

U.S. DEPARTMENT OF THE TREASURY

Statement by Secretary of the Treasury Janet L. Yellen on the Historic Impact of Economic Crises on People of Color

February 5, 2021

(Remarks as prepared)

Today, Secretary Yellen spoke at a virtual roundtable with Vice President Kamala D Harris and participants from local Black Chambers of Commerce from across the country to discuss the importance of passing the American Rescue Plan.

Thank you all for joining us. I know the members of the Black Chambers of Commerce have been very engaged in helping us respond to this economic crisis, and I am looking forward to our conversation.

I've been an economist for a long time, and one of the areas where I've focused my attention is on the racial disparity in economic outcomes.

It was probably because I started studying economics during the Civil Rights Movement. I took my first course around 1963. I was a freshman in college. And if you looked at the economic data back then, the average Black family possessed roughly 15% the wealth of the average white family.

That is more than a 6-to-1 difference, and it is stark. But perhaps it isn't surprising. Jim Crow laws were still in effect in many places.

What is surprising, however, is that it is now more than half a century later, and that 6-to-1 number has barely budged.

Today, African Americans remain unemployed at roughly twice the rate of white Americans. And that number hasn't really changed in fifty years either. It's as close to a constant as you come in economic data.

Indeed, if you somehow transported my freshman economics professor to 2021 – and you only showed him the employment and the wealth numbers – he would have a hard time guessing that the country has passed the Civil Rights Act... or that we'd elected our first Black president... or our first Black Vice President.

Instead, he might actually notice signs that the country had headed in the opposite direction – especially after 2008. During the last recession, the highest white unemployment ever reached was 9.2%. But black unemployment was trapped above 10% for five years. And it peaked earlier and recovered slower than unemployment for almost any other group.

This is what economic crises do. They hit people of color harder and longer. They push our country away from our values, towards more inequality. And I am worried the current crisis will do this again.

In fact, I know it will...unless we act.

During the early days of the pandemic, African Americans were the first to lose their small businesses. They were the first to lose their jobs. And we've seen early data that suggest Black workers will be the last re-hired when the economy opens back up.

This is why the American Rescue Plan is badly needed: To make sure that this pandemic isn't another generational setback for racial equality. And better yet, to finally start building an economy that works for everyone.

I know this is a goal the Vice President cares deeply about, too. In fact, it was the first thing she asked me to work on with her.

When she swore me in as Secretary, we spoke, and she asked me about providing more capital to Community Development Financial Institutions and Minority Depository Institutions.

These CDFIs and MDIs are so important because they serve communities that the wider financial system traditionally hasn't served well – especially communities of color. They give loans to people to buy homes and start businesses.

Madam Vice President, I am very glad to be working with you on these issues – and to be here with you today. Over to you...

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