

## **Racism At Work in Economics and Community Wealth Building**



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Research Interests: social justice and public policy applied to urban politics and economic policy

### **OVERVIEW**

Professor Thad Williamson in his presentation 'Racism At Work In Economics and Community Wealth Building' discussed the scope of the problem; the chasm between white and black income, net wealth, generational wealth building, home ownership and college education, with graphs depicting the differences. He discussed the history that has resulted in this chasm and the threat to democracy of a non-inclusive society. Wealth Building Policies were listed and described such as affordable housing and workforce development. He then focused on Richmond and described in detail the efforts being made to correct long-standing inequalities with a detailed focus on program initiatives historically, currently underway and planned that are specific to Richmond but that have been used as a model for other cities around the U.S.

### **PRESENTATION SUMMARY**

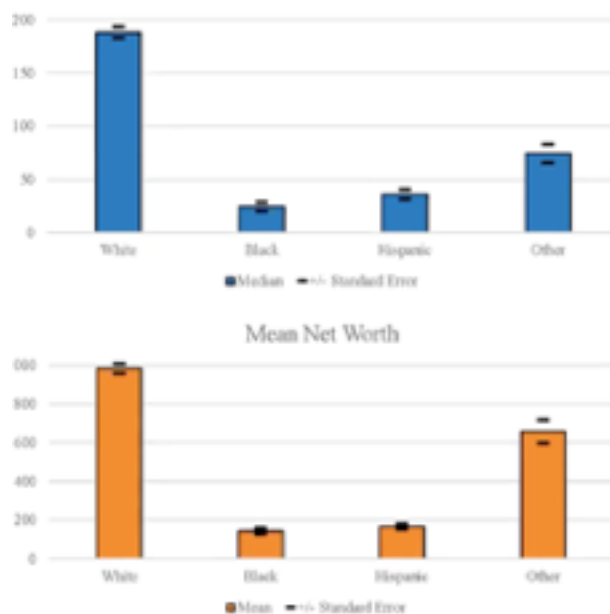
Dr. Williamson opened his talk on community wealth building with "A moment of pause," to reflect on recent events in Richmond and nationally.

- ▶ Midlothian shootings last evening and the violence in our community
- ▶ Loss of Adele Johnson, Executive Director of Black History Museum and former Executive Director of the RPS Education Foundation
- ▶ The continued struggle to confront racism and its deadly consequences every sector of our society
- ▶ The ongoing devastation of the pandemic on our society and on the world
- ▶ **In times like this, it's important to tell the truth, as best we know it.**

He then went on to outline the structure of the talk.

- Background data
- Community Wealth Building as Policy Paradigm
- Community Wealth Building Strategies
- Community Wealth Building in Practice in Richmond, 2011-2021
- Community Wealth Building and the Future of Richmond—and America—2021-2040

The median and net worth chasms by race are presented in the graph below



The chasm separating black and white races in terms of median and mean income are clear and date back all the way to Jim Crow and much of our history. The recession of 2008 was devastating to black families and is just beginning to come back.

The next graph shows wealth building over the life cycle showing net worth in thousands of dollars.

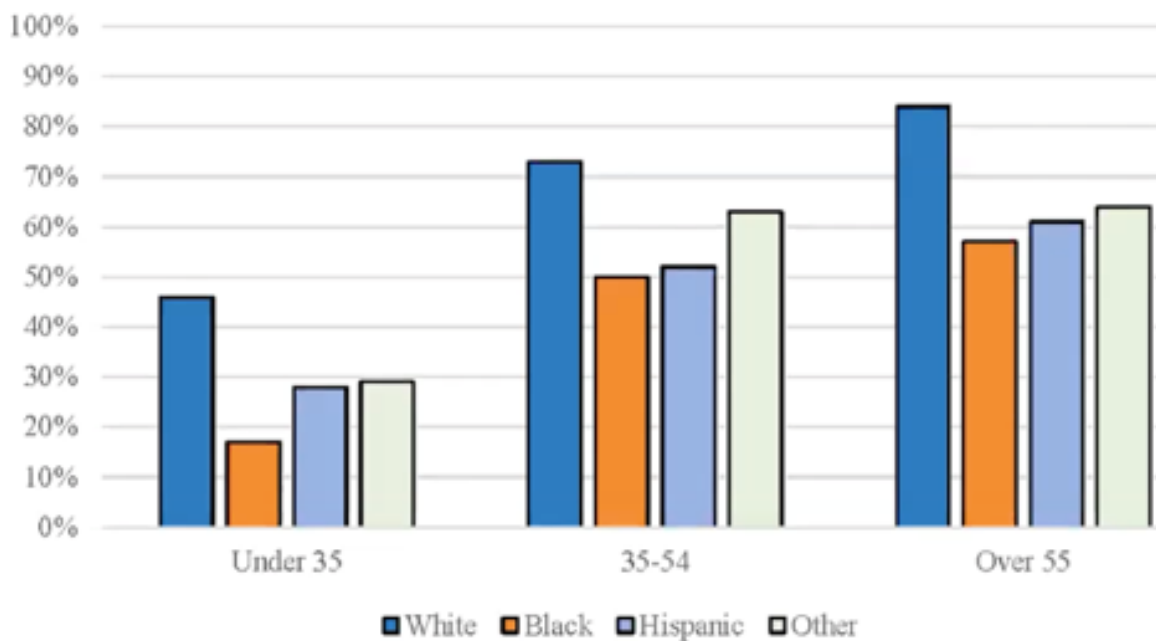
	White	Black	Hispanic	Other
Under 35	25.4	0.6	11.2	13.5
35-54	185.0	40.1	46.1	154.5
Over 55	315.0	53.8	111.5	213.2

The next shows generational transmission of advantage by race.

White.                  Black.                  Hispanic.                  Other

Received an Inheritance (Percent)	29.9	10.1	7.2	17.8
Conditional Median Inheritance (Thousands of 2019 dollars)	88.5	85.8	52.2	59.4
Expect an Inheritance (Percent)	17.1	6.0	4.2	14.7
Conditional Median Expected Inheritance (Thousands of 2019 dollars)	195.5	100.0	150.0	100.0

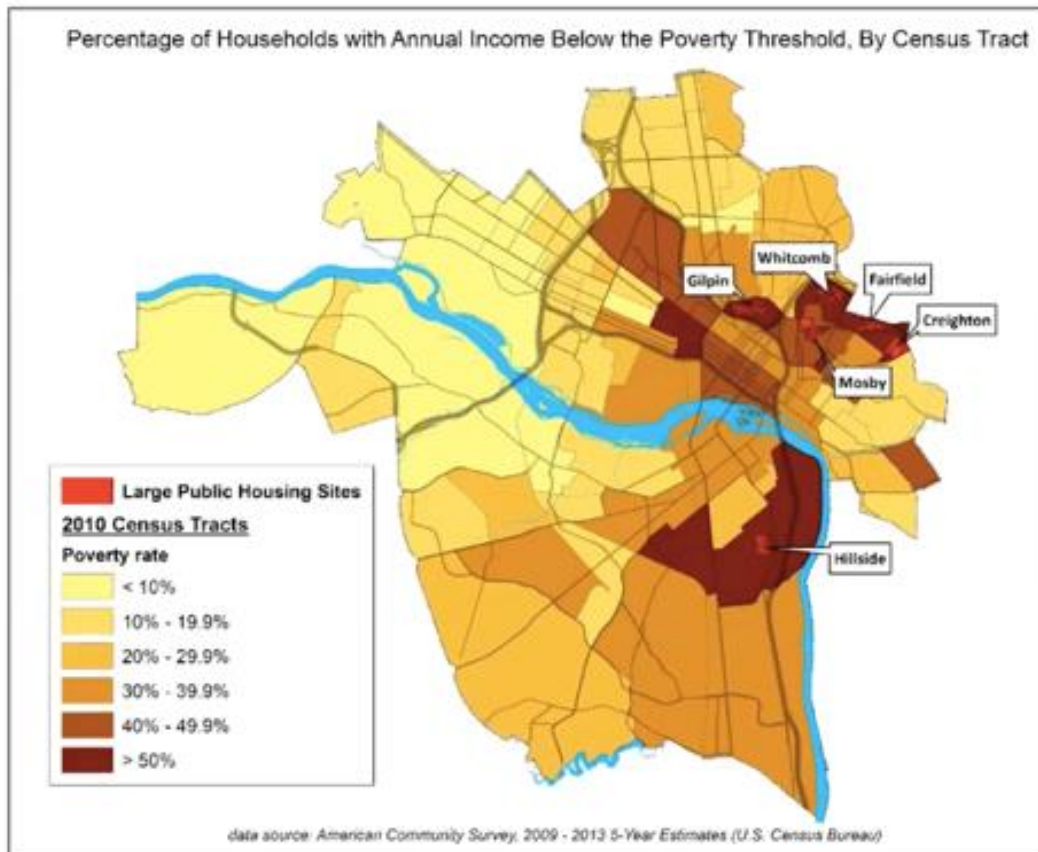
The above slide shows how generational wealth building is severely restricted in Black and Hispanic families. Below is home ownership by race and age. Home ownership is the principal means of accumulating wealth and the graph below shows the disparities between races. This is national data and Richmond data may not be much different.



Next, we see racial disparities in Richmond between 2015 and 2019 in median income, poverty rate, income less than 125% of the poverty level, homeownership rate and the percentage of college educated.

	White	Black	Hispanic
Median income	\$71,058	\$30,864	\$45,597
Poverty rate	13.5%	31.6%	25.6%
Income < 125% poverty level	17.9%	39.2%	39.9%
Homeownership rate	60.0%	34.7%	1.7%
Bachelor's Degree	65.5%	15.5%	14.3%

Below is the map of Richmond showing the areas with income below the poverty level by census tract showing areas of public housing being below the poverty level, but not solely in public housing areas.



This leads to hard truthful questions we must ask ourselves.

- ▶ Are we okay with accepting this level of racial disparity for another generation? For multiple generations?
- ▶ If not, what are **we** willing to do to change it? Indeed, how would we change it?

And Prof. Williamson says “And by ‘we’ I mean nobody else is going to do it. And then the question is ‘how would we do it?’ These are hard questions.”

He then turned to the topic of Community Wealth building and commented that we have to recognize from the outset that American democracy has been deeply flawed, incomplete, not even a democracy for much of the country. The conventional policy paradigms on both the left and right have failed to address the practical concerns of middle- and lower-class Americans. The top 1 to 5 percent are taking off all the gross income while the lower class has seen income stagnate. The entire political system has been complicit in allowing this to take place over a period of many years. The danger is of turning to authoritarianism.

- Community Wealth Building, as laid out by Melody C. Barnes and I in a recent essay and book, is an emerging policy paradigm that *from the outset* recognizes the incomplete and contradictory nature of American democracy, embedded in our founding, the history of slavery and genocide, and the subsequent history of oppression of Black Americans that has produced the racialized wealth gaps noted above.
- We argue that existing policy paradigms on the right and the left have failed to address this reality head-on, and also have failed to address the practical concerns of poor, working class and middle class Americans (of all races), leading to a growing skepticism in democracy itself.

Four key observations are then discussed.

- ▶ **Democracy in America is fragile:** The legitimacy of democratic systems depends on their being able to meet the pressing needs of communities, which too often they have failed to do.
- ▶ **Democracy must include everyone.** "Democracy" in America has always been deeply compromised by the long legacy of white supremacy, so we need a deliberate effort to build a more inclusive society over time.
- ▶ **Inclusion means inviting people to the table:** Governments at all levels should be creating avenues for citizens to help shape policies—participatory opportunities that all those who are affected can access and use every day, not just Election Day.
- ▶ **Democratic renewal begins in local communities:** Local communities are where ordinary people have the greatest capacity to impact policy, and many communities are already developing innovative approaches that others can learn from.

What does this mean in terms of a practical application? This leads to a consideration of Community Wealth Building Principles of Practice.

- ▶ **Inclusive and meaningful participation** of local community members and persons directly impacted in the design and delivery of policies and plans
- ▶ Establishing **bold equity goals** that measure not just activity but actual change in long-standing disparities
- ▶ Embracing a **holistic approach to wealth**, encompassing financial capital, physical capital, human capital and social capital, and all private, public, and community-held assets that impact financial, physical, social and relational well-being
- ▶ Commitment to **inclusive economic strategies** that produce **shared prosperity** by reshaping resource flows and ownership patterns in a more equitable direction, while bolstering the capital and resources available to communities

Next is Wealth Building Policies; this is not intended to be exhaustive. There is a discussion going on globally about how do we modify capitalism to achieve more equality. Reference was Thomas Pikety's book about how to broaden wealth and capital.



- ▶ Affordable Housing
- ▶ Public Transportation
- ▶ Parks, Libraries, and Public Spaces
- ▶ Broadband Infrastructure
- ▶ Procurement Policies
- ▶ Minimum Wage and Labor-Related Regulations
- ▶ Environmental Infrastructure
- ▶ Guaranteed Income

These are policies that might be considered at any level, local, state or national.

- ▶ Individual savings accounts ("baby bonds" of \$1,000 at birth)
- ▶ Cash accounts tied to education, housing, other needs (\$100,000/person)
- ▶ Capital stakes (business shares, in individual companies or mutual funds)
- ▶ Employee ownership and cooperatives
- ▶ Community ownership
- ▶ Support finding employment (workforce development)
- ▶ Critical educational investments (pre-K; free college)

Turning to Richmond's journey from 2011 to the present which has grown in the past four or five years to the point we are at today.

- ▶ Richmond, Virginia, under both Mayor Jones and Mayor Stoney, has intentionally sought to prioritize poverty reduction as a top policy goal over the past ten years, beginning with the formation of the Mayor's Anti-Poverty Commission in 2011.
- ▶ The Commission produced its final report in 2013, which in turn led to the formation of the Office of Community Wealth Building in 2014 and its ratification as a permanent city agency by City Council in 2015. OCWB has grown in size and impact steadily since 2016, with support of a 50% matching grant from the Commonwealth of Virginia.
- ▶ The next section reviews some of this work and discusses impact.

What follows are needed elements of a strategy for change that has to grow over a period of time to make an impact. This was not a global effort, but a more practical effort focused on Richmond.

- ▶ Define the problem/challenge
  - ▶ Strategy
  - ▶ Program Concept(s)
  - ▶ Political Support
  - ▶ Resources
  - ▶ Staffing/Leadership/Institution-building
  - ▶ Execution
  - ▶ Evaluation
  - ▶ Sustaining and growing
- 

Next is the list of strategies for achieving these goals:

- ▶ Based on assessment that root cause of poverty is underemployment, unemployment, and employment at insufficient wages, develop a three pronged-strategy focused on
- ▶ **Employment** (*Workforce Development, Job Opportunities, Transportation*)
- ▶ **Housing** (*Provides safety and stability needed to allow households to progress; also a good in itself*)
- ▶ **Education** (*Pathway for upward social mobility*)

So, what are we actually going to do?

- ▶ I. Define clear tool illustrating goals of the effort, that could be used to shape and align programs. The City adapted the HUD Self-Sufficiency Matrix for this purpose.
- ▶ II. Set bold targets for progress, knowing that pursuing these targets would **require** significant institutional and policy change as well as additional resources
- ▶ III. The Arthur Ashe paradigm: ***Start where you are, use what you have, do what you can.*** Start doing things even though all the resources (and answers) aren't in place, because by showing progress and strong concept the resources will eventually appear.

Further strategies include:

- ▶ Shift from an “anti-poverty” frame to a **community wealth building frame**
  - ▶ Make clear that initiative is not anti-poor people, but about empowering low-income residents
  - ▶ Set positive, forward-looking frame that recognizes existing assets in the community
  - ▶ **Community**: indicates both inclusivity and geographic focus
  - ▶ **Wealth**: understood holistically—financial capital, physical capital, social capital, human capital
  - ▶ **Building**: embracing this involves an ongoing process of community change
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Next shown is the HUD matrix for *Building Pathways Out of Poverty*

In Crisis	At Risk	Safe	Stable	Thriving
<ul style="list-style-type: none"> <li>• No income or assets</li> <li>• No skills or credentials</li> <li>• Homeless or unstable housing</li> <li>• No or unreliable transportation or child care.</li> <li>• Safety and mental health risks are high</li> <li>• Addictions and/or Legal</li> </ul>	<ul style="list-style-type: none"> <li>• Seeking job or temp/seasonal job or other legal income</li> <li>• Temporary or transitional housing</li> <li>• Transportation and child care available, but not affordable or reliable</li> </ul>	<ul style="list-style-type: none"> <li>• Employed in semi-stable job</li> <li>• Housing is stable and is affordable (maybe with subsidy)</li> <li>• Transportation and child care are generally reliable and affordable</li> <li>• Has high school</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent &amp; stable job paying living wage</li> <li>• Housing is stable &amp; and is affordable without subsidy</li> <li>• Transportation and child care are reliable and affordable</li> <li>• Career &amp;</li> </ul>	<ul style="list-style-type: none"> <li>• Permanent, stable employment sufficient to build assets</li> <li>• Housing is permanent &amp; affordable without subsidy</li> <li>• Transportation and child care are reliable and</li> </ul>

Anything that goes wrong in the above matrix can make the whole thing unravel, so we have to be ready to address each of them. This tool can be used to evaluate any number of public policy programs.

The City’s strategy as adopted in 2012 is to:

- Move 10,000 adults from below the poverty level to above by 2030.
- Build capacity to move 1,000 annually.
- Sustain that effort over the next 10 years.

The core program that anchors this plan is workforce development, relying on four centers throughout Richmond. In announcing this initiative, Mayor Jones stated, “If we can’t do this, we shouldn’t be here.”

The first planning steps in the process included:



- ▶ Mayor's Anti-Poverty Commission Report (2013, 130 pages)
- ▶ Detailed Statistical Portrait of Poverty in Richmond
- ▶ Demographics
- ▶ Geography of Poverty
- ▶ Correlates of Poverty Status
- ▶ Richmond History
- ▶ Education
- ▶ Public Housing/Urban Renewal
- ▶ Annexation and its Aftermath
- ▶ Social Science Literature on Poverty/National social policy
- ▶ Feedback/input from community
- ▶ Keeping focus on what Richmond could do

The next step in the process was execution, followed by expansion and its impact on Richmond as outlined here:

- ▶ Program/Initiative Launches (2014-2016)
  - ▶ Staff hires/contract execution
  - ▶ Center for Workforce Innovation, BLISS, Social Enterprise Initiative, RVA Reads, RVA Future Centers, NextUp RVA, GRTC Pulse, Good Neighbor Initiative, Creighton Court People Plan, KidBLISS (Kellogg Early Childhood Initiative)
  - ▶ Extending the Matrix concept into program and service delivery
  - ▶ Making OCWB a Permanent Agency (December 2015)
  - ▶ First Annual Report to Council
  - ▶ Leadership Transitions (Spring 2016; Reginald Gordon becomes director, June 2016)
  - ▶ Political Transition (January 2017; Mayor Jones to Mayor Stoney)
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- ▶ Growing OCWB: FY 2019 City Funding (\$1.3 to \$2 million)
  - ▶ State Dept. Social Services Grant (\$2 million)
  - ▶ 600 people employed via OCWB in FY 2019, up from just over 200 in FY 2016, at higher wage
  - ▶ Established Living Wage Certification Program
  - ▶ Extending OCWB systemic paradigm to Human Services (i.e. Parks & Rec workforce development program)
  - ▶ Expanding OCWB collaborative paradigm with Richmond Public Schools—RVA Education Compact (i.e. expansion of out-of-school-time programs)
  - ▶ Promotion of OCWB Director Reggie Gordon to DCAO for Human Services and Workforce Administrator Valaryee Mitchell to OCWB Director in 2018

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Professor Williamson then went on to discuss the results and lasting impact which he described as still a work in progress, but he was very excited to see poverty at its lowest level in quite a while. That was followed by a description of the effect of the pandemic. He emphasized the feedback loop for the communities and the need to reach out to people as a result of the pandemic utilizing the American Rescue Plan providing income for every child in the household, for pre-K and college education.

- ▶ Poverty rate, prior to the pandemic, in Richmond fell to 19% in 2019 according the Census (1 year data), its lowest level in over a decade.
- ▶ Office of Community Wealth Building has been replicated by Rochester, NY, explicitly based on Richmond model
- ▶ Richmond regularly receives national recognition and is part of numerous networks of cities engaged in serious equity work (National League of Cities, New America Foundation)

## QUESTION and ANSWER PERIOD

- Q: The scope and extent of support from the City is impressive. At the community level, are there examples of best practices, thinking of a bottom-up approach, such as communities coming together.
- A: Reggie Gordon and Valerie Mitchell are on top of it. They have a human services hot line where you can call and get information. If you have an idea 'come, bring it.' They have a real sense of openness to anyone who has an idea. The Ambassadors Program led by James Davis; he grew up in Richmond, he knows the neighborhoods and the people. At a policy level the Citizen's Advisory Board is there and they periodically have openings.
- Q: The effect of gentrification on community wealth building, rising housing prices in areas where people have been living for decades being affected by taxes and losing their homes or having to relocate.
- A: Great question. We know that just leaving it up to the market, people are going to be squeezed out. The City needs to be more active and aggressive in getting vacant units to be back on the market and moving through the legal process to make use of the land. The Maggie Walker Community Land Trust is a process for keeping more units more permanently affordable.
- Q: I'm looking for guidance and have gotten some answers already about how people can plug in as activists, as citizen voters.
- A: The Robbins Foundation, Kelly Chopas, has been quite supportive, The Community Foundation, has supported a lot of things (but) we don't want to be reliant on rich people giving us money, this is about building political will, but anytime you have somebody with resources that can help, of course you should do it. Not everything has to be zero sum, I win you lose. In terms of advocacy, the biggest thing right now is the American Rescue Plan dollars, making sure they are used intentionally; this is our chance to do some things bolder (than can be done with the City budget); more housing, more money for wealth building, helping people find (jobs), there is a whole social enterprise component. It can be hard to push your friends, even your political friends to do that, but now is the time, it's not coming again any time soon. We need to squeeze every dollar we can (out of the federal money).
- Q: What is the biggest socio-economic challenge Richmond faces and what single policy can we implement to bring about the change we want to see in Richmond?
- A: These things are systemic; everything connects to everything else, that's why we talk about the Five; workforce development, transportation, economic development, housing, education all being connected. That said, if I had the magic wand, I would concentrate on young kids and their parents, that is the pre-K resources, quality childcare, as for the parents themselves, to make sure their aspirations have support; when the parents do better, the kids are going to do better. I don't think throwing money at schools by itself because most education (starts) at home. We call the two-generation approach. Let's reach the parents of young kids and approach it holistically.
- Q: Is there money coming from somewhere to help with after-school enrichment?
- A: "Next Up" is (looking at middle schools) and there is a consortium of private money looking at that, but they've also been getting City money since 2014, (also) expanding money for the parks programs. There is a lot more to be done for high school students, a lot more for summertime. Going back to the pandemic, the kids have been cooped up for a year, they need something to do this summer.

Q: What is the difference between anti-poverty and community wealth building?

A: We're not just talking about helping people survive, we want people to thrive. Wealth building comes from respect, fellow citizens, making decisions about their own lives. "My college degree is nice, but you probably know more about your situation than I do since you've been in it for ten or twenty years." Not just being against something but being *for* something.

Q: For those who want to start their own businesses, but don't have the capital to do so, would it be practicable to provide a pool of capital, along with an assistance plan, marketing, advertising and support. Where are we in the City regarding entrepreneurship particularly for our most vulnerable communities?

A: Connect to the Office of Minority Business Development which offer support and training. We need those kind of equity funds. There are loan programs; the City does provide support for businesses, block grants.

Q: How does the Covid relief federal funding affect the Richmond area when it comes to housing?

A: That depends on what we do with it. I think the American Rescue Plan will result in an increase in affordable housing, but that is not enough; (if we don't do something) in ten or twenty years we will be having the same conversation about short life expectancies, educational outcome, crime, etc., To make a change that benefits everybody is going to require serious resources, billion dollar or more to (to achieve) communities with good schools, transportation, businesses that make a thriving community. More resources than most people in Richmond are willing to talk about. Maybe schools is what we do right now, but (we need to do much more).

Q: We (Coming To The Table) are the largest chapter in the nation, mostly white; why do you as a white man do this work?

A: Mayor Jones asked me the same thing. I've been dedicated to social justice since high school in North Carolina, went to Union Theological Seminary in New York (where I was challenged to do more than 'talk the talk' and then come back to Richmond's embedded racism which seemed so obvious. Mayor Jones offered opportunities to get involved.

Q: You have a group at University of Richmond who depend on you. What can Coming To The Table do right now?

A: Contact Reggie or Valerie to talk about what is going on right now, they are entrenched in the day to day; track how the mayor and City Council deal with the (ARP) rescue plan, stay involved; everyone has to figure out their own (way of approaching this). Change is at hand; we have to welcome that and seize the moment, locally as well as nationally.

The audience was invited to put what they are doing in the 'chat' and to let their interest be known to the CTTT Reparations Circle.