

Remarks by Secretary of the Treasury Janet L. Yellen at 2021 Freedman's Bank Forum

December 14, 2021

As prepared for delivery

Well, thank you, Madam Vice President, and welcome everyone. We're honored to host you at Treasury today.

This is the Freedman's Bank Forum, and I know most of us are familiar with the history. Founded by Lincoln in 1865 to help newly freed slaves build wealth, the bank's books were in shambles by 1874 – largely because of poor oversight by a Congress that had waning interest in Reconstruction.

Frederick Douglass, who had agreed to be the bank's president, tried to save it by depositing \$10,000 of his own money. The show of confidence didn't work. The bank failed, and more than 61,000 African Americans lost their savings. Douglass' biographer, David Blight, called the affair "one of the great aspirations, but also one of the great tragedies, of Reconstruction."

We are here today because, in many ways, we're still living with both that aspiration and that tragedy. The Vice President just described this very well: From Reconstruction, to Jim Crow, to the present day, our economy has never worked fairly for Black Americans – or, really, for any American of color.

Well, since stepping foot in this building last January, we have tried to change that – to finally make good on the aspiration of the Freedman's Bank by transforming how Treasury works. We've completed Treasury's first equity review, looking across the Department and asking: Where are our operations not as inclusive as they could be?

We've brought on the most diverse leadership team in Treasury's history – half of our senior appointees are people of color – and we've hired the Department's first ever counselor on racial equity. (If you haven't met Janis Bowdler yet, you will in a moment.)

Our most recent measure, though, is the news that the Vice President just mentioned: Through our Emergency Capital Investment Program (or ECIP), Treasury will be injecting

nearly \$9 billion dollars into Community Development Financial Institutions and Minority Depository Institutions. These CDFIs and MDIs serve communities that the financial sector historically hasn't served well – and most of the time, those are communities of color. If you're a Black or Hispanic or Asian or Native entrepreneur, we know it's harder to get your hands on funding to open to shop, or to keep the lights on, or meet customer demand.

This has been particularly true during the pandemic. In their recent Small Business Credit Survey, the Fed found that while roughly 40 percent of white-owned firms reported receiving all the non-emergency funding they sought last year, the number for Hispanic-owned firms was half that – 21 percent. And for black-owned firms, it was just 13 percent.

Contained in that 13 percent is a woman named Brandi Shelton, who I met a few months ago when I visited her tea shop in Atlanta. Just Add Honey was the name. Brandi owned the shop. She used to own three "Just Add Honeys," in fact, but during the pandemic, when money was tight, she needed credit to keep her other locations afloat, and no one would give it to her.

Fiscal policy can be a complex thing, and sometimes it's very difficult to state with clarity and certainty how a particular program or statute will change someone's life. But that's not the case here – here, it's very easy to connect the policy with the personal. You can draw a straight line from the money we're injecting into high-performing CDFIs and other institutions to a tea shop in Atlanta. Because what this will do is prevent small business owners of color from closing two of their locations. And better yet, it will help people open two more. It will ensure that our markets no longer just a small fraction of businesses with the funding they need.

Of course, one program is not enough to fully make up for the tragedy – or make good on the aspirations – of the Freedman's Bank or of the Greenwood District, which the Vice President spoke about. But it is a start. And you should know this is just one example of how we're implementing pandemic relief – with equity at the heart of things.

The last thing I want to say is: None of this is happening by default, and I'm so glad that Leader Schumer, Chairwoman Waters, Chairman Brown, and Senator Warner are here today – because they pushed this program through Congress.

Most of all, I want to thank the Vice President. Vice President Harris helped design the ECIP legislation when she was still Senator Harris. She has shepherded this program from a policy paper idea out into the world.

Madam Vice President, thank you, and I'm looking forward to our conversation.

With that, I'd like to invite up Janis Bowdler, our new racial equity counselor, who's going to moderate for us.

#