

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.”  
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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.<sup>1</sup>

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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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.<sup>5</sup>

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 they 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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<sup>1</sup> Sarah Federman. *Last Train to Auschwitz: The French National Railways and the Journey to Accountability* (University of Wisconsin Press, 2021).

<sup>2</sup> Sven Beckert and Seth Rockman, *Slavery's Capitalism: A New History of American Economic Development* (University of Pennsylvania Press, 2016).

<sup>3</sup> Ta-Nehisi Coates, "The Case for Reparations by Ta-Nehisi Coates - The Atlantic," *The Atlantic Monthly*, June 2014. Michelle Alexander, *The New Jim Crow: Mass Incarceration in the Age of Colorblindness* (The New Press, 2012). Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America* (Liveright Publishing, 2017). Heather A. O'Connell, "The Impact of Slavery on Racial Inequality in Poverty in the Contemporary U.S. South," *Social Forces* 90, no. 3 (March 1, 2012): 713–34. Ronald W. Walters, "The Impact Of Slavery On 20th- And 21st-Century Black Progress," *The Journal of African American History* 97, no. 1–2 (January 1, 2012): 110–30.

<sup>4</sup> Hawkins, Lee. Douglas Belkin, "For Georgetown, Jesuits and Slavery Descendants, Bid for Racial Healing Sours Over Reparations - WSJ," *The Wall Street Journal*, March 25, 2022, <https://www.wsj.com/articles/for-georgetown-jesuits-and-slavery-descendants-bid-for-racial-healing-sours-over-reparations-11648232089>.

<sup>5</sup> Kurtis Lee, "California Panel Sizes Up Reparations for Black Citizens," *The New York Times*, December 1, 2022. <https://www.nytimes.com/2022/12/01/business/economy/california-black-reparations.html>.