they say to their friend can you do this for that? [Can you do this for that?] Yes. Can you do this for that number, you know? The friend more or less he's been given the work and he is doing the job. So

you don't get a job. . . . It's known within the entire subs [community] that that happens. I remember one instance years ago, when they were building that same building, the [ABC]. [The XYZ company] did all the interior, more or less all the interior. They were supposed to have a goal. They came to me and asked me . . . to sign a letter of intent for at least, at least \$25,000 worth of the work. I've never gotten a [job]; they took it that time. . . . most of [the white] contractors today are really against this minority program. Because I've been to places, and I hear them saying that this thing has to stop, and this thing shouldn't be like this, people should give anybody the work that they want to give them, you know. So they do whatever they can to keep you out. And, as I said, there is nobody that monitors the situation.

On the basis of long-time business experience this entrepreneur noted chronically late bid requests as well as the related discriminatory practice of "shopping" around. In addition, the respondent related a specific incident involving a "letter of intent" from a white general contractor who officially accepted the black firm's bid. Although he had a signed letter, he received no work. Like others, he has considered a lawsuit to get his share of construction projects, but white businesses switching from one covert action to another makes countering action very difficult.

In our research in this metropolitan county we discovered evidence on the views of some whites in construction. During the 1980s some of this area's white contractors circulated an instructional pamphlet on strategies for avoiding business with local black contractors, including strategies documented in our interviews. The pamphlet inquired, "Who wants a bunch of inexperienced, incompetent, financially weak minority subcontractors messing up a good job?" It explained how whites could sabotage government minority utilization programs (Miller 1990). Attempts at sabotage seem to have an economic logic lying behind them — the desire to reduce competition. Yet there is an irrational aspect to many white reactions to black businesspeople, which can be seen in the visceral character of white reactions in some of the accounts of our respondents.

This pamphlet and our contractors' accounts of bidding/contracting problems can be viewed as a "white enforcement coalition." The problem is not just individual whites, but institutionalized practices webbed into informal networks. White contractors not only support each other in restricting black access, but work together with other whites in collusive arrangements. In these accounts discrimination varies from blatant to subtle or covert and reveals its interlocking and cumulative dimension.

### **Problems at the Construction Site**

If a black contractor somehow bids successfully and gets a contract, as part of a government program or in the private sector, that does not end discrimination. Site- or project-related problems can arise, including recurring late payments for work completed, on-job harassment, runarounds, even sabotage. An unpublished 1980s study (Miller 1990) of minority and female contractors conducted by the local school system found that white contractors play "games" with minority contractors by changing specifications at the site or by delaying payments for work done; some were nicknamed "minority busters" because of the recurring use of tactics designed to destroy black firms.

### ***Problems at the Hands of White Contractors***

A majority of our respondents touched on the discrimination blacks face at the hands of white contractors on government and private projects. Payment problems are part of a nest of related problems, as this contractor explained:

There was a firm by the name of [XYZ contractors]. I was working on a job at a county project, and what he did there was — here again, he just wouldn't pay you. . . . I don't know what his name was, you know, but it's the president of [XYZ company], the president. Yes. And he just wouldn't pay me. He wouldn't pay my suppliers, and the suppliers had to write in, they had to go there. And nobody else had the problem that I had, you know. And I guess myself and [another black] contractor — he's now out of business — were the only blacks there. And we were the only ones who weren't paid. And the guy subsequently went out of business because of that, because he just wasn't paid.

Asked about the role of racial discrimination, this subcontractor continued:

When you've been at this business as I have, many years, you *know* when a man is giving you a fast shuffle, you know when he's not dealing fairly with you, you know. Because he can't get anybody to do the job any different, but the way in which he manages the work tells you whether he wants you to fail or whether he wants you to succeed. And these people are very sophisticated in the manner in which they discriminate. They're not going to come out and tell you, 'Oh, you know, I'm not going to deal with you because you're black.' They're not going to do that. You know, it's the same thing with the bidding process, right? They'll call you up for a price, but they'll ask their buddy, 'Can you beat this price?' if your price is low, and the buddy will say, 'Yes, put me in.'

Like many others this man described how his own accumulating experience with discrimination in construction has given him the well-grounded sensitivity to spot "fast shuffles." The repetition of overt and subtle discrimination forces black contractors to become aware of telltale warning signs, including how whites manage the day-to-day contracting process.

On-the-job problems include racial harassment. Negative encounters involve white general contractors and their employees, as well as white subcontractors, on county and private projects. One experienced entrepreneur discussed a recent incident involving coordinated action between whites:

I had a private project in an area of this city here. And the general contractor just didn't want any black contractor on that specific job. And what his supervisor did — I had a white foreman working for me — and what the general contractor did, his foreman did, was he was in cahoots with my white foreman. And they didn't do the job that was expected. And the general contractor's foreman waited until it was kind of too late for me to make the correction; then he wrote up a long list of deficiencies. Now, normally they would tell you from day to day what these deficiencies are. My foreman on the job, because he's there, and he picks up the details. They didn't even tell me when I went to the job meeting. So he eventually — I had to make up the deficiencies by working overtime, you know. I fired the guy, but that's one of the examples that I can point to where they will do anything to make you look bad.

A collective consciousness among whites and the interlocking dimension of discrimination are described here. The white supervisor failed to complete the job according to specifications, and the supervisor delayed reporting shortcomings until the black firm could not make corrections in time. One might ask why whites would change specifications or delay notices about deficiencies when such actions could entail economic costs for the whites themselves. The answer seems to lie in an irrational racial "logic" lying behind many white responses to African Americans. Whites are often willing to pay a heavy price for their racial discrimination, to go to costly lengths to sabotage and frustrate black businesspeople. As Feagin and Vera (forthcoming) point out, racist systems have been extraordinarily wasteful of the talents and energies not only of the victims but also of the white perpetrators. White racism, almost by definition, is a social system that wastes, at a catastrophic level, the talents, lives, and energies of Americans on both sides of the color line.

The black subcontractors also reported racist epithets and harassment from whites at job (and off-job) sites. A black subcontractor who had immigrated from the Caribbean was asked if he faced discrimination when starting in business:



I did. Working with the general contractors; they just did not want me, as a black. For every time we get on a project, we would see things. As long as we get there, you start seeing signs put up: 'Niggers, don't use this.' 'Niggers, don't do that.' And you know, signs to make you feel uncomfortable. They realize that you are working here. And you put out the material, and they would come along and just take a truck and bury it. And those attitudes that they have to use, I can say it was all racial discrimination.

This is a case of the "externally-amplified" dimension of discrimination. Not only is the sub-contractor faced with racially motivated sabotage, but the common racist heritage of whites, seen in age-old "nigger" epithets, amplifies his workplace problems and personal pain. White consciousness about what is *white territory* is etched in the harassing signs, assertions again of white power over construction spaces. There is more to the white actions than a concern to reduce economic competition. The intense "nigger, nigger" language and related actions of some white contractors signal the depth and "madness" of anti-black feelings.

With a sigh, this contractor went on to describe recent experience with a white firm at another site:

Oh, with [names a white firm], ho! They come along, and they yell on the job. And they'll be asking you, 'Why you-all leave where you are from and come here to work? Which boat you land on?' It's a common thing, all right? They come around and you're doing the work, and they say, 'You know, the place where your forefathers come from, they don't do this kind of work, they use only sticks and leaves to make building.' And you know, it's kind of degrading, like, 'Hey, you *see* that we can do the work, you see we are doing the work.' And I always say I'm from the islands . . . you don't have no building here that we don't put up there. All right? And it's always, it's aggravating. . . . as soon as it became a black crew on the job, you go into the restroom: 'Niggers, we don't want you here. Niggers, go use the bush.'

This owner's construction problems are amplified by the intrusion of shared white stereotypes about Caribbean blacks. We observe again the shared consciousness of whiteness, for the workers identified themselves first as white and not simply as colleagues in construction. This black entrepreneur faced racism mixed with anti-immigrant hostility.

### ***Government Officials***

Integration into white-dominated networks involves contacts with local construction-related institutions, not just white contractors and subcontractors. There are local government officials who make and supervise contracts, as well as private actors such as equipment suppliers, bonding agencies, and banks. Many black subcontractors noted incidents involving unfair treatment at the hands of local government officials.

One described a problem with a county administrator who showed favoritism:

[Have you ever faced racial discrimination . . . with government officials?] Well, I have dealt with the administrative side. Where the person in charge of the project, what he would do, he has his own people that he wants to give the work to. And he would like — I have a contract with Southern County government. What he would do is send, give me a small — like say, \$10,000 worth — of business, and then the person who they — even though I was a low bidder on the project — they would give the majority of the contract that was allotted to the people that they felt more comfortable working with.

As in the private sector, when blacks deal with whites in government they enter contested space. Again we observe the white-likes-white aspect of some discrimination. This discriminatory calculus means an inability to work with those from divergent backgrounds. The price of racial nepotism for whites is also suggested; a major part of the construction market is not under a competitive process.

This black subcontractor continued with an example of coordinated acts of discrimination by a white county architect and a white contractor:

I did a job down at the parks, down at the [XYZ area]. I felt at the time that the architect, who was working for Southern County government, was buddy-buddy with the contractor. . . . a new government facility [was] being built. . . . I know that what she did was — the general contractor was having difficulty — and what they did was did everything to switch the blame to the subcontractors. And they didn't pay me any money, so I told them that I'm going to pull off the job. And they still wouldn't pay me, so I pulled off the job, you know. And from then on, they found many reasons to say that I'm responsible for what happened . . . so she sided with the general contractor and wrote that down: 'I wasn't performing properly.' When the problem was not in my performance, the problem was in getting paid so that I can buy the materials to finish the job. It so happened that they had written to [Mr. Jones], asking that I be removed from the project. And when I informed [Mr. X] of the problems, that he had been paying the subcontractors directly, because I just couldn't get any more materials from the people unless I paid them. And [Mr. Jones] had a meeting and they subsequently paid the, my subs, because they had no intention of paying me whatsoever. And then, after that, they still didn't pay me anything. I wrote to their bonding company, and it's in court right now. I'm suing them now for my money. [What evidence can you give that your race . . . was the reason for that poor treatment?] Well, it's not just one case. You see, they'll treat the black contractors differently than they do the white contractors, in that the white contractors, they're buddies, even if they don't know each other from Adam. But they know each other in the sense that they can work comfortably with them, and there's a feeling that blacks do not belong in the industry. And that's the basic feeling, and that they're taking over the jobs from whites.

The interlocking dimension of discrimination is again evident here, as key actors in public and private institutions work together. A local government architect collaborated with a white contractor encountering difficulties in order to assign blame to a black subcontractor. When the victim complained, the white contractor paid the black contractor's subs, but not him, resulting in the need for him to seek legal relief. The glue that cements white individuals together seems to be the comfort they feel with each other and the shared beliefs that blacks are inherently ill-suited for construction work.

### **Discrimination at Bonding and Banking Sites**

A mid-1980s survey of minority contractors in the state in which this metropolitan area is located found that more than half reported problems with getting bonding (Bentil 1989). Bonding is essential to securing construction contracts. Many of the respondents noted problems in the bonding process. One problem comes from the requirements of white contractors, as one black contractor explained:

I think the [white] contractors know how difficult it is for blacks to get bonding. Therefore, on a subcontract . . . they require us to be bonded when it's not required, and it should not be required. See? So that's a form of discrimination used by the general contractors, so he can then go back and give it to another contractor.

When blacks are allowed to directly enter the bonding process, they may be subject to selective acceptance requirements, as a black contractor pointed out:

[Have you ever faced . . . discrimination in getting bonding for any of your projects?] It was, like, impossible for me to get bonds. I just didn't get bonded. Because most times what is required, if you have it, and what they demand from you — if you had that, then you wouldn't need bonding. You know? It's like, they make it, I know guys. I know white companies who get bonded who didn't work not even 25 percent of my balance; you know, 25 percent of what I worked. They didn't have the experience, they didn't have the technical knowledge, all right. But they got bonded. Me? When I go in there they ask me for so many different things, and you never stop getting things, and you still couldn't get through. And by that time, then they tell you if you don't

have the job, no use getting the bond. And by the time they, the time they take to get the bond when you're getting a job, many time run out. And so I just give up on that, too.

Whatever the formal economic asset requirements may be for the securing of bonds, this testimony makes it clear that the criteria fluctuate along racial lines. White firms having similar or less experience and financial status are able to get bonding beyond that of a deserving black firm. This black entrepreneur suggests that unfair bonding requirements can be part of a strategy of restriction of access. Another black contractor noted that bonding companies make decisions based not only on assets and credit records but also on subjective dimensions: "Well, the bonding company, most bonding companies, they subscribe to the three C's — cash, character, and . . . credit." He then added a note on the white networking context: "Most contracting work is done on a handshake, and if the bonding agent is not comfortable with you, he's not going to give you any, yeah, he's not going to give you a hearing."

### Banking Problems

Many of the respondents spoke of the credit and banking barriers that are substantial problems for black businesspeople. The barrier is often not one particular bank, but institutionalized discrimination across several lenders. Without access to sufficient capital a black business cannot grow and compete for lucrative contracts with white firms. A well-established subcontractor with a good credit record described trying to get a loan:

Last year the school board had a bunch of bankers that say that they wanted to help minority people get money. We applied to a bank, which is called the [Bank B]. We put our paper; we did the income tax and everything, plus the fact that the job was bonded. So therefore, payments are guaranteed by my bonding company. From November 1989 through January 1990. We couldn't even get an answer from them. The school board couldn't even get their calls answered. Finally, we sent in even more information. They said they didn't want information. We sent them information, and to this day we never heard from them. . . . They provided one loan to . . . a black firm. That's the only one. [What evidence can you give that race . . . was the reason for that poor treatment?] Well, how do you explain that you go to a bank and, first of all, when you approach anybody in a bank, even the secretaries look at you like, 'Is this guy come to talk to me or to, you know, stick up the bank?' That's number one. No matter how you look or how much you dress. You receive a lot of questions. You are investigated very thorough and end up getting nothing, irregardless of your record. We had rates with [the ABC rating firm], we have an A rating with [ABC company]. We are cleared for a million dollars in [work]. We have a record of finishing all our work. We are bonded, and *yet*, we can't get a bank to give us a penny.

The prominent bank did not even respond to his application. Apparently thinking that the delay was caused by the need for information, the subcontractor sent additional data. To his knowledge, this bank had only extended one loan to a black subcontractor. We observe here another example of external amplification. The black man's problems with getting loans from white-controlled banks are amplified by the intrusion of other racist attitudes — in this case the common white stereotype of black men as potential criminals (For more on this, see Feagin and Sikes 1994).

A foundation contractor noted obstacles he had to struggle against in getting a loan from a major bank:

I tried January of last year, 1989. Okay? They told me, [How much money were you trying to get?] Thirty thousand dollars. And they told me I had to go get an appraisal. A thousand dollars, I had to pay up front, out of my pocket. And then after I got that appraisal, the appraisal come in, and they appraised the property for \$75,000. But he said it looked like it has been a filling station. . . . Then that put a bug in the thing, see? . . . I had to go get a abstract. Because he said it looked like,

because of what the appraiser said, it looked like it was a service station. I got to prove it [was not]. All right, then I carried the abstract down there. The abstract cost me about three hundred and something dollars. . . . that wasn't sufficient, the abstract wasn't up to date, see? Now after all, I had my accountant spread all these papers and all these things all the time. All these kinds of statements and everything had to be in order, and you had to have an accountant do all of these, and you gotta pay accountants. So they looked at the, the [time] run out, which is three months, you have to have a current statement. So when I get a current statement, then they tell me I had to get a current abstract. [What evidence can you give that it's no other factor than you're black that this is happening?] . . . The only thing, you can know within yourself. You understand me, the only thing, just to know it within yourself. They give you any kind of excuse, you know what I'm saying? But you know that, hey [Mr. Smith] didn't have the same problem. [Who's that?] That's the . . . city guy over across the street. And I don't know where he went, he don't ever tell the bank. But see, he's an Arab, he said he can go out only on his signature and get \$52,000 on his signature.

Evident here is the great personal energy expended by blacks involved in fighting discriminatory maneuvering. Despite the fact that collateral property was appraised at more than twice the amount of the loan sought, a new issue of contention was advanced over how the property was previously used. Similarly, Bentil's (1989) mid-1980s survey of minority contractors in this southern state found that the second most common problem, after bonding, was getting adequate financing for projects.

### Problems with White Suppliers

Banking problems create problems in other sectors, including the ability to get contracts and supplies, another illustration of the interlocking dimension of discrimination. Many respondents noted this barrier. Getting materials to do the job can be a major hassle, as the owner of a flooring company described:

Since 1984 we have been very savvy when it comes to the business. What we do is, when we get a price on a company which we don't feel is proper, we request the architect to change the material. A lot of the companies, since they know that we are very active on the minority scene, are very careful what they do so we do not, you know, expose them. So we've been handled in a very white glove way when it comes to prices. [Have you ever faced racial discrimination from suppliers?] Well, when we were starting. . . . Oh, after 1982. We couldn't find many suppliers that were willing to sell to us. Oh boy, what's their names? Some of the plumbing companies, carpet companies, car companies; they want you to sell it for cash. They all were doing the same to us. [What evidence can you give that your race was involved?] Many would sell us *only* when we called them and said that we are a minority company . . . dealing in a minority project, and we need a price. . . . other [white] businessmen in my similar beginning like me, got credit, were given prices and were received with open arms.

Similarly situated white subcontractors got easier credit terms from white suppliers — another signal of collusion within the enforcement coalition. The respondent has learned to deal with discrimination by quickly asking the architect to change the materials, taking an activist stance and accepting the risk of revealing discrimination by white suppliers. Black businesspeople denied access to formal institutional power respond by developing resistance strategies, which might be seen as an active “culture of resistance.” This culture, here and in previous accounts, encompasses a strong sense of fair play in business. Members of oppressed groups are not always powerless pawns reacting to circumstances beyond their control, but rather are reflective, active agents constructing ways to survive.

Reflecting on his business history, one black subcontractor commented on racial discrimination he encountered in the effort to acquire credit from suppliers:

Oh, man, when I first got in the plumbing business, yes. When I first went to supply houses for credit, I had a problem there, where I noticed that I would have to pay every week before they would give me credit right then. And I went on with it, and I felt like it was wrong. I noticed that, also, a lot of the other guys that came, I would say white guys who came or whatever, came to buy materials, they got credit. And I noticed that; that I had to, I was the only one. [A] guy asked me . . . 'Why are you paying every week?' I said, 'Well, this is the way they want to start me out, man.' I've been dealing with these people for quite a while before I even decided to go into business, you see what I'm saying? But this is how they want me to pay them. And I thought nothing of that; I feel that eventually they're going to let me have credit with them, because I have good credit, always had good credit. . . . Because what happened, I went to another supplier, which was [XYZ supplier], and I just happened to know the owner there, who went to school with me, [Mr. Smith]. He said, 'Sure, [Mr. Jones].' He said, 'Sign this, sign it, you got it.' But that's only one example. Other examples I've seen out there, whereas I used to give bids on jobs, and I would notice that they would expect much more out of me for my bid versus the other guy. And I used to see that, and especially when I hear the prices they give. That's like, I just said to myself, I said, 'Wait a minute. If I'm giving you the same amount of work, and I'm pulling the job through, then why is it that I have to such and such; like, why do I have to do such and such thing?' But this is what they expect. In other words, in a sense, it's like a [second] nature, you could feel it. Like when you're out here as a black contractor, you could feel that whatever you get, you're going to have to really grind for it. And you're going to have to give up more to get that. I mean, you could tell that. After you go through enough losing, you know, losing jobs, and you find out when you start giving *more* than the other guy, you'll probably get the job. Sometimes they just check and find out where your price is at. Oh, you see it, man; it's just like, it's like a natural thing when you get out there.

When this subcontractor first went to white-controlled supply houses for credit, they forced him alone to adhere to a weekly schedule. The respondent also noted that blacks are often expected to do more work than white contractors for the same type of bid. One type of discrimination is linked to another. Important to the subcontractor's identification of discrimination are feelings described as "second nature," a sense developed from long-term experience with racial discrimination in business and in the larger society. His words suggest a "boxing match" where whites repeatedly take shots at blacks and the latter do a lot of "losing" and are forced to adapt or be eliminated.

### **Conclusion: The Continuing Significance of Racism**

Much has been written about ethnic entrepreneurs, including African American entrepreneurs, without a systematic analysis of racial or ethnic discrimination. Much has been written of the "declining significance of race" in society generally and in the economic sector in particular. Our interviews suggest there has probably been no such decline — that discrimination in the economic sector operates insidiously on those African Americans brave enough to become "ethnic entrepreneurs."

The daily experiences of discrimination encountered by these black businesspeople are constituent elements of the societal structures and processes often called institutional racism. Encounters with white contractors show the impact of ideological structures of white supremacy on the distribution of economic fortunes. Our nuanced accounts indicate that at the center of the construction industry in this metropolitan county, as in other cities, is a network of dominant white businesses with a history of mutually supporting, racially exclusive or restrictive networks. The modern versions of these networks are rooted in historical patterns of exclusion and segregation, as the accounts of union experiences so vividly illustrate. African American experiences in the construction industry often involve a succession of discriminatory encounters. The findings of this study are not unique, for the prevalence of discrimination against working-class and middle-class African Americans is beginning to be documented in a growing number of recent research studies (Gallo 1983; Essed 1990; Feagin

and Sikes 1994; Feagin and Vera forthcoming). This research effort badly needs to be integrated into the entrepreneurship literature, where discussions of post-migration characteristics that affect the growth of minority businesses must come to include much more research on racial and ethnic discrimination.

In this article we add to the scholarly discussion of racial discrimination by delineating and underscoring three important dimensions of contemporary discrimination. Most discriminatory incidents recounted by our black contractors simultaneously reflect in one way or another the three theoretical dimensions of discrimination as well as the role of exclusionary networking. The "cumulative" dimension refers to the aggregation of incremental disadvantages experienced by a single contractor over a business life span and merges that with the collective experience of similar black businesspeople to produce a greater enraging and disempowering effect. The "interlocking" dimension aggregates, but in this case the aggregation is across construction subsectors and one that retards the startup and growth of many black firms. A lack of staying power in turn reinforces the stereotypical white view that brands black companies as of lesser merit, thus helping perpetuate the cycle of economic discrimination. The "externally-amplified" dimension adds in the effects of intrusive outside-societal discrimination in the workplace lives of African American entrepreneurs. The successful businessperson must be acutely aware of the multiple forms of discrimination and develop a repertoire of coping and resistance strategies to counter racial discrimination.

Anthony Lemelle (1993) suggests that the writings of white social scientists since 1900 have tended to characterize difficulties experienced by the descendants of African slaves as traceable to "cultural deficiencies" and that assimilation to the white "core" culture is the only recourse. Lemelle suggests that thinking has led to exaggerating the success and "integration" of the black middle class, who are thought to be assimilated. This scholarly approach ignores the relationship of the black middle class to the white middle class, especially the huge power differential that exists regardless of the relative gain in resources that may accrue to African American entrepreneurs who enter white-dominated economic arenas. The respondents in our sample range from middle class to working class and hold, for the most part, to the American dream of entrepreneurial success. They have managed to pull themselves up by their own bootstraps into a historically all-white economic sector, only to find that the dream of success has been hijacked by whites who threaten them constantly with financial ruin.

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