

THE EFFECTS OF RACISM AND RACIAL DISCRIMINATION ON MINORITY BUSINESS DEVELOPMENT: THE CASE OF BLACK MANUFACTURERS IN CHICAGO'S ETHNIC BEAUTY AIDS INDUSTRY

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Overview

In this paper, the historical development of Chicago's ethnic beauty aids industry is examined from the perspective of black manufacturers. The central argument of this paper is that the business strategies of black manufacturers in Chicago's ethnic beauty aids industry have been shaped by racism and racial discrimination in mainstream society from the industry's inception to the contemporary period. This point is highlighted through an examination of three generations of black manufacturers in Chicago. The experiences of these black manufacturers are discussed in the context of three historical periods.

The first encompasses the years between the Great Migration and the Great Depression, when the ethnic beauty aids industry emerged as a black institution. This is a critical period in the development of the ethnic beauty aids industry, since it was when many of the business strategies used by past and current black manufacturers to overcome racial barriers to economic participation were developed.

The second period covers the years between the Great Depression and the civil rights movement, when the ethnic beauty aids industry demonstrated its resilience to economic and social turmoil growing out of racial discord between blacks and whites in society. This was a critical period, since black manufacturers in the ethnic beauty aids industry managed to emerge from the Great Depression while other institutions in the black community disappeared. It was also a crucial period, since these manufacturers became the focus of public discourse during the civil rights movement, which compromised their leadership position in the black community.

Finally, the third period examined in this paper involves the years from the civil right movement to 1990, when black manufacturers began to lose ground to white-owned conglomerates in corporate America. This period is important because it highlights how economic barriers have been reproduced for black manufacturers in the contemporary period. In addition, it demonstrates how efforts aimed at removing these barriers have been complicated by the expanding role of large white-owned conglomerates and the growing influence of the global economy in black America.

This paper also expands upon prior scholarship focusing on black entrepreneurship, and black manufacturers in particular. In the past, many scholars considered large-scale black-owned enterprises anomalies, and they characterized the black business community as being dominated by a number of small, rel-

actively marginal, enterprises.¹ In fact, only a few general discussions of black manufacturers are found in the historical record. For example, in 1907, Washington makes reference to black manufacturers. Two of the more prominent were H. C. Haynes, a Chicago based razor strop manufacturer; and A. C. Howard, a Chicago based shoe polish manufacturer.² In addition, Spear briefly discusses Anthony Overton, a manufacturer of haircare products.³

On balance, there is little documentation of the historical development of large-scale black manufacturing enterprises. The lack of such an analysis severely limits our understanding of the relationship between business development in the black community and institutions in mainstream society. This paper presents an unique opportunity for the analysis of large-scale black businesses, since it focuses on the experiences of black manufacturers in a single industry across three distinct historical periods. The consideration of these periods together is crucial, since they highlight how firmly the ethnic beauty aids industry was established as a black institution in Chicago, and how the instability of contemporary black manufacturers in this industry is tied to the historical experiences of black entrepreneurs in general.

Black Beauty Aids Manufacturers in Bronzeville, from the Great Migration to the Great Depression

Race and the Development of Minority Markets in Black Chicago

Chicago has historically had one of the largest concentrations of ethnic beauty aids firms in America. This development was the result of a number of interrelated factors. Being national in focus, the ethnic beauty aids industry needed to be centrally located and in close proximity to major railroad lines. Geographically, Chicago was an ideal location. In the early 1900's, when the ethnic beauty aids industry emerged, Chicago was also a new city, teeming with industry, growth and opportunities. Most importantly, Chicago was a major destination for blacks during the Great Migration.⁴ The Great Migration spurred the development of a sizable market composed of black consumers in Chicago.

Between 1890 and 1930, Chicago's black population grew dramatically. In 1890, Chicago's black population totaled 14,271; and it grew to 30,150 by 1900.⁵ As the migration of blacks continued during the early and mid-1900's, Chicago's black population continued to expand in size. In 1910, Chicago's black population had reached 44,103; in 1920 it was 109,458; and in 1930 it was 233,903.⁶ The emergence of a sizable black population in Chicago at the turn of the century, and the subsequent segregation of this community, allowed for the development of a minority markets on the South Side of Chicago. For example, Drake and Cayton commented that:

The Great Migration created the "Negro market." Both white and Negro merchants, as well as the Negro consumer, became increasingly conscious of the purchasing power of several hundred thousand people solidly massed in one compact community.⁷

The Great Migration had such a strong influence on the development of a minority market on the South Side of Chicago that in 1938, *Time* identified it as America's "centre of Negro business."⁸

As Chicago's black population increased, opportunities for black and immigrant entrepreneurs expanded.⁹ For instance, Drake and Cayton identified over 2,600 business enterprises owned by blacks on the South Side of Chicago in 1938, and over 2,800 owned by Jews.¹⁰ Despite the concentration of black and Jewish-owned businesses on the South Side of Chicago during this period, a number of inequalities existed between the two groups of entrepreneurs. For instance, most of the 2,600 business enterprises owned by blacks on the South Side of Chicago in 1938, "were small retail stores and service enterprises on side streets, or in the older, less desirable communities."¹¹ In contrast, the Jewish-owned businesses identified in the South Side of Chicago at this time were more likely to be located on main streets and in major shopping districts.¹² In fact, in 1938, *Time* reported that virtually all of the commercial property in the major shopping districts on the South Side of Chicago belonged, "to whites, most of them Jews, and they make it tough for Negroes to go into business in these prize areas."¹³

These distinctions, although existing at the parochial level, were a reflection of the relative disadvantages that many black businesses faced in the economy during this period. For instance, both black merchants and black manufacturers in the ethnic beauty aids industry were undercapitalized when compared to their Anglo Saxon and Jewish counterparts in the economy. In part, undercapitalization grew out of the greater levels of racism and racial discrimination experienced by blacks in society. In addition, it stemmed from relative inequalities in wealth between blacks and many other entrepreneurial groups. However, despite these inequalities, a sizable concentration of black manufacturers of ethnic beauty aids existed in Chicago during this period. For instance, Drake and Cayton identified over a dozen black manufacturers of ethnic beauty aids on the South Side of Chicago in 1938, constituting one-third of all manufacturing enterprises owned by blacks in Chicago.¹⁴

Chicago's black manufacturers ran businesses similar to those operated by blacks in other cities during this period. For instance, between 1906 and 1937 Annie Minerva Turnbo-Malone owned and operated a network of cosmetics factories and beauty-training schools under the name Poro College, which were headquartered in St. Louis, Missouri.¹⁵ Similarly, Sarah Breedlove Walker ran the Madame C. J. Walker Manufacturing Company in Indianapolis, Indiana from 1911 until her death in 1919.¹⁶ However, the business climate black manufacturers found in Chicago was different in several respects.

The relatively large number of black manufacturers found in Chicago was unique. Black manufacturers in Chicago accrued many benefits from the agglomeration of black businesses and consumers on the South Side, allowing them to implement their business strategies on a relatively larger scale than black manufacturers in smaller cities. These characteristics allow for a more detailed analysis of the effects of racism and racial discrimination on the business strategies of black-owned firms in the ethnic beauty aids industry. For example, the experiences of an early black manufacturer in Chicago, Claude Albert Bar-

nett, illustrate how the presence of racial barriers affected the business strategies adopted by black manufacturers during the early development of the ethnic beauty aids industry.

Claude A. Barnett: A Black Manufacturer's Response to Racism and Racial Discrimination

Using the Black Press to Overcome Racial Barriers: Barnett's accomplishments in business were tied to the city of Chicago and the opportunities it offered. He made his way to Chicago in the early 1900's, and like many of his peers, he found the city to be a good environment for the pursuit of entrepreneurship in the ethnic beauty aids industry. A number of forces brought Barnett to Chicago. He was born in Sanford, Florida, on September 16, 1889.¹⁷ He was well-educated, graduating from the Tuskegee Institute (Tuskegee, Alabama) in 1906.¹⁸ Barnett's experience at the Tuskegee Institute had a lasting impact on his life, and he maintained strong ties to his alma mater until his death in 1967.¹⁹ However, his education extended beyond the academy. What he learned both formally and informally in daily life made the difference between success and failure. Barnett spent his early adult life working, furthering his education, and cultivating social and political networks. He brought these experiences with him to Chicago, and they influenced his later business decisions.

After college Barnett held various jobs, and upon hearing about growing opportunities for blacks in Chicago he moved to the North. Chicago was a place where Barnett could put down roots and build his business. In 1916 he formed the Associated Negro Press (ANP), the first major wire service for nationwide coverage of news in the black community.²⁰ To Barnett, the ANP was not just a news service, it was a resource for the development of other business ventures. Using the ANP as a negotiating tool, Barnett made several arrangements with black newspapers and magazines around the country, stipulating that the ANP would provide them with stories in exchange for advertising space. Through this mechanism Barnett became a key advertising figure in the black community. His clients included many of the larger black businesses of his time, such as Annie Minerva Turnbo-Malone's Poro Colleges.

Barnett's access to advertising space facilitated several additional business ventures. Most important was a small manufacturing company called the Kashmir Chemical Company, located at 312 S. Clark Street in Chicago. Kashmir was incorporated on February 18, 1918, as a manufacturer of cosmetics and haircare products for black consumers.²¹ Under Barnett, Kashmir was incredibly innovative, both in its national focus and its positive advertising strategy. Unlike many of the small ethnic beauty aids companies that preceded it, Kashmir developed a national market. Three elements facilitated this development: the central location of Chicago as a staging ground for the firm, the ability to gain endorsements from black celebrities and entertainers in Chicago, and the extensive access the ANP had to various black newspapers for advertising purposes. These features allowed Barnett to make several important innovations in marketing.

Barnett was the first manufacturer of ethnic beauty aids to use positive advertisements to sell cosmetics. Prior to Kashmir, a typical advertisement would portray an unattractive woman with the message that to avoid looking like her,

one should purchase a given manufacturer's goods. In contrast, Barnett used positive images. Kashmir's advertisements were known for the use of beautiful black models and celebrities, as well as positive messages about the physical attributes of black women. Kashmir adopted this strategy gradually. When one examines the company's advertisements over time an obvious trend develops, moving from older negative advertisements to more sophisticated positive advertisements. For instance, an example of the earlier format appeared in an advertisement for Kashmir around 1920.²² The advertisement included a picture of a woman sitting alone in a ballroom, with the caption, "Why be a poor neglected wallflower, shunned by everybody, because your skin is ugly and your hair is not pretty? Why not let 'The Kashmir Way' and the Kashmir Preparations put you in the crowd with those who laugh and make merry and feel happy?"²³ At the same time that this advertisement was run, one could see the emergence of positive advertisements by Barnett. For example, a typical positive advertisement during this period featured sensuous photographs of black cabaret dancers and vaudeville stars like Coral Greene, Florence Mills, and Ada Smith.²⁴ The format of such advertisements was simple, photographs of local celebrities were juxtaposed with their endorsements of Kashmir Products.

Kashmir: Racial Identity and the Response to White Competition: Kashmir was successful promoting its products through the black press, and sales grew rapidly. However, the company did not have the necessary financial and legal resources to compete directly with larger white-owned firms. In fact, Kashmir's success attracted the attention of Procter and Gamble, maker of a similar line of products called Cashmere. Procter and Gamble accused the Kashmir Chemical Company of encroaching on its market by introducing a name brand similar to its own. A legal battle over copyright infringement ensued which eventually led to the reorganization of the Kashmir Chemical Company, and the reintroduction of Kashmir Products under a new name, Nile Queen. However, the Kashmir Chemical Company never fully recovered from this confrontation. It survived for a few years with the Nile Queen line of products, but eventually both companies (The Kashmir Chemical Company and the Nile Queen Corporation) were dissolved in December of 1926.²⁵ Although it eventually failed, Nile Queen continued to promote its products with positive messages in the black press. Following "The Kashmir Way," Nile Queen incorporated photographs of beautiful black women with positive statements about their natural attributes. The following passage is representative of the messages that were conveyed to black consumers through Nile Queen advertisements:

There is just as much real beauty in the colored race as in any people of the world if it is properly developed. Only by the most careful make-up can the Caucasian equal the creamy yellow, the matchless browns, and the satiny, glossy dark skin of the Colored Woman. But you must know how to take care of your hair and complexion. The climate of America and the northern countries is not ideal for colored people. Their skin was for centuries accustomed to the mild, balmy atmosphere of India, Africa, southern Italy, France and Morocco. To meet the changed conditions you must exercise extreme care in your selection of toilet articles. Nile Queen Preparations are manufactured in Kashmir Laboratories from the purest of oils and perfumes, after the famous Cleopatra formulas. The Kashmir Chemical Co. is one of the leading Race Business organizations.²⁶

As time progressed, Kashmir and Nile Queen's message became more positive and focused on black consumers. The advertisements emphasized positive aspects of being black, and the company increasingly identified itself as a "Race Business." Appeals were made to black customers, asking them to support the company because it was a black-owned business. This was apparent in the letterhead of the Kashmir Chemical Company which stated, "KASHMIR IS A COLORED CONCERN. We are looking out for our Race. YOU must not fail us."²⁷

The emphasis on race in the advertising strategy used by Barnett and his contemporaries made obvious sense. Black companies were under a constant threat in the business world, and they operated at an extreme disadvantage when compared to larger white-owned companies. So it was good business to try to connect with consumers, and one of the main ties that black businesses had with their customers was race. The "Race Business" theme was not simply a component of a company's advertising strategy, it also carried social meaning. It alerted consumers to the possibility that a company employed black Americans, and it invested in the black community.

Racial identity was an important resource to black businesses. This is indicated in a series of letters that were exchanged in 1920 between the Kashmir Chemical Company and F. B. Ransom, the attorney for the Madame C. J. Walker Manufacturing Company. This incident began when Ransom contacted Kashmir in order to address rumors that were circulating among salesmen about the Madame C. J. Walker Manufacturing Company. His message was clear:

Frequently reports reach this office to the effect that representatives of your Company are spreading the report that the Madam C. J. Walker Manufacturing Company has sold an interest in its business to some white person or concern. . . . There has been absolutely no change in the management of the Madam C. J. Walker Mfg. Company since its incorporation in 1911 and I wish you would at least instruct your representatives that they lay themselves liable to being called into court and make good their charges if they persist in making same.²⁸

Barnett quickly responded to Ransom's letter, denying that the accusations were true, and agreeing to bring the matter to the attention of his employees. He also attempted to defuse this conflict with his competitor through a plea for racial solidarity. In this statement aspects of the isolation that black businesses felt was apparent:

I am very sorry that you have thought it necessary to make a charge which seems to us unjust because it has been in my mind that these leaders in our line would find it of advantage to get closer together in a sort of mutual understanding with an idea of preserving in so far as possible, this particular business within our group. Any time you are in Chicago, we would be very glad to have you drop in and pay us a visit.²⁹

Ransom grudgingly accepted Barnett's explanation, informing him that he had knowledge of a salesman from the Kashmir Chemical Company who had stated that the Madame C. J. Walker Manufacturing Company had "sold out to a white man," but he indicated that the matter was resolved to his satisfaction.³⁰

Ransom's reply to Barnett discussed the disadvantages that black businesses had when competing with larger white-owned companies. He addressed this issue directly in his response:

I rather appreciate the tone of your letter, however, and nothing would please me greater than to see and have a talk with you as I am entirely in accord with you in that organizations such as ours should co-operate fully with each other so as to force such as the Plough's Chemical Company and other unscrupulous white concerns off the market.³¹

The presence of larger mainstream companies tended to supersede competition among black entrepreneurs at the parochial level. However, race was only the most apparent distinction to be made between black and mainstream businesses involved in the manufacturing and distribution of ethnic beauty aids. At a more fundamental level, these firms did business differently. The sales approach adopted by black-owned firms was distinct from the approach adopted by white-owned firms.³² For instance, black-owned firms were more active in the area of door-to-door sales. They were particularly effective at using this approach to sell direct to black-owned barber shops and beauty salons.

Sales Strategies Used in Overcoming Racial Barriers to the Mainstream Economy

Selling door-to-door was a necessity to black companies, since retailing was underdeveloped in the black neighborhoods they served, and since access to the shelves of the few retailers in black neighborhoods was further limited due to racial discrimination by white and Jewish store owners. Even if racial barriers were overcome and black businesses gained access to white and Jewish-owned stores, the high cost of advertising and promoting products made it difficult for them to compete. In order to sell goods through stores, a manufacturer needed to invest capital in advertising to develop and maintain a market. However, black manufacturers were undercapitalized. Because of this, door-to-door sales to black barbers and beauticians were considered a more cost effective way for small and medium-sized black manufacturers to distribute their products. Door-to-door sales allowed black firms to accomplish three things: they made it possible for manufacturers to avoid the racial barriers to market access encountered in white and Jewish-owned stores, they lowered the costs of advertising, and they increased the association of a company's products with "the race" through their affiliation with black barbers and beauty salon owners. In effect, this marketing strategy allowed black manufacturers to overcome racial barriers through the mobilization of ethnic resources.

This strategy can be contrasted with the marketing approach adopted by larger mainstream firms. Typically, a larger mainstream firm marketed their products through drug stores owned by mainstream corporations and Jewish merchants in the black community, and the challenge would be to get black consumers into the drug stores to buy those products. Advertising was the principal mechanism used to facilitate this type of consumer behavior. Mainstream firms targeted black consumers with advertising campaigns featuring black celebrities, who

regularly endorsed their products. The products and the celebrities became synonymous. The association between products manufactured by whites and a black spokesperson was strong; however, these companies did not mobilize informal networks in the black community. Although many black-owned firms lacked extensive advertising budgets and found it difficult accessing the shelves of drug stores owned by mainstream corporations and Jewish merchants, they tended to compensate for these structural disadvantages with the direct sales approach. This approach was beneficial for a number of reasons, particularly in allowing smaller black companies to access informal networks in the black community and get feedback from black customers. While the larger mainstream companies had limited information about the demand for ethnic beauty aids in the black community, black firms were privy to the pulse of the black consumer. As a result, most of the major innovations in the ethnic beauty aids industry came from these smaller black firms.

Direct contact with black customers was the key to getting information and tapping new markets. Murray's Superior Products Company is a perfect example of how these innovations occurred. Claude A. Barnett described how Murray's Superior Products Company got started in a letter he sent to A. L. Holsey, the Secretary of the National Negro Business League in 1933:

The reason I say that periodically a new product will succeed is best illustrated by Murray's success. The preparations for women had enjoyed a vogue for some years. Men disdained them. Suddenly some ten or twelve years ago, men began to show a desire to have their hair slicked. Murray, as an expert barber in one of the shops frequented by these young fops saw the virtue of a preparation which might do it better than the alkali products then in use. He was not the first to make a wax preparation but his was the best, and using barber shops as a medium, the growth of his concern was rapid.³³

Even as other companies followed suit, Murray's Superior Products remained the top manufacturer of hair pomade for men. Charles D. Murray founded the company and operated it until his death in 1955.³⁴ The success of Murray's company resulted from his ability to access informal networks in the black community, and the ability to promote it as a "race business." In these ways, Murray followed a business formula similar to that of his peers.

In addition to maintaining contact with black customers, Murray developed a national market for his products through a sophisticated advertising campaign in the black press. For example, Murray featured endorsements from Joe Louis, the World's Heavyweight Champion, in advertisements for his products that appeared in *The Crisis*.³⁵ Of course, this is a clear representation of the positive style of advertising that Claude A. Barnett pioneered with Kashmir. However, Murray went a step further, featuring himself in an advertisement in *The Crisis*.³⁶ This type of advertisement conveyed a more sophisticated set of messages than found in the standard celebrity endorsement. With Murray the focus, this advertisement portrayed him as a successful black businessman. The advertisement included photographs of his factory, its executive suites, and the black executives and employees who worked there. It was designed to alert black consumers to the connection between purchasing Mur-

ray's products and supporting black-owned business. It was in sharp contrast to white-owned companies that used black celebrities to promote their products, since the black faces on Murray's billboard also reflected the company's board room.

Anthony Overton: The Need for Autonomous Economic Institutions in Black America

Innovative products and good marketing strategies were only part of the formula for successful black entrepreneurship. Blacks had limited economic opportunities, since they faced racial animosity in daily interactions and through institutional discrimination. Black entrepreneurs knew that the success of their businesses was ultimately determined by the degree to which they developed independent resources to drive economic development and growth. One of the best examples of a black entrepreneur whose success was, in large part, attributed to the development of a vast conglomerate was Anthony Overton.

Overton epitomized the successful black entrepreneur of the early 1900's. Like many of his contemporaries, he had humble beginnings before migrating to Chicago. Overton was born in Monroe, Louisiana on June 24, 1864, the son of house slaves.³⁷ His childhood was a reflection of the hopes that many blacks held following the Civil War. Overton's parents encouraged him to pursue his education. After the family moved to Topeka, Kansas in 1877, he was enrolled in high school, and graduated in 1881.

Overton was exposed to business at a early age, and he took to it readily. He worked in a dry goods store, then ventured out on his own as a green grocer.³⁸ His business was profitable, and he eventually sold it, using the proceeds to attend the University of Kansas Law School, where he received his LL.B. degree in 1890. After a brief career as an attorney, Overton was appointed as a judge in the Topeka Municipal Court in 1892. This appointment was the result of Overton's qualifications and his political savvy, which he used to make connections in the local Republican Party. As a municipal judge Overton was effective, but it seemed that his opportunities for advancement were limited because of race. In 1909 he left the bench and entered into a business partnership with another black American, John Forbes, forming the Overton Hygienic Manufacturing Company.³⁹ In its early years, the company manufactured baking powder, flavor extracts, toiletries, cosmetics, and other household items. In 1910, Overton bought his partner out and ran the company alone. In 1911, Overton moved his company to Chicago in order to take advantage of the city's strategic location and its growing business opportunities for blacks.

Overton was able to expand his company in Chicago, building it into a large conglomerate. At its height, Overton's business empire included: the Overton Hygienic Manufacturing Company, the Great Northern Reality Company, the Chicago Bee, the Victory Life Insurance Company, and the Douglas National Bank.⁴⁰ These concerns, along with the agglomeration of other black-owned businesses, comprised a potent force for economic development in Chicago's Black Belt during the early 1900's. The presence of large black-owned conglomerates and the agglomeration of many black businesses in Chicago helped black entrepreneurs cope with racial barriers in the early 1900's. Overton was con-

scious of the social context in which his business was embedded, and he made several efforts to address these conditions.

Overton's business policies were clearly influenced by the racial atmosphere in Chicago and in the country in general. He stressed that his business had an integrated workforce, although he also recognized the need to hire black Americans.⁴¹ This was a strategic issue since heavy scrutiny was placed upon black businesses by institutions in the white community, making it necessary for Overton to emphasize his company's openness to white Americans, particularly in the area of hiring. Overton was also aware of the symbolic meaning of his business to blacks, and the scrutiny he was under by those who viewed his company, and companies like it, as both tokens and icons. To be successful, black businesses had to treat black consumers with respect, while simultaneously proving to mainstream society that they did not favor blacks over whites. Because of this, Overton made marketing decisions reflecting his feeling that his products should not degrade blacks. For example, he refused to manufacture items such as skin bleaches.⁴²

Social stratification within the black community also influenced Overton's business decisions. The growth of the black community in Chicago during the early 1900's was accompanied by a growing black middle class. Many aspects of Overton's business expansion were focused on meeting the needs of a diversifying black community. Increased social stratification in the black community led to greater product diversification in the ethnic beauty aids industry. An early attempt of Overton's to tap into this changing market came with the introduction of the *Half-Century*, a magazine for middle-class blacks; this magazine has been referred to as the precursor of *Ebony*.⁴³

Overton's line of cosmetics was marketed to the black middle class through the *Half-Century*. The magazine was also used to deliver Overton's message on race pride, racial independence and self-help. Of course, these messages were geared toward the middle-class readers of the *Half-Century*, reaffirming their ideological perspective and solidifying class distinctions in the black community. The political message of the *Half-Century* contrasted with other black newspapers and magazines of its time, such as the *Chicago Defender* which appealed to the interests of a black working-class audience. In 1918, Overton phased out the *Half-Century*, replacing it with the *Chicago Bee*, which continued to voice the interests of middle-class blacks until the late-1940's. The importance of the *Half-Century*, and its offshoot the *Chicago Bee*, was both its ideological message and the benefits of conglomeration that it brought to Overton's emerging business empire.

Overton's early experiment in the black press with the *Half-Century* was followed with the creation of what would become other black institutions in Chicago, such as: the Douglas National Bank in 1922, the Great Northern Real Estate Company around the same time, and the Victory life Insurance Company in 1923. These businesses were housed in the Overton Hygienic/Douglas National Bank Building located at 36th and State Street in Chicago.⁴⁴ By 1929 Overton's politics and business strategies were paying off, and the Overton Hygienics Manufacturing Company was assessed by Bradstreet and Dun with a net worth in excess of \$1 million.⁴⁵

Black Manufacturers in Black Metropolis, from the Great Depression to the Civil Rights Movement*The Great Depression Savaged Black America*

Unfortunately, Overton's empire and other black institutions could not weather the Great Depression. Many of the assets of the Douglas National Bank, the Great Northern Real Estate Company, and the Victory Life Insurance Company were lost.⁴⁶ What survived was the core of Overton's business empire: the Overton Hygienics Manufacturing Company and the *Chicago Bee*. When Overton lost control of his other businesses, he consolidated the remaining two in the *Chicago Bee* Building, where they continued to operate until Overton's death on July 3, 1946.⁴⁷ The financial muscle that Overton had developed during the 1920's was gone. All that remained were the ideas, the medium, and the cosmetics that his earlier success was built upon. In fact, Overton's businesses never fully recovered from the depression. In a 1933 letter from Claude A. Barnett to A. L. Holsey, the absence of Overton's company from a list of major manufacturers of ethnic beauty aids is clearly identified, "Estimates furnished me today by one of the leaders in the field and of the Negro group lists the concerns colored and white in their importance as follows: Poro, Mme. Walker, Murray, and Apex. He does not include the Overton-Hygienic in this first four."⁴⁸ In four years the Overton Hygienic Manufacturing Company, a \$1 million concern in 1929, effectively disappeared. Overton's experience helps demonstrate how black businesses could obtain some level of flexibility through conglomeration and agglomeration, but it also demonstrates that despite these advantages, black businesses still ran a high risk of falling victim to broader structural shifts in the mainstream economy.

At the parochial level these shifts led to elevated tension between black consumers and businesses owned by mainstream corporations and Jews in the black community.⁴⁹ In fact, a number of corporate and Jewish-owned stores were boycotted on the South Side of Chicago during this period. These boycotts emerged as black institutions were collapsing under the weight of the depression, while native white and immigrant entrepreneurs continued to remain economically viable in minority markets. Much of the resentment that fueled these boycotts was generated by the uncertainty the Great Depression caused in black America, and the piecemeal approach that the government had adopted to address the economic collapse of the black community. These conditions placed businesses that primarily served the black community at risk when structural factors caused the economy to contract.

Various issues during the Great Depression exaggerated these conditions on the South Side of Chicago. For instance, black consumers tended to draw their incomes from sectors of the economy that were in greater danger of contracting during periods of economic instability. As a result, the gap between unemployment in Chicago's white and black communities more than tripled during the course of the Great Depression.⁵⁰ The economic insecurity black consumers faced created long-term challenges for businesses in minority markets. In addition, black businesses tended to be undercapitalized, and they operated at

lower profit margins than corporate and Jewish-owned businesses in the black community. These problems were both generated and complicated by racial barriers that black entrepreneurs faced in mainstream society. In fact, when black entrepreneurs were able to overcome the economic barriers they faced, racial tension in mainstream society continued to hamper their ability to participate in the economy. The experience of one black entrepreneur, S. B. Fuller, illustrates how these issues affect black business.

S. B. Fuller: A Black Manufacturer Emerges from the Great Depression

Race and the Reproduction of the Ethnic Beauty Aids Industry: Fuller entered the ethnic beauty aids industry toward the end of the Great Depression, a time when many of his predecessors were facing insolvency. Yet, the vacuum the depression created in the ethnic beauty aids industry opened opportunities for young entrepreneurs like Fuller. Similar to the black entrepreneurs who preceded him, Fuller had humble beginnings. He was born on a farm in Ouachita Parish, Louisiana on June 15, 1905.⁵¹ Fuller had a limited formal education, leaving school after the sixth grade. However, he continued to learn about business through work. He had his first job in door-to-door sales when he was nine years old, and with the encouragement of his mother, he continued to develop his business skills with the ultimate goal of running his own firm in the future.⁵² When he was fifteen his family moved to Memphis, Tennessee, and two years later his mother died leaving Fuller responsible for the care of his six brothers and sisters. Fuller continued to take odd jobs and pursue his business goals after his mother's death. However, the opportunity to realize this dream was not available to him until later when he moved to Chicago.

In 1928 Fuller hitchhiked to Chicago, and he found temporary work in a coal yard.⁵³ In 1930, he found a new job selling insurance for the Commonwealth Burial Association Insurance Company. He was successful, even during the early years of the depression, and in 1934 he was promoted to manager. However, Fuller was unsettled in this position and ultimately set out on his own. He came to this decision for a variety of reasons, but broad economic forces were the strongest. The depression was creating instability in the banking and insurance industry during this time, and a shrinking pool of banking and insurance customers, along with the daily uncertainty that the depression caused, made any additional income attractive. In this uncertain environment, Fuller discovered a new business to enter, selling soap door-to-door.

In 1935 Fuller acquired some capital, twenty-five dollars, and he used it to finance his new business. Fuller later reflected on the windfall that launched his business:

"That \$25 was really all the money I had to my name," Fuller said. "And I had that much because I went and had my car refinanced and they gave me \$25 in what they said was some earned interest. I was happy to get it and I wanted to use the money to do something that could do me and my family some good."⁵⁴

Fuller did just that, turning his initial investment in a relatively unknown stock of powders, face creams and lotions into a seemingly endless stream of profits. In just a year he had saved enough money to establish the Fuller Products Company

at 3441 South Indiana Avenue, in the Chicago Defender Building.⁵⁵ In 1939 Fuller Products relocated to a larger facility, a factory at 2700 South Wabash Avenue in Chicago where the company remained for several years.⁵⁶ However, Fuller faced several obstacles to business success, many related to race. In fact, like other black Americans, Fuller found it difficult to obtain loans from mainstream banks to finance his business ventures, so he relied on monies that he could raise in the black community. This was a situation that repeatedly hampered the development of his company.

Fuller's success resulted from the adoption of some of the same business strategies as his predecessors. For instance, Fuller adopted the strategy of door-to-door sales, and it worked. Regular contact with black barbers and beauticians increased the visibility of Fuller's company in the black community. This strategy allowed him to minimize conflicts with white retailers over access to shelf space, and the door-to-door strategy allowed him to identify areas where there was demand for new product. Also, due to racial climate, efforts were made to integrate the workforce of Fuller Products. After acquiring his manufacturing facility on Wabash Avenue, Fuller retained the white employees who worked there. This rare and delicate situation, whites working for a black man, was beneficial to Fuller. In part, this was true because the arrangement provided Fuller with a skilled staff of white workers who could transfer their knowledge to black employees that were later hired. However, the retention of white employees also served a public relations function, since some whites were suspicious of the business practices of black entrepreneurs.

The Limits of Leadership in a Racially Charged Environment: In fact, Fuller became a visible leader in the black community as his business expanded. From 1941 to 1946 he served as the president of the Chicago Negro Chamber of Commerce, and received several awards from black organizations.⁵⁷ Fuller's most notable stride in business came in 1947, when he acquired Boyer International Laboratories, a white cosmetics firm. With this acquisition, Fuller had achieved what many black entrepreneurs could not. He had established himself in the mainstream economy. Boyer International was the manufacturer of Jean Nadal Cosmetics and H. A. Hair Arrangers, product lines that were distributed widely to whites in the South. Nevertheless, this acquisition was not widely publicized, since a black man buying a white company in the South had the potential of generating controversy. So, Fuller made a business decision and purchased the company clandestinely. He later reflected on this take-over in an interview in the *Chicago Tribune*: "The sale was handled quietly and not many people knew the person who bought the company was a black man. The owner had some trouble and wanted to sell it. I wanted to grow, and I was able to buy Boyer."⁵⁸ As it grew, Fuller Products gained notoriety. Fuller's success gave him access to privileges that other black entrepreneurs had been denied. Shortly after the purchase of Boyer International, Fuller became the first black member of the National Association of Manufacturers, and he also maintained membership in a variety of small regional business organizations.

Fuller developed a firm belief in the boundless nature of opportunities available to black Americans. He was confident in the future and believed in the "American dream," and like many Americans he found the brewing social unrest in the country over civil rights to be disconcerting. After all, Fuller judged

the grievances of the emerging civil rights movement in sharp contrast to the future he saw unfolding for himself. In 1956, a year after Rosa Parks sparked the Montgomery Bus Boycott, Fuller held a convention in Chicago to announce his plans to build his business into a \$100 million concern within ten years. At the dinner for the convention Fuller was outspoken, his tone was vividly captured in a story that ran in the ANP.

The story described how Fuller openly opposed comments made by speakers on the after dinner program. He took issue with their calls for legislative remedies to racial discrimination. As the ANP reported:

Fuller tossed aside his prepared speech and gave a description of his own controversial philosophy on race relations. It drew cheers and applause from some of his audience and groans from others. "I am opposed to this thing of passing laws to help colored people," said Fuller. "Colored people need to help themselves. I am not afraid of the people in Tennessee or Alabama. I would not permit any of them to dislike me because I would plunge right in and sell myself to them. That's what the Negro should do all over the South."⁵⁹

Fuller went on to recommend that blacks who were denied the right to vote in the South should simply approach hostile whites and "sell people on their right to vote."⁶⁰ He continued with this line of reasoning:

"Colored People in America must stop assuming and start selling. Colored people can start any kind of corporation anyone else can start. Let them go into business." "No one can keep colored people from getting an education if they want it bad enough. I have often wondered just why we have to go to school with white children? I never had a chance. I did not go to the sixth grade." "The reason for this little misunderstanding down south is that the people down there are Christian. They have been engaged all these years on selling themselves on the idea that Negroes are inferior. If they ever stopped believing Negroes are inferior to them, they could not keep up their attitudes because it would violate the Golden Rule they are taught in their religion."⁶¹

Several elements of Fuller's personal background came together to form his ideology: he was an ordained minister, he grew up in the South during *de jure* legal segregation, and above all he was a businessman. These elements blended into a worldview that combined a strong sense of the entrepreneurial spirit with an equal amount of faith in the ability of whites to use reason when confronted with issues of race. Fuller's beliefs were based on an individualistic ideology which was in sharp contrast to the idea of group mobilization that was growing around the issue of civil rights.

White Racists, Black Businessmen and Black Power at Odds: Ironically, the downfall of Fuller Products can be attributed to confrontations between Fuller and large organized groups. In a strange way these confrontations tested his belief in selling both his products and himself. But at the time Fuller could only see a bright future for his company and race relations. After all, in 1956 Fuller's company had sales in excess of \$18 million, he employed over 5,000 salesmen (one third of whom were white), and he sold over 300 products.⁶² Amazingly, the company was still growing and diversifying. Fuller went on to acquire the Pittsburgh Courier Publishing Company, publisher of the *New York Age* and the *Pittsburgh Courier*, two of the nation's most prominent black newspapers.⁶³ He

also invested heavily in real estate. He purchased the Regal Theater in Chicago, a center for black entertainment, and he owned several smaller businesses in the black community.

Fuller used his network of businesses and investments to promote his products, himself and his ideology. For example, the *Pittsburgh Courier* often ran stories about Fuller. In a typical article, Fuller was quoted boasting about the two issues he gained notoriety for, business and race relations:

Here I am, world; I can match you! I have a God-given gift. I employ more Negroes and know more about them than any Negro in the country. I feel I am here to protect and employ them. To this end have I dedicated my life, and herein lies both my happiness and my love.⁶⁴

The article went on to elaborate on Fuller's business accomplishments, his home in suburban Chicago, and of course his ideology based on his belief in self-help. Increasingly, Fuller returned to the issue of civil rights:

"I have always felt, and I still say, that the salvation of the Negro lies in the Negro himself," Fuller reminisced. "The sit-ins, stand-ins, move-ins . . . you name it," he continued, "all might be fine. But what do they accomplish? The important thing is for us to do, as Negroes, is to appraise ourselves; acknowledge the truth and improve ourselves." The prominent industrialist maintains that if half the money Negroes are now donating to what they call civil rights causes, were diverted into established Negro businesses . . . thereby providing jobs for other Negroes, we would not only solve the relief problem but we would gain a maximum of respect.⁶⁵

Ironically, Fuller made these statements after he had come under attack by the White Citizens' Council, a white supremacist group in the South.⁶⁶ The White Citizens' Council organized a boycott of Boyer International in retaliation for similar boycotts staged by blacks in the South. In response, southern store owners pulled Fuller's products off of their shelves, sales of Jean Nadal and H. A. Hair Arranger dropped, and Fuller was forced to sell off the Boyer lines. This was devastating, because at the time, 60 percent of Fuller's sales were to whites through the Boyer lines in the South. However, Fuller stuck to his values stating that he had, "always believed that black producers should sell to white customers, the same way whites sell to blacks."⁶⁷ He went on to say, "If there hadn't been racial problems, we would be well over the \$100 million mark."⁶⁸

The boycott by the White Citizens' Council heightened Fuller's sensitivity to some issues concerning race. His business decisions were influenced by the knowledge that whites scrutinized black businesses. This is illustrated in a comment made by Fuller in a 1963 interview in *U.S. News & World Reports*:

Here, in our organization the white people are very sensitive about being treated as inferior in our organization. They are more concerned about discrimination than the Negroes are. One thing I find in my organization is this: If I don't watch very closely, the Negro bosses here will discriminate, and hire all Negroes and no whites. I'm constantly watching them to see that they hire people on their merit and not on the color of their skin.⁶⁹

Fuller's experience with the boycott created a desire to be free of scrutiny from whites, and this compromised his credibility in the black community on issues

concerning racial discrimination. Fuller made several efforts to distance himself from the civil rights movement. He articulated a position that the civil rights movement was misguided and that it reinforced the notion of blacks as second class citizens. Fuller's statements enraged many blacks who saw him as an apologist, or an "Uncle Tom." Fuller's response to these accusations was fiery, "No Negro Calls me an 'Uncle Tom.' He can't call me 'Uncle Tom' because I employ white people. And 'Uncle Tom' never employed any white people."⁷⁰

Tensions between Fuller and civil rights advocates came to a head in late 1963, over a speech he delivered to the National Association of Manufacturers. In this speech he stated that, "a lack of understanding and not racial barriers was keeping blacks from making progress."⁷¹ This was a reiteration of Fuller's earlier comments, but he was increasingly reaching a mainstream audience. When Fuller was making these statements to a predominantly black audience it was perceived as a healthy dialogue in the black community, but the possibility that his statements would somehow undermine efforts to expand civil rights prompted a strong response from black organizations. Fuller Products was targeted for a consumer boycott, but this time it was organized by black Americans.

Fuller never understood why blacks chose to boycott his products. He believed his message had been misinterpreted. In all fairness, Fuller probably thought that his belief that the black community was suffering from economic deprivation, which could only be addressed through the development of internal resources, was the central concern of his people. This was the perspective of Fuller and other black entrepreneurs who preceded him. It reflected their experiences, their sense of the world, and the views of their upper-middle-class peers. Unfortunately, Fuller's opinions were not shared by blacks from other social strata. His inability to defer to these individuals and to understand that they did not share his experience as an entrepreneur was instrumental in Fuller's undoing.

Fuller's clashes with the White Citizens' Council and civil rights advocates had devastating effects on his business, but his inability to weather these attacks was a reflection of deeper institutional forces that undermine all black-owned businesses in minority markets. In fact, the boycott of Fuller Products by black consumers took place during a period of growing tension between black and white America, and it signaled a general shift in the racial climate in mainstream society. This same atmosphere of racism and racial discrimination precipitated confrontations at the parochial level between black consumers and immigrant merchants during the 1960's. For instance, the Watts Riot in Los Angeles occurred after the police killed a black motorist, although at the parochial level it resulted in conflicts between blacks and Jewish merchants.⁷² Similarly, the assassination of Martin Luther King Jr. in 1968 resulted in the looting of Jewish-owned stores in several black neighborhoods around the country.⁷³ Thus, in Chicago Jewish-owned businesses were damaged due to extensive looting and arson where "several blocks on Madison and Roosevelt were completely flattened, resembling more of an open plain than the aftermath of a riot."⁷⁴

The demise of Fuller Products was a result of the endemic problem that this racial climate had historically produced for black entrepreneurs, particularly when trying to gain access to credit and mainstream markets. In fact, this became apparent after the immediate effects of the boycotts had passed, and Fuller attempted to reorganize his company. Fuller structured a deal to sell Boyer In-

ternational to a white buyer in New York City, and he used the proceeds of the sale and a bank loan that they attracted to leverage a new project, the Fuller Department Store in Chicago. With the acquisition of a department store, Fuller believed he could make his business more resilient and flexible. Door-to-door sales could be used strategically to expose the company to new customers, while established markets could be maintained by a single store in a fixed, centralized, location. Fuller would receive an additional benefit from owning his own department store, in reducing the risk of having sales damaged due to boycotts and white merchants pulling products from their shelves. But financial constraints put the Fuller Department Store out of business.

Shortly after Fuller had used the proceeds from the sale of Boyer International to leverage the purchase of the Fuller Department Store, the buyer in New York pulled out of the deal and Fuller was left in debt. To make matters worse, Fuller had been extending credit to welfare recipients. This created a confrontation with the Social Service Administration in Chicago.⁷⁵ The Fuller Department Store had established a policy where welfare recipients could purchase up to \$100 worth of goods for \$30 down. The Social Service Administration publicly urged their clients not to honor these debts with Fuller. As a result, these consumers stopped making payments and Fuller was left with over \$1 million in uncollectible debts. Because of these setbacks Fuller Products declared bankruptcy in 1968, and sold off most of its real estate and newspaper holdings.⁷⁶ Fuller was left with his cosmetics and toiletries lines. Bankrupt, in debt and with little capital, Fuller refocused on the old formula, door-to-door sales. At this point, Fuller was relegated to a minor position in the business world. However, he remained active in Chicago's black business community until his death in 1988.⁷⁷

From the Civil Rights Movement to the Global Economy, Corporate America Raids the South Side

The Growing Influence of Outsiders in Black America

Fuller was like many of the black entrepreneurs who preceded him. His company experienced a period of rapid growth due to its unique position in the minority market; however, it could never make the jump from being a medium sized firm to a corporate giant. Attempts to move into the mainstream economy were thwarted by social barriers, institutional barriers, and outright racism. Yet, the need for Fuller's company to grow was ever present, since large mainstream competitors were encroaching on his market. In fact, black entrepreneurs found their ability to compete economically diminishing at all levels in minority markets during this period. For instance, in the area of retailing, black entrepreneurs faced stiff competition from better capitalized corporate and Jewish merchants historically, and in the early 1970's they also began to be crowded out of the market by Korean merchants in the black community.

Although Jewish merchants were beginning to retreat from the black community during this period, blacks were blocked from participating in ethnic succession by the growing presence of a better financed group of Korean merchants. However, these conditions at the parochial level simply mirrored growing inequalities between black manufacturers and larger white-owned conglomerates,

where the true struggle for control of the ethnic beauty aids industry unfolded. However, black manufacturers were at a greater disadvantage as time passed, since the costs of doing business were increasing as white-owned conglomerates invested more time and resources in marketing strategies in minority markets. The problems that black manufacturers faced were further compounded by the persistence of racial barriers to capital and mainstream markets.

As a result, competition from larger white-owned conglomerates intensified in the ethnic beauty aids industry, and black manufacturers found few options open to them beyond the traditional business strategies used by blacks to cope with racism and racial discrimination in the economy. The experiences of another black businessman, George Johnson, illustrate how the nexus between racial discrimination in mainstream society and the growing involvement of white-owned conglomerates in minority markets affected the stability of black manufacturing in the ethnic beauty aids industry.

George Johnson: A Black Manufacturer at the End of the Civil Rights Movement

Steering Black Manufacturers to Minority Markets: The most pervasive issues that George Johnson faced as an entrepreneur in the ethnic beauty aids industry were racism and growing competition from large white-owned companies. However, the two issues were closely related, since the inability to compete with larger companies resulted in part from earlier capital constraints linked to racial discrimination. Obtaining capital for entrepreneurship was critical to Johnson, since he came from a working-class background and had little personal wealth to start his business with initially. Johnson was born in Richton, Mississippi, on June 16, 1927.⁷⁸ Two years after his birth his mother relocated the family to Chicago, where she planned to find work. Johnson grew up in the city, and attended school until the eleventh grade. In 1944, he left school and began to work at Fuller Products. He started as a door-to-door salesman, and after a few months became a production chemist. By the early 1950's, he had been promoted to production manager at Fuller Products. However, Johnson had recently married, and he began to search for ways to increase his income. In 1954, he decided to resign from Fuller Products and go into business himself.

Johnson developed a new formula for hair-straightening and entered into a business partnership with a Chicago-based barber, Orville Nelson, whose clientele included notable black celebrities such as Duke Ellington and Nat King Cole. The partnership would take advantage of both Johnson's and Nelson's strengths: "Nelson took charge of promotions and sales, given his built-in client base, and Johnson oversaw the manufacturing responsibilities."⁷⁹ The two men agreed to contribute \$250 each to this business venture, and this was when Johnson faced his first racial barrier to obtaining venture capital for his business. He went to a local white-owned finance company to get a loan and "an unimpressed loan officer called the idea 'ridiculous' and turned him down."⁸⁰ A few days later Johnson went to another branch of the same company and applied for a \$250 loan for a fictitious vacation to California, and was approved. With this capital, Johnson established the Johnson Products Company, and launched its first product line, Ultra Wave Hair Culture.

After a short period of time, the partnership between Johnson and Nelson was dissolved, and Johnson retained control of his company. In 1955, Johnson's wife and brother had joined the company and Johnson worked to develop a market for his products. He began developing this market in Chicago and then branched out to other cities. Johnson "hustled as a one-man sales force through the city's black barber shops, and soon his swings took him to Indianapolis, Detroit and beyond."⁸¹ Johnson cultivated a market for his products in the black community. In his first year of operation, sales reached \$18,000.⁸² In his second year they rose to \$75,000.⁸³ By 1958, the company had to move to a three story manufacturing facility to accommodate growing demand, as its sales reached \$250,000.⁸⁴ At this time, Johnson Products was exclusively selling its products to black barbershops; however, their popularity eventually pushed Johnson to expand into the retail market. In 1966, Johnson Products marketed a low priced line of products to black consumers. The products were promoted through a marketing campaign in the black press, and sold through chain stores and discount stores owned by Jews and Koreans that Johnson could access in the black community.

Although confined to the black community, Johnson's experiment with the retail market was successful. In 1969, Johnson Products became the first black owned company to be listed on the American Stock Exchange. Johnson raised \$8,400,000 in the public offering for expansion purposes. Although this allowed Johnson to overcome barriers to capitalization that he had experienced in the past, it also made his company, and the ethnic beauty aids industry, more visible to potential competitors in the corporate world. Despite the large sum that Johnson raised, he was still limited to minority markets, in part because he was not well enough capitalized to break out of this niche market and compete with larger conglomerates, but also because racial barriers were still constraining the growth of Johnson Products. So Johnson focused on advertising and developing new products for the minority market. For instance, in 1970, it was pointed out that, "Almost all of his \$2,000,000 advertising budget goes into black print media, radio and an occasional TV special aimed at nonwhites."⁸⁵ Faced with limited access to mainstream markets, Johnson expanded the scope of advertising in the black community, by utilizing the print media and through sponsoring television shows that targeted black Americans, such as the program "Soul Train."

Johnson Products grew rapidly in the 1970's, and it became the largest black manufacturing company in the country. Between 1968 and 1973, the company's sales quadrupled.⁸⁶ In 1971 gross sales were \$14 million, they grew to \$24 million in 1973, and reached \$39.4 million in 1976.⁸⁷ However, racial barriers and growing competition began to weigh heavily on the company by the mid-1970's. The first indication that Johnson Products had reached its limits came in 1975 when Johnson attempted to introduce a product to white consumers. The product was Black Tie, a cologne for men. However, Johnson was unable to gain access to upscale department stores to market this product. In fact, the distributors who carried the product insisted on placing it in the ethnic section of chain stores and on steering it toward Jewish and Korean-owned stores in the black community. This practice undermined Johnson's efforts to reach white consumers. Johnson's comments about the fate of Black Tie clearly identify how race became a barrier to market entry:

It was clear that the hang up was the fact that this particular fragrance, specifically developed for the general consumer market, was produced by Johnson Products, a black manufacturer. When all the dust settled, the debacle cost our company around \$8 million.⁸⁸

The Black Tie affair was only the first in a number of events that led to the demise of Johnson Products.

The Role of Government and Corporate America: In 1976, Johnson Products was the target of selective regulation by the Federal Trade Commission (FTC). At that time, the FTC ordered Johnson Products to issue safety warnings on its products containing lye, while larger white-owned companies with similar products on the market were not required to issue such warnings. Johnson challenged the order, but the FTC claimed that, "it went after Johnson's company because it was the market leader."⁸⁹ Two years later, the FTC changed its policy and began to apply its regulations to white-owned conglomerates who manufactured products containing lye as well. However, by this time irreversible damage had been done to the reputation of Johnson Products. In the end the company lost market shares, since black consumers saw the FTC warnings as an indication that their products were unsafe. To protect his company, Johnson solicited support from leaders in the black community. In the late 1970's, Jesse Jackson launched a campaign to urge retailers and consumers to buy ethnic products made by blacks. However, these efforts failed to stop the decline of Johnson Products.

In 1980, Johnson Products' market share in the ethnic beauty aids industry had declined from 60 percent to 40 percent.⁹⁰ By 1984, Johnson products had reported a net loss of \$4.1 million, and this loss reached \$4.5 million the next year.⁹¹ This reflected an industry-wide trend for black manufacturers. As the 1980's progressed, the market shares of black manufacturers in the ethnic beauty aids industry were declining, while those of white-owned conglomerates were increasing.⁹² Many blacks in the industry suspected that larger white-owned companies aimed to control the ethnic beauty aids industry. In 1986, this suspicion was affirmed in comments made by the president of Revlon's professional products division in *Newsweek*, "In the next couple of years, the black-owned businesses will disappear. They'll all be sold to white companies."⁹³ This statement drew heated criticism in the black community. Jesse Jackson announced a national boycott of Revlon products, and the American Health and Beauty Aids Institute (AHBAI), an organization of black businesses in the ethnic beauty aids industry, added \$3 million to its existing \$2 million campaign designed to encourage black consumers to buy ethnic beauty aids manufactured by blacks.⁹⁴

Johnson supported these efforts and attempted to mobilize resources in the black community to rehabilitate his company. He also returned to marketing strategies used by earlier black entrepreneurs. In 1985, he launched a new line of products using a celebrity endorsement. This was the Team Jordan personal products line, a line of men's products endorsed by Michael Jordan of the Chicago Bulls. However, Johnson continued to face the same racial barriers to product development with Team Jordan as he did with Black Tie, which kept the products away from white consumers. The inability to enter the mainstream market, and growing competition from white-owned conglomerates in minority markets,

forced Johnson to make a number of changes in his company. In the mid-1980's, Johnson Products downsized, making cuts in its workforce and salaries. Johnson also began to liquidate the company's assets to raise capital. In 1987, Johnson borrowed \$10 million against his company, sold real estate near the company's headquarters for \$1 million, and sold the company's beauty school and salons in order to raise capital.⁹⁵ However, these efforts had little effect, and Johnson Products continued to experience financial troubles. In 1988, the company reported a \$2.3 million loss.⁹⁶

Johnson eventually had to relinquish control of his company in 1989, after divorcing his wife. However, he remained involved at Johnson Products, acting as a consultant. As a result of the divorce, Johnson's son, Eric Johnson, became the president of Johnson Products. Eric Johnson continued to downsize Johnson Products in an attempt to lower the company's operating costs. By 1991, the strategy had resulted in a slight recovery for the company. Johnson Products earned \$3.2 million in profits that year.⁹⁷ Despite this turn of events, Eric Johnson eventually left the company in 1992 due to internal conflict with its board of directors. The following year, Johnson Products was purchased by the Ivax Corporation, a large white-owned pharmaceutical company based in Miami, Florida.⁹⁸ By this time, Johnson had severed ties with Johnson Products, living off other investments and real estate he had acquired over the years.

Continuity and Change for Black Manufacturers, 1890–1990

This paper has examined the experiences of three generations of black manufacturers in Chicago's ethnic beauty aids industry. The first generation was active from the Great Migration to the Great Depression, a period when many of the core business strategies adopted by black manufacturers were formulated in a systematic manner. The second generation was active from the Great Depression to the civil rights movement, a period when black manufacturers in the ethnic beauty aids industry demonstrated their resilience during both economic and political instability. The third generation was active from the civil rights movement to the early 1990's, a period when competition from corporate America increased as the global economy expanded.

Each of these historical periods has imprinted contemporary minority markets on the South Side of Chicago. For instance, many current themes related to ethnic solidarity and self-help in the black community can be traced to the first historical period examined in this paper. Similarly, these themes have been rearticulated in a broader message of group mobilization and equality that emerged in the black community during the civil rights movement. In addition, although isolated from white America, minority markets are increasingly being exposed to the global economy. New waves of immigrants are taking on traditional entrepreneurial roles in the black community, while at the corporate level, large white-owned conglomerates are increasingly pursuing profits in the black community.

Many continuities are found in the experiences of black manufacturers in Chicago's ethnic beauty aids industry, as a result of imprinting from one historical period to the next. For instance, all of the black manufacturers discussed in this paper coped with capital constraints, which limited the scope of their busi-

ness activities. However, these constraints were compounded by racial barriers to business development. All of the black manufacturers also found it difficult to gain access to stores owned by native whites and immigrants. This limited their ability both to reach black consumers and to enter the mainstream market in order to sell their products to white consumers. In addition, the black manufacturers reacted to the perception that their businesses were heavily scrutinized by whites. In some instances, this scrutiny resulted in consumer boycotts initiated by angry whites who opposed the participation of blacks in the mainstream economy. In other instances, this scrutiny took the form of legal action aimed at protecting white-owned companies from black-owned competitors. In some instances, such conflicts between black and native white Americans aggravated tension at the parochial level between blacks and immigrant entrepreneurs, such as Jews and Koreans. However, the end result was that black manufacturers were unable to compete on equal terms with white manufacturers. This was not simply an issue of business size, but a more complex dynamic incorporating racial cues.

A number of adaptations emerged in response to the racial and economic barriers that black manufacturers faced. Hindered by capital constraints and racial discrimination, black manufacturers chose to mobilize ethnic resources in the black community. They focused on developing the minority markets in which they were embedded. By doing so, they benefitted from the knowledge gained through informal networks in black barber and beauty shops. Black manufacturers also augmented their influence in the black community by utilizing the black media. These were important resources for black entrepreneurs, who faced competition from better capitalized white-owned conglomerates. The ability of black manufacturers to cultivate ethnic solidarity in the black community was vital to their survival, despite the growing interest of white-owned conglomerates in the ethnic beauty aids industry.

The issues raised in this paper add important dimensions to the discussion of black-owned businesses. In the future, research is needed to determine the degree to which these issues apply to more general discussions of the underdevelopment of black business. Such an analysis would add additional support to larger arguments about how black businesses are shaped by economic and social constraints in society, many of which grow out of the experiences blacks have with racism and racial discrimination in America. In conjunction with this paper's findings, a general analysis of the underdevelopment of business in black America would expand our understanding of how social conditions, reproduced in different specific forms across historical periods, have compelled black business to remain outside of the mainstream economy and confined to minority markets.

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39. There is some dispute over the year that the Overton Hygienic Manufacturing Company was formed. A notation in *The Crisis* dates the company's inception back to 1898 in Kansas City, see *The Crisis* (September 1915): 242. Also, Ingham dates the company back to the same date; see Ingham and Feldman, *African-American Business Leaders*: 492-499. However, the confusion seems to be the result of an earlier company operated by Overton going bankrupt and later being reorganized by Overton and Forbes in 1909.
40. The genesis of this conglomerate is briefly described in "Chicago Claims Supremacy," *Opportunity* (March 1929): 92-93.

41. Flynn, *Negroes of Achievement in Modern America*: 109-120.
42. Ingham and Feldman. *African-American Business Leaders*: 492-499.
43. Ibid.
44. Russell L. Adams, *Great Negroes Past and Present* (Chicago, 1964): 71.
45. "Anthony Overton, Known As the 'Merchant Prince' of His Race, Heads the Overton Hygienic Manufacturing Company, Rated by Bradstreet and Dun At a Million Dollars," *Pittsburgh Courier* (10 August 1929).
46. Drake and Cayton, *Black Metropolis*: 462-463; Spear, *Black Chicago*: 184.
47. Ingham and Feldman. *African-American Business Leaders*: 492-499; "Anthony Overton, Obit," *Chicago Tribune* (4 July 1946).
48. Barnett's letter to A. L. Holsey the Secretary of the National Negro Business League, 4 March 1933, Claude A. Barnett Collection, Chicago Historical Society, Chicago, IL, Box 261, Folder 6.
49. Cohen, *Making a New Deal*: 151-154; Drake and Cayton, *Black Metropolis*: 439-453.
50. Drake and Cayton, *Black Metropolis*: 214-218.
51. *Dudley's Haircare Fact Book* (Greensboro, 1993): 24-27.
52. Ingham and Feldman. *African-American Business Leaders*: 244-249.
53. *Dudley's Haircare Fact Book*: 24-27.
54. "The Dean of Black Entrepreneurs," *Chicago Tribune* (9 June 1987): 3-1.
55. "Fuller Brings It To Your Door, House-To-House Selling Pays Off," *The Chicago Defender* (26 May 1951): 13.
56. Ibid.
57. Ibid.
58. "The Dean of Black Entrepreneurs," *Chicago Tribune* (9 June 1987): 3-1.
59. ANP release titled "Largest Cosmetic Business Holds Annual Conference, Plan \$100 Million Concern," 39 July 1956, Claude A. Barnett Collection, Chicago Historical Society, Chicago, IL, Box 261, Folder 7.
60. Ibid.
61. Ibid.
62. "Aiming for \$100-Million Sales," *Fortune* (September 1957): 76.
63. Ingham and Feldman. *African-American Business Leaders*: 244-249.
64. "Salvation of Negro in America Lies in Controlling Economy," *Pittsburgh Courier Centennial Edition* (17 August 1963): 4-1.
65. Ibid.

66. "S.B. Fuller, A Man and His Products," *Black Enterprise*, 6.1 (August 1975): 46.
67. Ibid.
68. Ibid.
69. "A Negro Businessman Speaks His Mind," *U.S. News & World Reports* (19 August 1963): 58.
70. Ibid.
71. "The Dean of Black Entrepreneurs," *Chicago Tribune* (9 June 1987): 3-1.
72. Paul Bullock, *Watts, the Aftermath, an Inside View of the Ghetto, by the People of Watts* (New York 1969); *California Governors Commission on the Los Angeles Riots, Violence in the City—An End or a Beginning?* (Los Angeles 1965).
73. Howard Aldrich and Albert J. Reiss, Jr., "The Effects of Civil Disorder on Small Business in the Inner City," *Journal of Social Issues* 26.1 (1970): 187-206.
74. Ibid., 191.
75. "S.B. Fuller, A Man and His Products," *Black Enterprise*, 6.1 (August 1975): 46.
76. Ibid.
77. "S.B. Fuller Dead, a Business Legend, Obit.," *Chicago Defender* (25 October 1988); "S.B. Fuller, Black Entrepreneurs' Dean, Obit.," *Chicago Tribune* (26 October 1988).
78. Ingham and Feldman, *African-American Business Leaders*: 357-366.
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80. "Making Black Beautiful," *Time* (7 December 1970): 87.
81. Ibid., 88.
82. Ingham and Feldman, *African-American Business Leaders*: 358.
83. Ibid., 358.
84. Ibid.
85. "Making Black Beautiful," *Time* (7 December 1970): 88.
86. Ingham and Feldman, *African-American Business Leaders*: 360.
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90. Ibid., 362.
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94. Phyllis Furman, "Ethnic Haircare Marketers Battle for Shares," *Advertising Age* (2 March 1997): 52.
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97. "Brawl in the Family at Johnson Products," *Business Week* (23 March 1992): 34; "Johnson Products Co. Regrouping After Family Row," *Black Enterprise* (May 1992): 17.
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