

# American Public Policy and Full Employment: The Imperative of Martin Luther King's Political Economy in the 21st Century

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## Abstract

Martin Luther King gave no small deliberation to questions of economic policy. Policy and political economy debates have come full circle the past 50 years, returning precisely to the ideas King envisioned as necessary for creating a just and well-performing economy. Following King's death, the "neoclassical consensus" reversed much of the economic thought of the classical economists (including 19th-century heterodox thinkers, such as the German Historical School, for example, Friedrich List; and the American School, for example, Simon Patten), Keynesians, and public intellectuals like King. Today, however, some economists such as Paul Krugman have signaled that important intellectual contributions have emerged from nonspecialists, who nonetheless possess great insight into economic thought. This article argues that King, while a nonspecialist, displayed great insights into the working of economies in ways possessing resonance for contemporary economic and public policy debates on employment, inequality, and even tempering political extremism of the type that marred the international order in the 1930s and of which we are seeing hints of today.

## Keywords

political economy, politics and social sciences, political science, social sciences, Martin Luther King, public policy, inequality, employment, African American, poverty, austerity, guaranteed job

Fifty years ago, in 1964, Martin Luther King was awarded the Nobel Prize for his leadership in the Civil Rights' struggle. That movement's apex was reached in his "I Have a Dream" speech of the previous year. King (1963) intoned,

I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character. (p. 5)

A half-century hence, the *de jure* restrictions on civil rights have mostly been excised (though with some disturbing recent attempts at reprising voter suppression), but the *de facto* reality of racial and economic discrimination remains. King understood that it would take more than opening the political system for all to realize his dream. In fact, King had another dream; one, which he saw as essential to achieving the goals of his signature "I Have a Dream" speech to advance civil rights. That other dream was to see that everyone should have a right to a living-wage job. As King expressed it in 1968,

We call our demonstration a campaign for jobs and income because we feel that the economic question is the most crucial

one that black people, and poor people generally, are confronting. (Pohlmann, 2003, p. 102)

Contra employment policy of recent decades that has focused on education and job training, Bayard Rustin (organizer of the 1963 March on Washington) wrote, "The government [must] become an employer of last resort" (Kaboub, 2013, para. 6). King concurred with Rustin, and asserted, "We need an economic bill of rights. This would guarantee a job to all people who want to work and are able to work. It would mean creating certain public-service jobs" (King, 1968, p. 24).

Some half-century later, we are now back to the very employment policy questions Martin Luther King demanded

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we investigate. Typically celebrated and discussed for his social justice activism, King gave no small deliberation to questions of economic policy. Policy and political economy debates have come full circle and are returning precisely to the ideas King envisioned as necessary for creating an economy that was not only just but also well-performing. Following King's death, the "neoclassical consensus" in both U.S. economic departments and in government policy reversed much of the economic thought of classical economists (including 19th-century heterodox thinkers, such as the German Historical School, for example, Friedrich List; and the American School, for example, Simon Patten), Keynesians of the mid-20th century, and public intellectuals like King. Today, however, some economists such as Paul Krugman have signaled that important intellectual contributions have emerged from nonspecialists, who nonetheless possess great insight into economic thought. This article argues that King, while a nonspecialist, displayed great insights into the working of economies in ways possessing resonance for contemporary economic and public policy debates on employment and inequality. In arguing this point, this article will show in detail King's heterodox ideas on economic policy. Those ideas will then serve as a critique of present economic orthodoxies (largely variants of austerity), showing how they have failed both in recent decades and in the past (e.g., in the period between the World Wars).

## The Economic Thought of King

Obery M. Hendricks of Columbia University's New York Theological Seminary notes that for King the "imperative of his biblical faith to bridge the gulf between abject poverty and superfluous wealth" (Hendricks, 2014, para. 4) informed his economic thought. Moreover, Hendricks states that King considered extreme inequality and unemployment at odds with his faith. As such, "King's ethics are firmly in the tradition of radical biblical prophets like Amos, Micah, and Isaiah, who together proclaimed that everyone, including the rich and the powerful, were to be governed by ethical principles . . ." (Hendricks, 2014, para. 4).

In a collection of King's speeches titled, "All Labor Has Dignity," author Michael K. Honey (2011) illuminated personal experiences which helped shape King's economic theory. He prefaces the volume by revealing that King's support for economic equality originated in his youth. He was well acquainted with the damaging effects of exploitation and poverty. Three of King's great grandparents had been slaves, his grandparents were sharecroppers, and his father fled the plantation district of rural Georgia in 1913 (Honey, 2011, Kindle location 219). In the face of injustice, his forefathers found inspiration in the teachings of the Black church and the social gospel of Jesus (Honey, 2011, Kindle location 221). This engendered the foundation for King's economic and social beliefs. The descendent of Baptist preachers as well as slaves, sharecroppers, and urban workers, King's

lineage, "faced political, economic, and racial discrimination that kept them out of skilled jobs and blocked their educational opportunities" (Honey, 2011, Kindle location 223).

As the late philosopher Karl Kautsky (1897) noted, it is "natural that each class should appropriate to itself from the treasury of tradition whatever best accorded with its condition" (p. 8). In this sense, King deftly deployed social justice arguments from "the treasury of tradition" contained within the Bible. For King, the United States was marked by an unjust and ethically questionable political economy, given the degree of poverty it tolerated. Therefore, he called for America to move toward a more equitable redistribution of wealth and resources to correct economic injustices, such as poverty and unemployment.

However, King did not advocate communism, then still popular among many colonized people around the world (with the Bandung movement arguing for a nonaligned course). King was attuned to the realities of political injustice, if not totalitarianism, and the suppression of religion in much of the "really existing" socialist bloc.

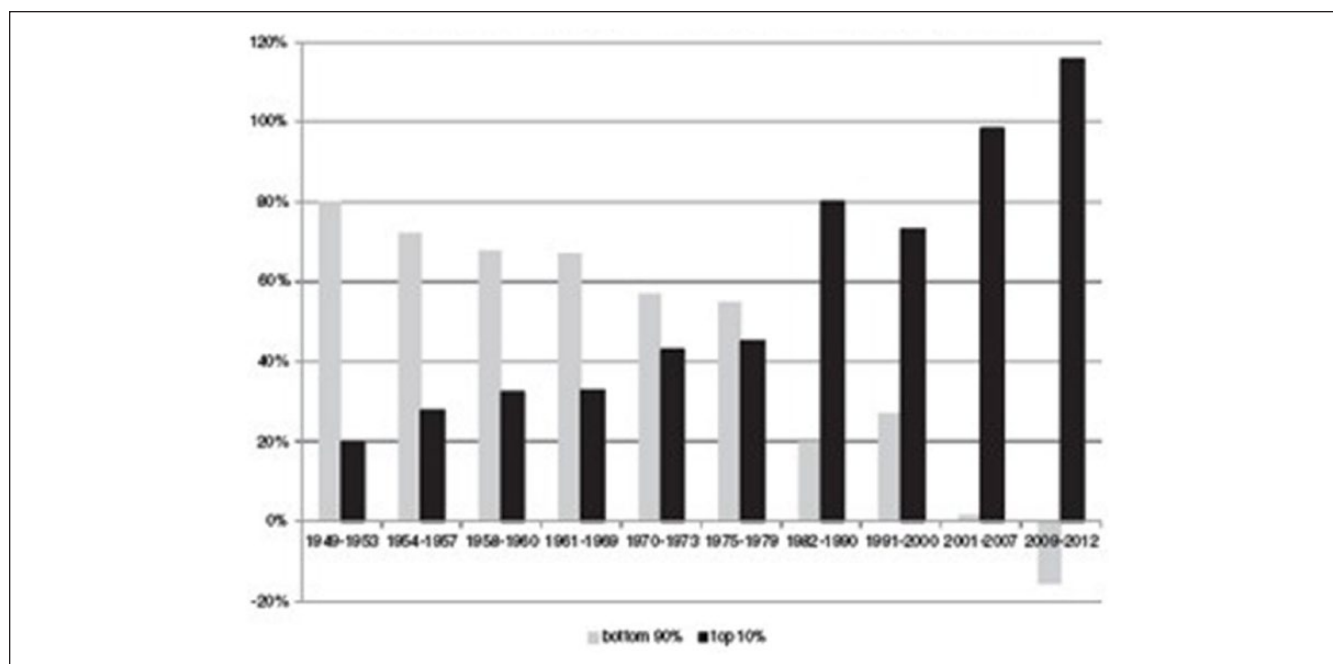
King's vision was more straightforwardly geared toward addressing economic and social injustice, rather than creating "the new man" advertised by the Soviets. To that end, in 1967, King, in his final book *Where Do We Go From Here: Chaos or Community*, argued for guaranteed incomes (universal basic income) to alleviate poverty, economic inequality, and joblessness in the United States. In *Where Do We Go From Here: Chaos or Community*, King (2010) maintained: "I am now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income" (Kindle location 2407).

Moreover, for King (2010),

The problem indicates that our emphasis must be two-fold. We must create full employment or we must create incomes. People must be made consumers by one method or the other. Once they are placed in this position, we need to be concerned that the potential of the individual is not wasted. New forms of work that enhance the social good will have to be devised for those whom traditional jobs are not available. (Kindle location 2424)

And this social good (the creation of full employment or incomes), according to King, could only come from the state: in this case, the United States government.

In short, for King, government responsibility went beyond merely setting rules, but extended to ensuring outcomes. King understood the private sector alone could never create needed full employment. King saw that "At the present time, thousands of jobs a week are disappearing in the wake of automation and other production efficiency techniques" (Hefner, 1965, p. 697). Indeed, we faced such a crisis before in the early 20th century, when increasing efficiency and automation resulted in falling employment. This was only resolved by the government becoming a larger employer of



**Figure 1.** Distribution of average income growth during expansions.

Note. Inequality worsens with every expansion in the postwar era.

Source. Tcherneva (2014, p. 56).

workers, thus creating demand for more private employment through public spending. This point was more recently emphasized again by Joseph Stiglitz (2011), who argued that government in

a modern economy requires collective action—it needs government to invest in infrastructure, education, and technology. The United States and the world have benefited greatly from government-sponsored research that led to the Internet, to advances in public health, and so on. But America has long suffered from an under-investment in infrastructure (look at the condition of our highways and bridges, our railroads and airports), in basic research, and in education at all levels. Further cutbacks in these areas lie ahead. (para. 5)

Perhaps most importantly, King declared that the state must become an employer of last resort, where he saw job training as somewhere between insufficient to useless for the purpose of creating a full employment economy. As King (2010) argued, “training becomes a way of avoiding the issue of unemployment” (Kindle location 2863) “The orientation . . . should be *jobs first, training later*” (Ondaatje, 2010, p. 88). Unfortunately, Federal employment policy after the New Deal has largely been the reverse. There is plenty of training, but few jobs for the chronically underemployed. Instead, people are typically being trained for nonexistent jobs. Indeed, since the Great Crash of 2008, more than 700,000 government jobs were eliminated at a time when increased government employment has been desperately needed to

make up for private sector employment shortfalls (Thoma, 2013).

Echoing the sentiments of Dr. King regarding the ineffectiveness of job training without jobs, F. C. Harris (2012) noted of post 2008 financial crash policy that

To the disappointment of many, including to the Congressional Black Caucus, Obama pursued a recovery strategy in the first two years of his administration without offering a jobs bill. “So my general approach is that if the economy is strong that will lift all boats.” Obama continued. Lifting the economy, the president believed, could be accomplished by giving tax cuts to the middle class, making college affordable for everyone and initiating job-training programs. But the Recovery Act, as it became clear three years into his administration, would hardly assist those who had no boats to begin with. (p. 171)

To be sure, the rate of Black unemployment escalated faster than any other racial group. In 2007, Black unemployment was estimated to be 8.4%, and within 2 years, this figure rose to 15%, totaling an increased rate of 79% (Harris, 2012).

The above problems compounded as

wages and salaries in the United States now make up the lowest share of the nation’s GDP since government began recording the data in 1947, while corporate profits as a share of national income have climbed to their highest ratio share since the 1960s. (Jeter, 2009, p. 106)

Accordingly, Figure 1 provides average income growth during postwar economic expansions and the distribution of wealth between the richest 10% of households and the bottom 90%. It reveals income growth has been less equitably distributed in each successive postwar expansion. As Pavlina Tcherneva (2014) noted, “With the advent of supply-side fiscal measures, income inequality deteriorated much faster, and in the age of new consensus fiscal policy stabilization, the economy has witnessed the largest transfer of income to the top in history” (p. 55).

Many economists in recent decades have attributed worker wages to marginal productivity theory (the idea that a worker’s wages are commensurate with their ability to create value), thus absolving employers and policy makers alike from ever-widening income inequality. Thus, inequality is to be addressed by education (or, more accurately, “workforce development”). Yet, economists such as Thomas Piketty have noted that marginal productivity theory has failed to account for how employers would accurately measure value created by many workers because wages have significantly varied across countries for workers creating similar output levels (e.g., value). In short, wages for many are more a reflection of power dynamics rather than education or training, especially under conditions of eviscerated unions and minimal regulation of labor markets, rather than reflecting the value they produce (Piketty, 2014). In short, marginal productivity theory is diminishing as more workers are educated and/or trained. The chief problem facing workers is distribution of resources. Since the 1970s, the share of GDP paid as wages has declined from over 50% since King’s time to 43% today (Federal Reserve Bank of St. Louis, n.d.). As Stephanie Kelton and the Modern Monetary Theory school argue, guaranteed employment must be part of the solution to above referenced problems (Wray et al., 2018). An added benefit of implementing full employment would be the many social enhancing improvements that could be undertaken in our most fragile neighborhoods (Minsky, 1986).

King precisely understood the nature of both his day and today. Training for nonexistent jobs would not solve our employment problems. King’s frustrations in *Where Do We Go From Here: Chaos or Community* are just as relevant today as they were in 1967. He observed,

Up to recently, we have proceeded from a premise that poverty is consequence of multiple evils: lack of education restricting job opportunity; poor housing which stultified home life and suppressed initiative; fragile family relationships which distorted personality development. The logic of this approach suggested that each of these causes be attacked one by one. Hence a housing program to transform living conditions, improved educational facilities to furnish tools for better job opportunities, and family counseling to create better personal adjustments were designed. In combination these measures were intended to remove the causes of poverty. (King, 2010, Kindle location 2395 and 2401)

Moreover, even when the U.S. government acted directly to create jobs, such as during the New Deal with the Works Progress Administration (WPA) and the Civilian Conservation Corps (CCC) that employed more than 700,000 African Americans, the impetus for the mobilization of government sponsored programs was chiefly to address White unemployment. Using the national unemployment rates of the most infamous national economic crises (The Great Depression and the Great Recession) as benchmarks, one concludes that a national unemployment rate between 10% and 25% warrants government economic stimulus. Since the Bureau of Labor Statistics started recording unemployment rates of African Americans in 1972, this figure has reached staggering rates of 21.1% in 1983, 14.7% in 1992, and 16.8% in 2010 (Federal Reserve Bank of St. Louis, 2018). In brief, the U.S. government has not responded to Black unemployment as an economic issue, but instead as sociocultural problem, or at best, one warranting job training.

Education was important to climb the ladder of income mobility (although it is increasingly losing its power to accomplish even that), but for many, it would decidedly *not* get them on the ladder itself. According to Stiglitz (2012), children of wealthy parents are more likely to graduate from college, regardless of their academic performance, citing that, “some 29 percent of low-income students with high eighth-grade test scores complete college, compared with 30 percent of high-income students with low eighth-grade test scores who earn a degree” (p. 307). Moreover, he affirms that even a college degree does not guarantee economic success for kids in poverty, when “some 19 percent of children born in the lowest income fifth who earn a college degree make it into the highest fifth, whereas 23 percent of children born in highest group who don’t graduate remain in highest bracket” (Stiglitz, 2012, pp. 307 and 308).

In the years immediately following the great financial crash of 2008, American labor markets lacking robust safety saw unprecedented poverty levels, with “20 percent of those in the bottom fifth [also] see their children in the bottom fifth” (Stiglitz, 2012, p. 18). Hence,

it is at the bottom and top where the United States performs especially badly: those at the bottom have a good chance of staying there, and as do those at the top, and much more so than in other countries. (Stiglitz, 2012, p. 18)

The vital role of American public education as it pertains to upward socioeconomic mobility has been on the brink of collapse. Furthermore, journalist John Jeter (2009) asserted that meanwhile

Conservative and libertarian think tanks that have pushed the charter school movement have openly championed Milton Friedman’s oft-articulated ambition to replace public education and teachers unions with a [non-unionized] private, for-profit system. Because public schools are funded on a per-pupil



basis, every time a charter school opens, resources leave the public school system, programs are cut, and teachers are laid off. (p. 152)

Ironically, this is happening just as people of color had begun making inroads into the public education sector (and middle class) as teachers.

## **The Political Economy of King's Demand for an Employer of Last Resort**

King's "I Have a Dream" speech was given at a time of tremendous social mobility, where working and middle-class incomes rose in tandem with productivity gains in the economy in the decades following World War II. In short, wealth was being widely shared in a way it never had been before, thus creating a modern working class that possessed middle class levels of consumption. The stage was set for this new high growth/high wage economy by New Deal policies of the 1930s and by the realization of policy makers in much of the developed economies that inequitable income distribution and lack of effective demand in the economy played a significant role in creating economic stagnation during the Great Depression. Moreover, economic turbulence led to fascist and Stalinist reactions to it. This process heard its crescendo in global war. These are lessons to be heeded today.

Yet, the postwar America of King's time that had resolved many of the economic problems of the previous interwar years was hardly perfect. Not all shared in the new prosperity. Minorities and women suffered from discrimination and restricted opportunities. However, if those boundaries of discrimination could be overcome, a United States could be created that would provide upward mobility for all. Many African Americans experienced improved economic conditions created by industrial expansion and the labor shortages generated by the two World Wars. Moreover, labor unions provided both income growth and security. Although some craft unions were discriminatory, on balance union jobs fostered defined wage scales for workers to climb, thus creating income growth based on work done rather than on employer caprice. In addition, union contracts made wages "sticky," thus less likely to decline during recessions. Again, this was not perfect, but it was better than what existed prior to it and in many ways better than our present. With labor unionization rates in the 1950s at above 300% of present rates generally and nearly 500% of private sector rates specifically (Schmitt, 2013), African Americans found more rungs on which to climb into the middle class than exist today. Discrimination still existed in the industrial employment of the North to be sure, but less so and declining over what one found in the largely nonunion South.

In 1957, King went to Monteagle, Tennessee, exhorting unions of the North to participate in the Poor People's Campaign, praising them as African Americans, "strongest allies in the struggle for freedom" (Carson, Carson, Clay, Shadron, & Taylor, 2000, p. 274). He maintained they were, "one of the most powerful forces in removing the blight of segregation and discrimination from our nation" (Carson et al., 2000, p. 274). As industry expanded in the south, he envisaged that organized labor would become increasingly significant in achieving socioeconomic mobility for Black workers (Carson et al., 2000). Thus, he continued to advocate for their partnership in the following decade, despite unions declining influence.

As such, King understood fully the importance of forging an alliance with labor unions. Recognizing that true social equality cannot be realized without economic equality, King often highlighted correlations between African Americans' fight for equality and the labor movement.

Indeed, for King, the partnership was predicated on, "a kinship of interests." Addressing the United Automobile Workers (UAW) union in 1961 in Detroit, King highlighted their similar objectives, including housing legislation, a fair wage bill, and old-age medical care (Honey, 2011, Kindle location 902). He concluded, "[t]he list might be extended ad infinitum for it is axiomatic that what labor needs, Negroes need, and that simple logic, therefore puts us side by side in the struggle for all elements in the decent standard of living" (Honey, 2011, Kindle location 903). King often commended their solidarity and attributed much of the United States economic growth to the success of unions. In Miami, 1961, he addressed the AFL-CIO at their Fourth Constitutional Conventions:

But history is a great teacher. Now everyone knows that the labor movement did not diminish the strength of the nation but enlarged it. By raising the living standards of millions, labor miraculously created a market for industry and lifted the whole nation to undreamed levels of production. Those who today attack labor forget these simple truths. (King, 1961)

Organized labor had its genesis in the exploitative conditions and disenfranchisement imposed by capitalism and was created as means to achieve economic mobility. Thus, King saw the organization of labor as a basic tenet of his economic policy and essential to promoting his campaign.

That said, by the 1960s when King reflected on the plight of African Americans, U.S. industrial employment already began to taper, and minorities were the first to feel this impact. Thus, civil rights would not be enough to get all African Americans onto the ladder of prosperity through removing discrimination that blocked access to private sector employment. Something more would be required, and that was, to King's mind, having the government serve as an employer of last resort. This was a time marked by the twin movements of greater prosperity and greater equality,

yet also still a time many African Americans encountered a ceiling they could not break through and one which was about to get lowered further still in the decades to come.

This era of decreasing inequality after the New Deal and into the 1960s followed a period of extreme inequality in the 1920s (and the Gilded Age between the 1870s through 1890s before that). However, this inequality ultimately collapsed in on itself, culminating in the Great Depression—the most cataclysmic economic crash and crisis of the past century. The Great Depression was not a crisis of supply, but one of demand. In short, there was no shortage of goods but only a shortage of income (distribution of money) for people to buy what the economy could make.

The economic crisis between the World Wars was global and was handled in different ways. Understanding this period preceding King is vital to understanding the different policy responses that would follow during his time and even more so for today. Finance, typically argued for reductions in public spending during (austerity) prior to the 1930s. These neo-classical arguments had their origins in Jean-Baptiste's classic 1803 work, *A Treatise on Political Economy*. It was argued, this austerity during economic crises would restore economic balance and growth. In years of economic crisis of the interwar period, states such as Japan also handled the crisis by imposing austerity in 1928 and 1929. The result was an economic collapse so great that nationalist generals seized power by 1930 leading Japan back to economic growth, but ultimately to war as well. In addition, the economic pain of austerity lent itself to creating harsh conditions in which racism could sharpen in Japan, which had traumatic outcomes for Manchuria and other areas they invaded.

Germany was another country that imposed austerity. The standard narrative is that the rise of fascism directly followed the Weimar years. That argument held the Weimar government was spending its way to inflation, thus ensuring the consequent rise of Hitler. As Mark Blyth notes, neither was the case. Instead, hyperinflation during Weimar was a function of Germans purposefully seeking to crash the financial system to short circuit World War I reparations by creating balance of payments problems (Blyth, 2013). In short, the inflation issue was intentionally created for political purposes and not from lack of political will to control spending. Once this inflation got out hand, it began leading to domestic problems and was addressed through harsh austerity measures by Germany's then still democratic government (Blyth, 2013). Indeed, rather than inflation leading to the rise of fascism, it was the economic pain inflicted by those harsh austerity measures that gave rise to fascism and fueled its racist *weltanschauung*. That prefascist German government imposed a strict austerity to "solve" the inflation problem, but the economic medicine pushed the "patient" into delirium and gave space for the rise of a fanatical fascist regime to come to power in 1933. It actually did so by calling for a simple and sensible economic program rooted in the 19th-century German Historical School tradition that created

Germany's successful economic development that was later echoed by British economist John Maynard Keynes. Keynes envisioned fiscal policy in the form of direct job creation for three main reasons:

1. "It has the highest primary, secondary, and induced employment-creation effects of any fiscal policy"
2. "It can direct demand to the periphery of economic activity, including lagging urban or rural areas"
3. "It can be a useful institutional tool for the broader socialization of investment that would attain and maintain full employment over the long run" (Tcherneva, 2014, p. 61).

Indeed, the centrality of job creation to both poverty reduction and economic growth in the 1930s was not only the purview of Keynesians but was increasingly a global phenomenon, including one adopted by then ascendant German fascists, whose economic program asserted:

1. "unemployment causes poverty, employment creates prosperity"
2. "capital does not create jobs, jobs create capital"
3. "unemployment burdens the economy but job creation stimulates the economy" (Bytwerk, 2009).

This clear response to the market failures of the 1920s unfortunately helped create support for the Nazi Party given that few others opposed austerity policies, thus leaving the fascists "victors" by default in public opinion. The Soviet Union was also present in the global turn away from austerity economics. It rejected the quasi-austerity features of their New Economic Policy of the 1920s and moved to the opposite extreme with a renewed version of their Civil War total planning model of 1918-1921 favored by Leon Trotsky. Joseph Stalin would implement this investment model in the late 1920s and 1930s. The Soviets, at this time, given their rejection of market orthodoxy, did not forge racist movements in the same way as fascist regimes born of economic austerity did, but instead created a group of enemies based on class—although with some Anti-Semitism emerging as well. In short, market failures contributed to the rise of extremist movements that targeted people by race or class for elimination.

In the United States, the first rejections of austerity economics began with the New Deal. Franklin Delano Roosevelt (FDR) was a pragmatist rather than ideologue. He initially favored austerity solutions, but eventually seeing their failure, embraced alternatives. FDR recognized, contrary to the views espoused by finance and orthodox economists, that austerity would not resolve the crisis. The New Deal (and Keynesianism) provided a rejection of Say's Law (the idea that wages need only to return to equilibrium, that is, drop enough) that would restore employment (Say, 1803, 1964). Instead of following standard economic theory rooted in

Say's Law (they tried it the first 3 years of the Great Depression and it failed), in the New Deal they instead drove wages up (minimum wage) and spread work around with a truncated workweek. This succeeded in part, but there was not enough spending to fully restore the economy until the greater spending still with World War II. It was the realization of these principles that came to guide much post-World War II economic policy the world over, but nevertheless never fully embraced by finance and ultimately overturned by it with the supply-side revolution of the 1980s.

These, in essence, were the ideas also understood by King on the direction economic policy should take. Failure to intervene in the market, as demonstrated in the first half of the 20th century, not only created economic injustice but also risked fueling radical racist movements. We see this again with today's austerity. It can create unpredictable reactionary political movements, as was observed in Germany and Japan in the interwar period. It was thought after the war it would be better to create sensible economic policy muting the market's sharpest edges rather than face disorder. Today, these historical lessons have been largely forgotten by policy makers, and political extremism with racist overtones has again become more commonplace.

King's vision for a full-employment economy that would bring African American workers into the economy with middle class living standards, crashed on the souls of the economic crisis of the 1970s. In that decade, an economic crisis of a different type than the Great Depression arose. This was a supply-side (partially) crisis, where the economy faced the bottleneck of commodity shortages (primarily oil) global over production in manufacturing and rising wages. In response to the political agitation of King's time, Samuel Huntington, arguably then the most influential social scientist in the United States, called for the opposite of King's dream. In 1975, he argued there was too much democracy (political and economic) and that it had to be rolled back (Huntington, 1975). Indeed, the number of strikes in the United States with a 1,000 or more workers in the mid 1970s ranged in the hundreds and hit a peak of 424 in 1974 (U.S. Department of Labor, Bureau of Labor Statistics, 2014), the year before Samuel Huntington published his book on the need to roll-back labor gains. Or, as Johnny Paycheck's 1977 hit "Take This Job and Shove It" illustrated, workers, from the perspective of capital, had become too "uppity" (Henwood, 2014). By the 21st century, labor was again fully disciplined (as Alan Greenspan approvingly noted of muted wage pressures), and the number of strikes with a 1,000 or more workers ranged only from to 39 annually (U.S. Department of Labor, Bureau of Labor Statistics, 2014).

In recent years, austerity policies have been imposed on workers (and disproportionately to people of color), just as they were in the 1920s. Like an intensive mining operation, wealth (people's labor) has been "mined," with wages driven down and benefits once considered sacrosanct, rescinded. With deindustrialization, public employment has been the

chief remaining path of African Americans into the middle class. Through austerity, however, this option is closing. These structural adjustments of the past 40 years (both foreign and domestic) did solve the supply-side dimensions of the 1970s economic crisis. Yet, in its massive redistribution of wealth from poor and middle class to the rich, it has created a demand-side economic crisis that more resembles that of the Great Depression in character than of the 1970s supply-side crisis. Yet, for reasons of both ideology and economic interest, on the policy front we have ignored King's call for demand generating full employment and continue with austerity solutions that are both politically dangerous and simply fail as a means for generating higher living standards for African Americans and political stability generally.

We have been here before with austerity, yet appear intent on repeating past historical errors. The older "Chicago School of Economics" advanced by Thorstein Veblen, referred to this process as "educated incompetence," the quality of being trained to not recognize important causal factors at work (Hudson, 2014). To this end, economist John Kenneth Galbraith (1958) discerned, that, "The shortcomings of economics are not original error but uncorrected obsolescence. The obsolescence has occurred because what is convenient has become sacrosanct" (p. 3). Policy makers, and even some academics, show that observers can be trained to overlook what colloquially is the elephant in the room—in this case, the financial and property relations that have delivered poor economic results, and especially so for African Americans. In consequence, until very recently, the focus on America's inequality was replaced by the chief concern of the middle and upper classes: lower taxes.

Today, a half-century later from King's Civil Rights era, we find ourselves further away than ever from Dr. King's dream of employment for all at a living wage. Inequality has returned to its pre-Great Depression levels. Wealth is celebrated above all else. Those without it are treated with contempt and blamed (personal decisions) for their own condition in ways not dissimilar from the countries where austerity was deployed between the World Wars. Wages have not risen with productivity. Since 2009, the 1% has taken 95% of all income gains by 2014 (Kurtz, 2014). This is singularly striking on the score of race and class, as R. Hill (2009) noted,

Today, the race problematic is evident in a litany of empirical indexes validating racial constraints that are not simple social constructions: (1) nationally, one in three black males is in prison, on parole, or probation; (2) nationally, a higher percentage of black females are in the criminal justice system in disproportion to their numbers when compared to the number of white males; (3) black women have accounted for at least 72 percent of new HIV cases over the last decade; (4) black people do not enjoy transformative assets-inherited wealth required to lift families beyond their own achievements over generations; (5) in the twenty largest metropolitan areas, where 36 percent of all black people live, residential segregation pervades basic



dimensions in life; (6) at least 70 percent of all black school-age students are in racially segregated schools; (7) in the lowest quintile, the net worth (the difference between what one owns and what one owes) for the typical white household is \$17,066, while black households have a net worth of \$2,400; among the highest earning households is \$43,806; and (8) more glaringly, net financial assets for white households are \$6,800, while for black households they are \$800. Among the highest-earning households, they are \$40,465 for whites and \$7,448 for black people. These indexes are illustrative of the disparities we find among other non-white groups when compared to whites. While class is an active variable in explaining these disparities, the race problematic is a significant determinant. (p. 135)

Hendricks (2014) further cited,

Fifteen percent of the US population—nearly 47 million people—lives beneath the official poverty rate of \$24,000 per year for a *family of four*. Roughly 18 million more are near poor, living within 130 percent of the poverty line. (Hendricks, 2014, para. 5)

King rejected this level of inequality and the idea that a modern industrial economy could not sustain a universal living wage. America's inequality is most evident in rural and urban slums characterized by "*insular poverty*—that which manifests itself as an 'island' of poverty" (Galbraith, 1958, p. 236). This type of poverty is defined by external forces that actively prevent participation in the economy, race being a common characteristic, wherein "people locate by their color rather than by the proximity to employment" (Galbraith, 1958, p. 237). Yet, instead of moving toward demand-side solutions and direct job creation to address low-wage growth, ever-widening economic inequality, and high unemployment for African Americans, we have instead seen trends abhorrent to King's economic thought codified by state statute. Wisconsin's austerity governor, Scott Walker (a rising national star in the Republican party), for example, made a dual policy move that advanced growing inequality and then structured in place more of it over time. As part of the extremist Tea-Party wave of politicians taking office in the midterm elections of 2010, Walker quickly moved to offload increasing costs of health and retirement benefits from the government's balance sheet. Following the lead of the private sector and the upward redistribution of income the past three decades, public employees under Walker had to pick up more of their health and retirement benefits. Politically, this represented a deftly executed "divide and conquer" strategy as Governor Walker himself termed it, whereby private sector worker resentment over their lack of benefits (stagnant since the 1980s) was turned against public sector workers (disproportionately women and people of color) who still had them. Meanwhile, public sector workers saw themselves as cheated, as past contract negotiations had them give up pay increases in exchange for retaining full benefits. Now, they saw those full benefits taken away, but without any means to

secure lost salary increases forfeited to retain full benefits won in past contracts.

The structured growth of inequality is most revealed, however, in the Wisconsin law stipulating that public employees are forbidden to take their share of the economy's productivity gains. The move is bold in its scope and represents a restructuring of the social contract that in principle held out the prospect of worker salaries advancing with productivity gains that has kept 1930s political extremism at bay. Public employees are by law forbidden to receive productivity gains in the economy above the rate of inflation (Greenhouse, 2014). The implications will be striking. Over time, public workers (again, disproportionately people of color) will see their real wages fall. Minimum wage workers are also in dire straits, as inflation-adjusted minimum wage is actually *lower* than when King gave his "I Have a Dream" speech 50 years ago (U.S. Department of Labor, Bureau of Labor Statistics, 2018, n.d.). Moreover, the United States is falling behind other rich countries on the metric of increasing the minimum wage as per capita GDP rises (Cashman, 2015). The social contract is no more. King would have called for full employment and wages rising with economic productivity. Instead, poverty policy in recent decades has this "common failing—they are indirect. Each seeks to solve poverty by first solving something else" (King, 2010, Kindle location 2407), such as fighting crime, drug addiction, homelessness, better housing, war, affordable health care, failing schools, and more job training. As King would have recognized, the cart is being put before the horse. Solving poverty (not to mention many social pathologies) would best be achieved by giving people living-wage jobs—and there are no shortages of tasks that need to be done. From care of our increasing numbers of elderly to rebuilding our crumbling infrastructure of roads and bridges, to beautifying our cities, we have plenty of needed work.

Furthermore, for those in minimum-wage employment, a raise would increase demand for goods and services in a demand-starved economy, thus generating employment. If the minimum wage were inflation adjusted to 1968 levels, it would be nearly US\$11 an hour today (Editorial Board, 2014). If it were adjusted again for productivity increases in the economy since 1968, it would be over US\$20 an hour (Pyke, 2013). The fruits of our labor, once more equitably shared, are now being hoarded by a few, making what was King's dream instead into his nightmare.

## Conclusion

When Martin Luther King wrote his now classic "Letter from Birmingham Jail," he had two books with him. One was the *Bible*. The other was from the heterodox economic thinker John Kenneth Galbraith, *The Affluent Society*. The social justice arguments contained in the former are well enough established in the public mind. King's economic arguments, however, while firmly anchored in social justice, contained



vitality important policy insights on employment that are even more relevant for African Americans today. Those insights, unfortunately, are today largely ignored, yet it is precisely on this less discussed terrain of King's economic policy where a national debate should presently be centered. The United States currently sits at a fork in the road. It can follow the path charted and led by states such as Wisconsin, with their Governor backed by Libertarian activists (e.g., the Koch Brothers et al.) and nationally with the resentment-based politics that fueled the rise of President Donald Trump. The United States can further allow itself to slip back into the turbulent waters on which many nations in between the World Wars crashed and drowned: the shoals of austerity and extremist movements motivated by racial divisions. Or, alternatively the United States can invoke the economic ideas enumerated by Martin Luther King, where idled labor wasting away instead works to build personal and community wealth in a living-wage economy that supports social stability.

To assume America's inequality could be remedied simply by delivering procedural rights to vote and equal access to education in principle (as important as these are) alone is to ignore the socioeconomic impact of 250 years of slavery, plus 80 years of Jim Crow law, not to mention the deindustrializing trends that began in the 1960s and greatly accelerated by the 1980s and thereafter. Martin Luther King asserted that without the ability to succeed economically, African Americans would never be able to fully exercise their civil rights. Furthermore, he was aware that economic achievement was not attainable without government investment. As this article highlights, the economic contradictions of the United States's evolving political economy have only been corrected by government intervention. Thus, the United States could only navigate its way out of the Great Depression once it was willing to confront the reality of insufficient demand and purchasing power in an economy marked by growing inequality and Wall Street power over the real economy of production. As such, FDR reinstated economic demand chiefly by way of job creation, not training. Dealing with the problem of African American unemployment, given the historical forces and current political economy forces in play, requires solutions of similar magnitude and policy direction of those applied to the New Deal for White Americans.

In brief, while many economists credit market success to the enigmatic forces of the invisible hand, sustained economic growth is often the direct result of pronounced government intervention by way of increased investment and direct job creation. The expansion of our middle class (albeit now disappearing) was the product of the New Deal spending, and the G.I Bill (e.g., free tuition to World War II veterans). Employment expanding technological development was the result of the National Defense Education Act and its subsequent US\$1 billion investment in space exploration after Russia introduced Sputnik. Thus, if the United States truly wanted to address African American unemployment, it would invest and create jobs for African Americans. Instead, it continues to pursue a

path of austerity; a strategy that facilitates structural racism and erodes the fragile African American middle class resident in the public sector. As previously mentioned, King's solution to America's racial injustice was twofold. The second component, full employment, was never realized, and thus the African American community remains economically vulnerable. This inequity will be solved once guaranteed employment is delivered to all citizens. Only then will Martin Luther King's dream be realized.

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