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Jackson's early economic vision: Finance, black capitalism, and prescience in the post-industrial era

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Abstract. This paper re-examines the underappreciated economic dimension of Jesse Jackson's early civil rights career, particularly his keen focus on finance and credit for African Americans, which anticipated the decline of industrial capitalism. While Jackson is widely recognized for his rise within the Southern Christian Leadership Conference (S.C.L.C.) and his advocacy for black capitalism half a century ago, his profound interest in monetary and financial mechanisms has received little scholarly attention. The analysis centers on Jackson's foundational work in Chicago, tracking the process by which Martin Luther King Jr.'s protégé quickly evolved into a dedicated proponent of black economic empowerment. Crucially, Jackson became a leading voice for a wealth-transfer agenda, setting him apart from most contemporary civil rights and labor leaders who primarily championed the equitable distribution of income. This study challenges the reductive portrayal of the young Jackson as merely an ambitious deal-maker with minimal analytical capacity for the era's economic shifts. Instead, it highlights his remarkably forward-thinking approach. His developing mastery of money and finance enabled him to be one of the few civil rights figures who genuinely understood the dynamics of the emerging post-industrial economy, an insight that fundamentally informed his later pan-Africanist endeavors and broader economic policy advocacy.

Keywords. Black Capitalism; Wealth Transfer; Post-Industrial Economy; Civil Rights Movement; Jesse Jackson.

JEL. B25; G20; J71; N32; P16.

1. Introduction

Jesse Jackson joined the staff of the Southern Christian Leadership Council (S.C.L.C.) in 1965.¹ He was twenty-four years old, the youngest of King's aides. Coinciding with Martin Luther King's arrival in Chicago one year later, Jackson was appointed head of the Chicago office of Operation Breadbasket (henceforth "Breadbasket"; Chappell, 2014; Colton, 1980; Frady, 1996; Landess & Quinn, 1985; McKissack, 1989; Reynolds, 1985; Stone, 1979; Timmerman, 2002; Wilkinson, 1990). In 1967 he became Breadbasket's national director (Abernathy, 1989; Beltramini, 2013; Massoni, 1989; Ralph 1994, 2006; Young, 1996). Breadbasket was a program sponsored by the S.C.L.C. and established in 1962 to fight economic discrimination against African Americans in Atlanta. Influenced by the example of Reverend Leonard Sullivan in Philadelphia, the organization aimed to use the bargaining power of African American church leaders and their congregations to foster "selective buying" (boycotts) as a means to pressure white businesses to open up private sector jobs to blacks. Jackson energized the organization's standard repertoire, fighting for economic opportunities for black people. He placed Breadbasket at the center of the emerging black capitalism in Chicago, the nation's most vibrant black economy (Walker, 1999; 2009). After a feud with King's successor at the S.C.L.C., Ralph David Abernathy, Jackson left the organization

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and in December 1971 launched his own Operation P.U.S.H. (then Rainbow P.U.S.H.), maintained a focus on economic empowerment of poor and black communities.

The paper is divided in two parts. The first part surveys Jackson's contributions to the black cause, including the development of black business in Chicago, addresses Jackson's vision of black business and consumer markets within the United States, and investigates the difference between wealth and income inequality. The second part assesses his early economic thought, particularly the evolution from economic rights to black capitalism in a post-industrial age ([Beltramini, 2014](#)).

This paper's focus is not to decipher the results of Jackson's thoughts or actions, only to analyze the intellectual substance of them. Accordingly, this paper does not provide non-theoretical and non-rhetorical examples of Jackson's leadership, although material examples of what Breadbasket and Operation PUSH actually accomplished would be necessary to sustain the idea that Jackson was an effective leader. This paper highlights several thoughts that can be accurately and fairly attributed to Jackson's understanding of capitalist market forces and the importance of adopting a variety of wealth transfer strategies to that reality, rather than stating Jackson's acting role on the emergence of black capitalism.

2. Jackson's View of Black Capitalism

Breadbasket changed under Jackson's leadership. He moved Breadbasket beyond traditional civil rights platforms of desegregation and voting rights and addressed issues such as black employment and access to capital, the latter being the main source of his concerns. Jackson agreed with the S.C.L.C. leadership that employment was a crucial target in the quest to combat economic inequality, but unlike King and Abernathy, he assumed that employment discrimination came together with credit discrimination. In fact, during the "golden age of capitalism" and before the legislations of 1968 and 1974, whites attained mortgages and car financing much more easily than blacks.² Jackson believed that rather than the simple desire to have a job and end poverty, black families yearned to be a part of consumer society, and in particular to have access to credit, as in the final years of the postwar boom credit was as important for black families as was income. Jackson envisioned a campaign for the extension of credit to blacks and portrayed consumer credit as a basic right that should be applied to the black minority ([Riddick, 1967](#)). This was the very core of Jackson's view about credit discrimination: there was plenty of evidence that even poor black families, amid the affluence of the 1960s, wanted to be accepted as members of American consumer society. Economic historian Louis Hyman argues that riots were more often an opportunity to burn the credit records rather than get free merchandising. His point creates a simple and interesting link between credit and ghetto consumers ([Hyman, 2011b](#), p. 201). In a consumer society based on credit, even stable salaries did not assure black families the possibility to purchase a house or a car. Although at that time Chicago was the black capital of the country, and a growing middle class was moving toward prosperity, Jackson acknowledged that too many black families were still isolated from mass consumption. In the urban daily life of Chicago's South Side, credit cards were unknown, mortgage requests were constantly declined, and credit access at ghetto retailers quite expensive.³ Hyman ([2011b](#), p. 210) points out that "Urban

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retailers, unable to resell their customers' debts, charged higher prices both for cash and for credit purchases."⁴ Examining the intersection of income and credit in everyday life, Jackson looked at black families' circumstances and tried to extend modern lending possible to them. But since the relationship between a borrower and a lender assumes a use of the credit, a network of black home-builders, car dealers, publishers, and consumer goods manufacturers would benefit of the black community's entrée into the consumer society.

In Jackson's view, civil rights leaders should find a way to enable black capitalism to access affordable credit and low-rate interest finances, all in order to build the financial infrastructure of a black economy that may support home and car purchases and any other consumer desires of American black families. Black-owned banks with sufficient funds might provide the access to credit that white-owned banks denied. Jackson's vision of financial resources for black-owned banks, black-owned urban mortgage lending, and small business loans was crucial, because historically, most black enterprises had been small, undercapitalized, and in constant danger of insolvency (McCraw, 2000, p, 103). If one of the top priorities of the civil rights movement was increasing the economic advancement of black people, Jackson believed, its leaders would worry less about employment and more about financial infrastructures. Already in May 1966, Jackson (1966, p. 16) made his point in an internal report to Andrew Young:

Another problem that Operation Breadbasket is discussing is the problem to securing decent finance and credit (...) We can find a bank such a Seaway National Bank, which is Negro owned and directed, as well as sympathetic to the Negro financial and credit problem, and make that into a major bank. We could do that by a mass transference of funds of churches and members of the congregations from downtown white owned banks to one, maybe two banks. In that way we can create a major Negro financial institution that will be a source of economic activity for investment, decent credit, and loans that Negroes in the slums now have no access to for creative venture.

He tried to convince black consumers, clergymen, and families to take their money out of the banks in Chicago downtown (the white-owned banks outside the ghetto) and put it in black banks in the ghetto. He recognized that it was asking them to "go through an entire psychological revolution," as black people did not trust black banks. In fact, black banks were natural candidates for insolvency and bankruptcy. Jackson also made the point that not only black politicians, but also key black business operators and emerging entrepreneurs had their money in white banks downtown, and this fact, that their economic base was outside of the ghetto, was the reason Chicago's black leadership was insensitive to the needs of the black community (Llorens, 1967).

The original idea soon evolved. While the goal of one or two black-owned financial institutions remained, the source of funds would become black businesspeople, rather than churchmen and congregations. To this end, the program actively sought to obtain deposits for the Seaway National Bank and the Independence Bank of Chicago, predominantly black banks that were founded in the mid-1960s. A business owner's committee was formed to urge black entrepreneurs, bankers, and professionals to use the black-owned banks and savings and loan associations. On December 31, 1966, Seaway National had total resources of \$7.4 million and the Independence Bank of Chicago \$6.1 million. A year later, the figures were \$12.6 million and \$9.0 million,

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respectively, for a combined increase in assets of 60 percent. The president of Seaway National, Howard Algar, stated that of his bank's \$5.2 million increase in deposits around 10 percent came either directly or indirectly through the efforts of Breadbasket. He also pointed out that Seaway had recently made a \$500,000 rehabilitation loan to a black mortgage banker. Moreover, Jackson pointed out that also the government was responsible for lending, it was supposed to lend capital to black businessmen "according to the soundness of the idea" (Kretchmer, 1969, p. 110). Promptly, Illinois State Treasurer Adlai Stevenson III deposited state funds in Seaway National, Independence Bank of Chicago and in other three savings and loan associations, which he described as "serving the extraordinary needs of Negro neighborhoods." He acknowledged Jesse Jackson and Breadbasket as a source of encouragement. The banks were reported to have received \$300,000 each in state deposits (Ewen, 1968, p. 64; "More State Funds Urged for Negro Banks: Operation Breadbasket Flyer," 1967).

Later, the source of funds would become white-owned companies under the threat of boycotts. Jackson negotiated with white-owned businesses to hire African Americans to work in stores located in black areas, deposit funds in black-owned banks, and enlist the services of black contractors, agencies, and advertising firms. During the first half of the century, black entrepreneurs had focused on black customers (Walker, 2009; Weems, 1998). Such a strategy seemed to be expedient for self help. Jackson acknowledged that for black entrepreneurs to cater only to members of their own race put them at a disadvantage, but rather than envisioning black business's increased access to white markets as a possible boost for business growth, he developed a new idea (McCraw, 2000, p. 104). Somehow, Jackson thought, capital had to be diverted from white corporations, banks, retailers, and then transferred to black businesses. Breadbasket openly mentioned "credit gougers, entrepreneurial markups and price inflated-short selling on all types of goods or services."

The companies [like GM] will lend us the money to buy cars, which leads to profits for them only. They could lend us the money to buy agencies [dealerships], but they won't, because that would let us profit also. (Riddick, 1967, p. 7)

Jackson made a similar point in a later interview. For Jackson, consumer credit to black families was an economic area that black lenders must control.

General Motors, you will not sell cars in the black community unless you guarantee us [Operation Breadbasket] a franchise [dealership] here next year and help us finance it. (Kretchmer, 1969, p. 108)

The centerpiece of Jackson's Breadbasket agenda was a mugging - a multimillion-dollar forcible wealth transfer from white business to black business that constituted the backbone of the city's black community.⁵ This took the form of boycotts of white-owned ventures and a patronage for black-owned businesses.

Jackson's wealth-transfer agenda quite inevitably attracted bias from white executives and accusation of cronyism from the press, while becoming a major source of controversy and tension within the Breadbasket leadership. At the beginning, King was, quite simply, enthusiastic about Jackson's leadership. Breadbasket was the S.C.L.C.'s first effort to address the crisis of joblessness that became one of King's principal preoccupations in the mid-1960s. However, when the transition from work integration to economic development, smooth at first, gained traction, King openly expressed "grave

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doubts” about Breadbasket’s aim to merge civil rights and black business. The shift left him ambivalent about the program, and he actually shared his concerns with the executive director of S.C.L.C., Bill Rutherford, regarding the appearance of replacing “white bastards with black bastards” (King, 1967a; 1967b; 1967c).

Jackson’s drift toward black capitalism troubled King. Concerned that it failed to address black poverty, labor exploitation, and political exclusion, King told a March 1967 Chicago Breadbasket meeting that a white man who preached black capital accumulation to poor people reminded him of somebody “telling you to lift yourself up by your bootstraps” while he was standing on your foot. In the last months of his life, King repeatedly clashed with Jackson. He accused Jackson of pursuing a personal agenda and supporting black capitalists rather than the black poor. If the first accusation was the reason for their last disagreement, which happened just a couple of days before King’s assassination, it is the second that was most devastating and left more enduring damage. King “was quite rough on Jesse,” Andrew Young remembered, because he believed that adequate jobs would have to come through the public sector, while “Breadbasket was essentially a private sector program.” While King was often sympathetic to minority small business owners, he never championed their cause. In September 1967, King heard from a gift shop owner in Chicago facing bankruptcy and asking for King’s help with the Small Business Administration to make up the capital shortfall. The owner thanked King for his participation in the “fight for jobs,” but insisted, “if we do not now begin the establishment of businesses, we may very well find that in another 100 years we will be no better off in our fight for economic power and human dignity” (Fairclough, 2011, p. 354; “Fannie G. Perryman to King,” 1967,).⁶

The dominant narrative that emphasizes the clash of character and strategies between the two leaders only scratches the surface of the economic rationales between King and Jackson.⁷ Their disagreement remains a far more complex story still in need to be articulated. King made income inequality the centerpiece of his last campaigns, focused on closing the income gap between rich and poor Americans. When he debated about income inequality, he usually defined it as the share of national income earned by the “haves.” Jackson’s central concern was wealth inequality, which he defined as a high concentration of wealth in a relatively small number of white businesses and financial institutions. King and Jackson were fighting two different types of economic inequality. The network of civil rights and labor leaders who led the movement in the 1960s cast income distribution as the focal point of their economic agenda pointing to a combination of factors. The main factor was the economic zeitgeist, which emphasized long-term policy aiming at achieving balanced growth (a specific type of economic growth that is not affected by the boom and bust nature of economic cycles) with full employment and accepting a budget deficit until full employment was achieved. Leaders such as King, Rustin, and Randolph recognized that long-term balanced growth could not necessary ensure full employment and demanded government remedies for structural unemployment, unemployment that was not dependent on the status of effective demand but rather technological change. By contrast, Jackson’s inequality concern centered on wealth inequality. Jackson used the word “capital” to describe all forms of wealth. He showed a clear fascination for, and an evident appreciation of capital. “I keep telling you that capitalism without capital is

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just plain *ism* – and we can't live off *ism*" (Llorens, 1967, p. 82). He believed that capital flows were more important than minimum wage, as capital was more concentrated than income. In this scenario, blacks – who had no access to capital – could never hope to become as affluent as whites. Jackson predicted that only a rebalance of wealth distribution could lead black communities into prosperity. Ultimately, he conceived the economic development of the black community, including the organization of black business, in terms of finance rather than jobs. Economic discrimination, for the young Jackson, was more a matter of unequal access to capital flows than to income. Jackson apparently recognized a difference between an unjust distribution of income, which policymakers can eventually address with policies of full employment, and an unjust distribution of wealth ("capital"), which can be fixed through a corporate wealth-transfer agenda.

Certainly King was enthusiastic about Breadbasket, thrilled by its results in terms of jobs, income, and contracts, but he nonetheless concluded that these results were insufficient to achieve the final goal of full employment. In other words, full employment was too big a target to be accomplished through a program with limited resources like Breadbasket. Accordingly, the economic intervention of the federal government was not only desirable, but indispensable, and to be pursued at the cost to promote a paradigm shift from American liberalism to Swedish social democracy.⁸ King saw Jackson's single-minded pursuit of black capitalism as disturbing, so ideologically distant from King's own social democratic agenda. They disagreed on the basic premise, that black underdevelopment was a product of capitalist development; consequently, they disagreed on the solution. King argued that in order for African Americans to advance economically, they would have to be integrated into the dominant economic structure in American capitalism once that structure had been changed. Jackson proposed black-controlled economic institutions in dialogue with white-controlled economic institutions, within the context of greater American capitalism. In fact, Jackson was convinced that most African Americans did not contest capitalism, only exclusion from it. They did not complain because they were part of the capitalistic system, but because they had no access to capital. While King was a strong supporter of New Deal capitalism, that is, the federal government is actively involved in handling the economy through a regulated form of capitalism, Jackson openly embraced what he called "the post-New Deal-Keynesian capitalistic system," a vision of financial capitalism. He separated his vision from the traditional understanding of capitalism as production and jobs, and defined the kind of capitalist he was and why the black community needed it. In a Breadbasket internal report dated May 20, 1967, Jackson explicitly invited the whole black business community, not only Breadbasket, to embrace the "policy and logic" and "benefits of the free competitive enterprise" elaborated in a previous document (Riddick, 1967).

Jackson envisioned Breadbasket as an engine to promote black capitalism because he recognized the multiplicity of connections between consumer capitalism and financial capitalism and applied this vision to the ghetto community. In just a few years, Jackson was able to in Chicago articulate a disillusioned analysis of the race divide and proposed an innovative, integrationist approach to American capitalism. He identified clearly the potential of creating a connection between the ghetto economy and black business and was committed to making this possible connection work.⁹ He

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acknowledged the underlying reality of the inner black city business. Insular, depredated, with limited financial resources to approach the consumer, many black businesses were isolated from the larger mainstream of American capitalism. Jackson adopted the metaphor of the “island:”

The ghetto is an island. Every decision on the island is made by white people (...) Black people control nothing in the ghetto. The island has to exist in a capitalistic system without any capital. Any area of capitalism without a circular flow of capital is a slum (...) many whites have made kind overtures but nothing has been done systematically to start capital flowing into the island. Even the War on Poverty does not bank here. (Ewen, 1968, pp. 24-25, 49-54, 64)

According to Jackson, the ghetto is not separated from capitalism; rather, the ghetto is clearly part of capitalism (a point that Jackson reiterates during his career). What makes the ghetto a slum is the absence of “a circular flow of capital,” which, in turn, happens because the “black people control nothing in the ghetto.” In other words, the ghetto is not a matter of political choice or social degeneration, but rather of financial power. Jackson established a mains-end chain that resembles the more radical wing of the Black Power movement, but set his sights on the Black community's control of its own organizations and institutions as a means to pursue financial power. He stated clearly this position:

The essential purpose of Breadbasket is to have blacks control the basic resources of their community. We want to control the banks, the trades, the building constructions and the education of our children. This desire on our part is a defensive strategy evolved in order to stop whites from controlling our community and removing the profits and income that belong to black people. Our programs are dictated by the private-enterprise economy in which we find ourselves. (Kretchmer, 1969, p. 96)

Jackson elucidates the main benefit of racial activities to control and manage capital flows, that is, to redirect capital flows to the ghetto, while explaining that such a control should be pursued as a response to the perceived financial vulnerability of the black ghetto community. The reference to “the private-enterprise economy” is important in the economy of Jackson's logic, as he sees capital controls and capital flow management not as a policy tool but as a result of a power struggle. As blacks lived in a private-enterprise economy, the redistribution of wealth was not a matter of governmental policy but of racial power struggle.

Jackson was committed to making every effort to construct a bridge between the ghetto economy and American corporate capitalism. He positioned himself on the opposite side of the civil rights leaders who continued to overestimate American capitalism's potential for growth and liberalism's appetite for government spending. He also campaigned for full employment, guaranteed annual income, housing, education, expanded medical care, and social insurance. During the Johnson Administration, plans for monumental public spending based on economic planning were proposed by civil and labor leaders such Whitney Young, Bayard Rustin, and A. Philip Randolph. Later on, Abernathy asked for more federal funds for the poor, although in the inflationary economic cycle of late 1960s to early 1970s, federal funds for providing good-paying jobs, well-equipped schools, and affordable housing to black people became increasingly rare. While Johnson never considered the option of economic planning, Jackson doubted that anyone within the silent majority coalition of the Nixon administration would promote an agenda of economic development. King's vision of a full-blown

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welfare state also seemed unlikely with the presidency in Nixon's hands and the Johnson Administration's Great Society programs under attack.¹⁰ Largely due to the increasing costs of the Vietnam War and the decline of the government funds, the black community had to learn how to reduce their economic dependence on white liberals as well as central government and to increase their autonomy. Thus Jackson came to identify the possibility of merging black autonomy and economic advancement, Black Power and capitalism. He articulated a moderate version of Black Power as a rationale for black capitalistic ventures, as well as the development of new relationships between black businesspeople and corporate America.¹¹

Jackson envisioned the reverse of the traditional Black Power ideology, which emphasized the access to economic resources for the creation of black political and cultural institutions. In Jackson's view, the establishment of black institutions was critical to black economic self-determination. Jackson's efforts to turn Black Power in Black capitalism and define "Black Power" in explicitly capitalist terms represented a strategy of integration *through* self-determination. Like Booker T. Washington – a black icon with whom Jackson has been frequently associated – and his followers at the turn of the century, he emphasized racial solidarity, economic self-sufficiency, and black self-help, with the prospect of integration. Unlike King, he did not work to change American capitalism. He made clear that he had not "changed the hearts of the executives," only "the behaviors of the corporations" (Simms, 1970, p. 19). He proclaimed that justice is the opportunity to share the benefits of capitalism with the whole society and one of the goals of the civil rights movement was increasing the stake of black people in American capitalism. Jackson articulated his quiet and moderate understanding of Black Power ideology during the Saturday morning meetings at Operation Breadbasket, when he emphasized his view of community self-help organizations, improvement of communities, pursuance of self-reliance, and economic and political independence from white authorities. The black community had to learn how to reduce its economic dependence on white liberals as well as central government, and to increase their autonomy. They had to definitively change the relationship with whites. What might have seemed an expression of generosity, or a private welfare paid by whites, had to instead become a merchant exchange. Not coincidentally, Jackson suggested the transfer more of the whites' wealth to the economic needs of the blacks, often talking of 'reciprocity,' meaning the need for a relationship between equals. He pointed out that the connotation of Black Power in the media might be violence, but in fact, Black Power is power sharing. It is equity.¹² "We want ownership, we want our share, we want investment," became Jackson's mantra in the following two decades ("Jesse Jackson Threatens Companies with Boycott," 1985, p. 45).

3. From Economic Rights to Black Capitalism

As the 1960s unfolded, African American opinion turned increasingly away from a liberal integrationist agenda toward an emphasis on black nationalism and Pan-Africanism. Accordingly, Jackson counts among black leaders such as Malcolm X and Stokely Carmichael, who shifted their attention and showed their genuine interest in African affairs. Jackson declared, "We've got African roots and we must not deny them" (Jackson, 1972, p. 55). He expanded on a global scale his vision of an international independent black community that

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maintains control of its basic resources in a capitalistic system. He stated that “for so long, foreign affairs was considered none of the slaves’ business,” making clear that the emancipation and involvement of Black America in business could not be limited to domestic issues. Then he located African American business within the broader context of global capitalism, stating, “The world is interrelated, and its people are interdependent. Independence is an illusion, and isolation is suicidal” (Hatch, 1988, p. 65).

Before an audience of three thousand black nationalists and Pan-Africanists in Atlanta in September 1970, during the sessions of the Congress of African People, Jackson was adamant about explaining that blacks are part of the capitalistic system, even if “morally you are not” (Baraka, 1972). With that, Jackson meant that African Americans’ moral detachment does not allow them to be free from the inescapable reality of capitalism. They belong to capitalism despite their will. Shifting from government to the markets, Jackson minimized the role of the public policy. In fact, Jackson tried to balance the traditional appeal to welfare and international economic aid with a more active, positive sense of pride, self-esteem, and self-determination. He was simply rephrasing his original point, that “welfare [alone] is a form of humiliation” (Kretchmer, 1969, p. 112). He ultimately pointed out that without a personal call to action, the black community could easily be resigned to the continuing economic crisis and relegated to wait passively for the promised efforts of the government. Embracing capitalism was the new phase of the civil rights movement.¹³ Accordingly, the black community should have moved the domestic agenda from civil rights to business advancement and, in the international arena, from “aid to trade” (Marable, 1985, p. 264). What he meant was blacks must move from public aid to private trade (“Jesse Jackson Threatens Companies with Boycott,” 1985). Jackson was suggesting to trade resources with white-owned ventures to foster economic growth for black businesses, build job opportunities, and reduce poverty.

Jackson has never portrayed himself as an intellectual, least of all in the economic sphere. His formal education in economics was nonexistent. He was largely self-taught and self-formed, a process he accomplished as an emerging subaltern in the streets of Chicago’s South Side. This caused him to commit errors and emphasized shortcomings. He was not a systematic thinker, and his ideas, including the economic ideas, often remained at the level of initial reflection, although never unsophisticated or immature. At the beginning of his career, he was unburdened by preconceptions or rigid beliefs. This gave him great strength as a highly articulate man of deep intuition. While always an instinctive pro-capitalist, he saw the transformation of the economic landscape and the emergence of finance as a driven force of business, and he reacted accordingly. It is not quite surprising, therefore, that early on he developed a coherent economic view, which remained consistent.

In his search for wealth equality, Jackson found himself in an ideological netherworld, as the inequality debate in the 1960s was centered on income inequality. He looked to the “Black capitalist” ideas of 19th-century leaders like Booker T. Washington, and, more recently, of the Congress of Racial Equality (CORE) head Roy Innis. Innis, like Jackson, envisioned a “nation within a nation” and argued that they must develop “Black control of capitalist instruments” (Poinsett, 1969b). Jackson was successful at re-popularizing concepts such as black community economic empowerment, self-help through entrepreneurship, a global perspective on black entrepreneurship, and

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corporate business diversity. Many of these concepts have their origin in a long history of black intellectual scholarship and activism. The roots can be traced to the writings and works of individuals such as W. E. B. DuBois, Booker T. Washington, Marcus Garvey, Carter G. Woodson, E. Franklin Frazier, and Abram Harris, although the extent of their influence on Jackson is difficult to assess. Jackson prolonged this intellectual tradition as an influential force in the debate on economic justice by an entire generation – perhaps two.

The level of originality of Jackson's economic thought needs to be delimited. While Jackson was a pioneer in emphasizing corporate diversity programs, he was not alone in this regard. People like Earl Graves with Black Enterprise, Congressman Percy Sutton, and many other economic and social entrepreneurs were responsible for this action, including the National Minority Supplier Development Council. Almost coincidentally, one of the greatest boosts to the evolution of minority entrepreneurship occurred as a result of the emphasis on black capitalism began under the Nixon Administration in 1968. As a means of co-opting the emerging black power movement, Nixon was first to introduce government affirmative action programs for minority business development. Those programs received a further boost under the late Mayor Maynard Jackson's pioneering policies in the city of Atlanta, which became a national model. The programs created access to market opportunities beyond personal service and retail enterprises and paved the way for the emergence of large scale construction and engineering companies, black-owned businesses in information, communications and technology, black professional service enterprises.

Moreover, Jackson's thoughts on economic issues cannot be confused with his actual action. Jackson claimed that his activities were instrumental in helping the black cause as a whole, including the development of black business in Chicago, and framed his involvement in the globalization of black business as definitely a success story. Some of these assertions raise skepticism - not about whether they are in fact true, but rather about the breadth of the impact that is being attributed to Jackson's activities. For example, Jackson was able to induce the corporations to transfer their capital investments from white to black banks. While this was true for some institutions in Chicago, it is not generally the case for the nation as a whole. In fact, black banks struggled from under capitalization throughout this period: in the late 1960s, the total asset value of the 20 black-owned banks was \$207 million, compared with \$500 billion of the 14,000-plus white-owned banks (Poinsett, 1969a). The same can be said about Jackson's advice to increase their lending activities to black households and businesses. While Jackson was successful in the limited cases cited in the paper, this is miniscule compared to the overall size of capital assets in black banks as well as the size of black business capitalization, even in 1968. And it is an important testable hypothesis how black-owned banks used deposits generated by Jackson's activities. Moreover, Jackson's business associates and network enlarged in the decade following the 1960s were certainly visible and influential black entrepreneurs. However, the elements of Jackson's influence over these individuals and their subsequent activities in the black community in support of black entrepreneurship would require a serious investigation of. Finally, in support of the global black business, Jackson made numerous trips abroad to discuss mutual interests in business opportunities. However, evidence that a global business strategy and entrepreneurial sector

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emerged within the black community as a result of those trips, would require further scrutiny.

Jackson's economic thought can be more properly summarized as an evolution from a notion of economic rights within the classic tradition of the civil rights movement to the more controversial idea of black capitalism. This evolution probably lies in Jackson's overall intuition of the ultimate destiny of dissolution of the civil rights movement, which was uneasy in an increasing conservative, post-industrial America.¹⁴ He joined a movement still dominated by pre-consumist, pre-industrial solidarity that was hegemonized by the black church and labor union, and tried to articulate the vision of a more diverse movement that was at home with finance and entrepreneurship.

Situated at the convergence of the civil rights movement and the resurgent ideology of black capitalism, by the late 1960s Jackson was one of the most prominent black leaders to use the strategy of the civil rights movement to spur the growth of African American businesses. Jackson showed a declining faith in welfare and the coalition of labor, civil rights, and liberal leaders, and he argued that economic autonomy was the ultimate goal for the whole black community, poor and middle class. He blurred the line between the two in pursuit of an agenda to empower the poor and raise the black entrepreneurial class, according to a notion of economic justice in which economic rights are assigned to individuals based upon their needs or their merits. His alliance of the "merits and needs" was an ideological innovation because he kept outside the class (which was then a crucial role in defining the ideological horizons the traditional civil rights leaders) and put individuals at the center (with their merits and needs) in the selection of priorities of social policies. However, rather than deeming a sign of ideological innovation, King and other civil rights leaders considered Jackson's individualism a sort of betrayal.

Jackson was not the leader who tried to modernize the civil rights movement, but rather the leader who sought to identify those who would be the partners of the civil rights movement, and eventually the Black Freedom movement, in a post-industrial era. His economic ideas presuppose the perception of a greater anthropological mutation of the society in which the dominant values are no longer those of the church and the unions, but those of the affluent society and consumer capitalism. The civil rights movement itself could not escape an encounter with a vicious and inexorable post-industrialism. The industrial values of the civil rights leaders were vanishing in society at large and evaporating even in their Southern roots, replaced by the ideology of hedonistic consumption. Jackson likely underestimated the vacuum of values that followed.

Jackson recognized the impracticality of social-democratic projects. In the late 1960s, social democracy-style New Deal liberalism was no longer a hegemonic political philosophy that could legitimize the hopes of civil rights leaders with the government's help. Perhaps the only chance for the full realization of the instances of democracy and economic progress established by the civil rights movement lay in the market. Although Jackson never rejected the notion of the social welfare state and occasionally took advantage of his connections with government representatives and political leaders, he acknowledged intellectually the problems and limitations of New Deal liberalism early in his career. While he did not go on to become the founding father of a neoconservative string within the civil rights movement, his refusal to fit himself into the standard liberal categories probably contributed to the

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controversial image and the relative marginalization of his influence throughout the 1970s.

Jackson seemed to recognize the key transformations in the economy that marked an end to the industrial era, including the decline of manufacturing's centrality to the economy and the rise of services, especially finance. This trend in turn placed increasing demands on capital rather than jobs. While the civil rights movement and black leaders had long been fighting for equal employment opportunity and full employment, sometimes under the urgency of equality, Jackson argued that the new economic landscape required a movement that was impervious to the constraints of classic fordism. Post-industrial trends position the movement to play a significantly more central role in providing financial resources to entrepreneurs and an increase in credit to families. Accordingly, Jackson articulated a set of ideas that supported the development of black capitalism: 1. focusing the struggle for equal rights on economic empowerment at a time when the leadership of the struggle was preoccupied with social and political power; 2. emphasizing the commonality in aspirations between blacks and whites for economic enhancement through capitalist market forces; 3. pioneering a number of successful affirmative action and corporate diversity programs, especially in Chicago, that were centered on creating broader retail distribution networks for black businesses; 4. tapping into and encouraging the nascent aspiration among African-Americans to become entrepreneurs; and, 5. promoting the struggle for African-American economic community empowerment.

Although Jackson acknowledged the evolution of American capitalism and worked to make the civil rights movement compatible with the incoming post-industrialism, it is unclear if he fully recognized how these economic transformations were likely to create deeper and more intractable cultural and political effects within the civil rights movement. In particular, the rise of a consumer culture in the 1960s to the 1970s had effectively undermined the collective solidarity that fuelled the conscience of the movement and replaced it with a hedonistic pursuit of pleasure. Because pleasure is defined in individualistic terms, the pursuit of it results in an erosion of the moral bonds that the movement had only recently built, shaping a kind of progress that was lacking collective values. Consumer culture was nurturing a focus on the centrality of the individual and effectively corroded the solidaristic foundations that nurture the basis for civil rights movement. On the one side, postindustrial trends position the movement to play a significantly more central role in providing financial resources to entrepreneurs and an increase in credit to families; however, just as consuming needs were expanding, citizens were increasingly likely to see collective values as irrelevant in their own pursuit of happiness. With a solid safety net, middle class families were less interested in race equality and more interested in their individual satisfaction. Where these two trends converge, an ongoing moral crisis was at work, and a new, more individualistic philosophy to justify the extension of civil rights was nowhere to be found.

4. Conclusion

While King and the old guard of the S.C.L.C. called for a universal distribution of income, Jackson targeted wealth inequality. He envisioned white-owned businesses infusing needed capital into minority-owned businesses, local economic development projects, small business advancement,

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job training, financial and trade institutions, and other community programs that would contribute to the advancement of the whole black community. He recognized the unfinished revolution of the civil rights era, and re-cast the movement within a more limited sphere of influence, as the dramatic decline of influence of the civil right movement in the second part of the 1960s undermined every trust in the prospect of radical change in American society. The critique of modern capitalism that was so important for King was largely missed in Jackson's view. He expressed a set of moderate ideas, essentially reconciled to the existing structure of American capitalism, and committed himself to use the art of bargaining to gain economic power for the black community. One broad assumption was particularly important to Jackson, that the black community's greatest problems were rooted in the lack of integration with the structure of modern industrial capitalism. Accordingly, he aimed to expand the effects of capitalism to blacks previously excluded.

Jackson adopted a post-industrial interpretation of the civil rights in which the final goal of the movement was not employment but finance, and he thus promoted the bourgeoisie values of economic autonomy and success of the emerging black middle class. Described in biographies and articles as a contradictory personality with a kaleidoscopic mind, Jackson could easily describe himself, at least in his early days, as a moderate in economics, a liberal in politics, and a conservative in culture. This trinity might annoy almost everyone, but Jackson's heterodoxy may have helped him to see well before the Reagan revolution that American capitalism would grapple with the question of the free market and private choices for decades to come. He had, by then, rearticulated the classic civil rights narrative, and had worked intensively to shape his own peculiar meaning of the struggle for economic power. Not surprisingly, he redefined the black struggle for freedom in relation to what he considered the central issue of his times: the relation between finance and consumer in the modern capitalism. He pursued integration in American capitalism through the advancement of black capitalism, although he might or might not have predicted the implications of the consumer culture for the black movement.

Notes

¹A preliminary partial version of this article was delivered as a paper at the conference on the Histories of American Capitalism, Cornell University, New York, November 2014.

²The expression "golden age of capitalism" refers the period after World War Two, with its sustained growth and high employment rate. See: Stephen A. Marglin and Juliet B. Schor, *The Golden Age of Capitalism: Reinterpreting the Postwar Experience* (Oxford: Oxford University Press, 1991). As for the privileged access to credit, see a 'Situation Report' published by *Time*, since World War II, which sustains that government has financed only 800,000 urban units, where black people were concentrated, while insuring the financing of 10 million suburban homes, where white families were moving. "Situation Report," *Time*, April 6, 1970, 55. As for the expansion of consumer credit, see the epochal passage from an industrial to a financial form of capitalism. The changes that were occurring in the larger structure of American capitalism, notably that in the second half of the 1960s, it was more profitable to lend money to facilitate consumption than to lend funds to invest in expanded production. Not coincidentally, consumer credit industry soon boomed and replaced capital equipment loan and legislation opened up access to consumer credit in 1968 and 1974.

³According to the 'Situation Report,' black families paid more than white families for comparable houses and were more likely to live in substandard housing in the late 1960s and early 1970s. "Situation Report," *Time*, April 6, 1970, 55.

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- ⁴For an expanded version of the topic, see: Louis Hyman, *Debtor Nation: The History of America in Red Ink* (Princeton, NJ: Princeton University Press, 2011).
- ⁵Jackson never quantifies the wealth-transfer. In the same period, James Foreman demanded \$500 million (later upped to \$3 billion), while Roy Innis requested \$6 billion. Source: Alex Poinsett, "Movement seeks broad-based control of black economy by blacks instead of whites," *Ebony*, August 1969, 154.
- ⁶Jackson's problem in those early days was really about believability and connection with the challenges of mainstream civil rights movement. He often was not believed to work for the cause of economic justice. Jackson didn't seem to know how to respond to was essentially a moral critique with his economics.
- ⁷Scholars have typically explained the divergence between King and Jackson in terms of unaligned tempers and clash of character. See for example Garrow, who maps the main points of divergence by arguing that Breadbasket was designed to improve the quality of life for working class blacks, as well as unemployed black people, and describes Jackson assuming the role of black business champion. However, Garrow does not investigate in detail the causes of this dialectic between the two leaders, and prefers to link it to differences of character, and to King's doubts about Jackson's personality and goals. David J. Garrow, *Bearing the Cross: Martin Luther King, Jr., and the Southern Christian Leadership Conference* (New York: W. Morrow, 1986), 585.
- ⁸The story goes that King initiated in 1966 a series of civil rights campaigns that he thought were going to turn the economic injustice around, but they didn't work because the federal government remained unimpressed. He subsequently attacked American capitalism as it was. He blamed the system for the economy. He shifted the focus of the debate on economic injustice from being about federal policies to being about capitalism.
- ⁹The West Side Organization is primarily a "Grass Roots" neighborhood representative, and it is this capacity they will serve the businessmen sponsors, and the neighborhood needs." Operation Breadbasket West Side organization salesman training program proposals; sources of income and budget for Operation Breadbasket in Chicago, 05/08/1967, 9 pp, Southern Christian Leadership Conference Records, MLKC, Box 172:9.
- ¹⁰Nixon's efforts to foster minority business enterprise have been studied in depth. During the Nixon Administration, a short but unambiguous convergence of interests between black capitalism and pro-business conservatism emerged, as parts congealed around the idea of economic self-determination. While black militants and activists saw self-determination as an expression of racial pride, all-black institutions, and economic independence, white conservatives associated it with ideals of self-reliance, private enterprise, and individualism. In summary, black capitalism and affirmative action (whatever notion of "proportion" it ended adopting), played down the importance of integration and color-blind strategies, and replaced nondiscrimination and anti-poverty programs as effective strategies and programs to promote racial coexistence.
- ¹¹For this idea, I am indebted to Peniel E. Joseph, *Dark Days, Bright Nights: from Black Power to Barack Obama* (New York: Basic Civitas Books, 2010) and personal conversation with Peniel E. Joseph, May 2011, Atlanta, GA.
- ¹²The original quotation is: "The connotation of Black Power in the media was violence. The fact is Black Power was power sharing. It was equity." See Madison Davis Lacey, Jr. and Henry Hampton, "Eyes on the Prize II. Interview with Jesse Jackson," April 11, 1989, accessed September 3, 2012, [[Retrieved from](#)].
- ¹³At a conference of the New Orleans Business League in July 1982, Jackson argued that "The marketplace is the arena for our development." Cited in Manning Marable, *Black American Politics: from the Washington Marches to Jesse Jackson* (London: Verse Press 1985), 264.
- ¹⁴In 1972, *Time* magazine quoted Jackson as saying at that time that the traditional civil rights movement had lost its "offensive thrust." "Races: Jackson's PUSHes On," *Time Magazine*, January 3, 1972, 30.

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