

# Black Entrepreneurship: An Historical Inquiry

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DESPITE a remarkable expansion in Afro-American history and American business history in the past two decades, historians have given only limited consideration to the business activities of antebellum blacks. Even fewer studies provide a detailed examination of antebellum black businessmen from the perspective of the entrepreneur as creative capitalist.<sup>1</sup> Historically, the disastrous effects of "economic competition and coercion," which distinguish existing interpretations of black business activities, only underscore an entrepreneurial persistence in Afro-American business history.<sup>2</sup> For the historian to find substance and significance in the study of antebellum black business activities, then, suggests an historical analysis beyond that found in existing interpretations. As an historical inquiry, black entrepreneurship provides a conceptual framework that allows for a more inclusive analysis of the development of black business activities before the Civil War. An entrepreneurial inquiry also provides the basis for the historian to chart in greater detail and accuracy persistent themes that distinguish black business history from conventional American business history.

This paper illustrates the scope and diversity of antebellum black business activities. It also considers disciplinary limitations found in conventional interpretations of Afro-American and American business history that preclude a full assessment of black business activities before the Civil War. Distinguishing prevailing discontinuities that discourage an entrepreneurial inquiry provides the focus of that discussion. Following a brief review of three theoretical contributions important to entrepreneurial history, a conceptual framework for the study of antebellum black businessmen is suggested. It calls for a perspective that views the black businessman in the social setting of antebellum America as an entrepreneur within the tradition of a creative capitalist. As a basis for this analysis, provided in a review of several diverse expressions of antebellum black

entrepreneurship, both slave and free, an interdisciplinary approach is proposed for the study of black business activities before the Civil War. No attempt is made here, however, to develop a theory of black entrepreneurship. Rather, the aim of this paper — “Black Entrepreneurship: An Historical Inquiry” — is to further substantive research in Afro-American business history.

#### OVERVIEW OF LEADING BLACK ENTREPRENEURS

Most antebellum black businesses were marginal operations, concentrated in the service industries or craft trades. Yet, there were antebellum blacks who also established businesses in the manufacturing, merchandising, and extractive industries. The more successful of these enterprises were neither marginal in operation nor limited in profits. In the development of those businesses, the most enterprising black businessmen either by discovering new production techniques, developing new products, creating new markets, or by providing for a more efficient distribution of goods and services, earned unusual amounts of money. In more than a few instances, their business activities as entrepreneurs within the tradition of creative capitalists enabled some antebellum black businessmen to accumulate fortunes in excess of \$100,000 in the period from 1830 to 1860.<sup>3</sup>

The Philadelphia sailmaker, James Forten, who by the 1830s was worth \$100,000, provides an example of one of the most successful black entrepreneurs in the early antebellum period. Forten's business reflects not only black participation in antebellum manufacturing activities, but with his invention of a sailmaking device, he is also representative of blacks, who, as inventors, achieved some financial success. Samuel T. Wilcox, a Cincinnati wholesale and retail grocer, who also established a pickling and preserving business, represents successful black participation in antebellum merchandising activities, as well as in the food processing industry. Wilcox, too, showed substantial profits in his business activities. In one instance, in the 1840s, annual sales amounted to \$140,000. The extractive industries also provided an area of profitable entrepreneurial activity for antebellum blacks. Stephen Smith, the Pennsylvania lumber merchant and coal dealer, was by the 1850s grossing \$100,000 annually in sales. By 1857, R. G. Dunn & Co credit reports show Smith's net worth as \$500,000.

The diverse business activities of William Leidesdorff, America's first black millionaire, allowed him to acquire property worth \$1.5 million before his untimely death, in 1848, at the relatively young age of 38. Leidesdorff was born in the Virgin Islands, a mulatto, whose mother was a former slave. On coming to the United States in the 1830s, he settled in New Orleans, where he was a ship owner and captain, before moving to San Francisco in 1841. In that city, Leidesdorff built a hotel, opened a

ship chandlery shop, and established both a lumber yard and a ship yard. Mexican citizenship allowed him to acquire a 35,000 land grant. During the Mexican War, Leidesdorff provisioned the American army. With independence, he became San Francisco's first city treasurer.

The largest number of the most successful black businessmen lived in Louisiana. In New Orleans, black businessmen were involved in virtually every phase of business activity in that antebellum cosmopolitan urban community. One of the most successful was Pierre Andre Destrac Cazenave, a commission broker, who increased his income from \$10,000 in 1850 to \$40,000 by 1857. Three years later he was worth over \$100,000. In the late 1850s, Casenave went into the undertaking business, having invented a secret embalming process. The former slave CeCee McCarty, through her business activities was worth \$150,000 by 1848. She was in the dry goods business and, according to Louisiana Civil Records, purchased her goods and merchandise from importers and retailed them through her slaves. Madame McCarty had unlimited credit and increased her earnings by discounting notes. Outside of New Orleans, cotton and sugar plantation enterprises also proved profitable for Louisiana blacks, many of whom had holdings in slaves and land valued at over \$100,000. It is estimated that the DuBuclet family of Iberville Parish had holdings in land and slaves that totaled almost \$500,000 by 1860.<sup>4</sup>

#### **RECONSTRUCTING BLACK BUSINESS HISTORY — DISCIPLINARY LIMITATIONS**

Despite the relatively substantial fortunes earned by these top black entrepreneurs, antebellum black business activities remain a largely unexplored historical dimension. Viewed strictly from the perspective of social and cultural history, doubtless antebellum black business participation would present an historic anomaly. In a racially repressive society, where blacks had few rights that whites were bound to respect, perhaps, to view the economic activities of black businessmen as creative capitalists seems somewhat contradictory, if not altogether illusory. Even the basic structure of America's economic system, as it has developed, particularly during the antebellum period, would seem to preclude the participation of blacks as businessmen, much less as entrepreneurs. Quite simply, as Morris Copeland explains, "Under the free enterprise system the organization of most production is left to individual enterprises, each of which has a wide measure to manage its operation as it sees fit." [13, p. 13]

In the black population, which numbered almost 4.5 million by 1860, only ten percent were free. The constraints of slavery, it seems, would preclude the economic freedom requisite for any business activity among the bondsmen. And, institutional racism, buttressed by proscriptive legislation, it seems would severely limit the successful development of any

enterprise undertaken by free blacks. When considering the social constraints under which antebellum blacks lived, perhaps it is not surprising that historians have failed to explore in any systematic detail black business participation before the Civil War. Although, in the occupational distribution of the antebellum labor force, while few in number, black businessmen, including slaves who hired their own time and who established their own businesses, represented a small but significant segment of all black workers before the Civil War.

But apart from the value system imposed on the Afro-American past by the historian of the Black Experience, perhaps the most important factor which accounts for the present failure to provide a systematic study of black business activity can be found in the disciplinary limitations of American business history. The managerial revolution in the nation's business systems, with its separation of ownership and management, has marked the development of a new interpretation of American business history [11, pp. 484-85]. Particularly, a new concept of entrepreneurship emerged, exclusive of the historical development of black business organization. With the increasing professionalization of management, rather than an historical analysis which focuses on the individual entrepreneur-owner, decision-making at top management levels within the firm has become the new focus of historical analysis in American business history. As Hugh G. J. Aitken explains, since the N.S. B. Gras era, conventional business history, "took as its primary concern the individual business firm and focused its attention on the internal administration of that firm" [1, p. 13].

In Afro-American business history, however, until the 1960s, few large black businesses existed. The relative absence of specialized management functions, in addition to a paucity of business records, discouraged any systematic historical inquiry within the context of the new business history. Moreover, underlying the new business history has been the increasing emphasis on methodological rigor, which greatly depends on the availability of sources that lend themselves to quantitative analysis. Profits underscore the basis of this analysis. In the growth and development of black business enterprises, the absence of any comparatively substantial profits eludes the quantitative perspective of the new business history.<sup>5</sup>

On the other hand, there has been the historical persistence of black business ownership. Even in the newly developing multi-unit business enterprises, where specialization of management does exist, major policy-making decisions are still made primarily by the owner-manager within the framework of both traditional and contemporary perceptions of the entrepreneur. Thus today, as in the past, with black business activity, the owner-manager makes major policy decisions that determine price, output,

product lines, methods of production and distribution. Particularly, he also formulates strategies which shape the long-range objectives of the firm.

#### **ENTREPRENEURIAL CONCEPTS IMPORTANT TO ANTEBELLUM BLACK BUSINESS HISTORY**

Admittedly, the term entrepreneur has different meanings for different people. Although, to interpret the business activities of antebellum blacks from the perspective of “the black businessman as entrepreneur” or the “black entrepreneur as creative capitalist,” means to defy historical images of pre-Civil War black occupational patterns found in conventional historical interpretations. However, to exclude application of the concept of entrepreneurship in the study of antebellum black business activities means to miss much of its complexity and significance. Constructing a whole new theory of entrepreneurship at this stage of historical research in black American business history, however, is unnecessary. Instead, a synthesis of existing entrepreneurial theories can provide a substantive perspective for historians to interpret antebellum black business activities.

The concept of entrepreneurship, to a great extent, simply reflects the outcomes of business processes as they developed over time. Thus, to provide a perspective of the ranges of conceptual approaches to the study of black entrepreneurship requires, first, that any image of the entrepreneur must respect the key elements of innovation, management, and risk-taking. In considering the study of antebellum black business activities within the framework of traditional entrepreneurial theories, the flow of ideas is as follows: first, an assessment of Jean Baptiste Say’s concept of the entrepreneur as manager; second, Joseph Schumpeter’s assessment of the entrepreneur as innovator; and, finally, Arthur Cole’s framework of interpreting business activities within the social setting which, for antebellum black entrepreneurs, provokes the element of risk-taking.

Historically, the entrepreneur was first understood as the “combiner.” As described by Say, who formalized the concept, he is the business functionary who, “unites all means of production — the labor of the one, the capital or land of the others — and who finds in the value of the products which result...profits belonging to himself.” In describing the business responsibilities of the entrepreneur as manager, Say’s theory has particular application for the antebellum black businessman too, who, in managing his enterprise was also:

called upon to estimate, with tolerable accuracy the importance of the specific product, the probable amount of the demand, and the means of its productions....In the course of such complex operations, there are abundance of obstacles to be surmounted, of anxieties to be repressed, or misfortunes to be repaired, and of expedients to be devised [32, pp. 28–29].

Say's theory explains entrepreneurship in terms of "superintendence and management" and may be considered an historical theory. Formulated in the preindustrial work world of the early nineteenth century, it especially emphasizes the management concerns that distinguish the business activities of sole proprietors, as were most antebellum black businessmen.

The modern concept of the entrepreneur as innovator, which derives from the theoretical construct developed by Joseph Schumpeter also has application, in part on a somewhat limited basis, for interpreting the business activities of antebellum blacks. Schumpeter's entrepreneur is the creative businessman who introduces new modes of production, new goods or services, or develops new markets. While Schumpeterian entrepreneurship included innovations which revolutionized industries and had a transforming impact on society, such as railroad construction and electrical power production, and even colonial ventures, other innovations, "humbler ones," were also included in his entrepreneurial frame.

Calling attention to the profits earned by the antebellum black entrepreneurs mentioned above, their successes, too, can be attributed to activities that included discovering new production techniques, developing new markets, creating new goods, and providing for a more efficient distribution of goods and services. Consequently, when understood from the historical perspective of preindustrial business systems, the business activities of antebellum blacks can also be interpreted from within the Schumpeterian frame of the creative capitalist. Moreover, in making the distinction between entrepreneurial types and entrepreneurial functions, Schumpeter's entrepreneurship is inclusive of Say's conception of the entrepreneur as decision-maker, for Schumpeter emphasizes that entrepreneurial function, "does not essentially consist of either inventing anything or otherwise creating the condition which the enterprises exploit. It consists in getting things done" [35, p. 136]. Perhaps, no better historical example of "getting things done" can be found than that of antebellum black entrepreneurs, particularly when considering that their business activities were carried out in an atmosphere of extreme racism.

Before the Civil War, few advantages existed that encouraged the development of black business enterprises. To understand in historic perspective how black business activity developed in an era of institutional racism, slavery, and oppressive legislation, Arthur Cole's interpretation of American history within its social setting provides a conceptual framework which broadens the scope of entrepreneurial inquiry in antebellum black business history, which also briefly assesses the contributions of Say and Schumpeter:

Cole's insight — his 'vision' in Schumpeter's terminology was precisely this; that business is part of society and cannot be studied without full

awareness of the two-way relationships between social values and business practices. The business firm is part of a system of interacting institutions which society tolerates and controls by virtue of the productivity that results....As part of society, in an organic sense, business behavior both has an impact on and is influenced by the values of the social structure in which it functions [1, p. 14, 12].

Cole's interpretation of the external relations of business enterprises as they develop in a local, regional, or national setting has particular application for understanding the development of black businesses before in the Civil War. In this instance, a vacuum existed in America's undeveloped economy that did not preclude active black participation in the economy as entrepreneurs. With few exceptions blacks continued to serve whites. They operated businesses along occupational lines that most native whites found demeaning, including catering, barbering, and the tailoring trades. Or blacks participated in occupational areas in which successful white competition was often difficult as with the case of black craftsmen, particularly in the antebellum South. In both instances, black entrepreneurship when viewed from this perspective underscores Coles's discussion of entrepreneurial endeavors which suggest that "in a broad frame, the social functions of the entrepreneur generally is to provide goods or services to his community in such a manner as satisfies its moral sense, or at least does not violate that sense too blatantly" [12, pp. 187-88]."

At the same time, however, even within the social setting of antebellum America, profitable black businesses developed that paralleled mainstream antebellum business activity. And the black businessmen who developed these enterprises expressed an entrepreneurial expertise which combined the Say concept of the "manager" and the Schumpeterian innovator. Thus, a criterion of integration in utilizing traditional interpretations of entrepreneurship, such as those by Say, Schumpeter, Cole, and Aitken, is possible in conceptualizing a framework for the study of the antebellum black entrepreneur. Such an approach also helps overcome the discontinuities and limiting assumptions found in prevailing interpretations in Afro-American and American business history that have been imposed on the study of antebellum black business activities.

#### **ESTABLISHING TYPOLOGIES OF ANTEBELLUM BLACK ENTREPRENEURS**

In approaching the study of antebellum black businessmen from the perspective of the entrepreneur as creative capitalist within the social setting of antebellum America, one major question becomes important. What factors distinguish the entrepreneur from the businessman? If, by definition, anyone engaged in the production or distribution of goods and services for profits is a businessman, then four kinds of black businessmen

participated in the antebellum economy. Slaves who hired their own time and developed their own enterprises comprised one group of antebellum black businessmen. Free blacks comprised the next three groups in which distinctions are marked by the degree of profits and the extent, diversity, or intensity of business participation. Those blacks who established enterprises traditionally associated with antebellum black business activities, but earned only minimal profits, comprised the largest group of antebellum free black businessmen. A second group participated in these same businesses, but developed expansive enterprises that earned somewhat substantial profits. Usually, these businessmen diversified their profits, investing in the development of other enterprises. The final group consisted of antebellum blacks involved in nontraditional areas of antebellum black business participation. While few in number, usually these enterprises proved profitable. Consequently, if by definition, an entrepreneur is a businessman who, through innovation, risk-taking, or management makes unusual amounts of money, then, in each of these four groups, some antebellum black businessmen emerged as entrepreneurs.

#### **SLAVE ENTREPRENEURSHIP**

The coal yard enterprises of Robert Gordon are singularly illustrative and represent a remarkable example of antebellum black entrepreneurship, both slave and free. As a slave Robert Gordon managed his owner's Virginia coal yard. His sales were high with profits much greater than the slaveholder expected. As compensation for the slave's enterprise, the owner gave Gordon the yard's slack for his own use. Slack consists of the finest screenings of coal. It is also useless as fuel unless cleaned and processed. Although processing is somewhat difficult, through innovative use of the materials at hand at the coal yard, Gordon succeeded and met the demands of local manufacturers and blacksmiths for a higher grade of coal at prices lower than they expected to pay on the open market. With the returns from this enterprise, the slave purchased his freedom in 1846, moved North, and in 1847 invested \$15,000 in a Cincinnati coal yard. Gordon's company employed both bookkeepers and laborers. He had his own coal wagons, built his own docks, and purchased his coal by the barge.<sup>6</sup> Gordon's coal yard enterprises perhaps seem unusual, but antebellum black entrepreneurship, slave and free, included a wide range of business activities important to virtually every phase of the American economy before the Civil War.

The pattern of slave entrepreneurship as it developed in antebellum America can be compared to the pattern of serf entrepreneurship that originated in eighteenth century Russia. The similarities that existed between the two systems of servile labor were recognized quite early in



the development of the new nation. A German traveler who visited the American states in 1784–85 noted in his commentaries: “the gentlemen in this country have among their negroes as the Russian nobility among the serfs, the most necessary handicrafts-men, cobblers, tailors, carpenters, smiths and the like whose work they command at the smallest price or for almost nothing.” He particularly emphasized that “there is hardly any craft or trade which has not been learned and is not carried on by negroes” [34; 1, p. 496]. Rosovsky in his discussion of serf entrepreneurship in Russia provides perhaps the clearest analogy to understanding slave entrepreneurship as it developed in the United States. Slavery kept blacks in subjugation as serfdom kept the Russian peasant in bondage. Yet as Rosovsky indicates, “any serf economy is likely to be very complicated because to hold a large segment of the population in bondage requires many rules and regulations” [30, p. 207]. But Rosovsky found that there was greater efficiency in the Russian economy when serfs were allowed to pay a yearly fee in exchange for the “freedom” to develop their own enterprises. This was known as the *obrok* system and was comparable to the practice in the American states which allowed slaves to hire their own time.

Still the serf was bound to the nobility as the slave to his owner. Just as in slavery, the serf could have the privilege of *obrok* ended and be forced back into agricultural labor, which as Rosovsky indicates was both economically and physically debilitating. Thus, for both the *obrok* serfs and the slaves who hired their own time, freedom was only a specious reality, contingent on the slaveholder or the nobility, and could be withdrawn at will.<sup>7</sup> Yet, in both instances, the slaveholder and the nobility acted in their own economic interests. In Russia, Rosovsky shows that serf entrepreneurship was not discouraged: “By and large the nobility actively encouraged the small serf bourgeoisie, realizing that it was their best source of *obrok* payment.” In this instance, as with the slave, economic advancement for the serf, as Rosovsky shows, was allowed only on a “purely permissive basis, even if the nobility was following only the dictates of self-interest” [30, p. 212].

In America most slaves who hired their own time lived in towns or cities where the market demand for their skills was much better than in rural areas or on the frontier. Free Frank, the saltpeter manufacturer, however, provides a remarkable example of pioneer slave entrepreneurship on the frontier. The pattern of his economic activities also underscores the sequence of events usually found in the process by which a slave became a wage-earner: “After working for his master for a number of years, he [Free Frank] hired his time, agreeing to pay a certain amount per annum.” Free Frank had lived on the Kentucky frontier since 1795, and as a slave who participated in the frontier settlement process, he was

proficient as a jack-of-all tradesman. Rather than working in this capacity or even as a manual laborer, Free Frank “engaged in the manufacture of saltpeter which he sold for good prices, and in this way by hard work and strict economy for a number of years, he saved money enough after paying his master for hire, to purchase his freedom” [14, p. 54].

Saltpeter was the principal ingredient used in making gunpowder. During the War of 1812, when Free Frank set up his saltpeter works, both the demand and price had increased. That the pioneer slave recognized the market potential for saltpeter and then moved to produce it provides perhaps the most pronounced example of entrepreneurship, “the ability to make unusual amounts of money using commonly available techniques” [47, pp. 113–14]. Even using primitive manufacturing techniques, Free Frank ingeniously and profitably produced saltpeter from the crude niter found in the area where he lived. Slave initiative was important in the process by which the slave was allowed to hire his own time. The slaveholder had to be convinced that greater capitalization of the value of the slave’s labor was possible when the slave hired out his own time. Kenneth Stampf provides an example of a slave craftsman who was at first hired out to work in a different county from where the slave holder lived. Subsequently, the slave wrote his owner requesting permission to set up his own shop in the county where he was presently located: “I am satisfied that I can do well,” the slave wrote, “and that my profits will amount to a great deal more than anyone will be willing to pay for my hire” [36, pp. 72–73].

There were instances when slaves as entrepreneurs did not manage their own property. Wendzel, however, underscores entrepreneurship from another perspective, noting, that “Ownership of property is essential to the enterprise as enterprise. Under capitalism, men without property can, and do become leaders of economic activities” [41, p. 30]. John Hebron Moor’s study of the activities of Simon Gray a slave riverboat captain provides an example of how ownership of property was not essential to entrepreneurship. (See [28]) In his discussion of Gray, Moore points to the slave’s relationship with his coworkers, “His crews usually numbering ten and twenty men, were made up of both Negro slaves and white rivermen.” The slaves were either company-owned (as was Gray), or they were hired out by their owners to the riverboat company, but Moore emphasizes, “the white crewmen, on the other hand, were employed by the Negro, who kept their records, paid their expenses, lent them money, and sometimes paid their wages.” Gray’s major responsibility was to deliver lumber to riverside plantations and the towns between the New Orleans and Natchez markets. Yet, this activity called for business transactions that went beyond deliveries. As Moore shows, Gray, “also solicited orders for the mill, quoted prices, extended credit to customers, and collected money owed to the lumber company.”

Gray even kept the books and did the bookkeeping at times when he was too busy to hire someone to relieve him of this responsibility. Gray's relative freedom in conducting his owner's business kept him under constant suspicion, and at times he was charged with appropriating both lumber and money for himself. Even when the slaveowner personally found that some of the charges were true, Gray was not relieved of his responsibilities — thus suggesting in a rather perverse way that, in a free market system, there is a tendency to separate economic efficiency from other characteristics of the individual. Simply put, Gray made money for his owner. By 1855, this time with his owner's approval, Gray, still working for the company, also set up his own riverboat business where he hauled sand, lumber, and cordwood to the New Orleans market. And, Gray, a slave, hired another slave to help him. Gray's earnings were used to buy his son's freedom, but Gray did not secure his own until the fall of Vicksburg in 1863.

Free Frank, the saltpeter manufacturer, Simon Gray, the riverboat captain, and Robert Gordon the slave coal dealer, are examples of slaves who were in a position to use their entrepreneurial talents to promote their own economic interests. As Aitken has suggested in his analysis of America's economy in the nineteenth century: "In a culture that sets a high value on growth and change, the particular modality (style) or organization that 'pays off' will be that which gives flexibility, anticipates events, and stays one step ahead of necessity" [2, p. 6]. In each of their business activities the slaves Simon Gray, Free Frank, and Robert Gordon had control over a product which was in high demand. When these slaves put their product on the market, doubtless few buyers concerned themselves with the status of the seller, only the price. Possibly slaves had to undersell their competitors because they operated in a free market system with the disadvantage of race and status. Still a market existed for the goods and services offered by slave entrepreneurs, suggesting that their services and commodities were a necessary and integral part of the antebellum southern economy.

#### **ANTEBELLUM FREE BLACK ENTREPRENEURS**

Free black entrepreneurs operated under constraints not much different from the slave entrepreneurs, but with one exception: free blacks had greater access to the acquisition of real property. While sometimes restricted in the use of that property in some southern states, these restrictive laws were frequently evaded and few attempts were made to force compliance. Moreover, as with slave entrepreneurs, most free black entrepreneurs established business enterprises in settled towns and cities. There were, however, also free black entrepreneurs on America's newly

developing frontiers. Cole's discussion of the emergence of entrepreneurship in an undeveloped economy is important for the insights provided on the activities of pioneer entrepreneurs who were black. The pioneer entrepreneur as Cole indicates is rarely found elsewhere:

Having launched one business enterprise [he] becomes involved in the economic development of the town or region, and to facilitate the operations of the first line of business, he enters a second line, then a third, until he winds up with a diversity of enterprises under his control [12, p. 109].

The business activities of the black San Francisco entrepreneur William Leisdorff is one example of a black pioneer entrepreneur.

On a somewhat limited scale, Cole's framework also provides a perspective for examining the business activities of Free Frank on newly developing agricultural frontiers. After purchasing his freedom at the age of forty-two, Free Frank set up a branch of his saltpeter manufactory in Danville, Kentucky.<sup>9</sup> He also purchased over 600 acres of land for speculation while participating in commercial farm activities.<sup>10</sup> Moving to the Illinois frontier in 1830, he continued purchasing land, developed a successful farm, and was involved in cattle raising. As a response to the speculative frenzy surrounding the construction of the Illinois-Michigan Canal he founded a town, New Philadelphia, in 1836.<sup>11</sup> Since Illinois was only nominally a free state for blacks, Free Frank, always cautious, petitioned the Illinois General Assembly for the right to sue and be sued so that he could protect his property.<sup>12</sup> As the town developed Free Frank promoted road building in the area and with its central location in Pike County, New Philadelphia soon became a stagecoach stop. Using his profits from his farm activities, cattle raising, and town lot sales, Free Frank purchased thirteen family members from slavery while in Illinois. Moreover, New Philadelphia was the first town founded by a black in this nation [39, pp. 116, 162].

The building contractor James Boon provides an example of an antebellum black entrepreneur who remained in the South and who in his business enterprise continued in the tradition of the skilled black artisans who established their own businesses in that region. Boon was born in 1808, a free black who moved into the construction trades after serving an apprenticeship, which had two advantages, John Hope Franklin indicates: "It was an opportunity to learn a skilled trade and to become sufficiently close to one or more white persons to have a sponsor on which to rely in a more or less hostile community" [20]. Boon was twenty-one when his apprenticeship ended, and from that point until the late 1850s, he was involved in all areas of the construction trades including building, remodeling, repairing, and he even worked as a skilled artisan in the

construction of furniture. Boon was quite successful, and subcontracting enabled him to increase his income. Employing as many as nine men and a bookkeeper, Boon was also involved in the drayage business in addition to earning money from his rental properties.

As Boon expanded his construction business, he worked in several towns in North Carolina before settling in Raleigh. Boon's relative success as a black businessman, as Franklin shows, was not only because of his construction skills alone, but also because of his business finesse as well. Using his property as collateral by executing deeds of trust enabled Boon to borrow money to underwrite his business expenses, while at the same time assuring his creditors repayment of the debt. In his discussion of Boon's financial expertise, Franklin indicates that, "Boon was a shrewd and clever businessman." In his assessment of Boon's business transactions, Franklin particularly emphasizes that "there is not a single record among his papers which does not suggest a rather remarkable aptitude for understanding business and the many transactions in which the business man engages." Still Boon had difficulty maintaining his solvency as he expanded his activities. His wife remained a slave, and they lived in different towns, although it appears that his son secured freedom.

William Johnson, the highly prosperous barber of Natchez, Mississippi, provides an example of another aspect of black entrepreneurship in the antebellum South. Johnson was born a slave in 1809 but was manumitted at the age of 11 in 1820. His mother, also a manumitted slave, established the family tradition of business enterprise by taking out a license to open a shop while William took up the trade of barbering. In the early 1830s, Johnson rented his first shop in Natchez. For a time he was involved in the drayage business, a toyshop provided an outlet for another of his enterprises and, with the wide variety of bank notes of different value in circulation, Johnson also began to discount notes, which provided another profit-making enterprise. At the same time, anticipating the expansion of the Natchez business district, Johnson had early on purchased several choice lots in prime locations where he constructed several buildings which were profitably rented to local merchants.

Johnson employed both whites and blacks in his businesses. Several of the blacks were slaves Johnson owned and the others had been apprenticed out by their owners to learn the barbering trade. Johnson's slaves also worked his land under the supervision of a white foreman; for as Davis and Hogan show in their review of Johnson's diary where he discussed his agricultural operations: "To this end he usually contrived to have on his place a white man who was expected to act as a combination tenant, overseer, and chief laborer." [15, p. 4]. Few whites would work for blacks and few free blacks out of the 4,000 who owned slaves by 1860 worked them for profits — most were family members: if manumitted, Southern

state laws from the 1830s on required that they leave the state, thus forcing the separation of the family. In this sense, then, Johnson was unusual as a black entrepreneur: he conformed to the slave economy by using blacks as slaves, but at the same time he acted in contradistinction to the system, as did some other black entrepreneurs by having whites in his employ.

Yet, when blacks moved into areas which were more representative of the aggressive business spirit of the industrializing antebellum North, there were instances when black businessmen encountered hostility and sometimes the loss of their businesses. Henry Boyd, the black bed manufacturer, was a successful businessman, but white hostility drove him out of business, as Woodson explained in the discussion of Boyd's career: "In the first place, certain white men became jealous of his success, burned him out and the insurance company refused to carry him any longer" [46, p. 21]. There were instances, however, when whites were not successful in their attempts to force black entrepreneurs out of business. Robert Gordon, the Cincinnati coal dealer, was able to withstand white business pressure tactics. As Woodson explains, "unwilling to see this Negro do so well, the white coal dealers endeavored to force him out of business by lowering the price to the extent that he could not afford to sell" [46, pp. 21-22]. However, the white coal dealers had not given serious consideration to Gordon's business shrewdness and foresight; most important, as Woodson emphasizes, they had failed to consider, "the large amounts of capital at his disposal."

As Gordon moved to deal with his competitors, first of all he made no attempt to sell his coal at a lower price and undercut them. Instead, Gordon, as Woodson shows, "sent to the coal yards of his competitors mulattoes who could pass for white, using them to fill his current orders from his foes' supplies that he might have his own coal for the convenient day." Stockpiling his own coal, Gordon was able to take control of the coal market in Cincinnati when the rivers froze; and as Woodson said, he was "then able to dispose of his coal at a higher price than it had ever been sold in the city." Gordon won the "coal war" and, as Woodson shows, rather than his victory generating additional hostility, he earned the respect of the white coal dealers. Gordon's shrewd "cut-throat" tactics in dealing with the other coal yard owners as Woodson concludes "so increased his wealth and added to his reputation that not one thereafter thought of opposing him."

It is clear from a review of the business activities of antebellum black entrepreneurs that a complex array of social attitudes, economic forces, technological innovations, frontier land settlement patterns, patterns of urban life in antebellum northern and southern cities exerted an influence on the business activities of antebellum black entrepreneurs. The expansion

of the nation's economy before the Civil War, however, encouraged entrepreneurial participation. Before the mechanization of industry and the mass production of goods, opportunities existed for the development of individual profit-making enterprises [10, p. 106]. And, blacks were not excluded from participation in America's antebellum economy as entrepreneurs.

#### **RESEARCHING ANTEBELLUM BLACK BUSINESS HISTORY**

Still more extensive research is necessary to examine antebellum black entrepreneurship in greater detail especially in the broader context of American business history. The 1820s, for example, is considered America's critical decade of economic transformation. It marked the beginning of rapid urbanization, a decisive shift toward nonagricultural employment, and, perhaps, the fastest period of economic growth in the pre-Civil War period in the North. In a developing economy the basic characteristics are that product demands, factor supplies, and technologies are not fixed. The historian needs to know the impact that these economic conditions had on black entrepreneurship, especially as these forces influenced the origin, development, and successes and failures of black enterprises. In this instance, the historian should focus his study to consider the rapid expansion of markets created by the revolutionary developments in transportation during this period. Black entrepreneurship in antebellum America can also be examined from the perspective of "merchant capitalism," looking at how the stage between craft and factory production encouraged or discouraged black entrepreneurship. The extent to which black entrepreneurs were affected by the organization of workingmen's associations which were composed primarily of artisan proprietors and small businessmen intent on fixed prices and wages to reduce competition is another area that requires examination in the study of antebellum black entrepreneurship.

Urban history and urban geography are important for information on nineteenth century cities and the business activities which took place in these cities. Both disciplines provide information which is useful in identifying the economic forces in urban life which allowed for black entrepreneurship in the antebellum economy. Cities are efficient instruments for utilizing resources productively. Because urban functions are highly localized and concentrated, there also tends to be a hierarchy of retail and service establishments, with the more specialized ones in fewer but larger urban centers. What is important for understanding black entrepreneurship in urban centers is that the larger cities have "lower order" functions within them, which encouraged black entrepreneurs to establish business enterprises. A review of antebellum black entrepreneur-

ship, however, shows that black enterprises also served both functions in both the small towns and larger cities as they supplied goods and services in the urban network of the antebellum economy. Ethnic competition in the domestic market and cross cultural entrepreneurial studies are other areas important to understanding antebellum black enterprise in an urban setting.

The literature in Afro-American history provides the basis to assess black business enterprise and entrepreneurship from the perspective of the internal dynamics of the black community. Most black businesses as they developed reflected the ideas of racial self-help and economic solidarity, an ideology that has been persistent in the Afro-American historic experience. Yet, many black businesses also operated in the broader context of the antebellum economy, and some antebellum black entrepreneurs absorbed the prevailing business ethos, especially those who used slaves to achieve capital gains in their business enterprises. Thus, a survey of Afro-American literature is an initial first step in the study of antebellum black entrepreneurship, providing sources which will help the historian identify the existence of black enterprises and black entrepreneurs. A detailed study of these sources can provide information useful for constructing a typology of black business types, organization, operation, and location, thus allowing for a more comprehensive discussion and detailed analysis of black entrepreneurship in its social setting in antebellum America [40].

The study of antebellum black entrepreneurship thus opens a new area of historical inquiry not only in Afro-American history, but also in American business history. As Gras has indicated in his study of American business history:

history is of value in the study of business because it presents a background for the present, provides a rich variation of settings for action, leads to the formation of perspective, and often provides a more nearly complete and objective presentation than is possible in the current case [21, p. v.].

Perhaps in no area of the Afro-American experience has presentism imposed an historical judgment as severe or as devastating in frustrating the reality of the past as that found in the study of Afro-American business activities. Establishing the existence of antebellum black entrepreneurship, thus, provides an essential first step in any scholarly attempt to illuminate the historic tradition of black business participation.

## NOTES

1. General studies in which antebellum black business activities are mentioned include [6, 7, 14, 19, 36]. Two studies that provide in-depth examinations of antebellum black entrepreneurs are [39, 43].



2. Most studies that attempt a systematic study of black business activities focus on the post-Civil War period. See [5, 17, 22, 23, 24, 37].

3. Sources that provide information on entrepreneurs mentioned in this discussion are for James Forten, Samuel Wilcox, and Stephen Smith [16]; for Stephen Smith see [26] "Pennsylvania" Vol. 79, p. 31, Vol. 132, p. 322, Baker Library, Harvard Graduate School of Business Administration, Boston, MA. For Leidesdorff see [31].

4. Sources that provide information about Louisiana black businessmen are for Pierre Andre Destrac Cazenave, "Louisiana," Vol. 10, p. 497, Vol. 13, p. 141, R. G. Dunn & Co. Collection, Baker Library, Harvard Graduate School of Business. For information on black slaveholders in Louisiana see [25, 45]. Also see [27, 44].

5. As of 1980, gross business receipts of black enterprises comprised only 2.1 percent of total American business receipts. For comparative black/white sales figures for 1982 see [8, 18]. That year, three black businesses showed sales of over \$100 million for the first time. On the Sales 500, all companies listed showed sales of over \$1 billion, also for the first time. Also see [9].

6. For information on Robert Gordon, see Carter G. Woodson [46, pp. 21–22].

7. As a comparative assessment with the process of antebellum Afro-American slaves hiring their own time, Aptheker [3, p. 32] notes that, "in certain areas the right of a slave to enter into a contract with his master for the working out, or the purchase of, freedom and the binding quality of this instrument upon both parties were legally recognized." See Morehead and Brown [29, p. 608] for an example of a law that allowed a slave to contract with his master for his freedom providing that, "an agreement to emancipate was specifically enforced in equity; whereas a promise or declaration made to a slave, or for his benefit cannot be enforced in a court of law or /equity." Also [39, pp. 39–40; 44–46].

8. Most antebellum slave businessmen were skilled craftsmen and tradesmen, but as Cole [12, p. 171] has indicated, "Almost from time immemorial, the man who chanced to possess a special handicraft skill could set himself up as a small-scale entrepreneur." The participation of blacks as craftsmen and tradesmen in the American economy was established in the colonial period. By the nineteenth century, however, black tradesmen encountered increasing competition from their white counterparts. In the North, comparatively few blacks were able to counter this opposition and translate their skills into productive business enterprise; whereas, in the South, blacks continued to dominate the trades. By 1860 blacks accounted for 100,000 or 83 percent of the total number of skilled craftsmen in that region. See [42]. In a predominantly agricultural economy, land ownership promised not only economic independence but social mobility as well. Whether it was because of the occupational distribution of labor available in the South, or the cultural dynamics of a slave society that equated physical work with the labor of a subordinate caste, skilled slave craftsmen participated in the commercial life of southern communities as slaves who hired their own time.

9. See Pulaski County Real Estate Conveyances Book 7-1, p. 55, Pulaski County Court House, Somerset, Kentucky.

10. For information on Free Frank's land transactions in Kentucky, see General Index to Surveyors's Office Books; Surveyor's Office Books; Real Estate Conveyances Book; and General Index to Real Estate Conveyances: Grantors and Deed Record Books. See also Land Office warrants, nos. 5805, 16466, 16488, and 16470, Kentucky Secretary of State, Land Office, Frankfort.

11. For a copy of the town plat, see Pike County Record Book, 9:182.

12. See Illinois, General Assembly, *Laws...passed by the Tenth General Assembly*, December 1836, p. 175.

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