Africa's climate ripe for African-American investment

John William Templeton
Special to Sentinel-Voice

When no one thought Nelson Mandela would ever see the light of freedom, Olesegun Obasanjo put Nigeria's diplomatic clout behind the end of apartheid in South Africa.

Less than a year ago, Obasanjo was in jail himself and Mandela, now president of a liberated South Africa, put his diplomatic clout on the line to prevent Obansanjo from catching the Nigerian ruler's disease (also known as sudden head-of-state death syndrome).

Mandela will pass the torch in June to Thabo Mbeki in the first democratic transition of South African leaders.

Obansanjo takes office in late May as the latest attempt by Nigeria to reinvigorate popular elections. The irony of Africa is that it may have been easier to get rid of apartheid than to make the political process work for the vast bulk of Nigerians.

Although there are still questions about the fairness of the election that picked Obasanjo, his appeal to world leaders and various parts of Nigeria is that he appears to have been the one Nigerian military ruler who did not unduly enrich himself in the process of governing. That actually made him attractive to the latest set of generals, who bet that they wouldn't have to compete with him for the spoils.

What no one knows is whether the new Nigerian president made a deal with the devil in order to win the endorsement of a group that had recently imprisoned him.

Geopolitically, Britain and the United States are unwilling to allow Nigeria's military dictators to continue to create public relations problems for their oil holdings. These dictators, however, have done a good job of keeping the oil flowing outward, although they couldn't supply enough gasoline for Nigeria itself.

The similarity of Nigeria and South Africa is that entrenched business interests in both nations may have reached the point where politics no longer matters.

South Africa's Whites were willing to give up the government as long as they maintained control of property and control of the economy. Currency fluctuations and bond markets have been sufficient obstacles to keep the new Black-majority government hampered despite its intentions for reinvestment.

If the Nigerian National Petroleum Corp., the major source of government revenues and leadership graft, becomes a privatized public corporation, likely owned largely by foreign investors, then perhaps no one will care enough about Nigeria's government to stage a coup.

However, African-Americans, including first-generation Americans born on the continent, need not pass judgment on the unmet promise of either South Africa or Nigeria. Not even a paragon of morality like Mandela can operate without capital.

And, Obasanjo doesn't even have the advantage of a unified national political movement like the African National Congress. The promise of Africa's two largest economies will depend on the ability of African-Americans to develop a reliable means of providing investment and trade, not on the multinational firms swooping into the continent.

A first step is Illinois congressman Jesse Jackson Jr.'s HOPE for Africa bill that sets up a plan for debt forgiveness for the African continent. It is a much more viable option for African Americans and Africa than the African Growth and Opportunity Act pushed by the Clinton administration and Congressional Republicans.

Given the relative timidity of African-Americans towards emerging markets investing or capital accumulation, it may be the Caribbean nations who take the lead in serving as the bankers for African growth. They have the sovereignty and infrastructure, plus surplus human capital, that can give African countries a new option to multinational extraction. The solution will have to involve creation of a new securities exchange that links African, African-American and Caribbean entrepreneurs, governments and bankers.

The existing Western commodity and stock markets are not effective means for inclusion. But the highly rated African Development Bank can serve as a catalyst for this entity, along with the African Stock Exchanges Association. We should remember that ultimately, unless we get involved in making economic decisions about Africa, it won't matter who the heads of state are.

John William Templeton is executive editor of "Griot."

Blacks with money targets of rich investment houses

Peter Alan Harper

NEW YORK (AP) — Black is beautiful — especially if you're black and have some green (dollars).

Or if you're Korean, Latino or part of a few other ethnic groups, you're the target of major brokerages, individual investment counselors and education programs. They all want to help start or continue individual wealth-building portfolios among members of these groups, and fatten their own businesses.

"I definitely see a lot of interest in companies wanting to know how to reach black investors. They are hiring people to do ethnic marketing," said Carol Davis, president of the Coalition of Black Investors, known as COBI.

"They realize there are affluent African-Americans, there are affluent Hispanics, there are affluent Asians, there are affluent women, a whole market they are not reaching with their broad-based marketing."

The nonprofit coalition, just a year old, sponsored a financial services seminar in Washington, D.C., involving firms as big as American Express, Merrill Lynch and Co. and Prudential Securities. Twenty-three firms signed on as exhibitors.

The group also sponsored a black investment week this spring that included education programs at churches and brokerages alike.

COBI also asked blacks to pledge to pay themselves — through savings accounts or investments — each week.

Davis said the commitments total $3 million a month. "We think it's a great start. And it shows that a lot of people just need a little nudge."

The interest in ethnic markets, particularly the black segment, stems from studies of investment and spending practices by the groups. Black households with annual incomes of $50,000 invest far less than their white counterparts, according to a survey by Ariel Mutual Funds, a black-owned investment firm, and discount brokerage Charles Schwab and Co. That means much less wealth and retirement fund flexibility for black households.

Other survey show that blacks, Asians and Latinos have a combined annual spending power of roughly $1 trillion. Blacks generate up to $533 billion of that amount.

"I will enjoy the abundance. I will enjoy the abundance," financial advice author and television host Kelvin Boston exhorted an audience at a New York conference two weeks ago on marketing to minorities.

There's also been public pressure on Wall Street to pay more attention to minorities.

In January, the Rev. Jesse Jackson brought President Clinton, Treasury Secretary Robert Rubin and Federal Reserve Chairman Alan Greenspan to address Wall Streeters about expanding their base.

"Discrimination is patently immoral, but it is now increasingly being seen as unprofitable," Greenspan, to a standing ovation, told the conference.

Since then, some of Wall Street's best-known financial houses have increased their advertising in Black Enterprise magazine, a leading proponent of capitalism among black Americans.

From the January to October issues in 1998, the publication headed by Earl G. Graves, had an additional 22 advertising pages bringing in $425,000 above annual advertising revenues that already exceeded $2.3 million. Many of the advertisers were new or returning financial services companies such as Aetna Inc., Charles Schwab and the Prudential Insurance Co. of America. There was a separate two-day multicultural marketing conference in New York two weeks ago, and a series of separate financial seminars.

"That's the big thing in 1999, an explosion of interest in black consumers," said Tony Chappelle, publisher of Securities Pro, a newsletter that tracks the financial activities of blacks on Wall Street and Main Street.

But that comes with the understanding that "they're not doing any goodwill stuff. It's about money," Boston said.

Stocks

(Continued from Page 6)

reduce risk, many investors buy stocks and hold them for the long term, typically a minimum of three to five years. According to this example, if you had invested over a five-year frame (1993 - 1997), your average return, excluding transaction costs and taxes, would have been 21 percent. Keep in mind that past performance is not a guarantee of future results and that you cannot invest directly in an index.

If stock investing appears too risky for your tastes, you may be better suited for a bond portfolio. But remember there is risk in being too conservative. If inflation rises above what your bonds are returning in your portfolio, the value of your assets is worth less every year inflation outpaces your investment returns. Just because you have stopped working, doesn't mean to stop investing.