AN ENDURING LEGACY: THE ROLE OF FINANCIAL INSTITUTIONS IN THE HORRORS OF SLAVERY AND THE NEED FOR ATONEMENT, PART II

HYBRID HEARING

BEFORE THE

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AND INVESTIGATIONS

OF THE

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AN ENDURING LEGACY: THE ROLE OF FINANCIAL INSTITUTIONS IN THE HORRORS OF SLAVERY AND THE NEED FOR ATONEMENT, PART II

Wednesday, December 7, 2022

U.S. House of Representatives,
Subcommittee on Oversight
and Investigations,
Committee on Financial Services,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. Al Green [chairman of the subcommittee] presiding.

Members present: Representatives Green, Tlaib, Garcia of Illinois, Garcia of Texas, Williams of Georgia; Mooney and Wagner.

Ex officio present: Representative Waters.

Also present: Representative Garcia of California.

Chairman Green. Thank you, friends.

The hearing will now come to order.

Today's hearing is entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part II."

Slavery is our nation's original sin and one of the most horrific crimes ever committed against humanity. It was an era in infamy spawned by centuries of societal evil. It was characterized by kidnapping, rape, murder, enslavement of babies, denial of education, and forced labor.

It is my honor to convene this historic consequential second hearing to continue the examination of the role that financial institutions played in the perpetuation of this horrific crime against humanity and of the need for atonement.

In June of this year, Full Committee Chairwoman Maxine Waters and I, together with Subcommittee Chairs Sherman, Cleaver, Perlmutter, Himes, Beatty, Foster, and Lynch sent inquiries to the 10 largest U.S. banks and the 10 largest U.S. insurance companies requesting information about their historical connections to slavery.

While a number of institutions had researched their history, and provided the committee with findings, many of them had not, and certain of those had no intentions of doing so.

Many of our financial institutions have known connections to slavery and have profited enormously from centuries of economic prosperity that was built on the backs of enslaved people.

In today's dollars, these institutions have a collected value in the trillions. Today, we will examine the actual valuation of slave labor and its impacts on the U.S. economy, and how the exploitation of enslaved people caused the U.S. economy to prosper while severely disadvantaging the descendants of enslaved people throughout generations.

Our institutions that profited [inaudible] for this history will also be examined. Ours is a great nation that will be a greater nation when we atone for our seminal sin, the crime against humanity known as slavery.

And in the course of today's hearing, I will examine one other aspect of it, which is something that I call, "a perfect victim."

I will now yield to the gentlelady from Missouri, my friend, Mrs. Wagner, for 5 minutes for her opening statement.

Mrs. WAGNER. Thank you, Mr. Chairman.

And, again, I want to thank our witnesses for taking the time to testify before the subcommittee today. While I understand this subcommittee has held hearings on this issue, I would also like to highlight an issue that is affecting minority communities in the present, and that is inflation.

Right now, the cost of goods is rising at a faster pace than the rate of wage growth, and people are being forced to put a larger portion of their paychecks towards necessities to make ends meet. Studies show that inflation is disproportionately more difficult to bear for lower-income and minority households.

Last week, during our Full Committee hearing on the ties between housing and inflation, we saw that many households throughout the country are limited by rent, by home buying, or by home buying power.

In many ways, the focus is on how our history has impacted the racial wealth gap and how Congress can help reduce burdens placed on lower-income and minority communities. This cannot be achieved as a one-size-fits-all approach.

As we have seen in the response to the Majority's June 6th letter to the nation's top 10 banks and insurance companies, many respondents have implemented plans to address racial equity throughout the communities that they serve. This is a complex issue and one we must take very seriously so that all Americans can achieve economic prosperity.

When we have seen instances of racial wealth gap, the promotion of strong and consistent economic growth has helped to reduce the gap by enhancing Americans' purchasing power, and ensuring that government intervention doesn't increase the gap, while attempting to find a solution.

In the 8 months since that first hearing, one aspect of the economy that continues to disproportionately and negatively affect underserved and minority communities throughout this country is a continued high inflation rate. At the time of the first hearing, the Consumer Price Index, or CPI, reported that in February, inflation rose to a rate of 7.9 percent.

In the months following, Americans were faced with a summer of rising costs and consistent inflation that peaked at 9.1 percent in June and remained well above 8 percent until October.

Today, the Consumer Price Index still stands at a crippling 7.7 percent. More recently, the Farm Bureau estimated that America's families spent 20 percent more just a couple of weeks ago on Thanksgiving dinners than they did last year.

Underserved, minority, rural, and low- and moderate-income communities across the country are facing the brunt of this inflation and are using more and more of their paychecks on critical necessities and becoming less able to direct their income toward creating a secure financial future.

In June, the New York Fed issued a report which confirmed that inflation disproportionately impacts Black and Hispanic Americans more than any other communities. Individuals who have lower incomes and historically have been able to build wealth do not have the same safety net as individuals with higher incomes or substantial savings.

This makes combating the negative effects of inflation that much harder because these factors, among others, inflation, will do nothing more than continue to increase the racial wealth gap.

As Americans continue to head to the grocery stores, the gas pumps, and the department stores during the upcoming Christmas season, they will see that their purchasing power is much less than it was. Congress needs to take immediate action to curtail this inflation and let these communities know we are focused on building a strong economy in which they can thrive.

Fixing supply chains, supporting domestic energy production, and stopping reckless government spending can be a positive start to the deflationary effects that these families so desperately need.

I thank the chairman, and I yield back the balance of my time.

Chairman GREEN. The gentlelady yields back.

It is now my honor to recognize the Chair of the full Financial Services Committee, the gentlewoman from California, Chairwoman Maxine Waters, for 1 minute.

Chairwoman WATERS. Thank you, Chairman Green.

At your previous hearing on this issue, we discussed the significant role slavery played in building up the U.S. economy and the financial services industry and fueling our nation's wealth.

Large banks and insurance companies have profited from this unjust economic legacy, yet the debt to the descendants of enslaved people remains unsettled. The results from the committee's inquiry into some of the largest banks and insurance companies demonstrate that more work needs to be done to ensure that the damages resulting from slavery have been remediated and the racial wealth divide addressed.

Quite simply, public apologies and acknowledgements are not enough. I look forward to exploring solutions that address this history of exploitation.

And I yield back. Thank you.

Chairman GREEN. The gentlelady yields back.

It is now my privilege to recognize the Vice Chair of the subcommittee, the gentlewoman from Georgia, Ms. Williams, for 1 minute.

Ms. WILLIAMS OF GEORGIA. Good morning, and thank you, Mr. Chairman.

It is our responsibility to end this series of hearings with not just understanding, but, as Chairwoman Waters said, also a plan of action. Where do we start? I think by passing my abolition amendment, which will end an exception in the 13th Amendment that still allows slavery as punishment for a crime.

This issue will sound familiar to the bipartisan majority of members of this subcommittee who have cosponsored my bill. It will sound familiar to the 76 percent of Alabamians, 56 percent of Oregonians, 80 percent of Tennesseans, and 89 percent of Vermonters who voted in November to abolish this same exception in their State constitutions.

Even with 191 bipartisan cosponsors on my Federal bill, we can't get it done alone. As the financial industry thinks about atonement, joining our push to eliminate this exception is a no-brainer. These are the types of issues where we need our industry's voice and support. Let's walk away today identifying as many of these solutions as we can. Thank you, Mr. Chairman.

And I yield back.

Chairman GREEN. The gentlelady yields back.

Today, we welcome the testimony of our distinguished witnesses: William A. Darity, Jr., a professor of public policy at Duke University; Dania V. Francis, an assistant professor of economics at the University of Massachusetts Boston; Lily Roberts, the managing director of Poverty to Prosperity at the Center for American Progress; Seth Rockman, an associate professor of history at Brown University; and Sarah Federman, an assistant professor of conflict resolution at the University of San Diego.

Witnesses are reminded that their oral testimony will be limited to 5 minutes. You should be able to see a timer that will indicate how much time you have left. I would ask that you be mindful of the timer so that we can be respectful of both the witnesses' and the committee members' time.

And without objection, your written statements will be made a part of the record.

Dr. Darity, you are now recognized for 5 minutes to give an oral presentation of your testimony. You have 5 minutes, sir.

STATEMENT OF WILLIAM A. DARITY, JR., SAMUEL DUBOIS COOK PROFESSOR OF PUBLIC POLICY, AFRICAN AND AFRICAN AMERICAN STUDIES, ECONOMICS, AND BUSINESS, DUKE UNIVERSITY

Mr. DARITY. Thank you, Chairman Green.

I am William Darity, Jr., the Samuel DuBois Cook Professor of Public Policy, African and African American Studies, Economics, and Business at Duke University. I am a specialist in stratification economics, a field that examines the sources and consequences of disparities between racial, ethnic, caste, and gender groups. I would like to examine the intimate connections between slavery, the financial sector, and the emergence of the Black/White wealth gap.

Mehrsa Baradaran has written, "Slavery modernized credit markets, creating complex forms of new financial instruments and trade networks through which slaves could be mortgaged, exchanged, and used as leverage to purchase more slaves. In highly-profitable, speculation-based markets, many White men built fortunes trading in slave-backed securities. As is true of property ownership in any era, those who held slaves had the ability to grow exponentially richer because they could use their property to create more wealth."

Her incisive comment neglects the wider benefits of slavery to Whites in both the North and the South. Non-slaveowners in the South could earn decent incomes by functioning as managers of the enslaved workforce, by selling products to planters, or by policing for the system.

Northern White industrialists in the textile industry were directly dependent upon a key input: slave-grown cotton. The fortunes of New England's most-prominent families were frequently linked to the slave trade and to the shipping industry that was allied with it.

In contrast, the enslaved were denied the opportunity to acquire assets, to sell their labor for hire, nor were they able to reap the monetary benefits of any technical innovations or other products they designed. Slavery was the foundation of today's huge disparity in net worth between Black and White Americans.

Estimates from the Federal Reserve in 2019 set the average difference in Black and White household net worth at $840,000, a figure sufficiently large that it would take the typical Black household 14 consecutive years of saving 100 percent of their income to bridge the gap.

In fact, if generous donors created a fund to eliminate the racial wealth gap by contributing $1 billion monthly, it would take a millennium to reach $14 trillion. The combined budgets of all State and local governments used to meet all of their obligations amount to less than $5 trillion, but it would require $14 trillion to close the disparity for approximately 40 million Black American descendants of persons enslaved in the United States.

Financial institutions were key supporters and beneficiaries of American slavery. The full scope of creditor-debtor relationships interlocked with the slave plantation system has yet to be documented adequately. For the record, details are needed about which organizations financed the New England textile industry, which bank or banks had Brooks Brothers, producers of plantation wear for both the enslaved and the enslavers, as a client, and who were the lenders to the Southern planters themselves. This will require thick archival research that has yet to be undertaken.

Several existing major insurance companies participated significantly in providing slave owners with contracts to protect them from financial loss in the event of death or damage of their human property, particularly, their highly-skilled property. These companies include New York Life, Aetna, Baltimore Life, the Southern Mutual Insurance Company, the Loews Corporation, and AIG.

JPMorgan Chase subsidiaries, the Citizens Bank and Canal Bank in Louisiana, became slave owners after their slave-holding clients defaulted on loans.

Citibank, Wells Fargo, and Bank of America's predecessors all participated and gained from lending to slaveholders and, also as a consequence of loan defaults, became slave owners.

In the aftermath of the Civil War, the nation made a promise to the formerly-enslaved of 40-acre land grants as restitution for their years of bondage. The promise was not kept, and the American Freedmen received no land.

In contrast, 1.5 million White families were granted 160-acre land grants in the Western territories as the nation's colonial settler project was completed. Homestead Act patents have benefits that resonate for at least 45 million living White Americans. Eastern creditors supported and benefited from the economic chain reaction of steady growth in the West that built new towns and produced new States while making the basis for the post-slavery racial wealth gap.

During the course of approximately 100 White terrorist assaults on Black communities from the Civil War to the 1940s, Black lives were taken and Black-owned property was seized or destroyed by the White mobsters. Black property owners who lived through the massacres rarely received any form of compensation.

An estimated present value of $611 million of Black-owned property was lost during the 1921 Tulsa Race Massacre. What can best be described as a Negro clause in the policies gave insurance companies the basis for denying the massacre victims' claims.

The insurance companies fell back on an exclusionary clause which said that insurers would not be held liable for loss caused directly or indirectly by invasion, insurrection, riot, civil or commotion, or military or usurped power.

Christopher Messer, a sociologist at Colorado State University, says the clause was inserted in contracts with Black property owners intentionally given the fact that, by the early 1900s, insurance companies were well aware of the high potential for White mob violence directed against prosperous Black communities.

Insurance companies would not describe the assaults as massacres, but instead as riots, implying greater neutrality in the conflict or Black responsibility for the destruction.

Financial institutions—

Chairman GREEN. Dr. Darity? I am going to ask that you suspend, and we will have to move on, but you will be given an opportunity to say more when we ask questions.

Mr. DARITY. Yes, sir.

[The prepared statement of Dr. Darity can be found on page 28 of the appendix.]

Chairman GREEN. The Chair now recognizes Ms. Roberts for 5 minutes to give an oral presentation of her testimony.

STATEMENT OF LILY ROBERTS, MANAGING DIRECTOR, POVERTY TO PROSPERITY, CENTER FOR AMERICAN PROGRESS

Ms. ROBERTS. Thank you for the invitation to testify today, Chairman Green, Full Committee Chairwoman Waters, and distinguished members of the subcommittee.

Economic systems that developed in the immediate wake of slavery continue to shape how people experience the labor market, the financial system, and their own economic precarity today. For example, in the United States in the 1870s, tipping became an entrenched system of shifting cost burdens from employers to customers, with particular prominence in industries that employed formerly-enslaved people, including restaurant, hospitality, and transportation work. Tipping was codified by 1938's Fair Labor Standards Act, which totally exempted those who received tips from any Federal minimum wage law.

Only in 1966 were employers required to pay any base wage to their employees who received tips. The minimum wage for tipped workers has been stuck at $2.13 an hour since 1991, losing more than half its value to inflation over the past 30 years. While Federal law dictates that if a tipped employee makes less than the regular minimum wage, the employer must make up the difference, this system is rife with abuse.

More than 17 percent of low-wage workers report being paid less than the legal minimum wage, with $15 billion in annual stolen wages.

Women represent two-thirds of the tipped workforce. Just under half of workers in tipped industries are people of color, while the total labor force is only 37-percent workers of color. Employees are subject to the approval of the customer, not their employer, a relationship in which just and fair treatment is less governed by antidiscrimination and antiharassment laws.

These workers are subjected to harassment and demands on their behavior in exchange for their financial security. One study showed that female tipped workers in States where the subminimum wage is $2.13 experienced sexual harassment twice as often as workers in States where tipped workers receive tips on top of the regular minimum wage.

Lately, 76 percent of Black tipped workers said they were financially penalized by customers for trying to enforce social distancing and mask mandates, compared to 62 percent of all tipped workers. Meanwhile, in spring 2020, more than 40 percent of tipped workers were rejected by their State's unemployment insurance agency for having earned too little to qualify for unemployment insurance.

Not only are Black workers earning less than their White counterparts, it costs them more to access and save the money they have earned. This, too, is grounded in history. The Freedman's Savings and Trust Company chartered by Congress in 1865 was intended to provide a savings institution for newly-freed enslaved people and their descendants.

After several years of deposits, mismanagement and fraud led to the bank's collapse. While most people had already withdrawn their deposits and lost access to interest and dividends during public uncertainty about the bank's fate, the more than 61,000 remaining depositors, many of them recently-freed people, lost the equivalent of nearly $81 million.

Although the failure pre-dated Federal Deposit Insurance, contemporary advertisements and records indicate that bank representatives led potential depositors to believe that their account would be backed by the Federal Government and thus immune from risk.

Depositors lost significant assets, and many Black families and communities lost faith in financial institutions, with good reason. It is unlikely that the Freedman's Bank disaster is the driver of anyone's personal judgment of the trustworthiness of modern-day financial institutions, but the disaster, and its lack of significant consequences for those who contributed to it, demonstrate a systemic exclusion of Black Americans from the financial system and of a cultural willingness to accept the destruction of assets and wealth that is accumulated by the Black community.

Just before the pandemic, Black Americans represented 37 percent of the unbanked population, meaning they have no savings or checking account. They represented 23 percent of the underbanked population, meaning that while they have a bank account, they primarily rely on fringe banking options such as check cashers.

This has consequences not just for wealth-building, but for the implementation of the public policy crafted by Congress.

When the pandemic hit, people who were unbanked had to wait months for paper checks to arrive in CARES Act-funded economic impact payments, unlike those who got much faster relief through direct deposit. Lack of financial access and lower wages, both of which have roots in the legacy of slavery, compounds to make wealth-building harder for Black Americans.

By removing barriers to mainstream financial services, constraining the ability of predatory actors to strip wealth out of Black communities, eliminating wage disparities, and redressing past wrongs, Federal policymakers can make effective changes that could help close the Black/White wealth gap.

Thank you for the opportunity to testify today.

[The prepared statement of Ms. Roberts can be found on page 40 of the appendix.]

Chairman GREEN. Thank you. Dr. Francis, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF DANIA V. FRANCIS, ASSISTANT PROFESSOR OF ECONOMICS, UNIVERSITY OF MASSACHUSETTS BOSTON

Ms. FRANCIS. Good morning, Chairman Green, Full Committee Chairwoman Waters, and members of the subcommittee.

My name is Dania Francis, and I am an assistant professor of economics at the University of Massachusetts Boston. I am honored to have been asked to address the subcommittee on this important issue. I have been studying the economics of reparations for Black Americans for over 20 years, and during my career, I have also conducted extensive research on racial economic disparities, particularly the enduring effects of racial wealth gaps.

In my testimony, I will address the lasting economic harms that slavery had on descendants of the formerly-enslaved.

From the date of emancipation, Black households were at a significant disadvantage with regards to wealth accumulation. While the relatively small share of Black Americans who were free prior to the Civil War had accumulated some wealth and property, the vast majority of Black Americans were formerly enslaved with virtually no property or wealth at the time of emancipation.

A team of economists that included Ellora Derenoncourt of Princeton University constructed a continuous series of White-to-Black wealth ratios in the U.S. from 1860 to 2020, compiled from multiple historical and contemporary sources. Derenoncourt's estimates suggest that in 1860, 5 years prior to emancipation, Black Americans owned 2 cents for every dollar of White wealth.

In 1870, 5 years after emancipation, the figure increased to a little over 4 cents for every dollar. However, the gap in wealth in emancipation was so large that simulations suggest that even if Black households had the same capital gains and savings rates as White households from 1870 onward, White households would still have 3 times the wealth as Black households today.

Why do these racial wealth disparities matter? Wages and income impact a family's ability to meet day-to-day expenditures, and can feed into a family's ability to accumulate wealth through savings and investment of income.

Wealth, however, provides additional benefits beyond those provided by stable wages and income. Having wealth can provide a protective safety net, helping families weather economic shocks such as unexpected unemployment or an inability to work due to adverse health events.

Having wealth as a protective safety net may also reduce stress and anxiety and improve health outcomes. Wealth also provides access to opportunity. Households with greater wealth are better able to afford homes in neighborhoods with better schools, lower crime, and fewer environmental and health stressors.

The risks associated with entrepreneurship can be less costly for higher-wealth individuals who have more of a safety net to fall back on should their businesses not succeed. In that sense, wealth provides greater freedom to pursue self-actualization. Thus, wealth provides access to education, provides security to take career risks, and provides seed money for creating small businesses that can eventually grow into big businesses.

All of these things are instrumental in building future wealth. In this way, differential access to wealth leads to differential access to education, entrepreneurship, and other wealth-building activities.

If we ignore the fact that there are racial wealth gaps, we ignore an important root cause of other societal gaps such as racial achievement gaps, income gaps, health gaps, et cetera.

Barriers to access to wealth and opportunity are not just in our past; they are ongoing. Today, they may take the form of exclusionary zoning policies, for example. If you want to exclude Black families from a neighborhood today, you don't have to engage in blatant discrimination. You can instead pass a local zoning ordinance that requires all residential plots to be at least 1.5 acres or to be single-family dwellings.

This has the effect of pricing many Black families out of these neighborhoods because they don't have the wealth endowment necessary to afford properties carrying those restrictions. In a sense, these types of zoning laws then are a way of capitalizing on the results of past racial discrimination in a seemingly race-blind way.

In their book, "From Here to Equality," William Darity and Kirsten Mullen argue that enduring harms of slavery and ongoing post-emancipation discrimination can be captured in and quantified by current racial wealth gaps.

The intergenerational transmission of wealth makes relevant today the historic wealth differentials present at the time of emancipation, providing a direct link from the economic injustices of slavery to the economic disparities of today.

The financial and insurance institutions that benefited from those injustices should have to reckon with the economic disparities of today.

I thank you for the opportunity to discuss the enduring legacy of harm from slavery and the role of financial institutions.

[The prepared statement of Dr. Francis can be found on page 37 of the appendix.]

Chairman GREEN. Thank you, Dr. Francis.

Dr. Rockman, you are recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF SETH ROCKMAN, ASSOCIATE PROFESSOR OF HISTORY, BROWN UNIVERSITY

Mr. ROCKMAN. Chairman Green, Full Committee Chairwoman Waters, and members of the subcommittee, I am honored to speak with you today. I join you as an historian whose research has focused on the role of slavery in American capitalism.

In my scholarship, I have argued that slavery shaped the terrain of economic development in the United States. I do not believe that our society has fully grasped the degree to which the economic opportunity we celebrate as characteristic of the American experience writ large was historically contingent upon the exploited labor and commodified bodies of Black Americans.

My reflections also draw on my experiences as a member of a community that has grappled with its own historical relationship to the ill-gotten gains of slavery. I must acknowledge the hope of Brown University's former president, Dr. Ruth Simmons, that our institution's engagement with our own history might serve as a model for the nation itself in pairing historical truth-telling with accountability and repair.

My research specifically considers slavery as a national economic institution, not merely a Southern one, but rather one whose products and profits shaped lives and livelihoods thousands of miles away: in the Pennsylvania and Rhode Island textile mills that voraciously consumed slave-grown cotton; in a small Massachusetts village where virtually every family was involved in making shoes for slaves; and in the banks of New York City, where numerous financial calculations traced back to the price of cotton and to the assets stored in enslaved people as salable property.

In light of these long-distance entanglements, my position emerges from the difficulty of determining precisely where the economy of slavery ended and some other kind of economy presumably began. These blurred boundaries suggest that the committee must be expansive in how it defines involvement in chattel slavery.

For example, how should we reflect upon firms that manufactured slave-grown cotton into textiles and that spurred on the American industrial revolution? Remember, for example, that Berkshire Hathaway was once a textile company whose genealogy traces to a New England Quaker entrepreneur and the cotton textile mills he built in Rhode Island and Massachusetts as early as 1806.

The proprietors of what was eventually the Valley Falls Company rarely paused to ask where their cotton came from, and as with almost every other firm in the New England textile manufacturing complex before 1865, virtually every cotton fiber they spun and wove would have been slave-grown and slave-picked.

New England textile manufacturers, as well as their lenders, their investors, and their insurers had a stake in the price of slave-grown cotton rivaling that of any slaveholder. Would not such enterprises then fall under proposed legislation requiring firms to disclose their ties to slavery?

The same would hold true for a firm that brokered slave-grown cotton or sugar into global markets like Brown Brothers Harriman, a company which impressively makes its history available on its corporate website. Insofar as the products of stolen slave labor were perhaps more likely to be collateralized than actual slaves themselves, we must recognize that the relationship of finance in slavery was more expansive than we would see if we just scoured the archive looking for debt instruments explicitly backed by enslaved people.

Eventually, scholars may find that the wealth created in credit lines, tax breaks, rental revenues, annuities, and sales, that is value created through the market and the law's treatment of enslaved men, women, and children as assets was comparable to the value of the cotton, sugar, and rice those same men, women, and children produced through their unpaid field labor.

As we assign a central role to finance in the overall functioning of American slavery, we must remember that references to property that was liquidated or settled or secured, referred to husbands being sold away from wives, or parents from children, transactions with affective costs far higher than anything that could ever be listed upon a balance sheet.

To conclude, I want to concur with an earlier comment from Professor Darity in his April testimony: "The largest burden falls upon the Federal Government, under which all of these horrific transactions and speculations were legal."

Entrenched legal definitions of property and people and prevailing legal commitments to the sanctity of contract allowed the edifice of American finance to be built upon enslaved labor, reaching deep into places where slavery itself had already been abolished. Slavery was a national institution, and whatever successes we will have in redressing slavery's long-lasting harms must be national in scale.

I commend this committee's effort to put Congress, the deliberative body that legislates on behalf of the nation, at the forefront of specific policymaking that will seek to close the racial wealth gap, create civic space for remembrance and reconciliation, and preserve a truthful accounting of the American past, lest anyone in the future try to erase the fundamental fact that, for much of our nation's history, market freedom and human freedom stood in painful opposition to one another.

Thank you.

[The prepared statement of Dr. Rockman can be found on page 47 of the appendix.]

Chairman GREEN. Thank you, Dr. Rockman.

Dr. Federman, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF SARAH FEDERMAN, ASSISTANT PROFESSOR OF CONFLICT RESOLUTION, UNIVERSITY OF SAN DIEGO

Ms. FEDERMAN. Good morning, Chairman Green, Full Committee Chairwoman Waters, and distinguished members of the subcommittee. Thank you for the opportunity to speak today. My name is Sarah Federman, and I am a professor at the Kroc School of Peace Studies at the University of San Diego.

My research looks at the intersection of corporations and mass atrocity, how they atone or reckon or do not for genocide, slavery, and colonial legacies. I began my career as an international advertising executive.

I discovered that when you trace the thread of cotton through U.S. history, it does lead us to Wall Street, and the finance industry, more generally. Today, I have been asked to share a little bit more about the challenges of corporate reckoning, why we must proceed, and how best to do so.

One of the arguments that we run into when engaging with corporations is that it is applying the law ex post facto because slavery was legal at the time. While I am not a legal scholar, I want to remind us that we are not pursuing criminal justice in these efforts; we are pursuing transitional justice through which nations and institutions differentiate themselves from a prior criminal regime by addressing the harm and committing to ethical behavior going forward. Most financial institutions that profited from slavery have not yet done this work.

We also hear, rightly so, that we are all beneficiaries of cotton capitalism and plantation agriculture, so why focus on the banks? Here, I underscore another prior point that, yes, this will require government and taxpayer participation, but corporate as well.

Another argument is that many businesses profited from slavery, both in the North and in the South—look at Lehman Brothers. But most companies have folded, so is it fair today to only hold the surviving enterprises accountable?

To this I say, when legacy companies continue to profit from their heritage brand and strength due to ill-gotten gains but do not participate in the reckoning work, they continue their complicity with the prior regime. All institutions with these ties want to commit to transparency, relevant institutional reform, and to work with the affected communities.

We also hear that everyone directly impacted by slavery is dead. Those here today and many others have detailed the legacies of slavery in the present. My written testimony offers some of these sources.

Another argument you hear is why punish today's executives, employees, and shareholders for the ill deeds of the past? First, I would like us not to use the word, "punish," because this is about addressing the harm, not focusing on punishment, so a more restorative frame. But beyond that, leaders of all institutions inherit the problems of their predecessors.

Corporations and their leaderships can't refuse to address failed product lines or underperforming divisions simply because they did not create these problems. It is for leaders to take responsibility for those challenges in front of them, not just for their actions.

Let's say corporations contribute to a fund like the German corporations did. How best to distribute the money? I do want to say that descendants and policymakers will never reach a consensus.

When I interviewed Baltimore students and families, some wanted a check; others worried the money would disappear; some didn't want money from White people at all; and others were concerned that compensation would be a way to shut Black Americans up without sharing power or actually challenging discrimination.

So, how best to proceed? Many people know what to do. We know what to do. There are many effective, underfunded programs like Safe Streets and Restorative Justice for Oakland Youth.

There are experts doing great work in this area, like the California Reparations Task Force that has identified five major areas: housing discrimination; mass incarceration; unjust property seizures; devaluation of Black businesses; and healthcare. To this, I would add education. I saw in Baltimore how student loans became modern-day shackles. I believe offering three generations of free higher education to Black Americans will help undo some of this harm.

Whatever we decide to do, the details matter. Holocaust survivors told me, many of them, told me that the letter they received from Germany was as meaningful as any money, but to have that recognition.

Given that compensation can actually even worsen discrimination, because other groups don't understand why they haven't been compensated for their losses and their suffering, to mitigate this backlash, we must continuously educate those who do not know the history or understand the legacies of slavery as we move forward.

This is a very divisive issue. You can never undo all the harm and we can never undo all discrimination, so why bother? We address the harm to Black American families not because it is easy or for accolades; we do it because these families had been repeatedly deprived of life, liberty, property, prosperity, and dignity, and if the United States wishes to continue to have any legitimacy on the global stage as advocates for human rights.

Thank you to those who have educated me and those new to this work. As thankless as it may feel at times, you will help people you never hear from and acknowledge those who suffered their entire lives without recognition. Thank you for your time.

[The prepared statement of Dr. Federman can be found on page 32 of the appendix,]

Chairman GREEN. Thank you, Dr. Federman.

I now recognize the Chair of the Full Committee, the Honorable Chairwoman Maxine Waters, for 5 minutes for her questions.

Chairwoman WATERS. Thank you very much, Congressman Green.

I first would like to thank you for having not only the courage, but the energy that you are putting into raising, I think, one of the most significant questions about slavery that could possibly be raised, and you are in the right committee to do that in the House of Representatives.

I want to address a question to Dr. Darity. Do you believe that local laws and ordinances such as the City of Chicago's Slavery Era Disclosure Ordinance passed in 2002 are effective measures to ensure that financial institutions remedy any harm they caused through their involvement with slavery?

In your opinion, should the Federal Government model these laws and require similar audits?

Before you answer that, I just want to, number one, remember my good friend, Dr. Ogletree, who has been involved in an aspect of this issue for so many years. He took me to Tulsa—and I have been to Tulsa several times—and I got to meet some of the survivors of the massacre, and the Supreme Court case that took place.

So, I have watched what was being done in Oklahoma. And when we talk about these local ordinances, I don't see that, in Oklahoma, they have been able to do more than kind of apologize—I don't even think they have a statue. They have something else that they were doing.

Dr. Darity, the question becomes, what about these local laws and ordinances? Are they effective?

Mr. DARITY. I think the local laws and ordinances that seek full disclosure for the historical record from companies that do business with cities and States have been effective. The Chicago case has generated a significant amount of information about the historical practices of a number of firms.

And I think that is something that could be effectively replicated at the Federal level, and I think it is very much in the spirit of your June 2020 inquiry with a number of corporations. There needs to be some teeth behind that inquiry in the sense that, if they don't follow through, there should be some penalty that they are subjected to. But I think that is a very wise set of ordinances.

In terms of other types of policies that have been pursued at the State and local level that aim at restorative justice, I am probably not quite as enthusiastic. I don't think that the issue of the racial wealth gap in the United States can be addressed in any significant way without the Federal Government adopting a program of reparations for Black Americans—

Chairwoman WATERS. Why do you believe that the Tulsa Massacre has never been significantly addressed in Oklahoma? They have not done anything with local ordinances, have they? Dr. Darity?

Does anyone know what has been attempted in Tulsa to deal with the massacre that basically killed, murdered, and burned down all of the businesses of the Black community in Tulsa?

Mr. DARITY. I apologize—I lost audio a moment ago, so I couldn't hear what your question was, but—

Chairwoman WATERS. The basic question is, have you any knowledge about anything significant that has been done locally in Tulsa to deal with this issue?

Mr. DARITY. Yes. You mentioned Dr. Ogletree, and he was deeply involved in an effort to try to get some sort of judicial-based compensation for the victims of the Tulsa Massacre. And I think that most of the efforts that have been conducted in the Tulsa context have been attempts to go through the courts for some form of compensation, given the fact that the insurance companies did not provide any compensation.

Chairwoman WATERS. I want you to know that some of the original Black business individuals were still alive when Dr. Ogletree was working on this issue. I met three or four of them—they are all dead now—but they got no compensation.

Mr. DARITY. They got no compensation.

Chairwoman WATERS. They got nothing.

Mr. DARITY. But I don't think this can be handled by going through the judicial route for one fundamental reason, which is that the Federal Government ultimately has jurisdiction over this array of massacres. There were a hundred of them that took place, and the Federal Government either turned a blind eye or it actually provided, in some instances, the arms that were used by the White terrorists.

And so I think we really, again, have to turn to the Federal Government to try to address the full array of atrocities that took the form—

Chairwoman WATERS. Thank you so much, Dr. Darity. I am way past my time. The Chair has been very generous.

Thank you very much, Mr. Green.

Chairman GREEN. The gentlelady yields back.

The Chair now recognizes the gentlelady from Missouri, the Honorable Ann Wagner, for 5 minutes.

Mrs. WAGNER. I thank my friend, Chairman Green, for the time, and again, I thank our witnesses for being here today.

As I mentioned in my opening statement, right now the cost of goods is rising at a faster pace than the rate of wage growth, and people are being forced to put a larger portion of their paychecks towards necessities to make ends meet.

Studies show that inflation is disproportionately more difficult to bear for lower-income and minority households. And just last week, during our Full Committee hearing on the ties between housing and inflation, we saw that many households throughout the country are limited by rent or home buying power or lack thereof.

Dr. Darity, do you believe that the current inflation rate is exacerbating the racial wealth gap?

Mr. DARITY. I certainly think that the current inflation rate, as you suggested, has a disproportionate impact on low-income families, particularly Black and Latino families, but I don't think there is a significant relationship to the racial wealth gap.

The racial wealth gap is primarily driven by the intergenerational transfers of resources that are disproportionately held by White Americans in comparison with, say, Black Americans.

Dr. Francis talked about that in some detail in her remarks.

I think that the inflation has an adverse effect on people's capacity to save, but personal savings is not the primary factor that drives people's wealth accumulation. It is what you get from your parents and your grandparents that is really decisive in terms of determining your wealth position, and that has been racially disparate in the United States for multiple generations.

Mrs. WAGNER. Let me go on and cite the Bureau of Labor Statistics here. According to them, the median weekly earnings in the third quarter of 2022 for Black, Hispanic, and Latino workers with full-time jobs were about $300 lower than those of White and Asian workers.

Dr. Darity, if wages rise slower than the rate of inflation, what is the net effect? And is it, therefore, fair to say that rising prices are disproportionately more painful for Black, Hispanic, and Latino workers?

Mr. DARITY. I acknowledge that, but in terms of the implications for the racial wealth gap, they are marginal. They are not significant or important. The racial wealth gap is not primarily a consequence of differences in savings outcomes across families; it is a consequence of the inability of Black families to transfer substantial resources to subsequent generations because of the nation's history of deprivation of previous generations from the opportunity to accumulate wealth.

Mrs. WAGNER. Thank you, Dr. Darity.

Dr. Federman, you talked a little bit about the research that you have done.

Can you elaborate a little bit more about what the difficulties are in finding, kind of, a one-size-fits-all solution with such a large group of impacted people? What steps do we need to take to understand all of the perspectives?

Ms. FEDERMAN. Thank you for that question. And I think one is to prepare ourselves that there is not going to be consensus, and that doesn't mean that there is something wrong. As we move forward in working with affected communities, for example, as Dr. Rockman talked about, Brown Brothers Harriman, but that is from Alexander Brown and Sons family, which is based originally out of Baltimore; there is so much to do in Baltimore that the banks could work together in that area, those institutions that are legacy institutions to just address what is happening in Baltimore.

So, there are a lot of local-level activities that can be done. People in these communities know what they need. We can walk into these communities and know what they need, so it is not terribly mysterious, but I think we are going to want to look at a plan that includes housing. And in the wake of George Floyd, when we saw a lot of American financial institutions give money for racial equity, they often did it in the form of loans that they could profit from, and I think it is very important as we engage these corporations going forward that we are talking about grants, housing grants, student loan grants as well, not just more loans, because people are so buried in debt.

I think we want to engage continuously with affected communities, have these conversations with them about what they need, support those organizations that have proven to be effective but are simply underfunded, and then maybe a conversation about whether people should be getting checks. That is going to be a conversation for the nation to have as well.

Mrs. WAGNER. Thank you very much. I have used all of my time. And I yield back to the Chair.

Chairman GREEN. The gentlelady yields back.

The honorable gentlewoman from Michigan, Ms. Tlaib, is recognized for 5 minutes.

Ms. TLAIB. Thank you so much, Chairman Green, for holding this hearing. It has been truly an honor to serve under your leadership on this subcommittee, from hosting you in the 13th District to this incredibly important historic work that you have tackled on looking at the unthinkable horrors of slavery with the urgency that justice demands.

Thank you so much, Chairman Green.

I also want to thank our witnesses for their exhaustive research. Due to your work, we know the historical role of slavery in the financial industry is not abstract. The legacy of American slavery is still being felt in our communities across our nation today.

We cannot look away. We must address these horrors, so that is why I really appreciate this subcommittee hearing.

When we look at financial institutions that responded to our subcommittee's inquiries, of the seven institutions that found historical connections to slavery, just two have taken any steps. Of these two institutions, Truist provided a public acknowledgement, and JPMorgan created a $5-million scholarship fund.

To all of our panelists, going down the line, yes or no, do you think these remediation steps are sufficient to acknowledge and atone for the role in American slavery?

Dr. Darity?

Mr. DARITY. No, I don't think that these steps are sufficient, and I have argued in the past that what financial institutions ought to do, that would be a substantial act of atonement, is to build the endowments of Historically Black Colleges and Universities (HBCUs) to a level comparable to their predominantly-White peer institutions. I think that would be a step which would really be substantive.

Ms. TLAIB. You answered my second question, Dr. Darity, so I appreciate that.

I do want to ask you, Dr. Francis, do you think that these remediation steps by Truist and JPMorgan are sufficient to acknowledge an atonement for the role in American slavery?

Ms. FRANCIS. No, I don't think they are sufficient.

Ms. TLAIB. Ms. Roberts?

Ms. ROBERTS. No. And it also seems that the lack of response from other institutions is insufficient.

Ms. TLAIB. Absolutely.

Dr. Rockman?

Mr. ROCKMAN. Insufficient.

Ms. TLAIB. Ms. Federman?

Ms. FEDERMAN. Insufficient.

Ms. TLAIB. My next question is—and I know Dr. Darity discussed it—but do you have any recommendations of what they can do to properly address their role in American history?

Dr. Francis, I know you talked a little bit about this, but what do you think that we can do as a subcommittee to push them towards the appropriate response?

Ms. FRANCIS. Thank you. Thank you for the question.

I think that financial institutions should commission studies to fully examine their historic involvement in and benefit from slavery. There should be greater transparency in the financial services industry regarding racial disparities and their current lending practices.

Financial institutions should commit to funding and resources to community development activities in Black communities, and these efforts should be guided by local Black organizations. They should also review ways their current policies and practices may internalize and systemize racial discrimination in the form of race-neutral wealth-related requirements.

And I also will note that Dr. Federman had a lot of excellent recommendations in part one of this hearing regarding steps for atonement, but importantly, I think that these atonement activities should not be mistaken as reparations, which, as Dr. Darity mentioned earlier, involve a much larger Federal effort.

Ms. TLAIB. Thank you.

So, a critical part of the process is properly understanding the role in the value of slave labor and how it affected the overall labor market in the U.S. economy.

Dr. Rockman, can you help us understand the effects of slave labor within the U.S. economy on the broader labor market? Could the unpaid labor of enslaved people have comparable value to paid labor at the time, or did the very existence of unpaid labor fundamentally skew the entire labor market?

Mr. ROCKMAN. I would argue that the presence of enslaved labor in the U.S. actually skewed the entire labor market of the United States as a whole, including setting some of the wage levels thousands of miles away in the North, but also, in perhaps, say, mitigating some of the class conflict that might have grown necessarily out of the development of the wage system.

If we look at the transition to factory capitalism in Europe, we see massive conflict between workers and their employers through much of the 19th Century. We see significantly less of that in the United States.

What if it turns out, hypothetically speaking, that it is White supremacy and a commitment to keeping Black people enslaved that created solidarities between White workers and White employers in the North, which mitigated some of the bumpy political transitions that accompanied capitalism in the 19th Century? That would change everything.

Ms. TLAIB. Yes.

With that, I yield back, Mr. Chairman.

Thank you so much.

Chairman GREEN. Thank you. The gentlelady's time has expired.

The Chair now recognizes the honorable gentleman from Illinois, Mr. Garcia, for 5 minutes.

Mr. GARCIA OF ILLINOIS. Thank you, Mr. Chairman. And I thank all of the witnesses for joining us.

I want to thank everyone who has kept this issue and this great challenge to our country alive by probing for answers and information.

In 2002, as Chairwoman Waters pointed out, Chicago became the first major city to require companies interested in doing business with Chicago to disclose their ties to slave trade and labor.

As a result of this ordinance, and additional legislation from States that followed, financial institutions have disclosed the profits they got from the financing of slavery, prompting apologies and renewed commitments to diversity and inclusion initiatives, but disclosures and apologies from financial institutions are not enough.

We need legislation that requires actionable steps from public companies to address their ties to slavery and to remedy the history of racial inequity and economic disparity in the United States.

Dr. Francis, Evanston, Illinois, has created a plan to provide housing grants to Black residents, prioritizing descendants of those who were harmed by discriminatory housing policies in the City.

Do you believe that these initiatives sufficiently compensate for the suffering of Black Americans, and should they be implemented more broadly?

Ms. FRANCIS. Thank you for your question. No, I don't think they are sufficient, but I do recognize the spirit in which they are arrived at. And I think the reckoning that local jurisdictions have been doing with their past and their connections to slavery and discrimination is honorable and should be encouraged. But, again, the sheer size of what would be necessary to atone for, to repair, to address the history of slavery, again, thinking about the size of the racial wealth gap as symbolic of that, is much too large for any local jurisdictions to be able to marshal on their own.

I guess, maybe to conclude, I think that it is good grassroots energy to think about mobilizing people at the local level, but it would be much better if that grassroots energy was devoted to a concerted national Federal response.

Mr. GARCIA OF ILLINOIS. Thank you. This question will be for both Dr. Darity and Dr. Francis. Please be mindful of time. I have about 2 minutes.

The U.S. economy has benefited from centuries of unpaid labor and the business generated from slavery. You have estimated that a program to remediate this harm could cost the U.S. Government between $10 trillion and $12 trillion.

How should the Federal Government structure the reparations program, and what can financial institutions do to address current structural disparities that could be traced to slavery?

Mr. DARITY. Dr. Francis, do you want to start with this one or—

Mr. GARCIA OF ILLINOIS. I have a minute and 20 seconds, just saying.

Ms. FRANCIS. Absolutely. There are many ways that we can address a reparations program by financing reparations through taxing and transferring. Reparations programs can be implemented as cash reparations, as trusts. And this is something that I think people have spent a good amount of time researching, but we still have unanswered questions. And I think that is why it is important to establish a commission to work on this and develop a solution.

Mr. GARCIA OF ILLINOIS. Thank you. Dr. Darity?

Mr. DARITY. The amount to eliminate the racial wealth gap is at least $14 trillion. The Federal Government has demonstrated its capacity to make those types of levels of payments, particularly if it is distributed over a 10-year timespan, in terms of its response to the Great Recession and also its more recent response to the pandemic.

Mr. GARCIA OF ILLINOIS. Thank you to all of our witnesses.

Mr. Chairman, I yield back.

Chairman GREEN. The gentleman yields back.

The Chair now recognizes the honorable gentlewoman from Texas, Ms. Garcia, who is also the Vice Chair of our Subcommittee on Diversity and Inclusion.

Ms. GARCIA OF TEXAS. Thank you, Mr. Chairman.

And thank you to all of the witnesses who are appearing before us today. It is great to see that we are continuing this discussion in this second series of discussions on the enduring legacy of slavery.

I am reminded over and over that racism and the lasting horrors of slavery are built into every fiber of our financial system. The topic of today's hearing and the subcommittee's research into the history of financial institutions profiting from slavery reminds me of this even further.

Our nation's history in this regard is dark. We must work tirelessly to right the wrongs of the past, because they are not the past. The lasting impacts of slavery continue to impact Americans every single day of our lives, and particularly in the financial sector.

Throughout my time in Congress, I have committed myself to equity in financial services, striving for financial health and success for all Americans. During Part I of this hearing series, I asked about tangible steps that we could take to make the finance system more equitable. In reviewing today's committee materials, I understood that they need to continue with that line of questioning, because concrete actual progress is still urgently needed. I think some of you mentioned some of this being insufficient. I agree with you.

Dr. Darity, of the finance institutions surveyed by this subcommittee, a concerning low number of companies with ties to slavery have taken concrete steps to enhance their community investments or, a great example you used was dollars to the endowment funds of the Historically Black Colleges and Universities. In an era of public commitment to diversity and inclusion from industry giants with perhaps too little action, what concrete actual steps can financial institutions do immediately, without us in Congress dictating what they should or shouldn't do?

Mr. DARITY. I think immediately, they could take steps to raise the endowment levels of Historically Black Colleges and Universities to a position that would be comparable to peer historically or predominantly-White institutions. That is a step that they could take immediately.

Ms. GARCIA OF TEXAS. Right. Is there any other example that you can give us?

Mr. DARITY. Of other types of steps that they could take?

Ms. GARCIA OF TEXAS. Yes, sir.

Mr. DARITY. They certainly could make sure, in some sense, that they could get their own houses in order in the sense of ensuring that their own personnel, staff, and leadership is reflective of the composition of the national community at large. And that is a diversity and inclusion project.

Ms. GARCIA OF TEXAS. Correct. And we do have a Subcommittee on Diversity and Inclusion, where we work really hard on that.

Ms. Roberts, we have data which shows that Black and other minority populations have extremely reduced access to lending services and other forms of capital necessary to help businesses thrive.

In practice, how do we address this? What can Congress do and what can banks do to ensure that access to capital is more equitable?

Ms. ROBERTS. Thanks for the question. Ensuring that all communities have access to capital could require something as easy as investigating their own sort of openness and accessibility to different communities, ensuring that information is available in community, geographically and based on neighborhood, in the language that is spoken by the community that is relevant, and ensuring that services are accessible with little or no financial barrier in order to get in the door. That is good for a bank's business. It would ensure that they have sort of a robust customer base that they are building up.

But I also want to point out that shareholders have power in this capacity as well. In different financial institutions, shareholders are making demands all the time of business practice and ensuring that institutions are behaving responsibly, in terms of the environment, in terms of investments. They could also be doing so to ensure that financial services are accessible to a wide range of communities.

Ms. GARCIA OF TEXAS. Thank you.

Ms. Roberts, I wanted to quickly talk about today's current redlining. It is no longer people getting together and actually drawing red lines on a map; it is done with algorithms and online applications that will know whom to invite in.

What can we do to have better access to homeownership despite some of these barriers that seem to be cropping up and we just can't seem to—it is what I call the high-tech redlining.

Ms. ROBERTS. Ensuring that financial institutions are not using algorithms in a discriminatory way is a really crucial part of this, but there is also still a human element.

Significant research has shown the lower valuation that happens when a home valuator assumes or knows that the owner of the home is Black. That has shown significant impact on neighborhood-based home price increases over the past decades.

Federal Government efforts to ensure that there is a check on valuation discrimination is a really crucial part here, as well as providing upfront capital and support. That has happened at the local levels. For example, the District of Columbia has been working on that significantly to increase the support for first-time homebuyers and others who have been excluded from the intergenerational transfer of wealth, as Professor Darity has so clearly articulated here.

Ms. GARCIA OF TEXAS. Thank you.

I see my time is up, Mr. Chairman. I yield back.

Chairman GREEN. The gentlelady's time has expired.

The honorable gentlewoman from Georgia, Ms. Williams, who is also the Vice Chair of our Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Ms. WILLIAMS OF GEORGIA. Thank you, Mr. Chairman.

In the post-Civil War era, the Exception Clause of the 13th Amendment was exploited as Black Americans were arrested for minor crimes under Black Codes and then released out to work in many of the same places they had previously been enslaved.

Dr. Rockman, can you give us a sense of the economic impact of the exploitation from the Exception Clause?

Mr. ROCKMAN. I am afraid that is beyond the purview of my own direct research. But my sense, from what seems to be a scholarly consensus around the issue, is that the economic exploitation of Black Americans existed before slavery and after slavery, in the 18th Century, in the 19th Century, and in the 20th Century.

And wherever we choose to start the clock in looking for where we need to address repair, we will find ample cause to do so.

Ms. WILLIAMS OF GEORGIA. Thank you so much.

Ms. Roberts, today, what role could the financial industry play to pass a bill like the Abolition Amendment to fully eliminate the Exception Clause as industries work to ensure equity and atone for the past?

Ms. ROBERTS. Financial institutions obviously have enormous capital, and with capital comes political reach. And I would encourage financial institutions to think critically about the ways that they are using their political reach to advocate for policies that will bring more people in their doors as future customers.

With financial stability comes greater access to financial services. It would be to the advantage of many of these financial institutions to ensure that all Americans have a level economic playing field.

Ms. WILLIAMS OF GEORGIA. Thank you, Ms. Roberts. I think the Abolition Amendment, which is a great bipartisan piece of legislation, is a great start.

And, with that, Mr. Chairman, I would like to yield the balance of my time to you for any questions that you may have.

Chairman GREEN. I thank the gentlelady for yielding, and would move forward with the question before I yield time to myself, as I am next in line to speak.

Friends, at the September 21st hearing, I presented the CEOs of the largest U.S. banks with information on their connections to slavery. I asked if they had done enough to atone for their connectivity to slavery, to which all indicated they had.

However, thereafter, I followed up and asked them if they had and would commit to preparing an atonement plan, and I asked if they would raise their hands if they were prepared to submit an atonement plan. These are the persons present, and none, not one, raised a hand.

I mention this because I think the point that has been made today by several members, including Mr. Garcia, Mrs. Beatty, who is not here, and Ms. Garcia, who is here, Mr. Garcia, Ms. Garcia, and members of the panel, including Dr. Darity, the notion that we will be able to resolve this by simply having these very wealthy businesses simply cooperate, which is what I would like to see, doesn't seem to be manifesting itself. I just don't see that happening in the current circumstance that we are dealing with.

Given that it doesn't, I have a bill that I filed as a placeholder, and this bill would simply give us the opportunity to amend it and later on file an additional bill that would allow us to move forward with the kind of bill that you have been discussing and calling to my attention. It requires the Securities and Exchange Act to allow us to have racial equity audits. I think that this is the genesis, but I think there is much more that we need to do.

What I would like to do is ask Dr. Darity about your desire and belief that we can have these endowments funded by these institutions. I have had the honor of working with you, Dr. Darity, and I believe you have presented a plan, a sort of outline as to how this can be accomplished.

Would you take just a moment, please, and explain how you would have this take place as it relates to the financial institutions?

Mr. DARITY. I think I would like to talk about a specific example, which is the case of JPMorgan Chase that had two subsidiaries that were based in the State of Louisiana. And I performed an exercise of examining the Historically Black Colleges and Universities in the State of Louisiana and matched them with peer institutions.

For example, I matched Dillard University with Tulane University, I matched Southern University with Louisiana State University, and looked at the per-student differentials in endowments across—

Chairman GREEN. Mr. Darity, I am going to ask that you suspend for just a moment, because the time for Ms. Williams has expired.

I now recognize myself for 5 minutes, and I would ask that you continue. Thank you.

Mr. DARITY. Okay. Thank you. I came up with a calculation of the amount that would be required to bring the endowments of the Historically Black Colleges and Universities (HBCUs) in Louisiana on par with their peer historically White institutions.

And, if I recall correctly, the total amount was not particularly staggering relative to JPMorgan Chase's assets, which are now, I believe, in excess of $3 trillion.

It is interesting that it was mentioned earlier that they had set aside a fund for $5 million. I think that's a very, very small allotment, given the scale of their resources.

Chairman GREEN. Thank you. Let me move to another area of great concern for me, and the chairwoman mentioned this in her questioning, and that is, why have we not moved along to a greater extent in trying to get this reparations and atonement—I separate the two—to get this done?

I find that many people are ashamed of being associated with the title, "slave." I consider myself a proud, proud ancestor, proud to be associated with my ancestors who were slaves. I think that is a part of my heritage.

They built this country, to a certain extent. They are the foundational mothers and fathers of this country. The Capitol Building, Yale, Harvard University—they constructed facilities there. And I am very proud to be a descendent of the people who built the country, but many are not.

I am asking now, how is it that you think we can get beyond this, being the perfect victims, the persons who are victims, yet ashamed to acknowledge that we are associated with an institution that we did not create but that has caused us great harm over the centuries, not over the years but over the centuries?

Who would like to give me some assistance? Yes, if you will announce your name and speak, please?

Ms. FRANCIS. Thank you. It is Dania Francis.

I think an important aspect is education. We are afraid of teaching the history of this country in a way that erases all of these things that we don't want to see. At the University—

Chairman GREEN. Let me interrupt you for just a moment, because you have gone exactly where I would like you to go.

Now, in Texas, we are making it almost impossible to teach this type of history, because it is being labeled as something that is antithetical to the best interests of children. Are you familiar with what I speak of? Okay. You may continue, please. How do we address it?

Ms. FRANCIS. Absolutely. And I think it is a local problem that becomes national, and we need to have solutions that address it locally as well.

We need to be in those school board meetings. We need to mobilize and try to take back some of the control over the curriculum and spaces that are trying to deny what is the documented history of the country.

I think it is a local problem that we have to address. There has to be a grassroots effort in order to avoid the larger national problem that it is becoming.

Chairman GREEN. Thank you.

Finally, I would like to ask each of you, if you would, to give me a yes-or-no answer to this question. This committee has jurisdiction over financial institutions. Do you believe that we should develop legislation that would have an impact on financial institutions should they fail to engage in atonement? And I will leave it as impact as opposed to the type of impact. We will just say impact for now.

Let's start with Dr. Darity. Yes or no, should we?

Mr. DARITY. Yes.

Chairman GREEN. Dr. Francis?

Ms. FRANCIS. Yes.

Chairman GREEN. Ms. Roberts?

Ms. ROBERTS. Yes.

Chairman GREEN. Dr. Rockman?

Mr. ROCKMAN. Yes.

Chairman GREEN. And, finally, Dr. Federman?

Ms. FEDERMAN. Yes.

Chairman GREEN. All persons having agreed, I think that you have given us reason to move forward with legislation, and I will encourage my friends who have addressed this issue today to help me with the legislation, both Mr. and Ms. Garcia. Mrs. Beatty has already been involved with this. And let's see if we can come up with legislation—Ms. Williams as well—that will help us to encourage our financial institutions to atone for their connections to slavery that have benefited them over the years.

I thank all of our witnesses for your testimony today.

The Chair notes that some Members may have additional questions for these witnesses, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

This hearing is now adjourned, and I thank all of the witnesses again for being with us, and I look forward to having a follow-up visit with you.

[Whereupon, at 11:31 a.m., the hearing was adjourned.]

A P P E N D I X

December 7, 2022

Testimony Before the Subcommittee on Oversight and Investigations of the Financial Services Committee of the U.S. House of Representatives on "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part Two"

December 7, 2022

I am William Darity Jr., the Samuel DuBois Cook Professor of Public Policy, African and African American Studies, Economics, and Business at Duke University. I am a specialist in stratification economics, a field that examines the sources and consequences of disparities between racial, ethnic, caste, and gender groups. I would like to open my remarks today with a quotation from Mehrsa Baradaran (2017, 11) that draws the intimate connections between slavery, the financial sector, and the emergence of the black-white wealth gap:

> Slavery modernized credit markets, creating complex forms of new financial instruments and trade networks through which slaves could be mortgaged, exchanged, and used as leverage to purchase more slaves. In highly profitable, speculation-based markets, many white men built fortunes trading in slave-backed securities. As is true of property ownership in any era, those who held slaves had the ability to grow exponentially richer because they could use their property to create more wealth.

Baradaran's incisive comment neglects the wider benefits of slavery to whites both north and south. Non-slaveowners in the south could earn decent incomes by functioning as managers ("overseers") of the enslaved workforce, selling products to the planters, or by policing (e.g. patrollers or "paddyrollers") for the system. The pecuniary success of northern white industrialists, particularly in the textile industry, was directly dependent upon a key input, slave-grown cotton. During the years before its legal closure in 1808, the overseas slave trade contributed to the fortunes of New England's most prominent families, while also serving as a boon to development of its shipping industries; even after its legal end, a number of traders continued to engage in the business as smugglers, perhaps, most notoriously, John Brown of Providence, Rhode Island the De Wolf brothers of Bristol, Rhode Island (Darity and Mullen 2020 Chapter 3).

In contrast, the enslaved were denied the opportunity to acquire assets, sell their labor for hire, nor reap the monetary benefits of any technical innovations or other products they designed. This was the foundation of today's huge disparity in net worth between black and white Americans. The most recent estimates from the Federal Reserve Board set the average difference in black and white household net worth at $840,900 (Bhutta et al., 2020), a figure sufficiently large that it would take the typical black household fourteen consecutive years of saving 100 percent of their income to bridge the gap.

The collective amount required to close the disparity for approximately 40 million black American descendants of persons enslaved in the United States will come to at least $14 trillion. This is a sum that cannot be met reasonably by private donors or other levels of government. If generous donors created a fund to eliminate the racial wealth gap by contributing $1 billion monthly, it would take a millennium to reach $14 trillion. The combined budgets of all state and local governments used to meet all of their obligations amount to less than $5 trillion.

Financial institutions were key supporters and beneficiaries of American slavery. The full scope of creditor-debtor relationships interlocked with the slave plantation system has yet to be documented adequately. For the record details are needed about which organizations were the financiers for the New England textile industry, which bank or banks had Brooks Brothers, producers of "plantation wear" for both the enslaved and the enslavers, as a client, and who were the lenders to the southern planters themselves. This will require thick archival research that has yet to be undertaken.

It is now well established that a number of existing insurance companies participated significantly in providing slaveowners with contracts to protect them for financial loss in the event of death or damage of their human property, particularly their highly skilled property These include New York Life, known as the Nautilus Insurance Company in the antebellum period, Aetna, Baltimore Life, Southern Mutual Insurance Company, the Loews Corporation, and AIG.

Lloyd's of London and RSA Insurance Group the point before the overseas slave trade was declared illegal, insurance companies routinely protected voyages to procure captive Africans. British insurers figured prominently, especially Lloyd's of London and the RSA Insurance Group , in the form of one of its ancestor business, London Assurance.

JPMorgan Chase subsidiaries' Citizens Bank and Canal Bank in Louisiana became slaveowners after their slaveholding clients defaulted on loans. Citibank, Wells Fargo, and Bank of America predecessors all participated and gained from lending to slaveholders—and, also, as a consequence, of loan defaults became slaveowners (Thomas 2019).

In the aftermath of the Civil War, the nation made a promise to the formerly enslaved of forty acres land grants as restitution for the yeas of bondage. The promise was not kept, and the American Freedmen received no land. In contrast, 1.5 million white families were granted 160 acres land grants in the western territories as the colonial settler project was completed. Homestead Act patents have benefits that resonate for at least 45 million living white Americans (Shanks 2000). The Homestead Act also triggered a western expansion. Eastern creditors supported and benefited from the "economic chain reaction of steady growth" that built new towns and produced new states (Khomina), while making the basis for the post-slavery racial wealth gap.

During the course of approximately 100 white terrorist assaults on black communities from the Civil War to the 1940s, black lives were taken and black owned property was seized or destroyed by the white mobsters. Black property owners who lived through the massacres rarely received any form of compensation, particularly from insurance companies with whom they held policies.

An estimated present value of $611 million dollars of black-owned property was lost during the 1921 Tulsa massacre. What can best be described as a "Negro clause" in the policies gave insurance companies the basis for denying the massacre victims' claims. The "…insurance companies fell back on an exclusionary clause…that…said insurers wouldn't be held liable for loss 'caused directly or indirectly by invasion, insurrection, riot, civil or commotion, or military or usurped power'" (Council 2021).

Christopher Messer, a sociology professor at Colorado State University, says this clause was inserted in contracts with black property owners intentionally, given the fact that by the early 1900s, insurance companies were well aware of the high potential for white mob violence directed against comparatively prosperous black communities. It made it important for the companies not to describe the assaults as "massacres" but instead to describe them as "riots", implying greater neutrality in the conflict or black responsibility for the destruction (Council 2021).

Certainly the clause has not been universal in insurance policies. Even today, riot damage generally is covered in insurance policies (Brewer and Golden 2020).

In the mid-twentieth century, redlining, a public-private partnership between the Federal Housing Authority and local banks, blocked black borrowers from easy credit in the home loan mortgage market available to white borrowers. This type of discrimination effectively produced "racially pure white suburbs..." (Baradaran 2017 108). It has led to huge black-white disparities in both homeownership rates and equity in homes.

Financial institutions have been instrumental actors in creating, maintaining, and extending the racial wealth gap. Admittedly, they have engaged in these practices in an environment established by the laws and policies of the federal government.

However, this fact does not provide complete absolution. Although rare, there have been businesses that have decided for ethical reasons not to participate in certain lines of profit generating activities. One example is illustrative: Although fully complicit in the enterprise prior to the 1840s, Brown Brothers Harriman withdrew from engagement in financing slavery and the family members owning the firm became unequivocal abolitionists (Brown Brothers Harriman). Brown Brothers Harriman continues in operation to this day. Imagine the world that might have emerged had American financial institutions *en masse* refused to play a financial role in supporting slavery and American racism.

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United States House of Representatives
Committee on Financial Services
Subcommittee on Oversight and Investigations

"An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement Part Two."
December 7, 2022

Testimony by Dr. Sarah Federman
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Bio: Sarah Federman is an Associate Professor of Conflict Resolution at the University of San Diego's Kroc School of Peace Studies. She is the author of the award winning *Last Train to Auschwitz: The French National Railways and the Journey to Accountability* (2021). She has published on questions of corporate reckoning in the *Harvard Business Review*, *MIT/Sloan Management Review*, and the *Journal of Business Ethics*. Prior this work, Federman spent a decade as an international advertising executive working with companies such as Google and NFL.

Thank you for the opportunity to speak today. My name is Sarah Federman, I am a professor at the Kroc School of Peace Studies at the University of San Diego. My research considers how corporations reckon with historical transgressions such as slavery, genocide, colonial legacies. I came to this work after a decade as an international advertising executive based first in Manhattan then in Paris where seeing my own name on a Holocaust memorial wall prompted my research into the French National Railways (SNCF)'s journey to make amends for its participation in the Holocaust.[1]

When I completed my book on the SNCF, my Baltimore graduate students urged me to study corporate atonement for the transatlantic slave trade. I'm glad they did. I discovered that when you follow the thread of cotton through U.S. history it leads us to Wall Street, and the finance industry more generally. I discussed the details of these connections in my prior testimony

Today I will share some of the challenges of corporate reckoning, why we must proceed, and how best to do so.

Because of slavery's legality at the time, some say that requiring corporations to atone applies the law ex post facto.

While I am not a legal scholar, I want to remind us that we are not pursuing *criminal justice*, but transitional justice through which institutions differentiate themselves from a prior criminal regime by addressing the harm and committing to ethical behavior going forward.

Most financial institutions that profited from slavery have not done this work.

Remember too that Japanese internment camps in the U.S. were legal during World War II, so too were indigenous boarding schools in Canada. Both groups received compensation. By 2000, 6,500 German corporations contributed to the "Remembrance, Responsibility and the Future" fund to compensate those they harmed "legally" during the war.

We are all beneficiaries of cotton capitalism.[2] So, why focus on the banks?

Addressing the legacies of slavery will require government and taxpayer participation, as well as corporate.

Many of the businesses that directly profited from slavery (in the North and South) such as Lehman Brothers, have folded.
Is it fair to only hold the surviving enterprises accountable?

When legacy corporations continue profit from their heritage brand and strength due to ill-gotten gains but do not participate reckoning work, they continue their complicity with the prior regime.

All institutions with these ties want to commit to transparency, relevant institutional reform, and work with affected communities to address the harm.

Everyone directly impacted by slavery is dead.

Many have detailed the legacies of slavery in the present.[3] My written testimony offers some of these sources.

Furthermore, discrimination persists, while not in its old forms of slavery, segregation, or redlining, but through its legacies including income disparity, mass incarceration, inadequate access to health care services, healthy food, and quality education.

Why punish today's executives, employees, shareholders for the ill deeds of the past?

Leaders of all institutions inherit problems created by predecessors.

Corporate leaders cannot refuse to address failed product lines or under-performing divisions simply because they did not create these problems. Leaders take responsibility for the problems in front of them, not just for their actions.

Let's say corporations contribute to a fund, how best do we distribute the money?

Descendants and policy makers will not reach a consensus about how money should be spent or even the process.[4]

In focus groups and interviews in Baltimore, I discovered a variety of opinions even among African American families.

- Some wanted a check.
- Others worried the money would just disappear. They said many people do not know how to use the money to build stability.
    - [Those who remember the cash that infused Baltimore economy during crack/cocaine epidemic saw clearly that money didn't solve problems].
- Some didn't want money from white people, feeling it was a form of pity. They have survived on their own and don't want the help.
- Compensation could be a way to shut Black people up without sharing power or dealing with contemporary discrimination.

Given this lack of agreement, how do we proceed?

Because reckoning work means more than paying people off, it means honoring them as full, deserving members of society, we must engage with affected communities.

People know what they need: schools, proper sewage systems, trash collection, reliable transportation, grocery stores, grants (for education and housing).

Support effective, underfunded programs doing good work. *Safe Streets*, *By Peaceful Means*, *RJOY: Restorative Justice for Oakland Youth*, to name a few.

Seek experts doing great work in this area: The California Reparations Task Force identified five areas of focus: housing discrimination, mass incarceration, unjust property seizures, devaluation of Black businesses and health care.[5]

To this I would add education. In Baltimore, I saw how student loans have become modern day shackles.

Offering three generations of Black Americans free higher will be a major contribution.

This will support companies and institutions of all kinds wishing to diversify its leadership but struggle to do so when Black Americans cannot advance.

In some ways how to spend the money is very simple: Visit neighborhoods you want to live in and see what they have. Then go to a neighborhood you don't want to live in and think about why. THAT's what we must fix.

Whatever we decide, details matter. Several Holocaust survivors told me that the letter the received from Germany with a compensation check meant as much as the money.

Might compensation and investment worsen discrimination?

Reparations will not end discrimination. In fact, monies invested can create a backlash. Compensation for Holocaust survivors has at times increased antisemitism.

Many groups struggle, feel wronged, and unacknowledged. They do not understand why Black people deserve this more than they do.

To mitigate this backlash, we must continuously educate those who do not know the history or understand the legacies of slavery.

Given the divisiveness of these efforts, the impossibility of undoing all the harm, or ending all discrimination, why bother?

We address the harm to African American families not because it's easy or for accolades, we do it because these families have been repeatedly deprived of life, liberty, property, prosperity, and dignity.

And if the United States wishes to have any legitimacy on the global stage as advocates for human rights.

Thank you to those who have educated me and to those new to this work. As thankless as it may feel at times, you'll help people that you'll never hear from. Their lives could take a whole different course because you struggled through this.

These daily efforts can help the living while acknowledging the who suffered their whole lives and died without any recognition.

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Testimony for "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part Two"
Financial Services Committee, Oversight and Investigations Subcommittee
117th Congress (2021-2023)

Dania V. Francis, Assistant Professor of Economics, University of Massachusetts Boston

December 7, 2023

My name is Dania Francis. I am currently an Assistant Professor of Economics at the University of Massachusetts Boston. I am honored to have been asked to address the 117th Congress on this important issue. I have been studying the economics of reparations for Black Americans for over twenty years. During my career, I have also conducted extensive research on racial economic disparities, particularly the enduring effects of racial wealth gaps. In my testimony, I will address the lasting economic harms that slavery had on the descendants of the formerly enslaved.

From the date of Emancipation, Black households were at a significant disadvantage with regards to wealth accumulation. While the relatively small share of Black Americans who were free prior to the Civil War had accumulated some wealth and property, the vast majority of Black Americans were formerly enslaved with virtually no property or wealth at the time of Emancipation.

A team of economists that included Ellora Derenoncourt of Princeton University constructed a continuous series of White to Black wealth ratios in the U.S. from 1860 to 2020, compiled from multiple historic and contemporary sources. This was a huge undertaking. For example, they digitized 50 years of state tax reports and benchmarked their estimates against multiple established data sources. For the contemporary data, they relied heavily on the Federal Reserve Bank's Survey of Consumer Finances.

Derenoncourt's estimates suggest that in 1860, five years prior to Emancipation, Black Americans owned 2 cents for every dollar of White wealth. In 1870, five years after Emancipation the figure increased to a little over 4 cents for every dollar. However, the gap in wealth at Emancipation was so large that simulations suggest that even if Black households had the same capital gains and savings rates as White households from 1870 onward, White households would still have three times the wealth as Black households today.

Why do these racial wealth disparities matter?

Wages and income impact a family's ability to meet day to day expenditures and can feed into a family's ability to accumulate wealth through saving and investment of income. *Wealth,* however, provides additional benefits beyond those provided by stable wages and income. Having wealth can provide a protective safety net, helping families weather economic shocks such as unexpected unemployment or inability to work due to adverse health events. Having wealth as a protective safety net may also reduce stress and anxiety and improve health outcomes.

Wealth also provides access to opportunity. Households with greater wealth are better able to afford homes in neighborhoods with better schools, lower crime, and fewer environmental and health stressors. The risks associated with entrepreneurship can be less costly for higher wealth individuals who have more of a safety net to fall back on should their businesses not succeed. In that sense, wealth provides greater freedom to pursue self-actualization.

Thus, wealth provides access to education, provides security to take career risks, and provides seed money for creating small businesses that can eventually grow into big businesses. All of these things are instrumental in building future wealth. In this way, differential access to wealth leads to differential access to education, entrepreneurship and other wealth-building activities. If we ignore the fact that there are racial wealth gaps, we ignore an important root cause of other societal gaps – racial achievement gaps, income gaps, health gaps, etc.

In the face of the sizable wealth gap at Emancipation, Black families accumulated land and property at a rapid pace. In 1875, Black families owned 3 million acres of land; by 1890 they had acquired 8 million acres; and by 1910, they owned over 16 million acres. This, however, would be the peak of Black farmland ownership in the United States as the 20th century oversaw the rapid dispossession of Black-owned agricultural acreage.

Evidence demonstrates that many Black farmers lost land due to:

1) state-sanctioned violence, intimidation, and lynching;
2) discrimination by banks and financial institutions;
3) through the denial of access to federal farm benefits by local administrators who funneled those benefits to white farm owners;
4) through forced partition sales brought about by predatory third parties;
5) through discriminatory tax assessments and non-competitive tax sales;
6) and through longstanding, coordinated discrimination and control over access to credit and essential resources.

By 1997, Black farmers lost more than 90 percent of the 16 million acres they owned in 1910.

In a recent study, my co-authors and I used county-level Census of Agriculture data to estimate the value of the lost Black agricultural land from 1920 to 1997. We then compounded those land loss values forward to the year 2020 at a rate of return of six percent per year for the appreciation of the land and a rate of return of 5 percent per year for the income the land could provide.

Our results yield a cumulative value of Black land loss of about $326 billion. To put this figure in perspective, if this represented the gross domestic product (GDP) of a country, that country would have ranked 41st out of 213 countries in a world-ranking of GDP in 2020. This would be in the top 20 percent of countries, ahead of South Africa, Finland, and New Zealand.

The intergenerational aspect of land wealth makes the estimation of historic Black land loss relevant to discussions of racial wealth gaps today. As a result of having their land stolen from them, many Black landowners lost a valuable tool for wealth creation. Accordingly, while the children and grandchildren of white landowners reaped the benefits of ready access to capital – education, home ownership, and entrepreneurial safety nets – the children and grandchildren of dispossessed Black landowners faced the perils of migrating to distressed inner-cities riddled with crime, poverty, and instability.

These barriers to access to wealth and opportunity are not just in our past. They are ongoing. Today they may take the form of exclusionary zoning policies for example. If you want to exclude Black families from neighborhoods today, you don't have to engage in blatant discrimination. You can just pass a local zoning ordinance that requires all residential plots to be at least 1.5 acres or to be single-family dwellings. This has the effect of pricing many Black families out of these neighborhoods because they don't have the wealth endowment necessary to afford properties carrying those restrictions. In a sense these types of zoning laws then are a way of capitalizing on the results of past racial discrimination in a seemingly race-blind way.

In their book *From Here to Equality*, William Darity and Kirsten Mullen argue that enduring harms of slavery and ongoing, post-emancipation discrimination can be captured in and quantified by current racial wealth gaps. The intergenerational transmission of wealth makes relevant today the historic wealth differentials present at the time of emancipation, providing a direct link from the economic injustices of slavery to the economic disparities of today. The financial and insurance institutions that benefited from the injustices of slavery in the past, should have to reckon with the economic disparities of today.

What should atonement look like for these institutions?

1) Financial institutions should commission studies to fully examine their historic involvement in and benefit from slavery
2) There should be greater transparency in the financial services industry regarding racial disparities in their current lending practices.
3) Financial institutions should commit funding and resources to community development activities in Black communities. These efforts should be guided by local Black organizations.
4) They should review ways their current policies and practices may internalize and systemize racial discrimination in the form of race-neutral, wealth-related requirements.
5)

Importantly, however, these atonement activities should not be mistaken as reparations. Reparations involve a larger, federal effort.

I thank you for the opportunity to discuss the enduring legacy of harm from slavery and the role of financial institutions.

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Testimony before U.S. House of Representatives Committee on Financial Services

Subcommittee on Oversight and Investigations Hearing entitled, "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part Two"

Lily Roberts, Acting Vice President, Inclusive Economy
Center for American Progress
December 7, 2022

I. Introduction

Good morning, Chairman Green, Ranking Member Emmer, and other distinguished members of the subcommittee. Thank you for the invitation to testify today. I am honored to be in the company of illustrious historians and scholars who are providing important detail about the origins of our contemporary financial institutions and systems. In my testimony, I hope to connect history to contemporary economic, financial, and employment inequities. Slavery and the economic systems that developed in its immediate wake did not just shape our modern economy in the past tense: they continue to shape how people experience the labor market, the financial system, and their own economic precarity today. I will provide two examples to illustrate these connections.

I. The subminimum wage

The devaluation of labor has ramifications for the American labor market that persist even to today. The custom of gratuities or tipping has its origins in Europe, but it fell out of favor in Europe by the early 20th century.[i] In the US in the 1870s however, tipping became an entrenched wage system of shifting cost burdens from employers to customers with particular prominence in industries that employed formerly enslaved people, including restaurant, hospitality, and transportation work.[ii] Tipping was codified by the 1938 Fair Labor Standards Act, which exempted those who received tips from the federal minimum wage law. Only in

1966 did an amendment to FLSA require employers to pay any base wage at all to their employees who received tips.[iii] The tipped minimum wage used to be tied to a percentage of the regular minimum wage—always at least half at the federal level—but the mandated link between the two wage levers was severed in 1996. So, while the regular minimum wage has not been raised since 2009, when it was set to $7.25, the minimum wage for tipped workers has been stuck at $2.13 since 1991, losing more than half its value to inflation over the past 30 years.[iv]

While it is true that technically, federal law dictates that if a tipped employee makes less than the regular minimum wage across a two-week pay period, the employer must make up the difference,[v] this system is rife with abuse. A 2012 U.S. Department of Labor investigation of 9,000 restaurants found 1,170 tip credit infractions worth nearly $5.5 million and found that 5 out of 6 restaurants had some kind of wage violation.[vi] One study found that more than 17 percent of low-wage workers reported being paid less than the legal minimum wage, with more than $15 billion in annual stolen wages.[vii]

Women represent two-thirds of the tipped workforce. People of color represent a greater share of workers in key industries than in the labor force at large. Just under half, or 48 percent, of workers in key tipped industries are people of color, while the total labor force is only 37 percent workers of color.[viii] In addition to the quantifiable, monetary amount stolen from these workers by the structure of the law, further inequality and injustice results from shifting the cost burden of hiring from employer to customer: employees are subject to the approval of the customer, not their employer – a relationship in which just and fair treatment is less enforceable by governmental enforcement of anti-discrimination and anti-harassment law. The overrepresentation of women and people of color in these industries has persisted since the end of slavery, and it means that these groups are particularly subject to harassment and demands on their behavior in exchange for their financial security.

According to the Equal Employment Opportunity Commission, one in seven sexual harassment charges between 2005 and 2014 were brought by food service and accommodation workers.[ix] A study from Restaurant Opportunities Center United found that female tipped workers in states where the subminimum wage is $2.13 experiences sexual harassment twice as often as workers in states where tipped workers receive tips on top of the regular minimum wage.[x]

In the past three years of the COVID-19 pandemic, workers have been burdened with a new dimension of harassment and diminished wages. Reports have been frequent of restaurant customers asking tipped workers to remove masks in order to decide how much to tip them.[xi] Diminished in-person customer interaction has also led to decreased tipping: 88 percent of Black tipped workers reported receiving less in tips during the pandemic than before (compared to 78 percent of tipped workers overall). Seventy-six percent of Black tipped workers said they were financially penalized by customers for trying to enforce social distancing and mask mandates, compared to 62 percent of all tipped workers.[xii] Meanwhile, the safety net system that caught millions who lost their jobs in spring 2020 had a conspicuous hole through which tipped workers fell: two-thirds of restaurant workers reported that they did not qualify or were unsure if they qualified for unemployment insurance because their wages were *too low* to qualify them. At one point, more than 40 percent of tipped workers were rejected by their state's unemployment agency for having earned too little in the quarter before applying.[xiii]

II. The Freedman's Savings and Trust Company

The Freedman's Savings and Trust Company was signed into law by President Abraham Lincoln in 1865, with the intent to provide a savings institution for newly freed enslaved people and their descendants. In less than a decade, the company had opened 37 branches in 17 states and Washington, D.C. It gained more than an estimated 70,000 depositors and more than $57 million in deposits.[xiv]

After several years of deposits from individuals, families, and benevolent societies and organizations, however, well-intentioned mismanagement by those with no financial expertise—as well as outright fraud and risky loans to institutions and businesses run by white people—led to the bank's collapse. The funds remaining in the bank were lost, as were the deposits that had been withdrawn by customers during several years of public uncertainty about the bank's fate.[xv] Although the bank's failure predated federal deposit insurance, contemporary advertisements and records indicate that bank representatives led potential depositors to believe that their account would be backed by the federal government and thus immune from risk. Depositors lost significant assets, and many Black families and communities lost faith in financial institutions, with good reason. While most people had already withdrawn their deposits and lost access to interest and dividends, the more than 61,000 depositors who still had their money in the bank at the time of its closure lost what today would be the equivalent of nearly $81 million.[xvi]

As civil rights activist W.E.B Dubois stated, "Then in one sad day came the crash—all the hard-earned dollars of the freedmen disappeared; but that was the least of the loss—all the faith in saving went too, and much of the faith in men."[xvii]

It is unlikely that the Freedman's Savings and Trust disaster is the primary driver of anyone's personal judgment of the trustworthiness of modern-day financial institutions. But the disaster and its lack of significant consequences for those who contributed to it, whether purposefully or through negligence, are demonstrative of a systemic exclusion of Black Americans from the financial system, and of a cultural willingness to accept the purposeful destruction of assets and wealth accumulated by the Black community.

Discrimination, exclusion, and financial insecurity have all led to diminished participation by Black Americans in the formal financial system. My coauthors and I find that just before the pandemic, nearly one-quarter of American households were either unbanked or underbanked, according to the Federal Deposit Insurance Corporation's National Survey of Unbanked and

Underbanked Households. Black Americans represented 36.6 percent of the unbanked population, meaning they have no savings or checking account. They represented 22.8 percent of the underbanked population, meaning that while they have a bank account, they primarily rely on fringe banking options such as check cashers. Overall, the Black population only represented 9.3 percent of the fully banked population, while white Americans represented 75.2 percent of the fully banked population.[xviii] The driving factor in households being either unbanked or underbanked is a lack of access to mainstream banking institutions in their communities.[xix]

Not only are Black workers earning less than their white counterparts, they also have less wealth, and it costs them more to access and save the money they have earned because they are more likely to lack a bank account. When the COVID-19 pandemic hit, people who were unbanked had to wait months for paper checks to arrive in CARES Act-funded Economic Impact Payments, unlike those who got much faster relief through direct deposit.[xx] Easy access to liquid savings is particularly necessary as electronic transactions become more prevalent, including for transit agencies and other necessities that used to take cash.

III. Conclusion

Lack of financial services access and lower wages compound to make wealth-building harder for Black Americans. By removing barriers to mainstream financial services, constraining the ability of predatory actors to strip wealth out of Black communities, eliminating wage disparities, and targeting programs to redress past wrongs, federal policymakers can make effective changes that could help close the racial wealth gap. Private financial institutions can take steps to rectify these wrongs as well. In December 2021, for example, the U.S. Department of Housing and Urban Development's Office of Fair Housing and Equal Opportunity encouraged lenders to evaluate the past and current barriers to credit they had imposed on people of color and other underserved populations, and to use Special Purpose Credit Programs to help resolve those injustices.[xxi] As my historian colleagues have detailed during April's hearing and today's hearing, financial institutions are fully capable of learning their own history and understanding their own roles in past injustice. Next, they must work to ensure that they counter contemporary wrongs and avoid the easier instinct to think of historical context as separate from current circumstances – and be held accountable in doing so by the federal government, by shareholders, and by customers.

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[iv] https://www.americanprogress.org/article/ending-tipped-minimum-wage-will-reduce-poverty-inequality/

[v] https://www.dol.gov/agencies/whd/flsa/tips

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Seth Rockman
Testimony to the U.S. House Committee on Financial Services
Subcommittee on Oversight and Investigations
"An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement, Part II"
December 7, 2022

Chairwoman Waters, Subcommittee Chairman Green, and Members of the Subcommittee:

I am honored to speak with you today. Thank you for your willingness to confront the painful history of slavery as we envision a more just American future.

I join you today in my capacity as a historian whose research for the last twenty-five years has focused on the role of slavery in American capitalism. In my scholarship, I have argued that slavery shaped the terrain of economic development in the United States. From before national independence but certainly accelerating after it, the United States offered Europeans and Euro-Americans the chance to escape from their pasts, to transcend their station at birth, and to believe that their hard work would be rewarded with independence, security, and comfort. Over the same time horizon, however, the United States obliterated these same possibilities for generations of African-descended people condemned to hereditary status as property and subject to a regime of violent labor extraction. These were not unrelated phenomena, and I do not believe that we, as a society, have fully grasped the degree to which the economic opportunity we celebrate as characteristic of the American experience writ large was historically contingent upon the exploited labor and commodified bodies of Black Americans.[1]

My reflections also draw on my experiences as a member of a community that has grappled with its own historical relationship to slavery's ill-gotten gains. Although I speak today for myself rather than for my employer, I must acknowledge the ongoing work at Brown University to chart a pathway towards social justice by starting from an honest accounting of the institution's past. Reflecting on the Slavery and Justice Initiative she launched, our former president, Dr. Ruth Simmons recently recalled her hope that Brown's rigorous engagement with this history might serve as a model for the nation itself.[2] The hearings you have held this year suggest the continuing promise of pairing historical truth-telling with accountability and repair.

My research specifically considers slavery as a *national economic institution*, not merely a southern one, but rather one whose products and profits shaped lives and livelihoods thousands of miles away: in the Pennsylvania and Rhode Island textile mills that voraciously consumed slave-grown cotton; in a small Massachusetts village where virtually every family was involved

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[1] Representative work includes "The Unfree Origins of American Capitalism," in *The Economy of Early America: Historical Perspectives and New Directions*, ed Cathy Matson, (University Park: Pennsylvania State University Press, 2006), 335-361; *Scraping By: Wage Labor, Slavery, and Survival in Early Baltimore* (Baltimore: Johns Hopkins University Press, 2009); *Slavery's Capitalism: A New History of American Economic Development*, co-edited with Sven Beckert, (Philadelphia: University of Pennsylvania Press, 2016).

[2] "'A Simple Question Needed to be met with a Straightforward Answer': An Interview with Brown University President Emerita Dr. Ruth J. Simmons," Brown University's Slavery and Justice Report, 2021 edition, https://slaveryandjusticereport.brown.edu/essays/simmons-bogues/

in making shoes for enslaved people to wear on southern plantations; in the counting houses of New York, Philadelphia, and Boston where numerous financial calculations traced back to the price of cotton and the assets stored in the bodies of enslaved people as saleable property. As Professor Sven Beckert testified to the Committee in April 2022, these long-distance economic entanglements were not secret in the nineteenth century.[3]

In light of these entanglements, my observations today emerge from the difficulty of determining precisely where the economy of slavery ended and some other kind of economy presumably began. These blurred boundaries suggest that the Committee must be expansive in how it defines "involvement in chattel slavery"[4] as it calls upon the banking and insurance sectors to account for their historic connections to human bondage.

Let me offer two examples. Berkshire Hathaway was once a textile company, whose Berkshire genealogy traces to a New England Quaker entrepreneur and cotton mills built in Rhode Island and Massachusetts as early as 1806. The Valley Falls Company was founded in the 1830s; it eventually merged with the Berkshire Manufacturing Company in 1929; and the resulting firm then merged with the Hathaway Manufacturing Company in 1955. This history might differently inform the firm's response to the Committee's June 6, 2022 request for information on "predecessor institutions' involvement in the financing of chattel slavery." The proprietors of the Valley Falls Company might never have made loans on slaves nor accepted slaves as collateral. And indeed, the firm's governing families demonstrated a bold commitment to abolitionism (something the Committee asked about in Question 5f).[5] However, they rarely paused to ask where their cotton came from, and as with almost every other firm in the New England textile manufacturing complex before 1865, virtually every cotton fiber they spun and wove would have been slave-grown and slave-picked.[6]

Where does this leave us? The indispensable raw material of a leading industrial sector of the antebellum United States came from enslaved people's stolen labor: cotton pressed into bales, carried from New Orleans or Mobile to places like Providence or Boston, and manufactured into

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[3] House Financial Services Committee, *Written Testimony of Dr. Sven Beckert, An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[4] Subcommittee Memorandum, Dec. 2, 2022.

[5] Roger Lowenstein, *Buffett: The Making of an American Capitalist* (1995; New York: Random House, 2008), 121–123; This genealogy is "public" to the extent that it appears on the Berkshire Hathaway Wikipedia page (accessed Dec. 5, 2022), but also see William R. Bagnall, *The Textile Industries of the United States…* , Vol I, (Cambridge: Riverside Press, 1893), 430; Elizabeth C. Stevens, *Elizabeth Buffum Chace and Lillie Chace Wyman: A Century of Abolitionist, Suffragist, and Workers' Rights Activism* (Jefferson, NC: McFarland & Co., 2003), 43.

[6] Without access to slave-grown cotton, the factory system in New England would have remained small, inconsequential, and unlikely to merit the capital investments that facilitated massive technological innovation. It was a regional economy built on slavery, albeit a slavery that flourished thousands of miles away and largely out of sight of the region's industrialists and laborers. More remarkably, even as so many of those manufacturers and workers harbored incredibly strong opinions against slavery, they did so without ever quite grasping the degree to which their own lives and livelihoods were entangled in that system. See Carol Lasser, "Conscience and Contradiction: The Moral Ambiguities of Antebellum Reformers Marcus and Rebecca Buffum Spring," *Journal of the Early Republic* 38 (Spring 2018): 1–35 ("While Marcus and Rebecca did good while doing well, their philanthropy, even their engagement in radical abolition, rested on profits extracted from the exploitation of enslaved labor" [2]).

yarn and cloth by New England's wage-earning working class. New England textile manufacturers, as well as *their* lenders, *their* investors, *their* insurers, had a stake in the price of slave-grown cotton that rivaled that of any slaveholder.[7] Does this then demand a broader sense of what it means to *finance* slavery? I submit that a nineteenth-century textile firm manufacturing slave-grown cotton or a bank financing such operations would fall under the clause of the proposed H.R.__ , *to amend the Securities Exchange Act of 1934* asking for disclosure of "direct or indirect ties" as well as profits from "the institution of slavery."[8]

The same would hold true for a firm that brokered slave-grown cotton or sugar into global markets. Take Brown Brothers Harriman, which a celebratory biographer noted in 2021 was the nation's "largest cotton trader before the Civil War."[9] Impressively, this history is available on the corporate website, noting that "Today, the firm is deeply remorseful for Brown Brothers' involvement in the cotton trade which relied on slave labor."[10] Over the course of the antebellum period, the Brown Brothers (no relation to those in Providence) issued loans (or advances) on slave-grown commodities; and sometimes when their debtors couldn't pay, they foreclosed on plantations and slaves—those explicitly pledged as collateral and those simply recognized as property that was (in the term of the day) *come-at-able* by creditors. The Brown Brothers remind us of two important considerations: First, that bales of cotton and hogsheads of sugar—*the products of stolen slave labor*— were perhaps more likely to be collateralized than actual slaves themselves.[11] Second, that antebellum creditors did not need slaves to be explicitly collateralized for them to function as the generators of credit: property law generally allowed their availability to be assumed, just as the estimated market value of enslaved men, women, and children was what made a potential borrower creditworthy in the first place. Once again, then, we must recognize that for firms doing business in the antebellum period, the financing of slavery—and in turn, the mountain of commercial credit built atop slavery and slave-grown commodities—

[7] Abolitionist protesters didn't gather outside factory gates in New England to insist that white cotton must be imagined as stained red with the blood of American slaves—a strategy that British abolitionists had mobilized quite effectively with consumers of white sugar from the 1790s onward. Politicians might point to the alliance of "lords of the lash and lords of the loom" without calling for the factory system to be shut down until an untainted source of cotton could be found. A New England public that was infuriated by the Fugitive Slave Act or that signed petitions to abolish slavery in Washington DC harbored very little outrage over Pawtucket or Lowell's position in a supply chain that originated on the very plantations from which fugitive slaves might run.

[8] Proposed Legislation included in Subcommittee Memorandum, Dec. 2, 2022.

[9] Zachary Karabell, "The Capitalist Culture that Built America," *Wall Street Journal*, May 14, 2021. Book reviews of Karabell's *Inside Money: Brown Brothers Harriman and the American Way of Power* (New York: Penguin Press, 2021) reveal the failure of business journalists to take the history of slavery seriously and suggest the conceptual impediments to a meaningful conversation on this topic. For example, a review appearing in the *Financial Times* touted the firm's success "underwriting cotton shipments to Britain on behalf of farmers in the American South." See https://www.ft.com/content/d5975387-79d3-4f31-a2d3-82303d06c815. The *New York Times* positive review of the book entitled "The Wall Street Capitalists Who Put Morals Above Money" contained an obligatory single-line reference before moving ahead: "Regrettably, it became a major facilitator of slave-picked cotton." See https://www.nytimes.com/2021/05/18/books/review/inside-money-zachary-karabell.html?smid=tw-share

[10] https://www.bbh.com/us/en/bbh-who-we-are/our-story/200-years-of-partnership/the-cotton-trade.html

[11] Calvin Schermerhorn, *The Business of Slavery and the Rise of American Capitalism, 1815–1860* (New Haven: Yale University Press, 2015), 97, 107, 119.

was more expansive than we would see if we just scoured the archives for debt instruments explicitly backed by enslaved people.[12]

Over the last two decades, one of the most remarkable transformations in the study of American slavery has been the recognition of slavery as not only a labor system, but also a financial regime, national in scope; in other words, an interregional system for storing, growing, and moving capital. Eventually, scholars may find that the wealth created in credit lines, tax breaks, rental revenues, annuities, and sales—that is, valued generated by the market and the law's treatment of enslaved men, women, and children as assets— was comparable to the value of the cotton, sugar, and rice those same men, women, and children produced through unpaid field labor. Simply by creating a balance in a ledger book, slave ownership boosted an individual's net worth, opened access to credit, and served as the dowries and inheritances that predicated generations of white prosperity on the ownership of generations of Black families, often including those yet unborn.[13]

As we assign a central role to finance in the overall functioning of American slavery, we must remember that every time a nineteenth-century banker or merchant referred to property being "settled" or "sacrificed," he was referring to a parent being sold away from a child or a wife sold away from a husband. Discussions of "securing" property should evoke of the chains, padlocks, and pens that held enslaved people in captivity; whenever we hear mention of "collateral," we must confront the collateral damage of family separations, and remember that the affective costs of settling such debts are far higher than anything that could be listed on a balance sheet.

In reflecting upon this history, I share the Committee's desire to hold specific firms to account; and like Professor Federman, I see constructive outcomes from such reckonings when undertaken in pursuit of restorative justice.[14] But I also want to concur with a comment that Professor Darity made in his April 5, 2022 testimony: the largest burden falls upon the federal government under which all of these horrific transactions and financial speculations were legal.[15] We must recognize that from the time of the Founding to the Civil War, entrenched legal

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[12] On slave sales as the backstop of interregional and international credit transactions often without explicit collateralization, see Justin Simard, "Slavery's Legalism: Lawyers and the Commercial Routine of Slavery," *Law and History Review* 37 (May 2019): 571–603; Michael O'Malley, *Face Value: The Entwined Histories of Money and Race in America* (Chicago: University of Chicago Press, 2012), ch. 2; Edward E. Baptist, "Toxic Debt, Liar Loans, Collateralized Human Beings, and the Panic of 1837," in *Capitalism Takes Command: The Social Transformation of Nineteenth-Century America*, eds. Michael Zakim and Gary J. Kornblith, (Chicago: University of Chicago Press, 2012), 69–92; Scott Reynolds Nelson, *A Nation of Deadbeats: An Uncommon History of America's Financial Disasters* (New York: Alfred A. Knopf, 2012), 100-108.

[13] Gavin Wright, *Slavery and American Economic Development* (Baton Rouge: Louisiana State University Press, 2006); Robin L. Einhorn, *American Taxation, American Slavery* (Chicago: University of Chicago Press, 2006); Daina Ramey Berry, *The Price for their Pound of Flesh: The Value of the Enslaved, from Womb to Grave, in the Building of a Nation* (Boston: Beacon Press, 2017); Jennifer L. Morgan, *Reckoning with Slavery: Gender, Kinship, and Capitalism in the Early Black Atlantic* (Durham: Duke University Press, 2021).

[14] House Financial Services Committee, *Spoken Testimony of Dr. Sarah Federman, An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

[15] House Financial Services Committee, *Spoken Testimony of Dr. William Darity, Jr., An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement*, 117th Congress (Apr. 5, 2022).

definitions of property in people and prevailing legal commitments to the sanctity of contract allowed the edifice of American finance to be built upon enslaved labor, reaching deep into places where slavery itself had been abolished.[16] Slavery was a national institution, and whatever successes we will have in redressing slavery's long-lasting harms must be national in scale. I commend this Committee's efforts to put Congress— the deliberative body that legislates on behalf of the nation— at the forefront of specific policymaking that will seek to close the racial wealth gap, create civic space for remembrance and reconciliation, and preserve a truthful accounting of the American past, lest anyone in the future try to erase the fundamental fact that for much of our nation's history, market freedom and human freedom stood in painful opposition to one another.

[16] On the distressing persistence of slave-era law in modern jurisprudence, see Justin Simard, "Citing Slavery," *Stanford Law Review* 72 (January 2020): 79–125.

M E M O R A N D U M

To: Republican Members of the Committee on Financial Services

From: Financial Services Committee Minority Staff

Date: December 7, 2022

Subject: Summary of Bank and Insurance Company Responses to the Financial Services Committee Majority June Inquiry

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On April 6, 2022, the Oversight and Investigations Subcommittee held a hearing entitled "An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement."[1] Following the hearing, on June 6, 2022, Chairwoman Waters and the Financial Services Subcommittee Chairs sent requests to the nation's top ten banks and top ten insurance companies to request information about the institutions' involvement with financing chattel slavery and the production of sugar cane, tobacco, or cotton prior to December 6, 1865.[2] All banks and insurance companies addressed responded to the Chairwoman's request. Eight insurance companies confirmed that they do not have ties to chattel slavery. All ten banks researched their history and those that have ties to slavery publicly apologized and made their history available to the Committee.

Today, several U.S. banks and insurance companies have publicly apologized for the role they played in slavery. These financial institutions have taken various steps to advance racial equity:

- **Bank of America.** In 2005, Bank of America engaged an independent research center to research and report its predecessor institutions. In March 2020, Bank of America committed an additional $250 million through CDFI loan funds to support PPP lending for minority owned banks.[3] In June 2020, the bank announced a four-year, $1 billion commitment to support local communities for the purposes of addressing economic and racial inequality during the pandemic. Bank of America cited the pandemic as an accelerator of racial inequality and pledged to assist people of color during the health

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[1] *An Enduring Legacy: The Role of Financial Institutions in the Horrors of Slavery and the Need for Atonement: Hearing Before the H. Comm on Fin. Services*, 117th Cong. (2022).

[2] The banks and insurance companies that received requests are Bank of America Corporation, Capital One Financial Corporation, Citigroup, Inc., Goldman Sachs Group, Inc., J.P. Morgan Chase & Co., PNC Financial Services Group, Inc., The Bank of New York Mellon Corporation, Truist Financial Corporation, U.S. Bancorp, Wells Fargo & Co., Berkshire Hathaway, Inc., Liberty Mutual Group, Inc., Massachusetts Mutual Life Insurance Company, MetLife, Inc., New York Life Insurance Company, Prudential Financial, Inc., State Farm Insurance, The Allstate Corporation, The Northwestern Mutual Life Insurance Company, and The Progressive Corporation.

[3] Press Release, Bank of America, Bank of America's Community Development Financial Institution Loan Portfolio Surpasses $2 Billion (Oct. 19, 2021), https://newsroom.bankofamerica.com/content/newsroom/press-releases/2021/10/bank-of-america-s-community-development-financial-institution-lo.html.

crisis.[4] Ten months later, in March 2021, the bank increased its contribution to $1.25 billion over five-years.[5] Bank of America's program focuses on health, job training, and supporting small businesses and housing for minorities.[6] This included $5.9 billion to build sustainable communities to create 13,000 affordable homes.[7]

- **The Bank of New York Mellon.** In November 2020, BNY Mellon made a $15 million commitment to support workforce training programs at the Community College of Allegheny County and City University of New York.[8] They additionally launched an Equality Campaign Matched Giving Program to support community change agents addressing racial equity and advancing equality.[9] Thus far, the program has provided $34.9 million in grants, including $1.5 million in employee contributions.[10]

- **Capital One.** Subject to the city of Chicago's disclosure of slavery era business activities, the bank worked with a third-party archival research firm to research its predecessor history. Capital One found that of its 257 predecessor banks, one entity accepted 8,850 enslaved people as collateral between 1832 to 1865.[11] This information was made available in the bank's 2017 Economic Disclosure Statement. In 2020, Capital One launched Impact Initiate to grow underserved communities and advance socioeconomic mobility by closing gaps in equity and opportunity.[12] The bank is also committed to educating company executives on the historical constructs that have created disparate outcomes throughout the country.

- **Citibank.** Citibank made inquiries in the early 2000s and found no evidence of any business dealings or investments that could be discerned as involved with the slave trade. In September 2020, Citibank launched a $1 billion initiative towards closing the racial wealth gap.[13] The Citibank program offers $55 million to support home ownership, $350 million in procurement opportunities for Black-owned businesses, $100 million to

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[4] Press Release, Bank of America, Bank of America Announces $1 Billion/4-Year Commitment to Support Economic Opportunity Initiatives, (June 2, 2020), https://newsroom.bankofamerica.com/content/newsroom/press-releases/2020/06/bank-of-america-announces--1-billion-4-year-commitment-to-suppor.html.

[5] Press Release, Bank of America, Bank of America Increases Commitment to Advance Racial Equality and Economic Opportunity to $1.25 Billion, (Mar. 30, 2021) https://newsroom.bankofamerica.com/content/newsroom/press-releases/2021/03/bank-of-america-increases-commitment-to-advance-racial-equality-.html.

[6] *Id.*

[7] FINANCIAL SERVICES FORUM, COMMITTED TO AFFORDABLE HOUSING (2022).

[8] Press Release, BNY Mellon, BNY Mellon Commits $20 Million to Fund the Future Workforce (November 5, 2020), https://www.bnymellon.com/us/en/about-us/newsroom/company-news/bny-mellon-commits-20-million-to-fund-the-future-workforce.html.

[9] Letter from David Vandivier, Co-Head Government Relations, BNY Mellon, to Maxine Waters, Chairwoman, H. Comm. On Fin. Services (June 21, 2022) (on file with the Committee).

[10] *Id.*

[11] Letter from Andres Navarrete, Executive Vice President, Capital One, to Maxine Waters, Chairwoman, H. Comm. On Fin. Services (June 21, 2022) (on file with the Committee).

[12] Press Release, Capital One, Capital One Commits to Catalyze Economic Growth (Oct. 2, 2020), https://www.capitalone.com/about/newsroom/impact-initiative-announcement/.

[13] Press Release, Citi Group, Citi Launches More Than $1 Billion in Strategic Initiatives to Help Close the Racial Wealth Gap, (Sept. 23, 2020), https://www.citigroup.com/citi/news/2020/200923a.htm.

support Minority Depository Institutions growth and revenue generation, and $100 million in the Citi Foundation grants to support change agents addressing racial equity.[14] Citi has been working with the National Urban League through their Affordable Access Banking initiative to create Citi Access Accounts and open economic opportunity to unbanked and underbanked communities.[15]

- **Goldman Sachs.** In March 2021, Goldman Sachs announced their One Million Black Women initiative, offering more than $10 billion to advance racial equity and economic opportunity by investing in black women for dual gender and racial biases. Additionally, the bank committed $1 billion annually in community and economic development through real estate projects leading to the development of 4,700 affordable housing properties.[16]

- **JP Morgan Chase.** In October 2020, JP Morgan Chase announced a five-year plan to commit $30 billion to advance racial equity.[17] This plan includes housing benefits of $8 billion in mortgages and increasing the Chase Homebuyer Grant program in underserved communities, $4 billion in refinancing loans to achieve lower mortgage payments, and $14 billion in new loans for affordable rental units.[18] These programs are designed to help business owners in historically underserved communities' access technical assistance and better access capital and accelerate digital lending products to better support these communities.[19] JP Morgan has a goal to open 1 million accounts for unbanked and underbanked individuals over the next 5 years.[20]

- **New York Life.** In 2000, the state of California required life insurance companies to report on any historical records possessed regarding policies on enslaved individuals – New York Life published the history of the 520 individuals enslaved on its website.[21] In addition, New York Life has donated its archival records to a national research library and supports organization and initiatives that assist in genealogical research related to slavery. In addition, the company launched a $1 billion impact investment initiative to address the racial wealth gap by investing in underserved and undercapitalized communities through 2023.[22]

- **PNC.** In 2006 PNC Bank found that it acquired a bank in Kentucky that profited directly from slaves and provided loans to a railroad company that used slave labor to build its

[14] *Id.*
[15] Financial Services Forum, Bringing Those Outside of Banking In.
[16] Financial Services Forum, Committed to Affordable Housing (2022).
[17] Press Release, JPMorgan Chase & Co., JPMorgan Chase Commits $30 Billion to Advance Racial Equity (Oct. 8, 2020), https://www.jpmorganchase.com/ir/news/2020/jpmc-commits-30-billion-to-advance-racial-equity.
[18] *Id.*
[19] *Id.*
[20] Financial Services Forum, Bringing Those Outside of Banking In.
[21] New York Life, Common Questions, https://www.newyorklife.com/newsroom/common-questions (last visited Dec. 1, 2022).
[22] Press Release, New York Life, New York Life launches $1 billion impact investment initiative to address racial wealth gap by investing in underserved and undercapitalized communities over next three years (Apr. 27, 2021), https://www.newyorklife.com/newsroom/2021/impact-investment-initiative.

railroads. To date PNC has designed an online portal entitled the PNC Legacy Project to document and preserve the history of itself and all its predecessor banks.[23] PNC has committed to support the empowerment of black and low- and moderate-income communities through the Community Development Banking Team. Since its inception, the team has executed more than $1 billion to boost the quality of LMI neighborhoods throughout the country.[24]

- **Truist**. 5 of 19 of Truist's predecessor institutions chartered before 1865 appear to have engaged in financing of chattel slavery. A few years ago, then-CEO Kelly King publicly apologized and denounced the "shameful aspects of [the bank's] history, both known and unknown." Following the events in 2020, Truist convened an advisory group of Civil Rights and community leaders to broaden the pathways to economic well-being and opportunity in all communities.

- **U.S. Bank.** In 2007, the public In 2021, U.S. Bank launched the U.S. Bank Access Commitment to help build wealth in racially diverse communities and provide opportunities for racially diverse employees.[25] This activity includes the $25 million U.S. Bank Access Fund to support women of color microbusiness owners in their success.[26]

- **Wells Fargo.** In July 2020, Wells Fargo facilitated over $1.2 billion in bond offerings to provide funding for the development of 10,400 homes for underserved communities in 2020.[27] Wells donated about $420 million through Open for Business Fund that is aimed at minority owned businesses to assist them in capital acquisition.[28]

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[23] PNC, https://www.pnc.com/en/about-pnc/company-profile/legacy-project.html (last visited Dec. 1, 2022).
[24] Press Release, PNC, Carrying Out Our Commitments (Dec. 17, 2021), https://www.pnc.com/insights/our-commitments/communities/carrying-out-our-commitments.html.
[25] Press Release, US Bank, Update on effort to help people build wealth, close persistent racial wealth gap (Mar. 9, 2022), https://www.usbank.com/about-us-bank/company-blog/article-library/update-on-us-banks-efforts-to-help-people-build-wealth-close-persistent-racial-wealth-gap.html.
[26] Press Release, US Bank, U.S. Bank Access Fund to deploy $25M to support 30,000 microbusinesses (May 4, 2021), https://www.usbank.com/about-us-bank/company-blog/article-library/us-bank-access-fund-to-deploy-25M-to-support-30k-microbusinesses.html.
[27] *Id.*
[28] FINANCIAL SERVICES FORUM, FINANCIAL FORUM MEMBERS WORKING TO CLOSE THE RACIAL WEALTH GAP.