Remarks by Secretary of the Treasury Janet L. Yellen at the Department of Commerce’s Interagency Convening on Equitable Economic Growth

November 9, 2021

Hello everyone. This is Janet Yellen, I want to thank Secretary Raimondo and Deputy Secretary Graves for the invitation to share a few thoughts, and of course, I want to thank all of you for being here today to listen to them.

I’ve been an economist for a long time, and one of the areas where I’ve always focused my attention is on the racial disparity in economic outcomes. I think it’s because I started studying the subject at the height of the civil rights movement, in 1963, when Dr. King led the March on Washington.

Today, as we recover from the pandemic, that study is more urgent than ever. COVID-19 took all the pre-existing inequalities in our economy and exacerbated them. Early in the pandemic, as I’m sure this group knows well, small businesses owned by people of color tended to close first, and when our administration took office, we had found that relief measures like the Paycheck Protection Program often didn’t reach Black and Latino entrepreneurs.

We’ve worked very hard to remedy that, and one of our efforts is a Treasury-wide equity review. We’re looking across the Department at how we work, and asking: Where are our operations not as inclusive as they could be? Where might they have a disparate impact? And just as important, where are we leaving something on the table? Where could we be using our authority to make progress – but aren’t?

A policy area of particular focus for me is Community Development Financial Institutions and Minority Depository Institutions – CDFIs and MDIs. To reach our shared vision of more equitable growth, we must ensure that capital is flowing to the people and places that need it the most. We need families, business owners and neighborhoods to be able to get loans and equity they need to buy homes, start and scale businesses, and revitalize communities. And we know how extremely difficult this can be for Black, Latino, Native, and Asian families and businesses.

In fact, this year, the Fed conducted its annual Small Business Credit Survey, and it looked at which firms received all the non-emergency funding they sought. (They didn’t factor in economic relief funding because of COVID-19; they were trying to get a number that would be relevant outside of the pandemic). Here’s what they found: In the prior 12 months, forty percent of all white-owned firms reported receiving all of the non-emergency funding they sought. The number for Hispanic-owned firms was half that – 20 percent. Black-owned firms was about a third – 13 percent. Overall, only a quarter of minority-owned firms said they had sufficient financing.

CDFIs and MDIs have proven very effective at breaking this bottleneck in the flow of capital to people and places of color. But we also know one program isn’t sufficient, and that broadening access to capital for disadvantaged communities will require a range of measures. This is a priority for our Department and for the Biden Administration as a whole. And I am excited to see that this forum has put an emphasis on areas in which the public sector can make immediate improvements.

Indeed, the work of building a more equitable – especially a more racially equitable – economy cannot be just government work. It has to be a whole-of-economy effort, and we’re eager for your help. After last year’s murder of George Floyd, countless companies – including some of yours, I’m sure – made commitments totaling hundreds of billions of dollars towards anti-racism and economic empowerment efforts. Over the summer, though, I saw a report, which found that, of all the money promised, less than one percent had been distributed.

My question to this group is: What can we do to get that money out there? And how can we – both your firms and our Treasury Department – work together to build an economy that is more racially equitable?

We’re are very eager to work with you, and we’re so grateful that you’ve taken the important step of participating in events like this one.

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