

ABSTRACT

AFRICAN AND AFRICAN-AMERICAN STUDIES

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RACE, EMPOWERMENT AND THE ESTABLISHMENT OF AFRICAN –
AMERICAN OWNED BANKS IN THE SOUTH, 1888-1910

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This study examined the role of black-owned banks in facilitating economic emancipation for African Americans in the South from 1888 to 1910.

The concept of a separate, but equal America legalized by the United States Supreme court in 1896, *Plessy v. Ferguson* provided the impetus for a separate economy in the South. As a result, commercial and savings banks emerged as institutions for the economic liberation of African Americans.

A case study investigating the efforts of three banks in contributing to the economic development of the African-American community during this era was conducted. The study examined race and empowerment and the role of banks in accommodating thrift, wealth accumulation and investing human and financial capital.

The findings determined that commercial and savings banks formed the cornerstone of economic liberation and emancipation for African Americans in the Jim Crow South from 1888 to 1910. It concludes that bank founders embodied a Black Nationalist ideology of self-determination, race pride and economic cooperation when creating these institutions.

RACE, EMPOWERMENT AND THE ESTABLISHMENT OF AFRICAN-AMERICAN
OWNED BANKS IN THE SOUTH, 1888 TO 1910

A THESIS

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ABBREVIATIONS

BBD	Black Business District
CBD	Central Business District
GFUOTR	Grand Fountain United Order of True Reformers
NNBA	National Negro Bankers Association
NNBL	National Negro Business League

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CHAPTER I

INTRODUCTION

Purpose and Significance of the Study

This research examined the role of black-owned banks in facilitating economic emancipation and liberation for African Americans in the South from 1888 to 1910. The study investigates the circumstances surrounding this phenomenon through the lens of three banks: True Reformers Bank, 1888, Alabama Penny Savings Bank, 1890 and One Cent Savings Bank, 1904. These institutions are representative of the fifty-eight African-American owned banks established during this era. Independently owned African-American banks emerged after the failure of Reconstruction in 1877 in the South. In response disenfranchisement and Jim Crow segregation, African Americans transitioned from an emphasis on social and political freedom to attaining economic independence. As a result, they adopted an economic platform consisting of thrift, wealth accumulation, residential and commercial property ownership, and business enterprise development.

This study is significant because it brings to the forefront the enormous contributions of the early African-American banking industry in shaping a tradition of self-help and economic independence. It underscores the values of self-determination, self-reliance, racial solidarity and economic cooperation in unifying the African-American community past and present.

The United States government experimented with banks for Negroes prior to the enormous expansion of independently owned African-American banks from 1888 to 1910. During the Civil War, the government sponsored the Free Labor Bank in New Orleans and military banks in Norfolk, Virginia and Beaufort, South Carolina. These institutions facilitated the savings and earnings of free people of color, and allotments pay for Negro soldiers in the Union Army.¹ In 1865, Congress approved the establishment of The Freedmen's Savings and Trust Company (Freedmen's Bank), to encourage savings and thrift among Negroes. Fund balances in the Free Labor Bank and the military banks served as a source of initial capital to launch the Freedmen's Bank. In its formidable years, (1865-1872) African-Americans enthusiastically supported the Freedmen's Bank and freely deposited their hard-earned dollars in the bank. However, in 1874, because of corruption, fraud, mismanagement, and real estate speculation by the bank's mostly white management, the Freedmen's Bank failed. As a result, many African Americans lost their life savings and more importantly their faith and confidence in the American banking system.² In 1888, fourteen years following the failure of the Freedmen's Bank, African Americans established their first independently owned bank in Richmond, Virginia.

African-American commercial and savings banks experienced an enormous growth rate between 1906 and 1910. Ninety percent of the fifty-eight banks that opened between 1888 and 1910 emerged during this period see (Appendix A). The unprecedented growth and expansion of these institutions deserves further commentary

¹ Arnett G. Lindsay, "The Negro in Banking," *The Journal of Negro History* 14, no. 2 (April 1929): 156-201.

² Abram L. Harris, *The Negro As Capitalist: A Study of Banking and Business Among Negroes* (New York: Negro University Press, 1969).

and scholarly debate. Race and empowerment remain at the forefront of a disastrous social and economic reality for too many African Americans then and now. Building financial institutions, including banks and schools that survive and thrive from generation to generation, remains an issue for continued discussion. While race and politics in the twenty-first century dominate scholarly discussions, empowerment drives politics in one direction or the other. Perhaps the founders of African-American banks between 1888 and 1910 understood this concept when launching these independent institutions. One hundred and thirty nine years after the first African-American owned bank emerged in Richmond, Virginia, in 1888, the need for such a bank in twenty-first century America remains an enigma. The findings in this research will encourage continued scholarly research and debate regarding the historical and future role of separate African American economic institutions in America.

This research complements the existing body of knowledge surrounding African-American owned banks contributions to economic independence in the South from 1888 to 1910. It offers a perspective of these institutions as symbols of economic liberation and emancipation for African-Americans in the Jim Crow South. Much of the available literature on African-American owned banks focuses on the failures of these institutions. While this research acknowledges the failure of many banks during this era, it focuses on these institutions as change agents. Specifically, this research seeks to bring to the forefront the role of banks in introducing economic nationalism in the African-American community. This study explores the philosophical and economic relevancy of African-American banks at this transitional period in history. It narrows the focus to the study to

three banks over a twenty-two year period, which allows for an in-depth analysis of the available data.

Statement of the Problem

Social, political, and economic conditions for most African Americans deteriorated significantly in the South after Reconstruction failed in 1877. For lack of funding and resistance from angry white Southerners, social services administered by the Freedmen's Bureau dissipated. In most Southern states, African Americans lost the right to vote along with many other basic citizenship rights. Economically bankrupt, a substantial number of African Americans resorted to sharecropping as a means of survival. Disenfranchised, unemployed, broke, and frightened, many migrated from rural to urban communities in the South or traveled north seeking a better life for their families. A number of African Americans used their skills as barbers, cooks, blacksmiths, deliverymen and other trades and marketed these services primarily to white customers. However, Black Codes and other tactics in the South designed to alienate African Americans from mainstream society made it illegal for them to serve white customers. In some states, whites could not market their goods and services to African Americans. The absence of white customers caused the demise of many businesses and decreased the revenues of others. Unlike other ethnic groups, African American's legal denial to participate in the free market economy put them at a severe economic disadvantage in the South. When the Federal Government failed to finance Union troops, they retreated from the South and Reconstruction collapsed. In response, the white power structure acted quickly to reclaim their way of life during slavery. This turn of events compelled

African-Americans to look inward for solutions to their social, political, and economic survival.³

As the late nineteenth century closed and the twentieth century evolved, the obituary of social and political assimilation in the South long since written, ushered in a new epoch in the life of African Americans. The prevailing shadow of Jim Crow forged a new frontier for an economic renaissance predicated on self-help and self-reliance. Using a self-help ideology, they established fraternal orders and mutual benefit societies to provide basic social welfare services. As memberships, branches, and capital increased, commercial and savings banks evolved to meet the needs of these growing organizations. Essentially banks served as depositories for societies to encourage thrift, to accumulate wealth, and to reinvest capital back into the community. Commercial real estate, business growth and homeownership created the primary investment alternatives for banks. The migration and high concentration of African-Americans to urban centers in the South and the expansion of all-black towns created new markets opportunities for the establishment of banks. From 1888 to 1910, African-Americans organized fifty-eight independently owned banks, mostly in the South to meet the demands of a growing customer base. Despite racism, discrimination, violence, lack of capital and Jim Crow “separate and unequal” laws, African-Americans formed these institutions in pursuit of economic emancipation and the American Dream.⁴

³ John Hope Franklin, *From Slavery to Freedom: A History of Negro Americans* (New York: Alford A. Knopf, 1974).

⁴ Ibid.

CONCEPTUAL FRAMEWORK

The conceptual framework guiding this study has its foundation in Black Nationalism as movements of social change for African Americans in the first half of the nineteenth century. In the antebellum South, Black Nationalism emerged as a political ideology favoring the emigration of blacks to Africa or the Caribbean. Martin R. Delany evolved as one of the most outspoken proponents of political Black Nationalism during this era. Delany championed self-determination, racial-solidarity, and nationhood as a remedy for escaping exploitation and oppression in America. Delany advocated the formation of a separate “nation state” for blacks in Africa in 1852. In his view, at that time, emigration offered a distinct opportunity for blacks to gain independence, equality and liberation. Political Black Nationalism as espoused by Delany embraces black self-reliance, racial consciousness, race pride, independence and liberation.⁵ His Black Nationalist ideals formed the foundation for the development of the African-American banking industry at the close of the nineteenth century. As time and social conditions changed in the South, Black Nationalism underwent a transformation, incorporating economic and cultural motifs in search of liberation.⁶

After the Civil War and the advent of emancipation, Delany and other African Americans espoused a less radical conservative ideology for achieving equal citizenship rights in America. Black political nationalism minus an emigration component remained

⁵ Martin R. Delany, *The Condition, Elevation, Emigration and Destiny of the Colored People of the United States* (New York: Humanity Books, 2004).

⁶ J. Herman Blake, “Black Nationalism: Protest in the Sixties,” *Annals of the American Academy of Political and Social Science* 382, (March 1969): 15-25.

at the forefront of the movement for black liberation. Reconstruction in the South, disguised as a vehicle to accommodate social and political equality for African-Americans faltered. Discrimination, injustice, inequality, and violence against African-Americans regained momentum. When Reconstruction collapsed, in 1877, the dream of social and political rights encountered a similar demise. The death of Reconstruction reconstituted white control as seen in the emergence of the Jim Crow era. A separate, but equal doctrine emanated, resulting in a further erosion of civil rights and a separate social and economic system in the South. A culmination of events, including the departure of federal troops, gave rise to white supremacy and the resurgence of Black Nationalism. With a diminishing emphasis on political means of achieving equality, economic nationalism emerged as a beacon for socioeconomic change for African-Americans after Reconstruction.⁷

As an ideology, Black Nationalism, political, cultural, and economic themes represent a unifying element for empowering African-Americans. J. Herman Blake, in an article *Black Nationalism* associates early political nationalism to the emigration movement, cultural nationalism to racial solidarity and consciousness and economic nationalism to developing economic strength in black communities.⁸ He identifies Booker T. Washington as an economic nationalist who believed in the creation of an independent black business class in the South. Washington espoused self-determination, racial solidarity, and economic self-sufficiency, which embody Delany's Black

⁷ Blake, 15-25.

⁸ Ibid.

Nationalist ideology. Conversely, Washington concluded, a separate successful independent black business class would earn the respect and eventual support of white's in the South. He seriously misjudged their zeal for racial domination and superiority. One year after Washington's accommodations presentation at the Atlanta Exposition, *Plessy v. Ferguson* legalized Jim Crow segregation. Blake asserts, racism persists as the great contradiction in America's social reality. Racist Jim Crow laws transformed the economic landscape for African-Americans in the South, resulting in the need for and development of banks and other institutions in Black communities. Economic nationalism embraces racial solidarity, self-determination, and economic cooperation as a unifying, empowering force for economic emancipation and liberation.⁹

In an article in the *Journal of Black Studies*, Molefi Kete Asante introduces the concept of Systematic Nationalism.¹⁰ He contends that a Marxist perspective of Black Nationalism fails to account for racism as a common denominator. Asante asserts that Systematic Nationalism as opposed to Marxism is a more historically valid concept for evaluating African-Americans liberation struggles. He offers the following observation when he states, "Systematic nationalism does not destroy the validity of Marxism as a critique of industrial capitalism in the nineteenth century, it transcends Marxism as a critique for liberation struggles by minority people within imperialist nations."¹¹

⁹ Ibid.

¹⁰ Molefi Kete Asante, "Systematic Nationalism: A Legitimate Strategy for National Selfhood," *Journal of Black Studies* 9, no 1 (September 1978): 115-128.

¹¹ Ibid.

The principle argument against a Marxist concept to examine African Americans liberation struggles is its Eurocentric historical perspective. In Asante's view, to suggest that class struggle and materialism define the African American experience is contradictory to historical reality. Self-determination, racial solidarity, and group self-reliance are antithetical to a Social Darwinist philosophy that advocates individualism, materialism, and natural selection. Asante makes a clear distinction between a Marxist idea of nationalism and systematic nationalism. "Marxism is a method, systematic nationalism is a method. One method is designed to deal with class contradictions; the other speaks to race as a contradiction."¹² By failing to account for racism in a capitalist or socialist model, a Marxist method is inadequate for evaluating the economic liberation of African-Americans in the early twentieth century. Systematic nationalism, combining political, economic and cultural historical, inclusive of race contradictions provides a framework for this study.

The evolution of the ideologies self-determination, racial solidarity, race pride, and "nationhood" formed the foundation for Black Nationalism as espoused by Martin R. Delany in 1852. Black Nationalism evolved as a political movement in response to exploitation, oppression, and injustice perpetrated against African Americans during this era. Delany describes the situation as a "nation within a nation," one white, and one black, struggling for freedom and equal citizenship. The physical emancipation of African Americans in 1865 transformed the focus from emigration to integration as a means of achieving equal rights. After the failure of Reconstruction in 1877, the struggle

¹² Ibid., 115-128.

for African-American liberation shifted to economic and cultural nationalism as a method for socioeconomic change. Booker T. Washington emerged as an icon for economic nationalism in the late nineteenth century. He championed the creation of an independent black business class and separate business institutions as a solution to earning full citizenship and respect of whites in the South. Political, economic, cultural and systematic nationalism evolved as movements for socioeconomic change for the liberation of African-Americans. Banks and other African-American institutions formed the cornerstone for their economic emancipation and liberation from 1888 to 1910.

RESEARCH METHODOLOGY

A descriptive case study of three African-American owned banks examines in depth, the True Reformers Bank, Richmond, Virginia, 1888, the Alabama Penny Savings Bank, Birmingham, Alabama, 1890 and One Cent Savings Bank, Nashville, Tennessee, 1906. These institutions represent a microcosm of the fifty-eight African-American owned banks organized at the turn of the century. Critically exploring and examining these banks within their historical and social context is the essence of this research. This case study explored the events and people surrounding the evolution of African-American owned banks and the communities they served. Individually, each bank provides unique information and insight into its leadership, operations and community investment initiatives. Collectively, these institutions represent the will of socially and politically disenfranchised people in search of economic independence in the South.

Data Collection

Data collected consist of primary and secondary sources relevant to the three banks in this study. Primary sources for data include bank corporate documents, newspaper articles, books, journals, articles and conference material available during this period. Secondary sources for this study include books, articles, journals and related material written by others regarding the role of African-American banks from 1888 to 1910. Primary documentation pertaining to these banks corporate charters and by laws is limited in scope because of inadequate state and federal bank reporting requirements until 1910.

The three banks targeted for this inquiry are the Alabama Penny Saving Bank, Birmingham, Alabama, the True Reformers Bank, Richmond, Virginia and the One Cent Savings Bank, Nashville, Tennessee. These cities represent a cross section of the lower, middle and upper South between 1888 and 1910. In addition, each of these banks is unique in its leadership, mission and structure. The study includes demographic data on the population as it relates to whites and blacks. Additionally, economic data on income and industry in the black and white communities is inclusive of this research. Specific data collected on each bank include the following:

1. Founder/Leader and Management of the Bank
2. Mission/Charter and Objective of the Bank
3. Public Records of the Bank (articles of incorporation, etc.)
4. Financial Status of the Bank
5. Banks Structure (fraternal order, savings, commercial, etc.)

Also, the National Negro Business League (NNBL), founded in 1900 by Booker T. Washington is a valuable source of information and data on the growth and development of Negro owned banks. Organized to promote banking, insurance, real estate and related businesses among Negroes, the NNBL established local and regional chapters. Information on the efforts of local and regional chapters of the NNBL to promote banking, specifically in Birmingham, Alabama, Richmond, Virginia and Nashville, Tennessee are inclusive. The NNBL established associations, targeting specific needs in the African-American community. The National Negro Bankers Association (NNBA) emerged as the primer organization for advancing the development of African-American banks during this era. Data collected on this organizations and its leaders is instrumental in responding to the issues relate to this study. In conjunction with data on the NNBL and the NNBA, information on the role of Booker T. Washington in encouraging and spearheading these organizations is significant data needed in developing conclusions for this research.

In addition to data on the National Negro Business League (NNBL), the National Negro Bankers Association (NNBA), and Booker T. Washington, the contributions of W.E.B. DuBois and particularly his efforts with the Atlanta Conferences are vital to uncovering information germane to this project. While studying the “Negro Problem,” DuBois implemented a series of conferences sponsored by Atlanta University beginning in 1896. Of particular interest in this study are the following conferences:

1. Third Conference, 1898, The Social Betterment of the Negro

2. Fourth Conference, 1899, The Negro In Business
3. Twelfth Conference, 1907, Economic Co-operation among Negro Americans

The conferences addressed race and empowerment and the need for African-American owned businesses to enhance their social and economic plight in America. DuBois and his colleagues conducted surveys on the condition of African-American owned banks while studying the Negro Problem. Information contained in these documents includes comprehensive data on African-American banks ownership structure, management, financial condition and services offered to their respective communities. This data is critical to comprehending and evaluating the role of banks in social and economic life of African-Americans during the period under review.

Data Analysis

The process of analyzing the data begins with organizing the information in response to the research questions. Specific, themes such as racial solidarity, social uplift and economic independence evolve in the study. In response to a denial of basic citizenship rights, African-Americans in the South embraced racial solidarity. To improve their social status, they migrated to urban centers seeking employment and business opportunities. Thus, commercial and savings banks emerged as sources of capital to achieve economic independence in African-American communities. This study analyzes historical data within the context of racial solidarity, social uplift and economic independence and their relationship to the growth and development of African-American owned banks between 1888 and 1910.

Summary

In essence, this study analyzes data surrounding race and empowerment in bringing about independent banks in a hostile Jim Crow environment. The analysis includes an objective overview of the impact of racial solidarity, fraternal orders and mutual aid societies as catalyst for African-American owned banks. In addition, the study evaluates the increase of banks, urban migration and the emergence of middle and upper class African-Americans. Analyzing the data collected on the Alabama Penny Saving Bank, the True Reformers Bank and the One Cent Savings Bank are key elements in the process understanding the boundaries of this research. Equally significant in the data review process are the contributions of Booker T. Washington and W.E.B. DuBois in advocating independent business ownership as a bridge to social and economic parity. The information available on the National Negro Business League, the National Negro Bankers Association and the Atlanta Conferences are instrumental in providing answers to the questions raised in the study. The data collected and analyzed in this research speaks to the issues of race solidarity, social advancement and economic independence in shaping the African-American banking primarily in the South from 1888 to 1910.

The qualitative methodology selected to conduct this research encompasses the cultural, historical and social environment relevant during the evolution of the African-American banking industry. The data collected reflects the political, social and economic impact of race and the influence of Jim Crow laws in the life of African Americans during this era. In analyzing the data collected, the study incorporates the historical and social context of this transitional period when evaluating and drawing conclusions

surrounding this research. In particular, the three banks selected for a detail observation in this study represent strategic unity, however diverse in their individual missions and structure. Each banks location, Birmingham, Alabama, Richmond, Virginia, and Nashville, Tennessee reflect a reality of culture, geography and history. Moreover, the documentation offered by NNBL, NNBA and the Atlanta Conferences reflect a social movement for African Americans in response to a denial of basic human rights in the South. In addition, Booker T. Washington, W.E.B. DuBois and the leaders of the Alabama Penny Savings Bank, True Reformers Bank and One Cent Savings Bank are inclusive of the data collected and analyzed in this process. The analysis incorporates themes surrounding racial solidarity, social uplift and economic independence in arriving at conclusions and answers to questions raised in this research project.

RESEARCH QUESTIONS

1. How did African-American commercial and savings banks facilitate economic independence and financial security for African-Americans in the South between 1888 and 1910?
2. How were African-American owned commercial and savings banks at the forefront of economic liberation and emancipation in the South between 1888 and 1910?

CHAPTER ORGANIZATION

Chapter I, the introduction, conveys the purpose of the research and underscores its significance and statement of the problem. In addition, it addresses the conceptual framework, research questions and methodology. Chapter II provides a background of available literature on the establishment of African-American banks during this era. Specifically it analyzes literature that supports or discounts the economic relevancy of these institutions. Chapter III explores the historical context in which African-American banks originated during the Civil War and evolved into the twentieth century. Moreover, it underscores the dynamics of race and an empowering self-help ideology that precipitated the need for and the tremendous success of many of these institutions. Chapter IV, the findings provide an interpretation of data and information uncovered during the research process. It imparts evidence that responds to the research questions proposed in the study. Chapter V concludes and provides a summation of the findings surrounding contributions of African-American owned banks to the economic liberation of African-American people from 1888 to 1910.

DEFINITION OF TERMS

- Economic Liberation:** The freedom, capacity and equal opportunity to exercise independence and control in the production, distribution and consumption of goods and services within the Negro community. The concept is specifically related to business creation, property ownership, social welfare, and wealth accumulation.
- Social Darwinism:** A theory developed by Herbert Spencer applying a social relevancy to Charles Darwin's biological theory of evolution. It translates to survival of the fittest where the wealthy and connected will survive in a capitalist system where the ruling elite class dominates. Whites in the South employed a racial element, which implied that Negroes inferiority, mentally, physically and economically demanded that they be at the bottom of the class structure.
- Group Economy:** An economy that evolved as Negroes migrated from rural to urban communities mostly in the South from 1888 to 1910. This contributed to a growing middle or working class with the means of production, distribution and consumption of goods and services. By adopting racial solidarity, race pride, self-reliance and trading within the Negro community, a Negro market evolved creating a new customer base for African-American businesses.
- Old Negro Upper Class:** Negroes, mainly in the South, considered wealthy, who represented the business class that depended on white customers prior to the Jim Crow era. Successful barbers and food caterers are examples of this group.
- New Negro Upper Class:** Negro business people in the South who as a result of Jim Crow laws served primarily Negro customers and earned their wealth and status. This might include teachers, bankers, lawyers, physicians and barbers.
- Negro Middle Class:** Negroes who comprise the working class, in industrial, clerical personal, domestic workers and other blue color jobs positions.

DEFINITION OF TERMS

- Nationalism: A body of attitudes and beliefs developed in a conflict environment. These beliefs unify the members of the physical and cultural minority groups, while isolating them from the dominant group. In the struggle for recognition, the suppressed groups develop group consciousness and attitudes conducive to their social environment.¹
- Black Nationalism: An ideology advocated by African-Americans adopting black self-determination, racial solidarity, group self-reliance and racial separation in response to oppression and inequality waged by white America. Initially, in the mid nineteenth century, as a political strategy it sought a separate nation state in Africa or some other country. After emancipation, the appetite for emigration dissipated however, Black Nationalism from an economic and cultural perspective within America emerged in its place.²

¹ Walter L. Daykin, "Nationalism as Expressed in Negro History" *Social Forces* 13, no.2 (December 1934): 257-263.

² J. Herman Blake, "Black Nationalism" *Annals of the American Academy of Political and Social Science* 382 (March 1969): 15-25.

CHAPTER II

LITERATURE REVIEW

This literature review consists of a critical discovery and evaluation of available sources surrounding the role of commercial and savings banks in advancing social and economic independence for African Americans in the South from 1888 to 1910. During the Civil War, the government experimented with banks to encourage thrift and saving among African-American soldiers serving in the Union Army. After Emancipation, the Federal Government assumed the enormous task of bestowing social, political, and economic rights to African Americans. White supremacist elites in the South vehemently opposed granting full citizenship rights to freedmen and used every means at their disposal to resist this effort. Former slave owners helped sponsor Black Codes to restrict African Americans freedom. Intimidation, violence and terror forced many former slaves to abandon their quest for full citizenship. African American's social and political aspirations continued dissipated after Reconstruction collapsed. As a result, many freedmen adopted an economic agenda to enhance their quality of life. The literature review presents research on racial solidarity, self-help and self-reliance in solidifying a market for African-American owned-banks in support of an economic strategy. Secondly, it evaluates sources relevant to the value of wealth accumulation, thrift and banks in the social uplift of African Americans. The review concludes by examining sources relating

to the quest of African Americans for economic liberation and independence, and the role of African-American owned banks in facilitating this transition.

Origin of African-American Banks

Free Negroes in the North and free people of color in the South, prior to Emancipation, in 1863, accumulated savings, practiced thrift and deposited money in white owned banks. In New York, Negroes reportedly had deposits of \$50,000 in local banks, and a free Negro in New Orleans left an estate valued at over \$400,000¹. Arnett Lindsay concluded that, many free people of color in the 1850s amassed significant wealth and practiced a style of banking by loaning money to friends and acquaintances.²

In 1864, General N.P. Banks organized the Free Labor Bank in New Orleans to encourage thrift among free people of color and Negro soldiers in the region. Shortly after the Free Labor Bank formed, the government established military savings banks in Norfolk, Virginia and Beaufort, South Carolina. These military savings banks accommodated savings of allotment pay received by Negro soldiers. Military savings banks for Negroes in Beaufort, South Carolina confirmed deposits in excess of \$200,000 at the end of the Civil War.³ While the literature on these institutions is limited, the Free Labor Bank and the military savings banks for Negro soldiers during the War offer a preview in understanding the origins of banking for free Negroes and free people of color in the antebellum South. Lindsay suggests that the Free Labor Bank and the military

¹ Arnett G. Lindsay, "The Negro in Banking," *The Journal of Negro History* 14, no. 2 (April 1929): 156-201.

² Ibid.

³ Ibid.

banks established for Negroes in 1864 represent the first experiment at a bank solely for Negro deposits.⁴

In 1865, the Federal Government sponsored The Freedmen's Savings and Trust Company (Freedmen's Bank). Deposits previously held in the Free Labor Bank and the military savings banks in Virginia and South Carolina transferred to the Freedmen's Bank. Abram Harris in *The Negro as Capitalist* explains the nature of the bank:

The bank was organized and controlled by white friends of the Negro ostensibly for his benefit. Few Negroes were employed at first in any capacity. The Negroes were induced to believe that the bank was a government institution or at least the government was responsible for their funds just as it had been in the case of the military and labor banks. While the officials of the bank were not strictly responsible for this belief so widespread among the freedmen, there public utterances and the literature advertising the bank tended to confirm the Negroes in this belief.⁵

Headquartered in New York City, the Freedmen's Bank opened branches in cities throughout the South. Conceptually the bank served as an economic model for African Americans, however, in 1874 the bank failed. Abram Harris commented on the failure, "The history and failure of the bank must be viewed in light of the economic and financial expansion that followed the Civil War." Harris attributes the failure in large part to the era of greed, corruption, deceit and fraud in the Nation from 1866 to 1873. In his view, the Freedmen's Banks failure represented a microcosm of a failed culture in American society. In response to the bank's failure W.E.B. Du Bois suggests that, "Not even ten additional years of slavery could have done so much to throttle the thrift of these

⁴ Lindsay, 156-58.

⁵ Abram L. Harris, *The Negro As Capitalist: A Study of Banking and Business Among Negroes* (New York: Negro University Press, 1969), 28.

freedmen as the mismanagement and bankruptcy of the series of savings banks chartered by the Nation for their special aid.”⁶ The failure of the Freedmen’s bank fueled government distrust for many African Americans and encouraged others to create their own institutions. Following this debacle, fourteen years elapsed before the first independently owned African-American bank evolved.

With its early success and resulting failure, the Freedmen’s Bank served as a model for African-American owned banks from 1888 to 1910. In *Freedmen, Philanthropy, and Fraud, A History of the Freedman’s Savings Bank*, Carl R. Osthaus, like Harris, analyzes the successes and failures of the bank. Philanthropically, the Freedman’s Bank endeavored to teach the values of thrift, wealth accumulation and transform former slaves into middle-class citizens.⁷ Ironically, the founders and leaders of the early independently owned African-American banks preached equivalent ideals. On the other hand, these institutions focused on accumulating capital for home ownership, and business development in African-American communities. In this regard, Osthaus questions the Freedman’s Banks mission as a simple savings bank for newly freed slaves. In his view, a bank dedicated to capital accumulation and investment in the black community seemed more beneficial.⁸ While the Freedman’s Bank failed to invest in the black community, they engaged in speculative investment with board members and the closely connected. Speculative investments with insiders, mismanagement and greed

⁶ W. E. B. Du Bois, *The Souls of Black Folk* (Illinois: Lushena Books, 1904), 26-27.

⁷ Carl R. Osthaus, *Freedmen, Philanthropy, and Fraud, A History of the Freedman’s Bank* (New York: University of Illinois Press, 1976}, 1.

⁸ *Ibid*, 8.

led to the demise of the Freedman's Bank. Osthaus points out the ripple effects of the Bank's failure echoed, when he commented that, "As late as the 1890s and 1900s, the banks failure probably had deleterious effects on black economic enterprise."⁹ The impact of the failure on potential depositors in the new generation of independent African-American owned banks is immeasurable. Perhaps Frederick Douglass describes it best in the statement, "The Freeman's Bank was the black man's cow but the white mans milk."¹⁰

Reconstruction and Resistance

Having won the war, the Federal government and the Union Army sought to restore order, rebuild the infrastructure and provide for the welfare and civil rights of nearly four million freedmen in the South. While differences on methods of restoring order and physically rebuilding ensued, white supremists waged a staunch opposition to equal rights for Negroes. Historian John Hope Franklin makes the point; "The greatest concern of Southerners was the problem of controlling the Negro."¹¹ To implement control and maintain conditions of servitude by Negroes, Confederate states introduced and enforced Black Codes. Black Codes, Franklin concludes, resemble Slave Codes during legal slavery. Franklin commented, "All over the South, however, there emerged a body of laws generally regarded as the Slave Codes, which covered every aspect of the

⁹ Osthaus. 222.

¹⁰ Ibid.1.

¹¹ John Hope Franklin, *From Slavery to Freedom; A History of Negro Americans* (New York: Alford A. Knopf, 1974). 263.

life of the slave.”¹² Engaged and asphyxiated on the ideology of white supremacy and the inferiority of freedmen, the white power structure sought control of Negroes with impunity. Black Codes passed and enforced by state, county and local municipalities in the South marginalized and alienated African Americans.

Disenfranchising African Americans after Reconstruction represents the cornerstone of a campaign to render them politically powerless in the various southern states. August Meier embodies this characterization with this observation, “Through violence, fraud, and complicated registration and voting procedures, Negro political influence was effectively curtailed in the Southern states.”¹³ In effect, attacks on the voting rights of Negroes resulted in taxation without representation. More importantly, it rendered them voiceless regarding the allocation of federal, state and local resources in their communities. In confirming such conditions, Steven J. Hoffman notes, “The Conservative Party, and after the 1880s name change, the Democrats, engaged in a variety of means to reduce the African-American Republican vote throughout the city, including ballot stuffing, voter intimidation and simple delay.”¹⁴ Initially, some Southern Democrats supported African Americans right to vote, however, support slowly evaporated. Michael J. Klarman states, “The same Democratic politicians who in the early 1880s had campaigned for the black vote were by the 1890s demanding black

¹² Ibid.

¹³ August Meier, *Negro Thought In America, 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: The University of Michigan Press, 1963), 19.

¹⁴ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004), 124.

disenfranchisement and white political supremacy.”¹⁵ Disenfranchising African Americans compliments a white Southern strategy of retaining political power and command of federal, state and local resources. Moreover, it supported the concept and the evolution of a separate but equal doctrine espoused by white supremist during this era.

Hence, the denial of African Americans right to vote serves as a key Southern strategy to curtail political progress achieved during Reconstruction. In reference to the state of affairs, August Meier writes, “Increasingly, as disenfranchisement grew and officeholding decreased, Negroes became disillusioned with politics and placed more and more emphasis on economic and moral development as a substitute for and as a prerequisite to political activity.”¹⁶ Washington considered economic achievement as an immediate solution to a long-term problem. In theory, through thrift and wealth creation, Negroes would gain the respectability of whites and earn full citizenship. In this regard Steven Hoffman writes, “Southern blacks, Washington argued, should not challenge political dominance, but should concentrate on gaining economic parity within the structures of the Jim Crow South.”¹⁷ Hoffman concludes:

After African-Americans were precluded from participating in the political sphere by disenfranchisement, many of black Richmond’s community leaders, whether they were supporters of Washington or not, turned towards promoting black business as one of the few safe alternatives in an increasingly hostile world.¹⁸

¹⁵ Michael J. Klarman, “The Plessy Era “ *The Supreme Court Review* (1998): 309.

¹⁶ August Meier, *Negro Thought in America 1880-1915*, 35: *Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: The University Press, 1966). 35.

¹⁷ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004). 145.

¹⁸ *Ibid*, 145.

Disenfranchisement of African Americans during this era motivates them to adopt new strategies for surviving in the South.

The Jim Crow Era

In the late 1870s and early 1880s, African Americans civil rights in the South continued to decline. White conservatives focused increasingly on the legal process of disenfranchising, using literacy tests and poll taxes as the vehicle to restrict the vote. These events gave rise to “Jim Crow” laws, which framed a separate but equal doctrine in the South. Many consider this the third rail in the process of denying African Americans full citizenship rights in America. This process escalated as Franklin implies; “After the Supreme Court in 1883 outlawed the Civil Rights Act of 1875, the Negro was banned from white hotels, barbershops, restaurants and theaters.”¹⁹ Meier’s comments mirror this position during this era, as the, “Railroad segregation laws were enacted during the 1880s and 1890’s. Usually, custom preceded law in these matters and universally segregated facilities were unequal facilities.”²⁰ A separate and unequal mandate complicated life in the South for African Americans, especially for many business owners who depended on white customers. Hoffman paints a picture of that experience in Richmond, Virginia with the comment that, “As a new generation of African Americans and whites grew up, whites became increasingly reluctant to patronize black-

¹⁹ John Hope Franklin, *From Slavery to Freedom; A History of Negro Americans* (New York: Alford A. Knopf, 1974).

²⁰ August Meier, *Negro Thought in America 1880-1915*, 35: *Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: The University Press, 1966).

run businesses.”²¹ Jim Crow laws exacerbated African Americans hopes of assimilating into white society in the South. Increasingly they gravitated towards racial solidarity in achieving social betterment, economic independence and security through thrift and wealth accumulation.

Self-Help and Racial Solidarity

As African-American-owned businesses slowly lost the support of white customers, they struggled for survival. On the other hand, Jim Crow laws helped create a growing urban market for African-American businesses. For example, Hoffman asserts, “Ironically, the move to exclude African Americans from participating fully in the white economy led to increased opportunities for black businesses within a separate black economy.”²² While there is general agreement that Jim Crow laws culminated in the reality of a separate economy in the South, there is some discussion as to when these laws had their greatest impact. Although the Supreme Court ruling in *Plessy v. Ferguson* in 1896 legalized Jim Crow, its impact began immediately after Reconstruction failed in 1877. Interestingly, disenfranchisement and lynching in the South followed similar paths. They began increasing at the end of the nineteenth and the beginning of the twentieth centuries. Simultaneously, the number of African-American businesses increased significantly during this period as well. The research supports the fact that African Americans turned to economics when political and social rights eroded. Research also supports the idea that Washington, and to a lesser degree, Du Bois ignited the

²¹ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004), 144.

²² Hoffman, 145.

economic independence movement. In the face of seemingly insurmountable obstacles presented by the Black Codes, disenfranchisement, and Jim Crow laws, African Americans turned inwardly and sought economics and wealth accumulation as a means of realizing the “American Dream.”

Despite the Black Codes, disenfranchisement, Jim Crow laws and a white Southern strategy to usurp their rights as American citizens, African Americans remained resilient. Since the Federal Government abandoned them, and a racist South denied them access to basic rights, they turned to self-help and racial solidarity. This self-help concept, while not new to African Americans, grew rapidly from 1888 to 1910. Research supports the idea that a self-help ideology motivated by racism provides the impetus for African-American owned banks and insurance companies during this era. Meier explains, “White discriminatory and exclusionist policies were the direct cause of the establishment of segregated institutions such as the Negro churches and fraternities.”²³ In addition, Franklin states that, “Another manifestation of the Negro’s struggle to become socially self-sufficient was the remarkable growth of fraternal orders and benefit associations.”²⁴ Self-help and racial solidarity enabled African Americans to provide basic healthcare, burial, elderly and childcare services in their communities. The primary self-help organizations consisted of churches, charities, fraternal orders and mutual

²³ August Meier, *Negro Thought in America 1880-1915*, 35: *Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: The University Press, 1966), 13.

²⁴ John Hope Franklin, *From Slavery to Freedom; A History of Negro Americans* (New York: Alford A. Knopf, 1974), 298.

benefit societies. However, this research focuses on the impact of fraternal orders and mutual benefit societies in helping to create African-American owned banks.

Of the literature reviewed, there is almost unanimous agreement that fraternal orders and mutual aid societies provided a platform for African-American owned banks and other institution from 1888-1910. While this study acknowledges the significance of these organizations, other contributing factors also existed. For example, the number of African-American owned businesses increase exponentially from 1888 to 1910. In addition, the number of lynchings and the number of disenfranchised African Americans escalated as well. Moreover, the economy improves in the early twentieth century and Negroes migrate to the urban South seeking to enhance their living standards. The National Negro Business League and the Negro in Business Conferences backed by Booker T. Washington and W.E.B. Du Bois respectively, influence business creation and expansion during this period. In the beginning, there is not much disagreement that self-help organization, especially fraternal orders and mutual aid societies led the way for bank creation from 1888 to 1910. On the other hand, this study acknowledges related events, organizations, individuals, and ideologies influencing the growth of the African-American banking industry. The National Negro Business League (NBL) and the National Negro Bankers Association (NNBA), led by Washington advocated racial solidarity and a self-help ideology that advanced the development and growth of African-American owned banks.

Social Uplift in the African-American Community

In the late nineteenth century, the black church evolved as the leading advocate for the moral, spiritual and culture enlighten of African Americans. Concurrently, secret societies, mutual benefit and fraternal orders emerged as the foremost organizations for responding to socioeconomic needs in the community. Mutual aid societies and fraternal orders championed social uplift and enhanced quality of life for African Americans during this era. These organizations provided healthcare, medical, burial insurance and related social services by charging membership dues to support these initiatives. As memberships and capital increased, the level and scope of services expanded resulting in the need for African-American saving and commercial banks. In addition too serving as depositories for fraternal orders, banks encouraged thrift and provided capital for home ownership, real estate ventures, and commercial business enterprises in the community.

In response to African Americans focus on socioeconomic uplift, August Meier suggests, “What they did was to adopt the ideas of the gospel of wealth and Social Darwinism and apply them to their own racial situation.”²⁵ While African Americans gravitated towards wealth accumulation as a symbol of success, their circumstances differed greatly from their white counterparts. Jim Crow laws negated rugged individualism as it relates to Social Darwinism and demanded racial solidarity and group self-reliance. Meier’s analysis appears contradictory in light of the cooperative spirit of unity and self-help philosophy practiced by the leadership of the early fraternal orders and financial institutions. Abram Harris, although pessimistic of African American

²⁵ August Meier, *Negro Thought in America 1880-1915*, 35: *Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: The University Press, 1966), 24.

attempts at creating a separate banking system in a capitalist system dominated by the white power structure, avoided Meier's materialistic perspective.²⁶ Regardless of individual motives, mutual benefit and fraternal organizations embraced racial solidarity, economic cooperation and group self-reliance in advancing the social uplift of African Americans. Banks, insurance companies and other institutions emanated from these organizations to address socioeconomic problems in the African-American community.

Paramount in the fraternal order hierarchy is strength of character, moral fortitude and self-esteem. Exercising self-respect, earning the respect of others in the community and leading by example characterized fraternal members. Men and women displaying strength of character, moral values and self-esteem coupled with leadership skills help build successful fraternal orders. William Washington Browne, founder and President of the Grand Fountain United Order of True Reformers (GFUOTR) in Virginia 1881 exemplified such credentials. A minister and former slave, he developed and grew the Grand Fountain United Order into one of the most successful African-American fraternal orders in America. Under Mr. Browne's leadership, the organization expanded into the economic areas of insurance, healthcare, retail, real estate and banking. In 1888, the Grand Fountain United Order founded the True Reformers Bank, the first independently owned African-American bank in the United States. The bank maintained the deposits of its member organizations, and provided capital and credit for the socioeconomic uplift of the African-American community in Richmond, Virginia.²⁷ The success of the Grand

²⁶ Abram L. Harris, *The Negro As Capitalist: A Study of Banking and Business Among Negroes* (New York: Negro University Press, 1969).

²⁷ Ibid.

Fountain United Order True Reformers and True Reformers Bank is attributable to racial solidarity, race pride, leadership and a desire for the social and economic uplift of the African-American community.

Reverend William R. Pettiford, in the tradition of social uplift for African Americans, founded the Alabama Penny Savings Bank of Birmingham, Alabama in 1890. In her book, *A Sense of Place*, Lynne B. Feldman elaborates on Pettiford leadership skills and desire for the social betterment of the race. In particular, he structured the banks lending policies (unconventional loans) to provide for home ownership in the African-American community, as Feldman comments, "He was committed to improving the standard of living among blacks and enhancing their social condition and self-esteem."²⁸ A close associate of William W. Browne, Pettiford preached middle class values, thrift and race pride. While soliciting support for the creation of the bank, Pettiford espouses:

[The Alabama Penney Savings Bank] will develop the spirit of unity and co-operation, it will stimulate individual and corporate enterprises, it will inculcate the habits of economy, industry and thrift, and safeguard, command respect for our race, and prove an excellent avenue of safe and profitable investment on the part of its stockholders.²⁹

With this appeal, Pettiford acknowledges the profit motive and return on investment objective for stockholders. On the other hand, his call for unity, cooperation and respect for the race rang loudly throughout the tone of his message. Thus, Reverend Pettiford placed a higher value on the social betterment, social uplift and pride than monetary

²⁸ Lynne B. Feldman, *A Sense of Place, Birmingham's Black Middle-Class Community, 1890-1930* (Tuscaloosa: The University of Alabama Press, 1999), 96.

²⁹ Ibid, 78-79.

profit. Teaching the habits of thrift, industry and cultural identity underscores Pettiford's call for the social uplift of African Americans. He, along with other early leaders of African-American owned banks, understood race as an empowering element for social and economic change.³⁰

In 1896, Du Bois initiated the Atlanta University Studies, consisting of a series of conferences on the study of the *Negro Problem*. In 1898, the conference theme was, *Some Efforts of American Negroes for their Social Betterment*. The research investigated efforts of African Americans to improve their social condition. While the conference presentations acknowledged individual efforts of education, owning property, organizational efforts aimed at the social betterment of the masses were a focal point of concern. The conference conclusion indicated that the church, secret societies, and cooperative businesses comprised the leading organizations for the social betterment of the race. In the view of conference participants, these organizations systematically promoted benevolence and reform in the African-American community. Historically, the church played a significant role in the moral, spiritual and cultural development of the race. Secret societies, emanating from the church, along with mutual benefit societies and fraternal orders helped create a platform for banks and insurance companies. Cooperative enterprises solidified that effort by establishing a market for goods and services based on unity and race pride. Beneficial societies and co-operative enterprises formed the

³⁰ Feldman.

foundation for the social uplift of African Americans, and banks served as vehicles for delivering socioeconomic change.³¹

Findings of the 1898 Atlanta University Conference presenters support the concept that beneficial societies and co-operative enterprises contributed greatly to the social uplift of the race. Du Bois indicated that, “The main practical objects of these societies are life and sickness insurance, and social intercourse.” “They represent the saving, banking spirit among the Negroes and are the germ of commercial enterprise of a purer type.”³² Many of the banks were created because insurance and fraternal organizations placed a higher value on social betterment than profit. At the end of the Third Annual Atlanta Conference, the body offered recommendations, including the following positions regarding savings banks in Resolution Three, “Savings banks are the safest and best means of providing for the future, and their establishment near the centers of Negro population is highly desirable.”³³ Resolution Four on beneficial societies indicated that, “they should use the best business methods, and invest their money in real estate and in savings banks.”

Moreover, a renewed demand for improving their standard of living, urbanization, and a quest for economic security African-American owned banks increased significantly at the beginning of the twentieth century. Throughout the South, insurance companies, commercial and saving banks and real estate companies mushroomed. Available research provides evidence that benefit societies and fraternal orders spurred the growth

³¹ W.E.B. Du Bois, *Some Efforts of American Negroes For their Own Social Betterment*.

³² *Ibid.* 17.

³³ *Ibid.* 47.

and development of saving banks. While some African-American individuals, motivated by greed and materialism endeavored to exploit their own race, most sought to unite and seek salvation for the race. Most leaders and operators of saving and commercial banks sought economic liberation for African-American people from 1888 to 1910.

Economic Liberation and African-American Owned Banks

The enforcement of Jim Crow laws and the disenfranchisement of African Americans mandated a separate economy in the South. In *Race, Class and Power in the Building of Richmond*, Steven Hoffman acknowledges the impact of this phenomenon in the social and economic development of Richmond, Virginia. Motivated by fear and hate, many whites refused to patronize black businesses. Conversely, most white businesses denied African Americans access to their establishments. Richmond, like most southern cities during this era, operated dual economies, one white, and one black. On the one hand, African-American businesses lost their white customers, and on the other hand, they gained black customers.³⁴ African Americans embraced the separate economy that emerged in the Jim Crow South. Although not equal, the separate economy, with racial solidarity as its core and economic independence as its vision for the future, they persevered. Thirty years after legal emancipation from slavery, African Americans sought economic emancipation in the South. To own property, practice thrift and accumulate wealth. African Americans promoted and supported banks and other financial institutions in their communities as symbols of economic liberation and independence.

³⁴ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004), 145.

Abram Harris, in *The Negro As Capitalist*, emphatically insists that Negroes lacked the knowledge, capital or resources to become economically independent in America.³⁵

While Harris's argument from a macroeconomic perspective is plausible, William Washington Browne, William R. Pettiford, Maggie L. Walker and Dr. R.H. Boyd shared a different view.

Hence, Jim Crow and economic segregation as described by John Sibley Butler in *Entrepreneurship and Self-Help among Black Americans* resulted in an "economic detour." He concluded that Jim Crow laws sponsored and enforced by the American government amounted to a prohibition of free commercial enterprise targeting African-Americans.³⁶ Despite a policy of racial exclusion in the South, African Americans harnessed the power of racial solidarity and attained a level of economic stability in their communities. Sibley takes exception to scholars such as E. Franklin Frazier who asserted that African-American businesses failed in comparison to mainstream America during this era. Butler indicates that in the history of America, no other ethnic group experienced the degree of racial isolation and degradation as imposed on African-American businesses. August Meier, in *Negro Thought in America*, while not using the term "economic detour" reminds us that antagonism and hostility by white society encouraged segregated institutions in the South.³⁷ With respect to the impact of the "economic detour", Butler concludes that the rapid growth in entrepreneurship and business activity

³⁵ Abram L. Harris, *The Negro As Capitalist: A Study of Banking and Business Among Negroes* (New York: Negro University Press, 1969), 165-178.

³⁶ John Sibley Butler, *Entrepreneurship and Self-Help Among Black Americans, A Reconsideration of Race and Economics* (New York: State University of New York Press, 1991), 72.

³⁷ Meier, 13.

influenced the expansion of banks and savings and loans at the turn of the century. These institutions contributed to economic growth and stability in African-American communities during this era.³⁸

Without access to a free market economy, African-American banks invested in real estate, retail operations, hotels and service businesses within their segregated communities. As an example, in Richmond, Virginia, Steven Hoffman describes the actions of the True Reformers Bank:

By accumulating funds, both through assessments for insurance as well as individual accounts, and then channeling them into real estate, the True Reformers Bank both stimulated property holding by African-Americans and strengthened the financial integrity of the community.³⁹

The True Reformers invested in numerous properties, including a hotel, general store, bank building and other investment for the social and economic stability of the African-American community. In a similar approach, The St. Luke Penny Savings Bank of Richmond, a depository of the Independent Order of St. Luke, invested in the community. Maggie L. Walker, the first female founder and president of a bank, established a department store and owned additional real estate holding, including its headquarters building.⁴⁰ African-American banks continued a pattern of investing in their communities throughout the South. William R. Pettiford, a close friend of Booker T. Washington and President of the Alabama Penny Savings Bank, embraced the idea of investing and building for future generations. Pettiford insisted that the moral and

³⁸ Butler, 143.

³⁹ Hoffman, 152-153.

⁴⁰ Ibid., 160-161.

spiritual interests of the race are inextricably linked to their material and economic welfare.⁴¹ The research suggests that by investing in real estate, commercial and residential, commercial and saving banks preserve and protect the economic value of the communities they serve.

There is little argument that Booker T. Washington emerged as one of the most prolific champions for an independent African-American business class in the South from 1888 to 1910. To promote this effort, he founded the National Negro Business League (NNBL) in 1900. In the preface of his book, *The Negro in Business*, he makes the following observation:

In my opinion, the National Negro Business League, formed for the purpose of bringing our businessmen together for mutual help and encouragement, deserves a place in this book, because of the far-reaching influence it has exerted, through its annual meetings and the numerous and vigorous local leagues affiliated with it, in the way of encouraging our young men and women to go into business, and heartening those already engaged in it to renewed efforts and greater achievements. I shall therefore give proper space to the history and effects of the National Negro Business League.⁴²

Therefore, as a testament of Washington's accomplishments in enhancing Negro business, August Meier concludes, "No organization was as influential in stimulating the philosophy of self-help and racial solidarity as the National Negro Business League, which Washington organized in 1900 to encourage the development of Negro business."⁴³ African-American owned banks were instrumental in the success and growth of the NNBL. Washington's observation regarding Negro bank was, "As our people have

⁴¹ Booker T. Washington, *The Negro In Business* (Wichita: DeVore and Sons, 1992), 104.

⁴² Washington, 1-2.

⁴³ Meier, 24.

made progress in the various lines of business a demand has arisen among them for savings banks.”⁴⁴ He boasts of the more than thirty successful banks owned and operated by African Americans in 1907. Booker T. Washington and the National Negro Business League, through its memberships and annual conferences, advanced the social and economic independence of African Americans from 1888-1910. The National Negro Bankers Association, an outgrowth of the NNBL, promoted the growth of commercial and savings banks. These institutions provided economic stability in the African-American community.

Du Bois, like Washington, emerged as a leading advocate for the growth and expansion of African-American owned business at the turn of the century. As head of the Sociology Department at Atlanta University, Du Bois chaired a series of conferences on the Negro Problem. In 1899, the fourth Atlanta University Conference, the study focused on “The Negro In Business.” Research presented at the Conference investigated the name, location, type, years in business, capital generated and number of “Negro” businesses in the South. Du Bois’s observation was that, “For a Negro then to go into business means a great deal. It is, indeed, a step in social progress worth measuring.”⁴⁵ While acknowledging the value and progress in business development, Du Bois realized that economic emancipation remained a dream. Although Du Bois and Washington disagreed philosophically, they strongly advocated racial solidarity, self-help and the creation and expansion of African-American owned businesses. Interestingly, shortly after “The Negro In Business” conference that ended in 1899, Washington founded the

⁴⁴ Washington, 85.

⁴⁵ W.E.B. Du Bois, *The Negro In Business, Atlanta University Conference* (May 1899): 5.

National Negro Business League in 1900. Coincidentally in 1907, Washington wrote the book, *The Negro In Business*. While Washington and Du Bois favored an independent business class and economic prosperity, they continued to differ on social and political issues.

In 1907, Atlanta University's twelfth conference, *Economic Co-operation Among Negro Americans*, focused on economic stability through the development of co-operative ventures. Du Bois frowned on the individualistic competition model where the few attained wealth by exploiting the masses. He encouraged co-operation in capital and labor by amassing small savings and a wide distribution of capital while spreading the wealth among the race. Building and Loan Associations, fraternal orders and mutual aid societies exemplify the kind of co-operative spirit needed to enhance economic security in the African-American community. Du Bois envisioned a "Group Economy," which he described as; "It consists of such a co-operatives arrangement of industries and services within the Negro group that the group tends to become a closed economic circle largely independent of the surrounding white world."⁴⁶ As an example of a "Group Economy," Du Bois looked at the city of Philadelphia with 70,000 "Negroes" and nearly 100 types businesses and services catering almost exclusively to African Americans. Because of the exclusivity of the market dynamics in urban America from 1888 to 1910, an unofficial co-operative business arrangement existed in the community. Bank, insurance companies,

⁴⁶ W.E.B. Du Bois, *The Atlanta Conference, Economic Co-operation Among Negro Americans* (May 1907): 179.

hotels, newspapers and the related businesses operated within a closed market environment.⁴⁷

Conclusion

Literature devoted specifically to the study of African-American owned banks in facilitating social uplift and economic independence from 1888 to 1910 is limited. During this period, a series of Atlanta University Conferences on the *Negro Problem* presented one of the most comprehensive studies on the role of business development in achieving economic emancipation for African Americans. The third conference focused on the impact of churches; secrete societies and mutual benefit organizations in bringing about social betterment in the African-American community. The 1899 Conference theme, *The Negro in Business*, details sources of types, location and capital invested in Negro businesses throughout the South, was produced. The twelfth Conference, in 1907, with the theme of *Economic Co-operation Among Negro Americans* elaborated on the need for African-American owned businesses to form an alliance based on racial solidarity and circumstances. In each of these Conferences, the emphasis was on the value of banks, insurance companies and the means by which cooperative ventures for could be formed the benefit of the masses in the African-American community. The participants advocated a "Group Economy" in the "Negro" community, independent of the white world. The tone of this rhetoric suggests that cooperative businesses offered a glimmer of hope for economic independence and liberation for African-American people.

Abram Harris in *The Negro As Capitalist* offers a compelling analysis of the African-American banking industry in the late nineteenth and early twentieth centuries.

⁴⁷ Ibid.

He vehemently opposed Booker T. Washington and W.E.B. Du Bois on an independent Negro business class. Moreover, he asserts, "The Negro banker like the Negro businessman is an uneconomic man, and the same circumstances that force the one to carry on his petty trade at the margin of gain, force the other to do likewise in the realm of small finance."⁴⁸ Abram Harris concludes that there is no real economic justification for a Negro bank and suggests that any future banks for Negroes become subsidiaries of larger white banks. His views are antithetical to many scholars including Meier, Hoffman, Arnett and Butler. Recognizing the underlining disadvantages for African-American businesses in the Jim Crow South, they precluded economic parity with mainstream America. On the other hand, they applauded the contributions of African-American banks to social and economic advancement in their communities. Conversely, Harris fails to inject the historical and cultural reality of the African-American experience in arriving at his conclusion. It appears that Harris is engaging in a mythical illusion of race transformation void of any historical context. To borrow a phrase from Malcolm X, "Plymouth rock landed on us." After emancipation, African Americans wanted to assimilate into mainstream society, Jim Crow destroyed that dream.

Harris clearly confines his study to the financial structure, cause of failure and investment portfolio of Negro banks. He takes exception to Washington and Du Bois's middle class for profit and cooperative strategies for creating an independent black economy. E. Franklin Frazier, a renowned sociologist and noted scholar on black culture, shares many of Harris's views on the black middle class. In his controversial book, *Black Bourgeoisie*, Frazier ridiculed the "petit bourgeoisie" capitalist class, denouncing them as

⁴⁸ Harris.

incapable of economically leading the black community.⁴⁹ Frazier, like Harris characterized African-American businesses; including banks as operating in a world of make believe. They question with zeal, the economic justification of African-American business enterprise in a white controlled capitalist society. Clearly, Harris investigates and evaluates African-American owned banks failures and successes using a Eurocentric western criterion. His findings surrounding “Negro” banks and capitalism from 1888 to 1929 fail to interject an Afro centric perspective in discerning a conclusion. Such a perspective might have revealed a more balanced view on value of banks in stimulating social uplift and economic independence in African-American communities.

Of the fifty-eight African-American owned banks created between 1888 and 1910, only six opened from 1888 to 1900. At the beginning of the twentieth century, African Americans developed fifty-two, or five banks per year from 1900 to 1910. Arnett Lindsay, unlike Abram Harris, commends the social and economic efforts of Negro bankers during this era. While Lindsay acknowledges many of the apparent inadequacies of these institutions, lack of capital, inexperience and market access he embraces their contributions to the black community. Specifically, he is complementary of the growth of banks in partnerships with fraternal orders and the acquisition of commercial and residential real estate. On the other hand, Lindsay’s study as others recognizes the failures of banks and the lack of Negro enterprises to support their growth. However, contrary to Harris, he elects to accentuate the positive attributes of successful Negro

⁴⁹ John H. Bracey, *E. Franklin Frazier and Black Bourgeoisie*, ed. James E. Teele (Columbia: University of Missouri Press, 2002), 98.

banks and lessons learned for future endeavors.⁵⁰ Any analysis of the social and economic relevancy of African-American banks from 1888 to 1910 is incomplete without incorporating the historical context and cultural reality of the era. Thirty years removed from slavery, illiterate, penniless, homeless, hopeless and with Jim Crow on their backs; African Americans established fifty-eight commercial and savings banks from 1888 to 1910.

Literature devoted specifically to the African-American banking industry from 1888 to 1910 is limited. On the other hand, Abram L. Harris and Arnett G. Lindsay offer an analysis of these institutions. W.E.B. Du Bois and the Atlanta University Conferences along with the National Negro Business league provide much of the initial data during this era. What's lacking is an examination of the role of these banks in facilitating economic independence and liberation for African Americans in the Jim Crow South. More importantly, much of the available literature analyzes and evaluates these institutions using a Eurocentric lens. For example, it is unjust to examine an African-American bank failure using the same criteria, as a mainstream white owned bank 1890 America. To begin with, market limitations imposed by Jim Crow laws restricted them to an exclusive African-American customer base. A customer base comprised of people at the lowest end of the economic ladder with respect to income, employment, education and wealth. Under such seemingly insurmountable odds, commercial and savings banks financed businesses, homes, encouraged thrift and invested capital to purchase commercial real estate in the community.

⁵⁰ Lindsay, 200-201.

CHAPTER III

HISTORICAL CONTEXT OF THE PROBLEM

Twenty-five years after President Abraham Lincoln issued the Emancipation Proclamation, freeing thousands of slaves from bondage on January 1, 1863, and twenty-three years after the passage of the 13th Amendment, African Americans established their first two independently owned banks in 1888. The True Reformers Bank in Richmond, Virginia and the Capital Savings Bank in Washington, DC marked the beginning of a transition to economic emancipation and liberation for African Americans. The journey towards economic liberation endured the wrath of discrimination, violence and terror inflicted on freedmen over a period of time by white Southerners. After physical freedom, African Americans envisioned social emancipation, including the right to secure employment, housing, own property and educate their families. While the Federal Government passed legislation to encourage equal rights, for African Americans, whites in the South resisted with laws to restrict their freedoms. In the face of a growing opposition to social rights, African Americans sought political emancipation, the right to vote, hold political office, serve on juries and make decisions in their communities. In the post slavery era, African Americans made significant progress in the political arena by winning local, state and national positions of authority. Jealous and fearful of their political accomplishments, whites in the South initiated a vicious campaign to disenfranchise them. Lynchings, disenfranchisement methods and Jim Crow laws eroded

social and political gains in the South resulting in a separate economy. Stripped of social and political liberties, African Americans sought an economic agenda to achieve their rights as American citizens. Between 1888 and 1910, commercial and savings banks served as the cornerstone for the economic emancipation and liberation of African-American people.

During the Civil War, in 1864, Major General N.P. Banks established the Free Labor Bank for Negro soldiers in the Union Army and free people of color in Louisiana. The Free Labor Bank, like the Free Labor System in Louisiana, served as a strategy to achieve social order among African Americans and regain economic vitality to a region devastated by War. Free people of color offered a source of cheap labor for owners and caretakers of confiscated farmland and plantations. Keith Wilson comments on General Bank's plan, "Thus, he devised a system of labor that supposedly removed all the odious features of slavery, but retained the obligation to labor for the white employer."¹ The bank, while encouraging thrift, provided zero capital for the purchase of land, homes or businesses. In addition to a labor and banking program, General Banks devised a segregated inferior education system for Negroes, as part of an overall scheme to restrict their roles in society. The labor, bank, and education systems imposed on African Americans by General Banks to restrict their movement and control their destiny are obvious.² The leap from physical emancipation to social emancipation for African Americans faces seemingly insurmountable obstacles from a Southern system that was

¹ Keith Wilson, "Education as a Vehicle of Racial Control: Major General N. P. Banks in Louisiana 1863-64," *Journal of Negro Education* 5 (Spring 1981): 156-170.

² Ibid.

highly resistant to change. The Free Labor Bank as a model for social liberation and equality continued in South Carolina and Virginia during the War.

In 1864, after the Free Labor Bank experiment in Louisiana, the Military established banks for Negroes in Beaufort, South Carolina and Norfolk, Virginia. A large contingent of former slaves, many illiterate and penniless now received either military pay as Union soldiers or wages earned on farms and plantations. These military banks provided a secure and convenient method of teaching thrift and the value of saving for African-American families. On the other hand, similar to the Free Labor Bank, the military institutions never intended to foster a sense of economic independence for the Negro. The primary intentions of these banks centered on achieving social stability among African Americans and maintaining control of resources to promote economic development in the region. Despite their practical understanding of financial matters, in pursuit of the American Dream, African Americans freely deposited money in military banks. At the end of the War, nearly \$200,000 in unclaimed deposits remained in these institutions. In some instances, soldiers and or family members died, lost contact or records of deposits. A share of the unclaimed deposits help finance the Freedmen's Savings and Trust Company (Freedmen's Bank), a bank created by the Freedmen's Bureau for Negroes to deposit funds and promote thrift and responsibility while socially advancing the race.³

The Freedmen's Bank emerged in 1865, as part of a broad Reconstruction plan for the socioeconomic development of former slaves and Negro soldiers. Similar to the

³ Arnett G. Lindsay, "The Negro in Banking," *The Journal of Negro History* 14, no. 2 (April 1929): 156-201.

military banks, it provided a safe and secure depository for Negro soldier's allotment pay and wages earned by freedmen. Organized by white Northern philanthropists with its original headquarters in New York, African Americans patronized the bank with enthusiasm. In describing the framers of the bank, Frederick Douglass writes, "Their aim was now to install into the minds of the untutored Africans lessons of sobriety, wisdom, and economy, and to show them how to rise in the world."⁴ Douglass, a former slave, believed that newly freed African Americans like him could rise up in the world with the aid of the Freedmen's Bank. Incorporated by Congress as a non-profit entity, the bank endeavored to invest in government secured stocks and bonds for a fair return on investments, avoiding speculative loans. The initial conservative philosophy of the Freedmen's Bank management afforded them the opportunity to instill the social values of responsibility, thrift and industry to their African-American patrons. Carl Osthaus elaborates, "Its officials always believed that training in thrift could transform ignorant freedmen, beset by temptation to idleness, intemperance, and gambling, into morally upright citizens."⁵ While training and transforming African Americans in the ways of thrift and stewardship, the bank began failing to adhere its own advice. To begin with, in 1867, the bank moved the headquarters to Washington, D.C. and purchased a \$260,000 office building. Secondly, in 1870, the Trustees amended the bank's charter, allowing it to pursue speculative real estate and commercial loans. This shift in the banks policy

⁴ Frederick Douglass, *Life and Times of Frederick Douglass* (New York: Collier Books, 1892), 401.

⁵ Carl R. Osthaus, *Philanthropy, and Fraud: A History of the Freedmen's Bank* (New York: University of Illinois Press, 1976), 44.

threatened its mission as a savings institution for the socioeconomic development of African Americans.⁶

Nevertheless, the diversion in 1870, the early success of the Freedmen's Bank in Washington, D.C., encouraged management to open branch offices. The majority of the thirty- five to thirty-seven branches opened in Southern cities with large African-American populations. Support for bank branches grew rapidly and churches, benefit societies, business owners, and individuals patronized them enthusiastically. Throughout the South, African Americans rallied and appealed to authorities for a Freedmen's Bank branch location in their community. Deposits in these institutions ranged from a low of five dollars to upwards of twenty- thousand dollars from both individuals and organizations. During the nine-year existence of the Freedmen's Bank, it served as many as seventy thousand customers with deposits valuing more than four million dollars. In addition to expanding thrift and building savings for their future, African Americans received valuable experience and training in finance and banking matters at the grass roots level. The Freedmen's Bank local branches in mostly urban Southern communities motivated thousands to save and invest their hard-earned dollars in institutions they believed would elevate the race.

On whole, the first five years of the Freedmen's Bank branch system, like the Washington office enjoyed financial success and community support. On the other hand, some angry jealous whites and Negroes in the South resented the Freedmen's Bank in Washington and in local communities. Many whites disapproved of any attempt by the government to advance the race socially or economically. Some African Americans felt

⁶ Ibid.

that the bank should extend its powers beyond savings and offer real estate and commercial loans. Despite the distractions, customers and deposits in the majority of the Freedmen's Bank branch offices continued to grow. The majority of the problems threatening this growth surfaced when the branches, like Washington incorporated personal, real estate and commercial loans to the bank's portfolios. These policy changes precipitated corruption, dishonesty, greed, mismanagement and fraud among Trustees, management, cashiers and clerks. A few Congressmen strongly objected to deregulation of the Freedmen's Bank original charter, warning of the consequences of such action. Osthaus said on Congressman Cameron's position, "Real estate speculation had been the downfall of hundreds of banks, and no well-managed bank would tie up its money in real estate loans which could never be collected immediately."⁷ Risky real estate loans coupled with a weaken economy in 1873 led to the eventual demise of the Freedmen's Bank in 1874. Many depositors lost their life savings, along with their hopes, dreams, faith and confidence in banking and the government.

After the failure of the Freedmen's Bank, in 1874, opponents, advocates, and victims voiced their reservations regarding the collapse. Southern Democrats who opposed the Republican Reconstruction plan and the bank pointed the finger at corrupt Northern officials. Many Southerners charged that the Republican friends of the Negro instead robbed poor men and women of their hard-earned savings. Proponents of the bank attributed the bank's downfall to the economic crisis crippling the Nation in 1873. They referenced other bank failures, including the Third Avenue Savings Bank in New York during this economic downturn of the mid 1870s. Depositors, mostly working class,

⁷ Osthaus. 147.

struggling African Americans, concluded that Congress and bank officials intentionally exploited and degraded them. Leaders of several branch offices argued that the Federal Government was liable for any deposits lost because the Freedmen's Bank promoted itself as a government entity. The actual impact of the Freedmen's Bank failure on generations of African Americans is immeasurable. For many African Americans who praised and depended on the bank for their social and economic salvation, the American Dream once again vanished in thin air.⁸

While the Freedmen's Bank addressed the socioeconomic needs of African Americans, the Reconstruction Act passed by Congress in 1867 bolstered their political standing in the South. In effect, a Military command of Rebel States enabled and protected African Americans right to vote in local, State and National elections. For example, in South Carolina, a state with a significant African-American population, black State house legislators outnumbered whites by a two to one margin.⁹ By participating in the political process, they influenced decisions affecting their social and economic welfare. African-American members of the South Carolina delegation voted on issues including Black Codes, public education, public health, public roads, and property and voting rights in the State. During the Reconstruction era, two African-American Senators both from Mississippi, and as many as twenty, House of Representatives served in the United States Congress. Despite their political prowess in the South, whites retained the power and control of the resources in Washington and the rebel states. For lack of

⁸ Osthaus.

⁹ John Hope Franklin, *From Slavery to Freedom: A History of Negro Americans* (New York: Alfred A. Knopf, 1947), 253.

political will, Congress failed to approve funding for the continuation of Military troops in the rebel states. This turn of events resulted in the death of Reconstruction in 1877 and shattered African Americans hopes of political emancipation in the South.¹⁰

The end of Reconstruction and the return of home rule energized white conservatives and marked the beginning of a new era in the South. White Southern Democrats, now in power, launched a vicious campaign to disenfranchise African Americans rendering them powerless in the State. August Meier concludes, “Through violence, fraud and a complicated registration and voting procedure, Negro political influence was effectively curtailed in the Southern States.”¹¹ Under white rule in the new South, their hopes and aspirations of assimilating into the larger white society dissipated quickly. Systematic racism and Jim Crow laws polarized business relations between blacks and whites leading to a distinctly unequal separate economy in the South. Hoffman describes the impact of discrimination in the business community with this statement, “Ironically, the move to exclude African Americans from participating fully in the white economy led to increased opportunities for black businesses within a separate black economy.”¹² In the post Reconstruction South, African Americans reconstituted a self-help ideology, embracing racial solidarity and race pride to stimulate a movement towards economic independence within their communities.

¹⁰ Ibid.

¹¹ August Meier, *Negro Thought in America 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: University Press, 1966).

¹² Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004), 145.

In response to a blatant neglect of government in the Southern states to provide for their social and economic welfare, African American organized and expanded fraternal orders and mutual benefit societies to meet these needs. Through a self-help ideology, fraternal orders and mutual benefit societies provided sickness, burial and life insurance to its members. More importantly, these organizations encouraged unity, respect, self-reliance and cooperation among its members. Hoffman expands on this concept when he states that, "Fraternal orders and secret societies played a key role in African-American society by providing recreational, social and financial services to Richmond's black community."¹³ Among the larger well-organized benevolent societies during the late nineteenth and early twentieth centuries were the Masons, Odd Fellows, Knights of Pythias, Knights of Tabor, Independent Order of St. Luke and the Grand Fountain United Order of True Reformers. Of these societies, the True Reformers, under the leadership of Reverend William Washington Browne, espoused social and economic independence through entrepreneurship and cooperation.¹⁴

Reverend William Washington Browne organized the Grand Fountain United Order of True Reformers (GFUOTR) in 1881. The fraternal order began with one hundred members, male and female, and a capital of \$150. The organization grew to more than fifty thousand members in twenty states by the twentieth century.¹⁵ Incorporated in the state of Virginia as a mutual benefit insurance stock corporation, the

¹³ Hoffman, 149.

¹⁴ Booker T, Washington, *The Story of the Negro: The Rise of the Race From Slavery* (Philadelphia: University of Pennsylvania Press, 2005), 163.

¹⁵ David T, Beito, "To Advance the "Practice of Thrift and Economy": Fraternal Societies and Social Capital, 1890-1920," *Journal of Interdisciplinary History, The MIT Press*, 29, no 4 Patterns of Social Capital: Stability and Change in Comparative Perspective: Part II (Spring, 1999), 586-612.

companies charter allowed it to hold real estate at values not exceed \$25,000. As an example of the True Reformers growth, by 1898 the organization amended its charter to hold real estate valued at the maximum limit of \$500,000. Browne's innovative leadership and progressive ideas propelled the GFUOTR as an example of Black self-help, self-reliance, and economic liberation at the close of the nineteenth century. As the memberships, capital, real estate holdings and business investments in the community expanded, the need for an independent bank emerged. In 1888, it chartered the True Reformers Savings Bank in Richmond, Virginia, the first independently owned African-American bank in the United States.

Chartered by the state of Virginia in 1888, the True Reformers Bank opened for business, in April 1889, with an authorized capital stock of \$100,000, and deposits of \$1,200 on its first day of operations. Reverend Browne structured the by-laws of the bank so that only members of the Grand Fountain United Order of True Reformers (GFUOTF) could own stock in the corporation. More importantly, he limited the amount individual stock ownership by members in order to protect against collusion. Because of Browne's vision and entrepreneurial spirit, the True Reformers Bank operated several subsidiary businesses with the GFUOTR serving as the umbrella entity. The real estate division of the bank invested in commercial and residential properties including land to develop Brownsville, an all black community in Richmond. To launch retail and commercial ventures, the True Reformers formed the Mercantile Industrial Association. Before the close of the nineteenth century, the True Reformers opened a hotel, started a newspaper

and built an Old Folks Home in Richmond's African-American community.¹⁶ As the first chartered independent African-American owned bank, the True Reformers Bank set the standard for future banks leading into the twentieth century. The bank and its leaders stressed self-help and economic independence through wealth accumulation, business enterprise development and investment in commercial and residential projects in their respective communities.

Although the True Reformers Bank received its charter in March 1888, the Capital Savings Bank in Washington, D. C. began operations in October 1888, six months before the True Reformers Bank. For this reason, the Capital Savings Bank is technically the first independently owned African-American Bank in the United States. Like the True Reformers Bank, it relied heavily on racial solidarity and sought to advance the cause of economic independence in D. C.'s African-American community. Conversely, the Capital Savings Bank did not have the benefit of being a depository of a fraternal order or mutual benefit society. However, it evolved and grew largely because of its partnership with the Industrial Building and Savings Company of Washington, D.C. In effect, Capital Savings Bank coexisted as a financial leveraging institution in conjunction with the Industrial Loan Company. The bank enjoyed some success, including deposits of over \$317,000 in 1892 and survived the financial panic of 1893. Despite significant profits and dividends to shareholders in the early years, the bank failed in 1902.¹⁷ Leading into the final decade of the nineteenth century, one other African-American owned bank, the Mutual Bank & Trust Company of Chattanooga,

¹⁶ W.E.B. Du Bois, "Economic Co-operation Among Negroes" Atlanta University, 12th Conference, Atlanta, Georgia (May 1907)

¹⁷ Abram L. Harris, *The Negro as Capitalist: A Study of Banking and Business Among American Negroes*, (New York: Negro University Press, 1967), 104-107.

Tennessee opened in 1889. Because of mismanagement coupled with the financial panic of 1893, the bank closed in 1894.

In the first ten years of the twentieth century, African Americans established fifty banks, mostly in the South in their quest for economic independence and self-control. During this era, Booker T. Washington and W.E.B. Du Bois significantly influenced the growth of banks and other businesses enterprises in black communities throughout the South. In 1900, Washington founded the National Negro Business League (NNBL) for the purpose of expanding business and industry in African-American communities. Du Bois, on the other hand, published the *Negro in Business* at Atlanta University's fourth annual conference on the *Negro Problem* in 1899. He conducted a study of the number, type and economic value of Negro businesses during that era. The migration of African Americans to urban areas escaping the rural south created new opportunities for banks and other businesses. African-American owned banks expanded west of the Mississippi, to urban areas in the lower and upper South and North. Booker T. Washington's NNBL's development and Du Bois's conferences on The Negro in Business breathed new life in the movement towards business and economic development.

The National Negro Business League's primary objectives were to create an independent Negro business class and earn the respect and admiration of whites in the South. Booker T. Washington used his substantial influence to attract prominent Negro businesspersons from thirty-four states to join the NNBL. They established over three hundred NNBL chapters, building a network of business and professional members to advance Negro business and industry. In addition to league chapters, affiliated professional organizations emerged to promote specific industries. Among them were the

National Negro Press Association, the National Association of Negro Insurance Men, the National Negro Finance Corporation, the Negro Real Estate Dealers and the National Negro Bankers Association. The National Negro Bankers Association (NNBA) evolved as a mentoring and knowledge sharing entity for Negro commercial and savings banks during this era. William R. Pettiford, founder of the Alabama Penny Savings Bank, espoused Washington's philosophy of racial solidarity, collective cooperation, thrift, and moral fortitude as President of the NNBA. The league and its affiliates endeavored to build an economic infrastructure within a separate Negro economy while improving their standing with white America. The NNBL and the NNBA were instrumental in the development and growth of African-American owned banks from 1900 to 1910.¹⁸

In 1899, Atlanta University under the leadership of W.E.B. Du Bois convened its annual conference on the Negro Problem in Atlanta, Georgia. Du Bois and his colleagues conducted a study on the status of Negro businesses at the close of the nineteenth century. After analyzing the data and hearing suggestions from highly regarded business and professional men and women, they adopted resolutions for improving the economic plight of African Americans in the twentieth century. Summaries of the resolutions are as follows:

1. Negroes should open businesses and create employment opportunities creating wealth through cooperation.
2. Train young men and women to be productive merchants.
3. Negroes going into business should learn to treat the customers with respect and honesty, earning their patronage.

¹⁸ Booker T. Washington, *The Negro in Business* (Wichita: DeVore and Sons, 1992), 104.

4. Negroes in mass should patronize their own race in the spirit of self-help.
5. Congratulate and patronize the 1900 Negro businesses represented at the conference.
6. Increase efforts of savings and thrift among young people increasing the flow of capital and organize Negro Business Men's Leagues. With these resolutions, Du Bois, his associates and the conference attendees set the stage for the growth and development of Negro businesses, including commercial and savings banks in the early twentieth century.¹⁹

African-American Banks West of the Mississippi, 1900-1910

During the first ten years of the twentieth century, African-American banks evolved in three states west of the Mississippi, Arkansas, Texas and Oklahoma Indian Territory. In 1903, the Capital City Savings Bank opened in Little Rock, Arkansas. The bank collaborated with the Peoples Mutual Aid Association, an industrial insurance society. African Americans migrated west to Texas to escape racial bigotry in the South, and started five banks in the state. Provident Bank and Trust in Fort Worth, Penny Savings in Dallas, Farmers and Citizen Savings in Palestine, Farmers Improvement, Waco and Farmers and Mechanics in Tyler, Texas. see (Appendix A). Furthermore, as economic and social conditions worsen in Texas, many African Americans relocated to Oklahoma Indian Territory. In the scarcely populated west, they settled in communities often creating predominately-black towns in the territory. Between 1900 and 1910 six African-American banks emerged to aid in thrift and purchase of land, equipment, and supplies in the mostly cotton farming region, see (Appendix A). The growth of these

¹⁹ W.E. B. Du Bois, "The Negro In Business" Atlanta University 4th Conference, Atlanta, Georgia (May 1899).

institutions in the west reflects the racial disparity in resources at the time, and the capacity of African American to provide for their economic welfare through self-help and self-reliance.

African-American Banks in the South 1900-1910

East of the Mississippi, many African Americans migrated to urban centers in the South while others established all black communities in rural areas. Seeking to enhance their socioeconomic status, they embraced racial solidarity as a strategy for survival in the racially divided south. In an environment of shrinking resources from federal and state government, African Americans joined fraternal orders, and mutual benefit societies to provide their basic sickness, burial, and life insurance needs. These organizations along with general need for goods and services in growing communities in the South stimulated the creation of African-American bank see (Appendix A).

Mississippi

Mississippi produced the second largest number of African-American owned banks in the South from 1900 to 1910. Of ten Negro banks founded in Mississippi during this era, the Bank of Mound Bayou is the most reputable. Charles Banks, its charismatic leader, a friend of Booker T. Washington, and spokesperson for the National Negro Business League, exemplified the bank's notoriety. Mound Bayou, an all black town, embodied the capacity of African Americans to achieve a level of economic independence and self-control. In addition to the bank, Mound Bayou owned farmers cooperative, sawmills, cottonseed oil mills and other real estate and business ventures. The Bank of Mound Bayou stands as a beacon of hope for other African-American

communities aspiring to attain economic emancipation.²⁰ In addition to the Bank of Mound Bayou, ten other independently owned Negro banks opened for business in Mississippi see (Appendix A).

Alabama

Three African-American banks opened for business in Alabama during the period under review. The Peoples Investment and Banking Company in Birmingham, Alabama, the Prudential Savings Bank in Birmingham Alabama and the Safety Banking and Realty Company in Mobile. These institutions, on a smaller scale mirrored the efforts of the Alabama Penny Savings Bank organized in 1890 under the able leadership of Reverend William R. Pettiford see (Appendix A).

Georgia

In Georgia, five banks, one in Greenville, Georgia and four in Savannah, Georgia evolved in the state. The Knights and Ladies of Honor Bank, a depository for the fraternal order started in 1904. In 1900, the Wage Earners Savings Bank opened in Savannah, Georgia. Formed in the tradition of Booker T. Washington's philosophy of self-help and economic independence, the bank enjoyed some success in its formidable years. It began with authorized capital of \$50,000, retained 18,000 depositors, mostly agriculture and industrial workers, claimed assets of \$68,000 in 1907, and employed as many as twelve people. In addition, the bank help organize three other banks in the city of Savannah. Other banks consisted of the Metropolitan Savings Bank, the Union Saving

²⁰ August Meier, "Booker T. Washington and the Town of Mound Bayou," *Phylon* 15, no. 4 (4th Qtr, 1954): 396-401.

and Loan Company, and the Afro-American loan and Investment Company.²¹ see (Appendix A).

Florida

The Central Trust and Investment Company of Jacksonville, Florida founded by H.S. Hart in 1902 began with an authorized capital of \$10,000. Booker T. Washington stated that, “The success of the institution is shown by the fact that in May, 1904, its balance was \$20,000, and that in the first two years of its existence alone it did a business of more than half a million dollars.”²² Washington also praised Hart, the bank’s president for attracting white depositors and being a member of the American Bankers Association. In his view, Central Trust epitomized the power of Negro economic development in earning the respect of whites in the South see (Appendix A).

Tennessee

In Tennessee, five banks surfaced during the era, the Mutual Bank & Trust Company of Chattanooga, Tennessee opened first in 1889. The One Cent Savings Bank organized in 1903 merged with the Citizens Bank and Trust Company in 1918. The One Cent Savings Bank founded by J. C. Napier, an executive member of the NNBL, received high praise from Booker T. Washington. In addition to these two institutions, a third bank, the Peoples Savings and Trust Company opened in Nashville, Tennessee in 1906.²³ West of Nashville, in Memphis, the Solvent Savings Bank and Trust Company and the Fraternal Savings Bank opened in 1906. The Solvent bank led by R.R. Church, a wealthy

²¹ Arnett G. Lindsay, “The Negro in Banking” *The Journal of Negro History* 14, no 2 (April 1929): 156-201.

²² Booker T. Washington, *The Negro in Business* (Wichita, KS: DeVore & Sons, Inc.), 94.

²³ Booker T. Washington, 92.

businessperson in Memphis began with an authorized capital of \$100,000. The bank financed commercial loans, farm loans and mortgages. It, along with the fraternal bank operated successful business enterprises during the period under review. The Solvent Bank grew to more than a million dollars in assets during its tenure.²⁴ see (Appendix A).

North Carolina

North Carolina, home of African-American owned North Carolina Mutual Life Insurance Company established three independent banks from 1900-1910. The most noted is the Mechanic and Farmers Bank of Durham, North Carolina. Organized in 1907 by R.B Fitzgerald, John Merrick and a group of prominent businesspersons, it gained widespread support from Durham's business and professional communities. Managed by C.C. Spaulding, second in command at North Carolina Mutual, the bank achieved critical acclaim in the history of African-American owned banks. The two other banks, the Mutual Aid and Banking Company in New Bern, and the Forsyth Savings and Trust Company in Winston Salem, North Carolina evolved during this era see (Appendix A).

African-American Banks Upper South 1900-1910

Virginia

In Virginia, home of the Confederacy, thirteen African-American owned banks established there from 1888 to 1910. It surpassed the number of banks in Mississippi with thirteen between 1900 and 1910. The majority of these institutions, more than any other state, served as depositories for fraternal orders or mutual benefit societies. Mechanics Savings Bank of Richmond is one of the more financially successful banks organized in this era. Led by its capable and controversial President John Mitchell, Jr., the bank served

²⁴.Lindsay, 396-401.

as the depository of the Knights of Pythias. In 1906, the bank declared assets of \$138,000 of which \$88,150 was invested in real estate. Among the assets of the bank was a theater, investment in a land corporation, a real estate company and a cemetery for African Americans.²⁵ In 1903, the St. Luke's Penny Savings Bank founded by Ms. Maggie Walker, the first woman bank president, opened in Richmond, Virginia. It evolved as a depository of the Independent order of St. Luke, and built an office building in the Negro business district of Richmond, Virginia. In addition to financing individual mortgages in the black community, the bank financed the St. Luke Emporium, a department store employing as many as fifteen women.²⁶ St. Luke, the Mechanics Bank of Richmond like other banks in Virginia effectively marshaled the resources in the African-American community resources to add value to their economic circumstances. Nine other banks in Virginia continued the legacy of self-help and racial solidarity in achieving economic independence see (Appendix A).

African-American Banks in the North 1900-1910

The rapid growth and expansion of African-American owned banks occurred mostly in the South during the early twentieth century. To begin with, the majority of African Americans resided below the Mason Dixon line. Secondly, racial tension, disenfranchising, the enforcement of Jim Crow laws coupled with a high concentration of blacks in urban centers created a perceived need for these institutions. Conversely, only three independent African-American banks emerged in the North during this era. In

²⁵ Abram L. Harris, *The Negro as Capitalist, A Study of Banking and Business Among American Negroes*, (New York: Negro University Press, 1967). 74-78.

²⁶ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004).

Illinois, Binga State Bank and in Pennsylvania, the First Northern Colored Bank and the Peoples Savings Bank both in Philadelphia. Jesse Binga, a wealthy Chicago real estate professional started Binga State Bank in 1908. As the migration of African Americans to urban cities in the North continued well into the twentieth century, the demand and development of these institutions accelerated. From 1900 to 1910, African Americans established fifty-three independently owned commercial and savings banks South and North in search of the American Dream see (Appendix A).

Summary

Union Army officials established the first bank for African-American soldiers and their families during the Civil War. After the War, the Freedmen's Bureau organized the Freedmen's Bank to facilitate savings and thrift among emancipated slaves. Many African Americans, individuals and organizations embraced the bank and deposited their money in hopes of a fair return on their investment. The early success of the bank resulted in the opening of branches of the Freedmen's Bank in cities and towns mainly in the South with significant African-American populations. Although depositors of the bank were mostly African Americans, white's managed and controlled the assets. Because of fraud, risky commercial and real estate investments and mismanagement at the highest level, the bank failed in 1874. African Americans lost their deposits along with their trust and confidence in the government, banks and the people who managed them. Not long after the bank failed, Reconstruction collapsed in 1877. The end of Reconstruction enabled the white power base to regained control of the South. With this

control, they used terror, violence and their law to intimidate, lynch and disenfranchise African Americans.

Hence denied the right to vote, the political and social gains African Americans achieved during Reconstruction dissipated. The enactment and enforcement of Jim Crow laws resulted in increased social and economic segregation in the South. In response to separate and unequal, African Americans embraced racial solidarity and self-help to survive as a people in the South. Fraternal orders and mutual aid societies emerged to provide basic services including health, burial, life and insurance related services in their communities. A fraternal order formed the foundation for the first independently owned and operated African-American bank in the United States. In 1888, the Grand Fountain United Order of True Reformers organized the True Reformers Bank in Richmond, Virginia. The True Reformers Bank organized as an institution to financially reform African Americans as a race. It relied on the principles of self-determination, unity and economic cooperation to achieve economic independence. The other fifty-seven banks established from 1888 to 1910 had similar goals and objectives for their commercial and savings banks.

CHAPTER IV
RESEARCH FINDINGS

True Reformers Bank

The findings indicate that race and the emergence of African-American owned banks as empowering forces for economic liberation in the South from 1888 to 1910. In particular, the leaders of these early institutions embodied a Black Nationalist ideology as espoused by Martin R. Delany. Self-determination, race elevation, unity, and economic cooperation absent an emigration component are underlining themes surrounding the emergence of African-American banks. The first independently owned African-American banks-the True Reformers Bank of Richmond, Virginia has its foundation in self-help and racial pride. An outgrowth of a fraternal order, the Grand Fountain United Order of True Reformers (GFUOTR), the bank reflects the character of its founder, Reverend William Washington Browne. Browne's dedication and commitment to self-determination, unity and financial reform of the race was steadfast throughout the era under investigation. The True Reformers Bank, its leadership and financial and economic accomplishments underscore the significance of commercial and savings banks for African Americans during this era. Moreover, the True Reformers Bank serves as a model for the other fifth-eight banks dedicated to economic emancipation from 1888 to 1910 see (Appendix C).

In 1881, Reverend Browne organized the GFUOTR in Richmond, Virginia. Like Martin R. Delany, he served in the Union Army during the Civil War, and dedicated his

life to elevating the race. On elevating the race, Delany stated, “Our elevation must be the result of self-effort, and work of our own hands.”¹ As a result self-effort and the financial success of the GFUOTR, Browne founded the True Reformers Bank in 1888. In describing the purpose of the bank, Browne commented, “We started out with love, truth, mercy, wisdom, brain and finance. These are our weapons.”² As an example of his vision and perception for the capacity of banks and the race, he once explained,

If one hundred Fountains had one thousand dollars on deposit, we would have a hundred thousand dollars; three hundred Fountains at three hundred dollars each would give ninety thousand dollars, and in ten years they would have nine hundred thousand dollars. I will give ten thousand to each bank, and nine hundred thousand dollars will open ninety banks.³

Because of his foresight, Browne understood the value of combining the educated and uneducated of the race and concluded, “When we unite with them brain and finance, our emancipation is sure.”⁴ From all indication, Browne clearly envisioned African-American owned commercial and savings banks as formidable institutions in the elevation and economic uplift of the race in his lifetime and beyond.

In the late eighteenth and early twentieth century, Richmond’s African-American population expanded. With a firm manufacturing, commercial and financial base, Richmond evolved as an economic force in the Upper South. Like many cities in

¹ Martin R. Delany, *The Conditions, Elevation, Emigration, And destiny of The Colored People Of The United States and Official Report Of The Niger Valley Exploring Part* (New York: Humanity Books, 2004), 71.

² William P. Burrell, D.E. Johnson, *Twenty-Five Years History of the Grand Fountain of the United Order of True Reformers: 1881-1905* (Richmond: Grand Fountain United Order of True Reformers, 1910), 119.

³ *Ibid*, 120.

⁴ *Ibid*.

the New South following the Civil War, African Americans migrated there seeking employment and an escape from sharecropping in the rural south. The African-American population in Richmond increased from 32,330 in 1890 to 46,733 in 1910 see (Appendix D). As an example of their impact on the city, Steven Hoffman states, “The percent of African Americans in Richmond’s workforce remained about 45 percent through 1910.”⁵ The expanding working population of African Americans increased the customer base for the True Reformers Bank and the GFUOTR. In addition, a racially divided city advanced the need for separate black owned institutions. Hoffman illustrates the magnitude of the issue:

African-American financial institutions were among the most important components of Richmond’s separate black economy in that they provided the economic base for the expansion of the city’s African-American business and residential districts.⁶

Reverend Browne understood this dynamic and implemented an aggressive campaign to unite African-American around this cause. He encouraged them as a race to first take responsibility for their own condition and secondly to circulate money within their own community.

The opening of the True Reformers Bank of Richmond, Virginia on April 3, 1889 formed the origin of independently owned African-American banks. On the first day of operation, the bank received deposits totaling \$1,269.28. In five months of business the banks deposits expanded to \$9,811.28 for an average of \$1,962.00 per month. During the banks first year, it purchased 300 acres of timberland in Henrico and

⁵ Steven J. Hoffman, *Race, Class and Power in the Building of Richmond, 1870-1920* (North Carolina: McFarland & Company, 2004), 65.

⁶ Ibid, 146.

Caroline counties. In the second year of business, the bank received deposits of \$55,937.79, or \$4,662.00 per month.⁷ At the tenth annual meeting of the GFUOTR, the members voted to approve the remodeling of the bank's headquarters building on Second Street in Richmond. Since the building lacked a corner stone, the Grand Worthy Master, Reverend Browne recommended a "Money Stone Day," and suggests the following,

I think it will be wise, instead of having a corner stone laying, at the completion of our building in Richmond, to have a 'Money-Stone Laying,' as this is the first Negro Bank established and controlled by Negroes in the United States, to my knowledge."⁸

Reverend Browne, members of the GFUOTR and the African-American community as a whole, took great pride in the accomplishments of the True Reformers Bank. W.P. Burrell, Grand Secretary of the GFUOTR commented on the bank, "To do business with each other, tends to build up confidence in the Race."⁹ These testimonials speak volumes for the impact of banks as symbols of economic unity in African-American communities during this era.

As a fountain of the GFUOTR, the True Reformers Bank leveraged several real estate and commercial developments initiated by the GFUOTR. The bank's initial investment in the Richmond's African-American community included a bank and office building completed in 1891.¹⁰ In remarks at the 1891 GFUOTR annual meeting commemorating the bank building, M.E. Gerst, a delegate from Boston commented,

⁷ Burrell, 110.

⁸ Ibid. 111.

⁹ Ibid. 115-116.

¹⁰ Hoffman, 153.

Had the future to him unveiled herself and shown a little more of the history of the Afro-American Race, for the first banker identified with the Race, she would have named W.W. Browne.¹¹

Gerst continued to express his admiration for Reverend Browne and the organizations stance against selfish individualism and unity of purpose for the race. In closing remarks he states, "The die is cast. The time has come when we must all hang together or else we are liable to hang separately without friend or finance and without judge and jury."¹² Gerst envisioned economic cooperation among the race as the salvation for independence and financial security.

In addition to the bank and office building, the True Reformers Bank participated in the financing of several of the GFUOTR economic and community development projects. As an example, the Reformers Mercantile and Industrial Association financed by the bank operated a chain of grocery stores in Richmond and surrounding areas. Through the Mercantile Association, the bank also built and operated a fifty-room hotel in the city of Richmond. In the tradition of self-determination and self-help, the bank invested in the building of an Old Folks Home on a 634-acre farm to assist aging citizens in the African-American community. To promote and encourage homeownership, the bank purchased land and sold as many as two hundred ½-acre lots. The subdivision, named Brownsville in honor of W. W. Browne, founder and President of the True Reformers Bank until his death in 1897. The True Reformers Bank

¹¹ Burrell, 135.

¹² Ibid, 139.

contributed greatly to the financial and economic growth and development of the African-American community it served.¹³

After seventeen years of encouragement and uplifting, the race through social and economic reform, and founding the GFUOTR and the True Reformers Bank, Reverend Browne died in 1897. Browne, a respected icon and visionary left a legacy of accomplishments built on self-determination, race pride, unity and economic cooperation. He left the GFUOTR and the bank as a beacon of hope and financial standing in the Richmond community and throughout the Nation. As an example of his intuition on financial matters, Browne devised a plan for life members to qualify for loans from the bank based on a percentage of the face value of their policy. The following comment by Browne exemplifies his position as a financial reformer:

The plan I have offered will change this state of affairs. Those who labor, who are provident and accumulate these moneys, can put the same in circulation among ourselves, instead of placing them in the hands of strangers, and too often our enemies; to the best material interest of our Race, and can assist the living to live and help the dying to die.¹⁴

Browne leadership and financial practical understanding enabled the True Reformers Bank to become the standard-bearer for African-American owned banks during this era. In his eight years as founder and president, the bank had deposits of \$1,387, 038, or an average of \$173,378 per year. Considering the racial hostility and violence in the South in 1897, this is a remarkable achievement of unity and economic cooperation.¹⁵

¹³ Hoffman, 135-136.

¹⁴ Burrell, 147.

¹⁵ Ibid. 347.

In 1898, Reverend William L. Taylor became Grand Worthy Master of the GFUOTR and President of the True Reformers Bank. Under his leadership, the GFUOTR benefited members increased from thirty thousand to nearly eighty thousand. Reverend Taylor continued the legacy established by Reverend Browne. He essentially sustained and expanded policies and economic development programs implemented by his predecessor. Specifically, he expanded the number of stores operated by the Reformers Mercantile and Industrial Association, and continued selling lots for the Old Folk Home, and established Browneville in honor of Reverend Browne. Additionally, Reverend Taylor moved forward with the Westham Farm development project and deeded to the Old Folks Home department of the GFUOTR. Like Reverend Browne, Reverend Taylor understood the value of training the youth to become tomorrow's leaders and supported the Rosebud Nursery. The nursery taught discipline and trained children in the practice of thrift and economy. Under Reverend Taylor's leadership, memberships in the Rosebud Nursery increased to 15,000 by 1906. More importantly, other fraternal societies recognized the value of nurturing the youth and added nurseries to their organizations.¹⁶ Teaching social and financial reform to the youth planted seeds for the future growth and development of the True Reformers Bank.

Entering the twentieth century, Reverend Taylor, the GFUOTR and the bank continued to attract new members and increased deposits. At the 1908 meeting, the GFUOTR reported 18,110 new policies during the year, including 2,923 Senior Fountains and 1,305 Rosebuds. The GFUOTR disbursed funds of \$1,026,700.62 for the

¹⁶ David T. Beito, "To Advance the "Practice of Thrift and Economy": Fraternal Societies and Social Capital, 1890-1920," *Journal of Interdisciplinary History*, MIT Press, 29, no 4 Patterns of Social Capital: Stability and Change in Comparative Perspective: Part II (Spring, 1999): 586-612.

year. The Savings Bank on the other hand, reported total deposits of \$10, 099,734.22 during the first twenty years of operations see (Appendix E, F). The average deposit per year over the first twenty years equaled \$504,986.00, or \$42,082.00 per month. As an example the magnitude of the GFUOTR and the bank, Burrell stated:

When all other business is added to the deposits as shown above, there appears the magnificent showing of twenty million one hundred and sixty thousand and seventy nine dollars, an average of more than one million dollars a year.¹⁷

In its first twenty years of operations, the bank accumulated nearly thirty thousand depositors. The number of depositors, amount of capital, and economic development projects financed by the True Reformers Bank reflected Reverend Browne's vision for the economic liberation of the race.

The True Reformers Bank formed the foundation for independently owned African-American banks from 1888 to 1910. It assumed a life in concert with its charismatic visionary founder, Reverend W.W. Browne. His practical and often radical positions on financial reform of the Race earned him respect and admiration during his tenure with the bank. David Beito concludes, "Browne's self-help ideals were similar to Booker T. Washington's, but he gave them a more radical edge."¹⁸ Like Delany, Browne believed in self-determination, unity, and economic cooperation as a means of elevating the race. In his view, white America strove to divide and diminish opportunities for African Americans. As an example of his lack of trust for whites, he takes issue with the Freedmen's Bank as a Negro bank. He concluded that, "the white

¹⁷ Burrell, 349.

¹⁸ Beito, 604.

men owned the bank, and the black man the name.”¹⁹ In describing the True Reformers Bank, Browne states, “The Bank which we have is a black man’s bank, and all its officers are black. Our purposes, aims and associations are one.”²⁰ The True Reformers Bank exemplified self-determination, unity, and economic cooperation. In an address to the GFUOTR, John M. Langston stated, “What we want is power, ability, skill, brain—all the attributes of the other races. No Man can keep us back; we are for ourselves and God is for us. Money wipes out all differences.”²¹ From the evidence, Reverend Browne and his colleges had a vision for banks in the economic liberation of the race during this era.

Alabama Penny Savings Bank

The Alabama Penny Saving Bank of Birmingham, organized in August 1890 under the leadership of Reverend William R. Pettiford. Reverend Pettiford, a colleague of Reverend W.W. Browne shared some of his vision on the value of banks in promoting economic independence. Reverend Pettiford assumed a more diplomatic approach in his leadership style. In a speech surrounding the creation of the bank, Pettiford comments:

[The Alabama Penny Savings Bank] will develop the spirit of unity and cooperation, it will stimulate individual and corporate enterprise, it will inculcate the habits of economy, industry and thrift, safeguard our property, command respect for our race, and prove an excellent avenue of safe and profitable investments on the part of stockholders.²²

¹⁹ Burrell, 119.

²⁰ Ibid.

²¹ Ibid., 123.

²² Lynne B. Feldman, *A Sense of Place, Birmingham's Black Middle- Class Community, 1890-1930* (Tuscaloosa: The University of Alabama Press, 1999), 78-79.

Pettiford's long-term strategy for elevating the race shared the common threads of unity and cooperation as expressed by Delany and Reverend Browne; however, his tactical approach favored a more moderate tone. Reverend Pettiford aligned himself with Booker T. Washington's philosophy of economic independence for African Americans. He later became an influential leader in the National Negro Business League founded by Washington in 1900. Reverend Pettiford mobilized Birmingham's black middle-class community and reached out to the white power elites in organizing the Alabama Penny Savings Bank.²³ As a local leader, he walked a delicate line to balance the struggle between social equality and economic emancipation.

Reverend Pettiford's vision for the economic advancement of the Negro through self-help is expressed in this statement, "No substantial progress can come to any race unless the race is developed in a very large degree along business lines... The substantial progress of and individual, a race, or a nation is measured by its ability to rise from the position of earning wages to that of profitability directing its own business."²⁴ Feldman makes the case for race business in Birmingham, "Black entrepreneurs recognized the benefit of a self-imposed segregated economy, and worked to stimulate loyalty and solidarity among African Americans."²⁵ Reverend Pettiford echoed that position with the recognition that, "The colored wage-earner must be prevailed upon to spend his earnings so that a portion of the same may be retained by

²³ Ibid.

²⁴ Feldman, 85.

²⁵ Ibid., 86-87.

his own people.”²⁶ Reverend Browne regarding circulating money within the black community had earlier espoused a similar position. The Alabama Penny Savings Bank and the True Reformers Bank relied heavily on the Negro Economy to stimulate the development and growth of their respective institutions.

Birmingham, similar to Richmond, reinvented itself after the Civil War into a post-War urban center of commerce. African American migrated to Birmingham in search of employment and a better standard of living. Birmingham’s African-American population grew from 11,254 in 1890 to 52,305 in 1910 see (Appendix D). While the overall population in Birmingham expanded significantly during that twenty-year period, the black population remained at nearly forty percent of whites. As the African-American population, increased black owned businesses grew in support of an evolving Negro Economy in the city. Initially, many of these businesses opened in the city’s downtown Central Business District (CBD). However, because of racism and Jim Crow, these businesses settled in Birmingham’s Black Business District (BBD), adjacent to the CBD. Businesses located in the BBD included restaurants, barbershops, beauty shops, soda stands, retail shops, a drug store, and the Alabama Penny Savings Bank. The separate and unequal business district (BBD) in Birmingham reflects a pattern in emerging urban centers in the South during this era. On the one hand, it denied African Americans the right to compete in a free market economy, and on the other, it solidified access to a growing African-American market. This enabled commercial and savings banks to emerge in urban communities throughout the South.²⁷

²⁶ Ibid, 87.

²⁷ Feldman, 86.

In early 1890, Reverend Browne offered to open a branch of the True Reformers Bank in Birmingham. After some consideration, Reverend Pettiford and other black elite businesspersons in the community decided to open their own independent bank. The Alabama Penny Savings Bank opened October 15, 1890 with an initial capital stock of \$25,000. A private bank, the initial stockholders consisted of prominent African Americans in the Birmingham community. On the other hand, the bank had its detractors as noted by Washington, “Negroes can’t run a bank; that it had been tried by the Freedmen’s Bureau and had failed.”²⁸ Despite some early dissension, the Alabama Penny Savings Bank became a reality. The bank, not the beneficiary of a fraternal order as enjoyed by the True Reformers Bank, shared a level of success within Birmingham. As an example Feldman notes, “In 1896, bank officials bought a \$6,500 building, and as Birmingham’s real estate values soared, sold the building for \$20,000 one year later.”²⁹ Reverend Pettiford, like Reverend Browne understood the need to educate the working class and less affluent African Americans on the value of thrift and saving. As a teacher and minister, he used his skills and credibility in the Birmingham community to encourage support for the bank.

One of Reverend Pettiford’s priorities through self-help centered on home ownership for lower and working class African American in Birmingham. He persuaded the Board of Directors of the bank to allocate at least half of its financial resources to purchase real estate to expand home ownership. In this regard, Feldman notes,

²⁸ Booker T. Washington, *The Negro in Business* (Wichita, KS: DeVore & Sons, 1992), 88.

²⁹ *Ibid*, 94.

“Pettiford used prudence in conducting business among African Americans, since he recognized that they did not have the earning power or credit rating that could secure them a mortgage with most other banks in the city.”³⁰ To circumvent this problem, the bank issued unconventional loans packaged with low down payments, reduced monthly payments, interest rates between 6 to 8 percent, and extended terms. Like the True Reformers Bank, Alabama Penny Savings Bank purchased large tracts of land and subdivided it into smaller lots for home ownership. This program resulted in allowing one tenth of the banks depositors to purchase homes with loans from the bank. Feldman notes, “Pettiford was engaging in self-help at a profit. He was committed to improving the standard of living among blacks and enhancing their social condition and self-esteem.”³¹

Although financial data on the Alabama Penny Savings Bank is limited, in 1902 the bank reported deposits of \$78, 124.21, and in 1907 reported deposits of \$215, 455.26 and total assets of \$313,498.46. The assets in 1907 included \$51,122.78 in real estate, loans and discounts of \$210,349.14, and available cash of \$47,841.26.³² The bank’s growth is a result of Reverend Pittsford’s self-help teachings and his resolve to reform and elevate the race. Secondly, the tremendous increase in the African-American population of Birmingham from 1900 to 1910 is a major contributing factor to the success of the bank. The black population grew to 52, 305, surpassing Richmond,

³⁰ Feldman, 96.

³¹ Ibid.

³² W.E. B. DuBois, *Economic Co-operation Among Negro Americans*, Atlanta University Conference (Atlanta: Atlanta University Press, 1907), 140.

Virginia, Memphis, and Nashville, Tennessee.³³ Because of this growth, in 1909 the banks Board of Directors voted to raise the capital stock to \$100,000 from \$25,000 in order to raise additional capital.³⁴ The Alabama Penny Savings Bank continued its growth pattern with assets of nearly \$500, 000 by the end of 1910.

As a close associate of Booker T. Washington, Reverend Pettiford became a key proponent and spokesperson for the National Negro Business League (NNBL). He organized a NNBL branch in Birmingham and assisted in developing branches throughout the state of Alabama. He also spoke on financial reform and banking at NNBL annual conventions. Feldman states:

Pettiford further expanded his role as a business leader when he helped to found the National Negro Bankers Association, “to foster and encourage the establishment of banks among our people and to look after the interest and welfare of those already organized. “It operated as an umbrella organization that promoted the creation of black-owned banks as “the means of gathering up millions that are now wasted by our people as well as to reach the act of savings.³⁵

The creation of the National Negro Bankers Association by Reverend Pettiford is yet another example of his commitment to the economic emancipation of the race.

Moreover, it accentuates his belief in African-American owned banks as a means of achieving financial and economic independence in the Jim Crow South.

The Alabama Penny Savings Bank was established on the philosophy self-determination, unity of purpose, and economic cooperation to elevate the race. Its

³³ Hoffman, 6.

³⁴ Feldman, 95-96.

³⁵ Ibid. 97-98.

founder, Reverend Pettiford exemplified the principals of self-help in his commitment to financial reform during his tenure at the bank from 1890 to 1914. As a minister, teacher, community organizer, and fundraiser, he preached the gospel of thrift and self-reliance to his constituents. He believed that black culture was the leading cause of poverty in lower class communities, not racism. The bank, through self-reliance offered the race an opportunity to practice the habits of thrift and improve their social and economic condition. Reverend Pettiford mobilized lower, working and middle class African Americans in Birmingham in the spirit of self-help to support the opening of the bank. With his leadership style, he engaged support for the bank in the Birmingham's white community as well. The Alabama Penny Savings Bank's self-help beginnings enabled it to unify around color, class and community.

In the early twentieth century, Birmingham's African-American population continued to grow. This transition resulted in an increase in the number of businesses locating in Birmingham's BBD. As a result, the banks deposits and services expanded accordingly. In this regard, Reverend Pettiford consistently urged African Americans to unify and patronize the businesses in their communities. Feldman articulates the response of Birmingham's black community:

The businesspersons recognized the connection they had to the working class. In articulating this dependency and the value of a segregated economy, black entrepreneurs hoped to engender an economic nationalism among African-Americans. Strict segregation ordinances and the passage of *Plessy vs Ferguson* created a symbiotic relationship between Birmingham's black population and the black business community.³⁶

Reverend Pettiford, like Reverend Browne fully comprehended the value of unity of purpose in the African-American community. A separate African-American economy

³⁶ Feldman, 87.

built on unity provided the only current solution to any hope of economic security and independence in the South. In the late nineteenth and early twentieth century, Reverend Pettiford envisioned the Alabama Penny Savings Bank as a symbol of economic emancipation for African Americans in Birmingham.

One Cent Savings Bank and Trust Company

In the first ten years of the twentieth century, fifty-six African-American owned banks emerged throughout the South. Only six of banks opened from 1888 to 1900. This tremendous growth in banks is a result of several social and economic factors occurring during this era. First, the population of African Americans in urban centers in the South increased significantly see (Appendix D). Secondly, the Atlanta Conference on the *Negro in Business* organized in 1898 by W.E.B. DuBios sparked new interest in African-American business ownership. Third, Booker T. Washington founded the National Negro Business League in 1900 and launched NNBL chapters and branches in cities across the country. Coupled with these events, the enforcement of Jim Crow laws in the South precipitated a separate economy. A separate society and a growing middle class African-American population in the urban South expanded the need for banks and other businesses to support demand for goods and services. The One Cent Savings Bank and Trust Company (One Cent Savings Bank) emerged to meet the demands of a growing African-Americans population in Nashville, Tennessee. Its foundation was rooted in leadership, self-determination, unity of purpose and economic cooperation for the elevation of the race.³⁷

³⁷ Bobby L. Lovett, *The African-American History of Nashville, Tennessee, 1780-1930* (Fayetteville, AR: University of Arkansas Press, 1999), 106-130.

The One Cent Savings Bank of Nashville, Tennessee opened for business on January 16, 1904, as the first independently owned African-American bank in the state. Prior to that, the only bank for Negroes in Nashville, the Freedmen's Bank, closed for business in 1874. Officers, Dr. R.H. Boyd, President, J.C. Napier, cashier and Preston Taylor, Chairman of the Board represented Nashville's elite professional and businesspersons. Dr. Boyd founded the National Baptist Publishing Board in 1896, the largest and most successful Negro publishing concern in the country. Mr. Napier, a lawyer served as registry of the treasury under Presidents Wilson and Taft. Mr. Taylor owned a successful funeral home and cemetery in the Nashville community. These men yield considerable influence among Nashville's Negro middle class, and recruited thirteen other charter members for the bank. The bank's founders, specifically Dr. Boyd, insisted on operating the bank conservatively while protecting its stockholders investments. From their knowledge of the Freedmen's Banks failure, they wanted to earn the trust and confidence of its African-American depositors by frugal prudent management of the banks resources.³⁸

Dr. Boyd and Mr. Napier organized a Nashville NNBL chapter in 1902. Napier, a member of the League's national executive board held a close relationship with Booker T. Washington. He shared Washington's vision for a Negro independent business class. As Bobby Lovett notes, "The NNBL promoted a modern business expansion to uplift colored Americans."³⁹ Boyd and Napier help to solidify the NNBL

³⁸ Ibid. 106-130.

³⁹ Lovett, 114.

as a unifying force in supporting African-American business growth and development in Nashville, including the One Cent Savings Bank. Lovett describes their effort,

Nashville's Negro leaders became even more aggressive in establishing (or reestablishing) a bank. On November 5, 1903, the executive members of Nashville's Negro Business League chapter met in James C. Napier's offices and discussed the opening of a black bank⁴⁰

The evolution of the One Cent Savings Bank is an example of the NNBL's leveraging power in the creation of African American owned banks during this era. To promote the banking industry specifically, the League organized the National Negro Bankers Association (NNBA), Reverend Pettiford; President of the Alabama Penny Savings Bank was the NNBA's first chairman. In 1905, Dr. Boyd joined the National Negro Bankers Association in an effort to promote the One Cent Savings Bank and the African-American banking industry as a whole. He championed a central banking system for better access to funds from various locations.⁴¹

The One Cent Savings Bank began with a capital stock of twenty-five thousand dollars in January 1904. Its board of director's conservative operating philosophy enabled the bank to survive and prosper where others failed. Lovett's summary of the bank financial status indicated that:

Between 1904 and 1909 it processed the following sums of money: 1904-\$317,743.81; 1905 \$512,812.14; 1906-\$576,859.73; 1907-\$649,008.53; 1908-\$663,948.25; 1909; \$774,976.55. In 1910, the bank processed \$774,067, including \$386,523 in deposits and \$387,544 in checks.⁴²

⁴⁰ Ibid. 117.

⁴¹ Lovett,

⁴² Ibid., 118.

The bank continued to grow in the amount of deposits and money circulated in the Nashville community annually from 1904 through 1910. However, the bank's frugal lending and investment policies caused some inside and outside the bank to ponder opening a second bank in Nashville with more liberal lending and investment policies. In particular, they wanted a bank to lend more to working class blacks and not to black elites exclusively. In 1909, the People's Savings Bank and Trust Company of Nashville opened for business. In response to the People's Bank, *The Globe* reported on Boyd's reaction, "This is the way it should be."⁴³ Boyd welcomed the competition; however, he continued to avoid excessive and unnecessary risk in managing the One Cent Savings Bank.

However, Boyd, like Delany, Reverend Browne and Reverend Pettiford before him, believed in self-determination as the driving force for the elevation of the race. His comments at a 1903 NNBL conference, "These discriminations are only blessings in disguise. They stimulate and encourage rather than cower and humiliate the true, ambitious, self-determined Negro."⁴⁴ From his perspective, racial segregation and Jim Crow laws breathed new life in the hopes and aspirations of African Americans seeking to elevate their status through self-help. Dr. Boyd worked tirelessly to regain the confidence, trust and unity of the race, which was crippled by the failure of the Freedmen's Bank. He envisioned the One Cent Saving Bank of Nashville as an integral part of that healing process. At one of the bank's annual meetings he stated, "We are

⁴³ Ibid.

⁴⁴ August Meier, *Negro Thought in America 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: University of Michigan Press, 1966), 125.

glad that our Negro customers, our Negro citizens, our Negro men and women are working up to the consciousness that Negro men can deal honestly with their money...” We would rejoice if every Negro in and around Nashville, that is to say, the Negro population of Middle Tennessee, could see their way clear to pass all their money through this channel.”⁴⁵ Based on his deeds, Dr. Boyd, in the mold of Reverend Browne and Reverend Pettiford understood the value of self-determination, unity of purpose, and economic cooperation in operating the bank for the economic elevation of the race.

The True Reformers Bank epitomized how African-American owned banks sought to form the cornerstone of an economic liberation movement in the South from 1888 to 1910. Under the leadership of Reverend Browne, the bank endeavored to empower African Americans to control their own economic destiny. As an example, the bank purchased land for commercial and residential developments. These investments included a chain of groceries stores and a hotel in downtown Richmond. In addition, the bank developed lots for single-family homes and built an Old Folks Home. As a depository for the G F U O T R,'s the bank enjoyed a captive market, and invested its resources in Richmond's African-American community. Reverend Browne embraced self-determination, unity of purpose and economic cooperation as essential for achieving economic independence and elevating the race. As a pioneer financial institution for African Americans, the True Reformers Bank set a high standard for the fifty-seven banks that followed it.

Reverend Pettiford adopted Reverend Browne's ideals in successfully leading the Alabama Penny Savings Bank. Self-determination, racial solidarity and financial

⁴⁵ Lovett, 117-118.

reform guided his steps in founding the bank. In addition to financial reform, including thrift and patronizing black businesses, Reverend Pettiford stressed the value of home ownership. As an example, he persuaded the bank's directors to invest a minimum of fifty percent of its resources in housing for low and moderate-income customers. The bank's resources, without the benefit of fraternal society's deposits were limited to individuals, churches, and local organizations. The Knights of Pythias, the Masons, and the Odd Fellows maintained offices in Birmingham, but bore no direct affiliation with the bank.⁴⁶ Without the benefit of a fraternal order, the Alabama Penny Savings Bank emerged as one of the leading banks with respect to influence and capital during this era. Reverend Pettiford's leadership at the Bank and as President of the NNBA lends credibility to his role as a unifying force for financial reform of the race. The Alabama Penny Savings Bank followed the path of the True Reformers Bank in the pursuit of the economic liberation of African-American people.

The common thread each of the three banks in this study share is their legacy of coping with racial discrimination in a racially divided Jim Crow South. Additionally, the leaders of each bank felt a need to exercise the horrific ghost of shattered trust left by the Freedmen's Bank. Dr. Boyd as President of the One Cent Savings Bank exemplifies the will and determination of African-American people to unify for economic justice. Self-determination, racial solidarity, economic cooperation and a restored confidence in the African-American people enabled these three banks to succeed. The three leaders of these institutions shared a common bond in their determination to financially reform the race. Each of these institutions emanated

⁴⁶ Feldman.

because of segregation and the migration of African Americans to the urban South.

They benefited from the creation of a group economy that manifested itself in the form a customer base for banks and other black businesses. The continued African-American population growth in Birmingham, Nashville, Richmond and other southern cities created a supply of capital and thus a demand for banks to deposit wages and business income. The rapid growth and expansion of banks, totaling fifty-six from 1900 to 1910, is an example of their increasing relevancy for African Americans in the urban South.

As an example of the potential of banks, perceived or real during this era, Reverend Browne make a profound statement during a speech to the GFUOTR, "I will make a raid on the finance of this country as was never made by Touissant L'Overture."⁴⁷

Browne, Pettiford and Boyd, who were believers in the need for the emancipation of the minds of blacks, laid the foundation for massive reform including self-determination, race pride and economic growth and stability through support of black owned businesses and banks.

⁴⁷ Burrell. 120.

CHAPTER V

CONCLUSION

African-American owned banks emerged in the late nineteenth and early twentieth century to facilitate the transition from a focus on social and political nationalism to economic nationalism. Moreover, a growing middle and working class African-American population in the urban south created a market for commercial and savings banks. After physical emancipation and during Reconstruction, African American's hopes of assimilating into mainstream society and earning full citizenship vanished. Elaborate disenfranchising schemes, terror and lynching by white southerners shattered their pursuit of the American dream. The southern white power structure turned back the clock on African Americans short-lived social and political triumphs and introduced Jim Crow segregation. In response to these seemingly insurmountable circumstances, isolated and alienated, African Americans looked internally for solutions to their problems. They harnessed the power of segregation and discrimination and created their own institutions through, self-determination, racial solidarity and economic cooperation. African-Americans owned banks that evolved from 1888 to 1910 for the purpose of expelling dependence, embracing independence, encouraging interdependence and economic nationalism.

The Freedmen's Bank, owned and operated by whites for African Americans failed, in 1874, and left a legacy of distrust and dependency. It betrayed African-

American depositors and squandered away millions of their hard-earned money on risky inside real estate schemes. The Freedmen's Bank officials engaged in mismanagement of funds, fraud, greed and a complete lack of concern for its *depositors*. Fortunately, the bank opened branch offices in major cities throughout the country. In addition to introducing African Americans to thrift and savings, it provided jobs and training as bank tellers and cashiers. When the bank closed, in 1874, most of its depositors lost their entire savings and more importantly their faith and trust in banks. African Americans depended upon the bank to protect its assets. The founders and leaders of independently owned African-American banks vowed to restore that confidence and regain their trust.

The evidence found in the research confirms that Reverend William Washington Browne set a very high standard for honesty, integrity and vision when he founded and managed the True Reformers Bank. His commitment to self-determination, unity of purpose and economic cooperation among the race defined him. Reverend Browne established the True Reformers Bank as a benchmark for the African-American owned banks that followed it. As an example of the bank's management foresight, it invested in land and sub-divided it into lots for single-family home ownership. When the lots sold, they used the balance of the land to build an Old Folks Home. In response to Richmond's expanding segregated economy, the bank created a Mercantile and Industrial Associations that owned a chain of grocery stores and a hotel in 1894. Of all the innovative economic and community development projects Reverend Browne and the True Reformers Bank initiated, perhaps the most significant one was the creation of the

Rosebud Nursery. The nursery taught children morality, respect and trained them on the values of thrift and economy. Reverend Browne's integrity and vision for financial and economic reform enabled him to lead the True Reformers Bank as a symbol of economic liberation for African-American people.

From all indications of the research, Reverend W.R. Pettiford managed the Alabama Penny Savings Bank with honesty, integrity and a conservative investment philosophy. Similar to Reverend Browne, he recognized the value of gaining the trust and confidence of their customers in order for the bank to succeed. As non-fraternal organizations, the Alabama Penney Savings Bank had to rely on profits from loans and investments to stay afloat. With an African-American population of less than twelve thousand, Birmingham's first African-American bank faced significant challenges. Preaching reform, self-determination, unity and economic cooperation, Reverend Pettiford solicited support for the bank from the entire community. Determined to succeed, he formed an alliance with Birmingham's white-owned-banks and managed to keep the bank operating through an economic crisis in the mid 1890s. Leading into the twentieth century, the economy in the South improved and the cities African-American population grew by one hundred percent from 1890. As the African-American population increased, businesses expanded creating a larger customer base for the bank. The Alabama Penny Savings Bank became a catalyst for economic independence and financial reform in Birmingham. The business community, churches, fraternal orders embraced the bank in unity and economic cooperation enabling it to become the second largest African-American owned bank by 1910.

Dr. R.H. Boyd, as president of the One Cent Savings Bank, like Reverend Browne and Reverend Pettiford had strong convictions about elevating the race. Dr. Boyd, also a minister, firmly believed that segregation and discrimination against African Americans empowered them through racial solidarity and economic cooperation. He organized the largest African-American publishing company the National Baptist Publishing Board using these principals. Dr. Boyd envisioned the One Cent Savings Bank as a vehicle to accumulate wealth, teach the habits of thrift and economy and be a bridge to economic independence. To ensure the health and stability of the bank, he convinced the Board of Directors to exercise frugality and prudence with the bank's capital. The bank only made short-term low-risk loans that tended to favor more well-off customers. This policy angered many existing and potential customers but it managed to keep the bank solvent when others failed. The One Cent Savings Bank's policy of safeguarding the stockholders and customer assets is an example of what African-American owned banks during this era aspired to embrace. Dr. Boyd, a visionary and innovative thinker laid the foundation for financial reform of the African-American banking industry. He understood that in order to elevate the race, towards economic emancipation, they had to win their trust and confidence.

The True Reformers Bank, Alabama Penny Savings Bank and the One Cent Savings Bank were microcosms of the other fifty-five African-American banks established from 1888 to 1910. They essentially took on a life and character of the men and women who founded and managed them. As pioneers in the industry, Reverend Browne, Reverend Pettiford and Dr. Boyd, like Martin R. Delany embraced a Black

Nationalist concept in shaping their respective institutions. They leveraged the power of racial solidarity, self-determination and economic cooperation to triumph over Jim Crow segregation. Significant from the research is that these three institutions prospered because they operated for the benefit of the race and not for the profits of a few. In this era of transition from a social and political agenda to an economic one, banks assumed a greater value in the life of African Americans. During this era, banks became more important as symbols of financial prosperity, wealth and respectability. African-American banks, in particular the True Reformers Bank performed similar to some progressive Black Churches today. They purchase land; build homes, day care centers, Old Folk's homes and help members who are facing foreclosure. African-American owned banks facilitated the beginnings of economic nationalism from 1888 to 1910. Their leaders dedicated themselves to self-determination, racial solidarity and economic cooperation. African-American bank owners and other entrepreneurs in the twenty first century can profit from the legacy they left.

Finally, the growth and development of independently owned African-American banks in the South from 1888 to 1910 is extraordinary. It is a testament to the character, courage, commitment and resilience of a people to advance against seemingly insurmountable odds. Four million African Americans freed from bondage, many illiterate, broke, hungry and unemployed steadfastly believed in the American Dream. They believed that hard work; thrift and a moral compass would lead them to prosperity and equality in America. After a gallant and hard fought struggle to achieve social and political equality failed, African Americans resoundingly converted to an economic

strategy to survive in the South. The failure of the Freedmen's Bank, in 1874, further exacerbated their hopes of equal citizenship in America. In addition to the bank's demise, the collapse of Reconstruction in 1877 escalated a declining quality of life for African Americans. In response, they embraced self-determination, racial solidarity, self-help and organized fraternal orders and mutual benefit societies to enhance their socioeconomic position. As these institutions grew and flourished in the South, the need for commercial and savings banks evolved. The fifty-eight banks established from 1888 to 1910 emerged as symbols of economic emancipation and liberation in search of the American Dream. These institutions formed the cornerstone of economic nationalism for African Americans.

APPENDICES

APPENDIX A
African-American Owned Banks, 1888-1910

	State	Bank Name	Year	Capital	Type	Origin
1	Alabama	Alabama Penny Savings Bank, Birmingham, AL	1890	\$ 25,000	Savings	
2		Peoples Investment & Banking Co. Birmingham, AL	1906			
3		Safety Banking & Realty Co, Mobile, AL.	1909			
4		Prudential Savings, Birmingham, AL	1906			
5	Arkansas	Capital City Savings Bank, Little Rock, AR	1903		Savings	
6	D.C.	Capital Savings Bank, Washington, DC	1888	\$ 50,000	Commercial	
7	Florida	Capital Trust & investment Co., Jacksonville, FL	1902			
8	Georgia	Knights & Ladies of Honor, Greenville, GA	1904			
9		Metropolitan Savings Bank, Savannah, GA	1904		Savings	
10		Union Saving & Loan Co., Savannah, GA	1905	\$ 14,000	Savings	
11		Wage Earners Loan & Inv. Co. Savannah, GA	1900	\$ 11,500		
12		Afro-American Loan & Inv. Co. Savannah, GA	1906	\$ 10,000		
13	Illinois	Binga State Bank, Chicago, IL	1908			
14	Mississippi	Lincoln Savings Bank, Vicksburg, MS	1902	\$ 10,000	Savings	
15		Delta Penny Savings Bank, Indianola, MS	1904	\$ 35,000	Savings	
16		American Trust & Savings, Jackson, MS	1904	\$ 2,700	Savings	
17		Union Savings Bank, Vicksburg, MS	1906	\$ 10,000	Savings	
18		Bank of Mound Bayou, Mound Bayou, MS	1904	\$ 10,000	Commercial	
19		Peoples Penny Savings, Yazoo City, MS	1905		Savings	
20		Southern Bank, Jackson, MS	1908	\$ 10,000	Savings	
21		Bluff City Savings, Natches, MS	1906		Savings	
22		Delta Savings, Greenville, MS	1910		Savings	
23		Magic City Savings, Hattiesburg, MS	1910		Savings	
24	North Carolina	Mutual Aid Banking, Co., New Bern, NC	1897			
25		Dime Bank, Kinston, NC	1898			
26		Mechanics & Farmers Bank, Durham, NC	1907			
27		Forsyth Savings & Trust Co. Winston-Salem, NC	1907	\$ 10,000	Savings	
28	Oklahoma	Farmers & Merchants, Boley, OK	1907			
29		Peoples Bank & Trust Co., Muskogee, OK	1908			
30		Boley Bank & Trust, Boley, OK	1908			
31		First National Bank, Boley, OK	1908			
32		Creek Citizens Bank, Boley, OK	1904			
33		Gold Bond, Muskogee, OK	1902			
34	Pennsylvania	First Northern Colored Bank, Philadelphia, PA	1901			
35		Peoples Savings Bank, Philadelphia, PA	1907			
36	Tennessee	Mutual Bank & Trust Co., Chattanooga, TN	1889			
37		One Cent Savings Bank, Nashville, TN	1903	\$ 2,140	Savings	
38		Solvent Savings Bank, Memphis TN	1906	\$ 7,800	Savings	
39		Fraternal Savings & Trust, Memphis, TN	1908		Savings	Fraternal

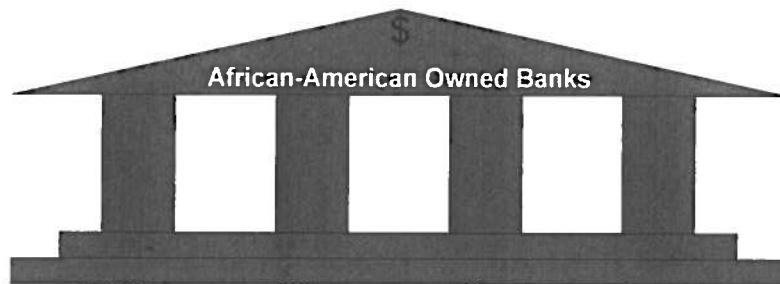
APPENDIX A
African-American Owned Banks, 1888-1910

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40		Peoples Savings & Trust Co., Memphis, TN	1906			
41	Texas	Provident Bank & Trust, Fort Worth, TX	1907			
42		Penny Savings, Dallas, TX	1907			
43		Farmers & Citizens Savings, Palestine, TX	1907	\$	43,800	
44		Farmers Improvement, Waco, TX	1907	\$	13,600	
45		Farmers & Mechanics, Tyler, TX	1907	\$	31,000	
46	Virginia	True Reformers Bank, Richmond, VA	1888	\$	100,000	Com&Sav. Fraternal
47		Nickel Savings, Richmond, VA	1895			
48		Mechanics Savings Bank, Richmond, VA	1901	\$	24,200	Com&Sav. Fraternal
49		Gillican Fisherman Bank, Hampton, VA	1901	\$	8,700	Fraternal
50		Surrey Sussex & South Hampton, Courtland, VA	1903	\$	13,955	Fraternal
51		Nickel Dime Savings Bank, Newport News, VA	1904			
52		Knights of Gideon, Norfolk, VA	1905			Fraternal
53		Star of Zion Banking & Trust, Salem, VA	1905			Fraternal
54		Peoples Savings, Petersburg, VA	1907			
55		Peoples Dime Savings & Trust, Staunton, VA	1908			
56		Crown Savings, Newport News, VA	1908	\$	10,000	Real Estate
57		Brickhouse Banking, Have Valley, VA	1910			
58		Brown's Savings, Norfolk, VA	1909	\$	10,000	Real Estate
	Total Capital			\$	463,395	

Source: Abram L. Harris, The Negro As Capitalist: A Study of Banking and Business Among Negroes (New York: Negro University Press, 1969), 191-192.

APPENDIX B
African-American Owned Banks by State, 1888-1910



Source: Abram L. Harris, *The Negro As Capitalist: A Study of Banking and Business Among Negroes* (New York: Negro University Press, 1969), 191-192.

An Act to incorporate the Savings Bank of the Grand Fountain United Order of True Reformers. Approved March 2, 1888.

“1. Be it enacted by the General Assembly of Virginia, That W. W. Browne, Allen J. Harris, W. P. Burrell, R. F. Robinson, Eliza Allen, E. Monroe, M. A. Berry, C. S. Lucas, H. L. Minnus, P. S. Lindsay and S. W. Sutton, together with such other persons as they may hereafter associate with them, be, and they are hereby, constituted a body politic and corporate by the name and style of the Savings Bank of the Grand Fountain, United Order of True Reformers, of Virginia, and by that name and style are hereby invested with all rights and privileges conferred on banks of discount and deposit of this State by chapter 59 of the Code of Virginia, 1873, and not inconsistent with the provisions of this act.

“2. The capital stock of the said corporation shall not be less than ten thousand dollars, in shares of five dollars each, which may be increased from time to time to a sum of not exceeding one hundred thousand dollars; provided said Bank shall not transact any business under this act until twenty percent. Of the minimum shall have been paid up. The said Bank shall be located in the city of Richmond, State of Virginia; the officers of said Bank shall consist of a president, Vice-President, Cashier and Assistant Cashier (if necessary), and such other clerks and messengers as may be necessary to conduct the business of the same.

“3. The Board of Directors elected by the Grand Fountain United Order of True Reformers, shall constitute the Board of Directors of said Bank; they shall continue in office until the first meeting of the members; at such first meeting, and at every annual meeting thereafter, directors shall be elected, who may be removed by the Grand Fountain United Order of True Reformers, in general meeting; but unless so removed, shall continue in office until their successors shall be duly elected and qualified. The day for the first meeting of the members shall be prescribed by the by-laws: provided that number shall not be less than five; by-laws may also provide for calling meetings of the members, and any meeting may adjourn from time to time.

“4. The Board of Directors shall elect one of their body President and Vice-President, and may fill any vacancy occurring in the Board unless it be by removal, in which case the members may fill the same in general meeting. The said Board shall appoint, to hold during its pleasure, the officers and agents of said Bank, prescribed their compensation, and take from them bonds with such security as it may deem fit.

“5. The said Bank may acquire such real estate as may be requisite for the convenient transaction of its business, and such as may be *bona fide* mortgaged to it by way of security, or conveyed to it for satisfaction of debts contracted in the course of its dealing or purchased at sale upon judgement against persons indebted to it.

“6. Said Bank may receive money on deposit and grant certificates thereafter, and may levy, sell and negotiate coin, bank notes, foreign and domestic bills of exchange and negotiable notes in and out of this State. It may loan money on personal and real security, and receive interest in advance; may guarantee the payment of notes, bonds, bills of exchange, or other evidence of debt, and may receive for safekeeping gold silver plate, diamonds, jewelry and other valuables, and charge reasonable compensation therefore. The money received on deposit by said Bank, and other funds of the same, may be invested in or loaned on real security, or be used in purchasing or discounting bonds, bills, notes or other paper.

“7. The object of this corporation is to provide a depository for the Grand and Subordinate Fountains of the United Order of True Reformers, a benevolent institution incorporated for such purposes by the Circuit Court of the State of Virginia.

8. All acts and parts of acts inconsistent with this act are hereby repealed.

9. This act shall be in force from its passage.¹

APPENDIX F
GFUOTR Deposits, 1890-1909

Grand Fountain United Order of True Reformers	
Grand Fountain	\$ 3,738,174.08
Subordinate Fountains	\$ 504,583.94
Rosebud Nursery	\$ 37,927.71
Individuals	\$ 3,249,330.65
Societies	\$ 721,561.24
Loans	\$ 289,234.15
Other Sources	\$ 41,997.99
Clubs	\$ 127,744.33
Receipts before Division of Deposits	\$ 1,389,180.13
Total	\$10,099,734.22

Source: William P Burrell and D.E. Johnson, *Twenty-Five Year History of the Grand Fountain of the United Order of True Reformers 1881-1905*, (Richmond: Grand Fountain United Order of True Reformers, 1909), 347-349.

APPENDIX D
African-American Population in Selected Locations

City/Location	Year-1890	Year-1900	Year-1910
Richmond, VA	32,330 40%*	32,230 38%*	46,733 37%*
Birmingham, Al	11,254 43%*	16,575 43%*	52,305 39%*
Nashville, TN	29,382 38%*	30,044 37%*	36,523 33%*
Total	73,971	78,849	135,561

Source: U.S. Census Bureau, Population Division, * Percentage of Total City Population

APPENDIX E
True Reformers Bank Deposits, 1890-1909

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TRUE REFORMERS BANK

Deposits For The Year	\$ Amount
1890	\$ 9,811.28
1891	\$ 55,937.70
1892	\$ 79,052.79
1893	\$ 108,205.98
1894	\$ 162,433.32
1895	\$ 281,981.86
1896	\$ 345,952.91
1897	\$ 343,667.94
1898	\$ 327,874.36
1899	\$ 388,271.23
1900	\$ 537,644.82
1901	\$ 708,411.48
1902	\$ 796,099.91
1903	\$ 853,591.53
1904	\$ 808,759.53
1905	\$ 807,995.17
1906	\$ 873,492.95
1907	\$ 1,008,996.40
1908	\$ 977,808.52
1909	\$ 623,744.54

Total	\$10,099,734.22
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Source: William P Burrell and D.E. Johnson, Twenty-Five Year History of the Grand Fountain of the United Order of True Reformers 1881-1905, (Richmond: Grand Fountain United Order of True Reformers, 1909), 347-349.

APPENDIX F
GFUOTR Deposits, 1890-1909

102

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