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ECONOMY & POLICY

Diverse Business Leaders Wanted for a Biden White House

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Should Joe Biden win the presidency, he will potentially make history with the first woman running mate becoming vice president. He can also pick diverse leaders for his cabinet and economic regulatory roles that have to date been dominated by white males, including Treasury, Commerce, the Securities and Exchange Commission, and the Federal Reserve Board.Biden has already committed to "promote diverse leadership in the financial regulatory agencies" in his plan to advance racial equity in the economy. This pledge is vital given the conversation America is having on racial equity. Indeed, inclusion can no longer be an afterthought. But this long overdue imperative could be seriously thwarted by some on the far left who are advocating a ban on individuals who have served or have ties to certain companies and industries from serving in his potential administration.

In an open letter to Biden, several progressive-left organizations urged him to: "Pledge to appoint zero current or former Wall Street executives or corporate lobbyists, or people affiliated with the fossil fuel, health insurance or private prison corporations, to your transition team, advisor roles, or cabinet."

The sentiments underlying this demand have roots in very real anger toward corporate interests that never experienced the pain of the millions of people crushed by the 2008 recession. But it is essential to recognize why and how this type of misplaced, blanket exclusion may undermine any sincere effort to have diversity in these top roles, especially on his economic team, by blocking highly qualified and principled people of color who have distinguished themselves in the business community.

Let's unpack some of the realities that need to be addressed about how this ban on corporate talent may be inherently in conflict with the goal of a racially and ethnically diverse Biden administration.

Reality #1: There is a select universe from which to choose for these top roles given their requisite expertise and stature. Some are in government, the nonprofit sector, or academia, but many of the people of color who might be considered work for those off-limit companies. It would be difficult to assemble a list to become the first minority recent study, few, if any, minorities have served as top government economic policy officials or in top regulatory roles that have been proving grounds for this top cabinet job. The last 15 Treasury Secretaries (all of them white men) were either finance-industry executives, as CEO or chairman, or had some other senior government position in finance policy at the Federal Reserve, Treasury, Commerce, or as White House economic staff.

Reality #2: The diverse individuals who might be considered for these top roles may be the first or second generation to create and build wealth for their families and communities. Family financial demands may require a corporate path before a job in government. History hints at the prospect of transformational minority wealth creation, but affluent Black communities went up in the flames of Tulsa (1921); Wilmington, N.C. (1898); and Rosewood, Fla. (1923)–when white mobs destroyed thriving Black businesses and with those the chance to pass down generational wealth. These effects persist to the present day.A Brookings Institution study shows that the typical white family has nearly 10 times the wealth of the typical Black family.

Minorities, for the most part, lack trust funds, family tuition support, inheritances, windfall home down payments, or other wealth transfers. Indeed, a study by economists Darrick Hamilton and Sandy Darrity reveals that these types of intergenerational shifts of resources are the biggest contributor to the racial wealth gap. These substantial family financial cushions often allow some white people to maintain modest paying government or think tank careers without the same financial pressures when family wealth isn't a factor.

The resources from corporate jobs are essential for first-generation minority wealth creators to sustain and move their families forward and close that gap. People of color often take on financial burdens of relatives. A Mass Mutual survey found that 60% of Black families have supported someone and almost a third have been supported by someone else (African-Americans have a more expansive definition of "family" to include extended relatives and friends.) But taking certain corporate jobs would doom their prospects to serve under the screen proposed by these progressive-left organizations.

Reality #3: The pool for White House economic staff, sub-Cabinet, and top financial regulatory roles also has fewer people of color because many candidates are pulled from senior ranks of Congressional staff, especially the U.S. Senate. There are few, if any, people of color in these jobs. Both the Joint Center for Political and Economic Studies, in reports on the Senate (2015) and the House (2018), reveal that there are few diverse senior staff. If people of color are eliminated from consideration for senior administration jobs because of their corporate ties, there isn't an abundance of diverse Hill staff to choose from either.

These realities are nuanced and might seem like "inside baseball," but they merit reflection when reconciling them with the vital importance of having diverse people to tackle the many complex issues of race, economics, and society. Biden has appropriately committed to having diversity in key decision-making roles. These undoubtedly keep many people of color from these opportunities.

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