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From Red Lines to Brown Circles, Again: Reviving the Legacy of Maggie L. Walker for Inclusive Economic Liberation



SHEKINAH MITCHELL
Community Builder

**“Cash rules everything around me
C.R.E.A.M., get the money
Dollar dollar bill, y’all”
Wu Tang Clan**

The hook to the popular song, C.R.E.A.M by hip-hop group, Wu-Tang has been widely referenced in American culture and music since its release in 1994. You don’t have to be a Wu-Tang Clan fan to identify how these lyrics may illuminate some of our nation’s greatest values—money and capitalism. In fact, racism as we know it was actually constructed and fueled by capitalism. Author of “How to be an Anti-Racist,” Ibram X. Kendi calls racism and capitalism conjoined twins! This dynamic duo has fueled some of the most treacherous institutions for Black and brown communities in our country: the gruesome 200-year American enslavement of Africans, the 13th amendment, the prison industrial complex, human trafficking syndicates (both sexual and labor)² and now the invisible, yet intentional racialized disparities we see today. We can see the cumulative impacts on these ties by looking at income and wealth by race.

According to 2019 census data, Blacks earned a median income of 61 cents for every dollar compared to whites, and Hispanics earned 74 cents.³ Beyond income (cash flow), net worth (assets minus debt) gives an even clearer indication of wealth, and whether considering the median or mean family wealth, Black and brown households have less than 20% of the wealth white households have according to the Federal Reserve Bank’s 2019 Survey of Consumer Finances.⁴

	White	Black	Brown
Median family wealth (50 th percentile)	\$188,200	\$24,100	\$36,100
Mean family wealth (average)	\$983,400	\$142,500	\$165,500

The tethered relationship of capitalism and racism requires that the dialogue about a more racially equitable Richmond include an honest conversation about money and wealth. We address this by invoking the legacy of Richmond’s own, Maggie L. Walker, to rebuild access to our own financial institutions with inclusive practices aimed at closing racial disparities and promoting communal gain over capitalism.

**“Cash is king, but credit is power.”
Marriet Allen**

When it comes to cash, recent legislation to ultimately raise Virginia’s minimum wage to \$15 an hour and Richmond’s Office of Community Wealth Building’s campaign to define what a living wage is for our community and reward organizations meeting those benchmarks, are examples of work happening to get more cash in the hands of

From Red Lines to Brown Circles, Again:

Richmonders. Other programs like the Giving Wall support low-income families in meeting one-time immediate cash needs. The pandemic brought an influx of family cash payments and small business grants which helped meet short term cash needs for families and entrepreneurs. While there is still much work to be done, the faithful advocacy for workforce reform and a renewed focus on small business investment are pushing us in a more hopeful direction.

However, in today's society, whether building wealth through homeownership (mortgage) or through entrepreneurship (startup loan, line of credit, business credit card etc.), engaging with financial institutions to borrow money has become a prerequisite for building wealth.

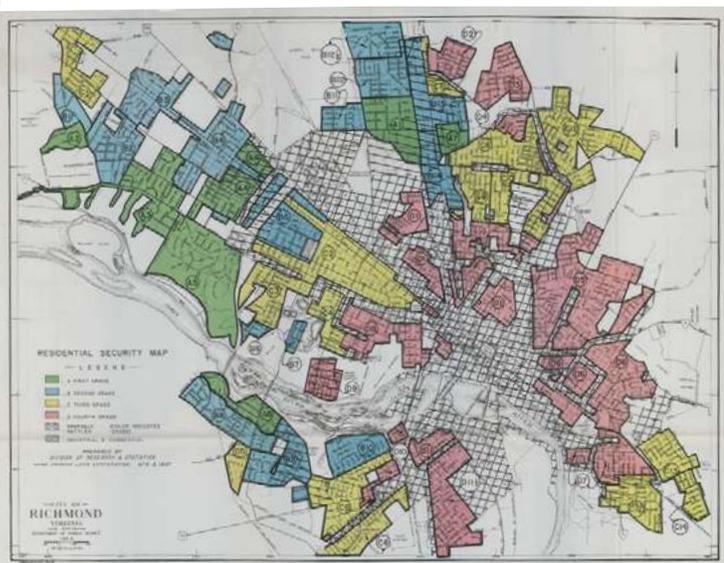
With this in mind, if I were to remix Wu-Tang's classic, the title would be C³.R.E.A.M. because cash, credit and capital are ruling American life. This interdependent trio of cash, credit and capital are the formula to determine wealth in this nation, and all three are tied to financial institutions and economic systems of racialized oppression.

The Red Lines that Got Us Here

In most cases, the traditional paths to building wealth in our nation require engaging with banks and other financial institutions for mortgages and business loans, but these institutions are still grappling with the consequences of redlining.

These red lines changed the social and economic trajectory of Richmond and communities across the country, deeply restricting access to mortgages, business loans and other capital. As shown in the map below, Richmond's East End, North Side, Jackson Ward and parts of South Side within closest proximity to downtown, were all redlined.

These lines were used to divide, separate, and reinforce racial hierarchies, and consequently affirm a white supremacist culture of self-interest over communal impact.



Mapping Inequality: Richmond, Virginia 1940⁵

Although policy has changed, for many communities in Richmond, these red lines have not been erased. Through programs like credit counseling and repair and down payment assistance, we have spent our efforts building on-ramps for people of color to be considered worthy by banks. Community development financial institutions and credit unions offer special loan funds and try to leverage government programs like opportunity zones and tax credits to incentivize investment and development projects in communities of color and low-income neighborhoods. In many cases these products and programs are paired with capital from traditional banks in order to close gaps and make the development projects profitable and viable. These efforts have made a difference for some families in our community; however, this falls short of justice.

Our goals must grow beyond increasing bankability into financial systems built on capitalism corrupted by racism and instead stretch to create inclusive, communal pathways to economic liberation.

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Lines are being re-drawn today through gentrification. If you want to buy a house, you need to qualify for a mortgage, and you will pay back on average 171%⁶ of what you borrowed and that is after having the cash for a down payment and closing costs and a qualifying credit score, which are also racially discriminatory.⁷ Lines are drawn in entrepreneurship because, “According to findings from the U.S. Chamber of Commerce, Black entrepreneurs are nearly three times more likely than White entrepreneurs to have business growth and profitability *negatively* impacted by a lack of financial capital.”⁸

Back to Brown Circles: What Would Maggie Do?



Maggie Walker established St. Luke Penny Savings Bank in 1903 with money collected from members of the Order of St. Luke, making her the first African American woman to found and become president of a bank.

“The pennies, dimes and dollars of one individual may be few indeed, but the combined dimes and dollars of a thousand individuals changed the weak word few into the powerful word many.”

Maggie L. Walker⁹

When others were drawing red lines, Maggie was building brown circles.

Her strength and power were rooted in her ability to see collective opportunity over individual gain. She knew that even though individual Black households had very little income, the power of pooling those resources together could create a mighty force. Part of Maggie’s legacy is being the first woman to own a bank, and because of that incredible accomplishment during the Jim Crow era, the St. Luke’s Penny Savings Bank offered mortgages, savings accounts, small business loans and other products that contributed to Jackson Ward becoming the Black Wall Street and the Harlem of the South. Maggie did banking differently, and here are some examples of how she prioritized the needs of her community over business as usual:

- St. Luke’s Penny Savings Bank made loans as low as \$5, which was roughly one week’s worth of wages and is equivalent to roughly \$150 today.¹⁰

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- Her bank's hours went into the evening 6 days a week to be accessible to her constituents who worked during the day.¹⁰
- Maggie had community-based credit committees that relied on references (not solely on income, algorithms or credit score).¹⁰
- While traditional banks required 40% down during those times, St. Luke's Penny Savings Bank accepted 10% down, which would be equivalent to 5% down in today's market.¹⁰
- Her bank used a collective decision-making model where all stockholders (even those with a fraction of a share) had voting rights and input on operations.¹⁰
- Maggie engaged youth as ambassadors and employees, going door to door to build trust in St. Luke's Penny Savings Bank. Freedman's Savings & Trust was funded by congress to serve Blacks in 1865, but was out of business because of corrupt white managers by 1874. Black depositors only got on average 60% of what they deposited, and many lost all their money. Maggie was battling uphill against well-deserved distrust.¹⁰

Maggie's strategies to do banking differently led to providing financing through St. Luke's Penny Savings Bank for 40% of Black-owned homes in Richmond. By the 1920's, 650 of these mortgages were completely paid off.¹⁰ These practices and subsequent outcomes are outstanding, and over one hundred years later, Richmond still craves the revival of this legacy, while most of our historically Black communities are grappling with poverty and gentrification.

If she was able to accomplish so much in the early 1900's, can you imagine what would be possible if we did that today?

So often, we forget that the story of African Americans does not start on our knees in shackles on Native American land, but it begins in Africa full of rich traditions, culture and a village mentality. Linear thinking, individualism, either/or thinking, zero sum gain are all traits of white supremacy culture.¹¹ Communities of color traditionally aren't linear but communally minded, and we need to combine the opportunities for wealth building with a collective mindset to begin breaking repetitive cycles of injustice.

What Would Brown Circles Look Like?

Brown circles are strategies to close racialized economic disparities by prioritizing inclusive, communal benefit over maximizing individual profit.

Here are some examples of brown circle strategies:

- Black and brown folks pool resources into a neighborhood/community LLC to:
 - » Collectively purchase properties and land in gentrifying communities to develop housing ourselves and preserve affordable access to communities.
 - » Assist home-owners who are behind on taxes or without the capital to update their homes to "age in place" by providing low-interest capital and an alternative to losing their homes because they are tax delinquent or from predatory offers far below what their homes are worth.

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- Long-term action: Start a Richmond-based, Black-owned credit union or bank:
 - » Offer low-interest mortgages, HELOCs, lines-of-credit, credit cards, micro-lending, low-interest small business loans and other financial products based on community need that look beyond racialized algorithms and credit scores to determine credit-worthiness.
 - » Funding sources:
 - Account holders—share the vision with friends, family-members, neighbors, businesses, foundations, nonprofits etc. to begin building a base of capital. The same money circulating in our community now could be re-routed and activated for communal economic liberation.
 - Foundations and philanthropists who have principal balances of millions of dollars that generate grants and gifts based on interest gains could activate a portion of those principal balances to serve as lending capital to achieve their philanthropic goals.
 - Corporations and banks eager to gain Community Reinvestment Act credits could partner and invest in this venture.

Some may question if starting a Black bank is the right strategy, but I would challenge us all to dig deeply into the troubling history of banking in the United States by reading Mehrsa Baradaran's *The Color of Money: Black Banks and the Racial Wealth Gap*. She comprehensively and methodically illuminates the undeniable injustices within the banking industry and why Black communities in particular continue to be excluded from access to capital. She calls out federal interventions like the Community Development Financial Institutions fund, the Clinton administration's empowerment zones, Nixon's façade efforts to foster Black capitalism and a history of strategies that fail to open access to capital for the Black community.¹² While advocating for more equitable financial intervention through federal strategies is important, there needs to be a parallel path that activates communal power for our own economic liberation. It is also important to consider that Black-owned banks in the United States are in crisis. Between 2001-2018, the number of Black-owned banks declined by over 50% and this trend has continued.¹³

Now is the time for radical, community-based intervention, and shifting to a brown circles mindset that pushes Richmond to be a more racially equitable place benefiting everyone struggling to find the on-ramp to traditional pathways of wealth building.

Don't Settle for Holding the Red Marker

Conversations in our community have continued to shift to focus on diversity, inclusion and equity, and from an upsurge in equity-related roles within nonprofits and businesses, to task forces, committees and strategic plans, there are measurable actions being taken to advance racial equity. In many cases, championing for racial diversity in leadership roles, staffing, board members etc. is an incredibly important step along the journey to equity that cannot be ignored.

However, when considering the role of financial institutions, a more racially equitable Richmond wouldn't be Black and brown people adopting the same practices of white supremacy.

The practice of drawing red lines around communities in the 1930's operationalized race-based exclusion. At its core, redlining created on-ramps to financial opportunity for some, while drawing a clear red boundary around others. If we overlay racial diversity onto similar strategies rooted in individualistic capitalism, we will end up with racially diverse decision-makers drawing new red lines that still determine who is in and who is out. Maybe those excluded would be families earning low-moderate incomes, those who are physically disabled, immigrant communities

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or others still fighting for equitable access to opportunity. While it is an undeniably important step, systems of oppression aren't dismantled by simply diversifying those in power because decades of assimilation has infected nearly every American, regardless of their race, with the lie of white supremacy.

In other words, let's not settle for defining racial equity as having red markers in the hands of Black and brown people, but let us build our own pathways and create a new, more equitable culture around financial empowerment. Maggie said it best:

**"Let us awake. Let us arise. We have the men, we have the women, we have the brains.
Let us form a partnership of heads and brains and actually do something.
Let us have a bank that will take the nickels and turn them into dollars!"**
Maggie L. Walker

Shekinah Mitchell

Shekinah Mitchell is a native Richmonder who has worked within the nonprofit sector for over 12 years. She currently serves as the Community Liaison for Systems Equity at the Virginia Early Childhood Foundation where she focuses on the remediation of systemic barriers and equitable engagement of families. She holds a bachelor's in Business Management from Radford University and a Masters in Urban and Regional Planning from Virginia Commonwealth University where her research focused on community engagement and cultural placemaking to advance racial equity. She has a wide range of experience covering youth development and affordable housing to systems building and quality improvement. In addition to her personal experience with banking and financial institutions, her professional experience supporting wealth building, financial opportunity, minority home-ownership and small business development in Richmond's East End and North Side inspired this essay.

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