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WEBINAR

WHERE ARE THE BLACK FINANCIAL REGULATORS?

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Closing Remarks:

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P R O C E E D I N G S

MR. KLEIN: Good afternoon. My name is Aaron Klein. I'm a fellow in Economic Studies and the policy director of the Brookings Center on Regulation and Markets. It is my great privilege and pleasure to welcome everybody this afternoon to a critically important conversation we're having, which is asking the fundamental question where are the Black regulators? Where are Black voices in financial regulation?

This event features the proud Brookings publication and this event, which is actually done in conjunction between Brookings and Georgetown University's Law School. And it features a brand-new paper examining this topic in great depth by Dr. Christopher Brummer of Georgetown Law.

But it's not just Dr. Brummer's paper. This problem and this question, while in the forefront of people's minds, has been a problem for a very long time. Four years ago, in 2016, I authored here at Brookings a paper on the striking lack of diversity within the Federal Reserve Bank presidents and the Federal Reserve System. In fact, America had a Black president before a single Federal Reserve regional bank had a non-white president. Over 100 Fed presidents came and went.

Things have gotten a little bit better in the last several years, but no nearly enough. And the lack of Black voices and the lack of diversity within financial regulation is a real and serious problem that needs greater exploration both in its cause, its consequences, and its solutions.

I can think of no better person to kick off this conversation than the chairwoman of the House Financial Services Committee, Congresswoman Maxine Waters. Chair Waters is the first African American, in fact, the first woman to chair this House committee. Growing up, the child of single parents, she had an illustrious and distinguished career, culminating in her election. This is now her 18th term serving the people of Los Angeles and fundamentally serving the people of America in fighting for what is right, fighting for justice and for a better and fairer shake for people of all backgrounds.

Congresswoman Waters, with that, we want to thank you very much for joining us at Brookings. And the floor is yours.

CONGRESSWOMAN WATERS: Thank you so very, very much for that very kind introduction. I'm delighted to be here today. This is a most important event and this will help us to further highlight the need for more diversity in the financial services industry, especially at the financial regulatory agencies.

Financial regulatory agencies play a vital role in protecting consumers and maintaining justice and fairness across our economy. It is the job of Congress to oversee the regulators and make sure they're not derelict in those duties. So, the problems identified in your recent report on the lack of Black appointees in the federal regulatory agencies verified what we already know to be true generally: Black people are not considered to serve in or nominated for these high posts; Black people are not represented in the advisory and senior levels of financial regulatory agencies; and Black people are not included in the decision making of the national monetary policy.

Black people do not have a say in the outcomes that affect our ability to be fully included in the economy and financial markets. Your research has provided us with the hard data. Among the 327 individuals who have been appointed to financial regulatory agencies, only 10 have been Black. There have been zero Black appointees at two of the banking regulators -- that is the Office of the Comptroller of the Currency and the Federal Deposit Insurance Cooperation -- in the history of those agencies.

You also found that, unfortunately, the senior advisor ranks at the financial regulators are no better on Black leadership. Less than 4 percent, or 5 of 120, by your count, of senior policy advisors are Black.

The lack of diverse leadership in these agencies has likely resulted in agency policies that are not responsive to plight and cries of Black communities. And I fear this lack of diversity in our government has harmed its response to the pandemic.

For example, Black businesses are closing at an astonishing rate during this pandemic compared to their White counterparts. America's largest banks often denied assistance to Black customers, including technical assistance to help them apply for loans and grants, such as the Paycheck Protection Program. And yet, I as chairwoman and Chairwoman Velasquez had to use our voices to encourage the Treasury Department and the Federal Reserve to do what they should have done from the beginning: to be more inclusive and expand their pandemic relief programs to more minority-owned businesses and banks. It was and it is a hard fight, but it's worth it if Black people receive the assistance they need to survive this crisis.

It is truly time for a change. So, as the first woman and African American to serve as chair of the Financial Services Committee, I'm working to lead that change. One of my first acts as chairwoman was to create Congress' first ever Subcommittee on Diversity and Inclusion, which is focused on conducting oversight and taking real action that gets us closer to achieving true economic inclusion for all people.

The subcommittee's work sends a very clear message that communities of color must have fair representation in our nation's financial regulatory agencies and in the financial services sector. Even before my role as chairwoman, I helped create the Offices of Minority and Women Inclusion, known as OMWIs, at most of the federal financial regulatory agencies as a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

OMWIs still have a key role to play in oversight of diversity and inclusion in their respective agencies and among their regulated entities. At noon Eastern Daylight Time on September 8th, Subcommittee Chair Beatty will convene a hearing titled, "Holding Financial Regulators Accountable for Diversity and Inclusion: Perspectives of the Offices of Minority and Women Inclusion." So, I'm very hopeful that all of you and others will tune in.

So, Dr. Brummer, my committee's hearings, negotiations, and legislation in connection with research, like your recent report, are all a part of continuing to hold industry and regulators accountable for including people and communities of color. This has been the fight of my life. And as a diverse woman and person of color to lead the committee, I'm continuing to work every day to ensure that people of color have a seat at the table, including at the financial regulatory agencies.

Again, I want to thank you for this invitation and I applaud this good work. And so to you, Dr. Brummer, to Aaron Klein who opened up this program today, this is remarkable. And it's remarkable because, you know, not only do we have the Brookings Institution raising these questions, but we now have continuing support for our efforts to open up these opportunities. I think working together that we're going to draw in a lot of other people.

We're going to have a lot of fine applicants for jobs who never bothered -- people who never bothered to apply for these jobs before because they just knew that they didn't have a chance. But I'm feeling real good and I have a lot of hope. And thank you so much for adding to this work in ways that's going to get us and make us successful.

Thank you very much for having me today.

MR. KLEIN: Thank you very, very much, Chair Waters. That was incredibly important and helped set the stage for this important conversation. I'm going to turn now to Dr. Christopher Brummer, the Agnes Williams Research Professor of Law, the faculty director for the Institute of International Economic Law at Georgetown University, and the author of today's study.

Dr. Brummer, please enlighten us with your work.

DR. BRUMMER: Thank you so much, Aaron. Thank you so much, Chairwoman Waters, for your leadership on this issue. This is a conversation that has been really nearly 100 years in the making, really since the birth of our modern regulatory agencies and the New Deal. And this is, to my knowledge, the first forum covering Black financial regulators ever, so it's been a long time coming.

But it is a critical conversation because Black regulators do matter, as does diversity overall. Financial regulatory rules are designed with assumptions made about the people they are intended to protect or support. But without the input of everybody, rules are less effective and could well end up undermining as opposed to helping the people they are intended to serve. And this is a point that is crucial for African Americans, not only given persistent racial wealth and income gaps, but really given their lived experience as the group for whom the financial system has failed most often, from redlining to auto and consumer finance and much, much more.

This study centers on the issue of policy leadership. We are not looking at IT or administrative posts or communications positions. We want to know who's in the room when policy decisions are ultimately made and enforced? As such, methodologically, we focus like a laser on those individuals who are nominated by the President and subject to confirmation in the Senate, as well as the people those people immediately hire. We have a more detailed methodology note that you'll see in the report, but our data will build from agency-maintained lists and organizational charts, and then supplemented by individual profiles, employer websites, and LinkedIn. And where necessary, especially when it came to things like political affiliations, we canvassed data from additional resources, including obituaries, resumes, CVs, archives, and political contributions.

With that quick note, why don't I just walk our audience through some of the important data. And I'm going to share my screen here, so that you can take a look.

Okay. The headline number that the chairwoman identified is one that many of you have seen before, which is what our study immediately identified was the fact that there have only been 10 -- 10 -- Black regulators over the course of U.S. regulatory history. And this is out of a total of 327 as of July 4, 2020, which is where the study -- sort of the date upon which our study focused. Since then, that number has actually gotten worse as there have been additional people who have been confirmed and they were -- none were African Americans and all were white. But our data reflect really the status quo as of July 4, 2020.

Less reported beyond those numbers has been the fact that this has been a bipartisan failure, where neither party has been particularly successful at really put forward diverse candidates. And, again, this is data spanning from Andrew Brimmer, who served on the Federal Reserve Board as a Democrat, all the way through Rodney Hood, who is currently the chairman of the National Credit Union Administration.

Now, looking at this chart what is really interesting when you start to look at the data is that when it comes to Black nominees and Black regulators over time, almost overwhelmingly those appointments have been driven by the White House and not the Senate. Now, this may be quite logical for many of you who are listening since, technically, appointments are always made by the President. But it is notable because, in fact, the Senate can be quite influential in the selection of regulators, especially where a position is reserved for individuals who are not members of the President's party.

So, at any given time, due to certain kinds of statutory requirements, there are always going to be both Republicans and Democrats serving at some agencies. But the Senate has not used such an occasion to do so, to put forward a Black regulator in over 30 years. And whenever you've seen a Black appointee, it's been invariably due to the prerogative, really, of the White House.

Now, here's a general agency breakdown. As the chart shows, 60 percent -- it's really just 6 -- of all Black political appointments seem to cluster around the Federal Reserve and the NCUA, the credit union regulator, with 3 each, and then you see 2 at the SEC. But interpreting these results requires some care. Some agencies have more vacant slots available than others given their comparatively larger governance structure. So, at the SEC and the CFTC, for example, you get five commissioners, five political appointee slots as compared to, say, the CFPB where you have one director.

Also, the age of an agency can play an important role, especially for young agencies and entities, like the CFPB. The last sort of thing to keep in mind is that some of the larger -- or I should say the appointments to some of the larger, more powerful agencies have been further in the past, and that where you see Black regulators today, it's been over the last couple of years more towards some of the smaller regulatory agencies.

Moving then to the picture as to our senior policy staff -- and, again, many of these charts, as well as others, are available in the report -- when you look at those individuals who have been immediately hired or chosen by the political appointees, we see a pretty stark absence of African Americans across the federal government with interesting outliers actually being, again, with the Black senior policy slots over at the OCC and the NCUA with 2 each or 20 percent. Again, it's important to emphasize that these numbers are small in the aggregate, so small, in fact, that advanced econometrics and econometric techniques can only yield but so many insights. But it's still better comparatively than the other agencies.

Now, a central question that many people are going to ask when you look at these numbers is whether or not they're just some kind of reflection of an ideological makeup of the government or perhaps because of one political party or the Trump administration. So, the study tried to think creatively to sort of test that hypothesis by comparing senior policy staff of both Democratic and Republican appointees at the SEC and the CFTC, since, as I noted, by statute you have members of both parties at those agencies.

And one of the interesting things that you see is that, when you look at the commissioners at those two agencies, neither the Republicans or the Democratic commissioners had any Black staffer employed as senior policy staff. So, ideology certainly does not seem to be, at least in that instance, any kind of magical recipe for speaking to the diversity issue since both white commissioners and Black -- or, excuse me, white Democrats and white Republicans had not had any Black senior staffers there.

When you then look a little bit broader, you know, the results are so stark that they raise this natural question as to why Black appointments, especially then at the top level, are so rare. And so, once we sort of looked at the data, looked at the data historically and then looked at July 4th to see, well, how many Black senior staffers are there working for all of our political appointees, we wanted to figure out if there was maybe a pipeline problem.

Now, the pipeline issue is interesting because many people identify with the fact that very often the way in which many nominations have been traditionally sort of lubricated is by senators appointing members of their own staff to regulatory positions. Now, this is a highly debated sort of staffing method, but we were really just centered in on whether or not there was explanatory power behind this since, as others have noted, Senate staffs are not very diverse.

And disaggregating the data, however, the numbers at first suggested that Black political appointees could be the beneficiaries of a system based on Senate experience, especially when you know you're below this 15.77 percent of non-Black political appointees having some kind of Senate background in their -- or training as compared to the 20 percent of African Americans.

But when you lifted the hood a little bit and peaked behind the numbers, you got a bit of a different story. For one thing, obviously, the sample size is small and that 20 percent only reflects 2

African Americans ever having served with Senate backgrounds. But, moreover, when you pull out the smaller, less powerful agencies where African Americans have historically sort of clustered recently, you notice that the number of African American political appointees that have had backgrounds as Senate staffers over the course of U.S. regulatory history drops to zero. Meanwhile, the percentage of non-Black financial regulators only drops slightly to 15.15 percent.

And even then, the staffing theory, this idea that, well, if there aren't very many White -- or, excuse me, aren't that many Black staffers in the Senate, then you're not going to get very many Black regulators, that theory doesn't fully explain our data. Our data show a majority of non-Black political appointees haven't been Senate staffers either, including some recent agency nominees who have been confirmed. This suggests that other factors or theories are clearly -- or, excuse me, this suggest that other factors or theories may play a helpful role in explaining the absence of Black regulators since policymakers are, obviously, capable of reaching out beyond the Senate staffing pool.

Now, one of those theories could be, well, maybe there just aren't enough qualified African Americans for the job. Now, beyond the fact that you have many of our Ivy League universities, if one wants to go for a certain kind of nominee, produce many African Americans. Harvard has, I think, produced over 3,000 over the course of its history. When you look at the actual qualifications, the academic qualifications, and attainment of those 10 Black regulators who have served and then you compare their academic qualifications against the non-Black regulators who have served over history, the Black regulators' academic qualifications are actually stronger in many ways. The higher up you go in terms of the educational attainment scale, you actually have African Americans more likely to be present.

So, in a world then where you're having highly qualified African Americans, but you've also seen that the Senate is capable of reaching beyond their immediate pool, well, then what are the other kinds of theories? And as I understand it, we have an all-star lineup of individuals who will be able to speak to some of those theories.

But I did want to note that where the qualifications theory is implausible, well, the disqualification theory seems comparatively more plausible. Individuals have identified this challenge of where you may work may hurt you. So, if across the board, if you have a background in finance or in technology, that could be a politically undesirable background if you're to seek some kind of role as a regulator. But in a world where African Americans are not infrequently the first in their family to ever go to college or to have a certain kind of job in which they can establish some kind of firm economic footing, does that create a disparate impact? And also, are the standards being equally applied across Black and White and other minority groups?

And then there are other kinds of questions, everything centering from an endowment effect, an outsider bias. Basically, if you're not in my social circle, then maybe I should be more skeptical of you because I haven't heard of you before.

Then there was this anchoring question -- all these are rooted in psychology -- as to whether or not senators and other decision-makers have a set view as to what a regulator quite literally looks like. And it's just hard to budge from sort of your preset idea as to how a regulator should sound and talk, which could lead to certain kinds of cultural impediments and other impediments for Black people when they are seeking these kinds of critical jobs.

As a result, the study really does say, and I want to emphasize this, you know, this is an attempt to just gather the data and to look at the numbers. And the numbers are rather unambiguous about the failures pertaining to the African American community. But there are other kinds of very important kinds of research that also needs to be done, whether or not it be a canvassing of other minority groups in the general demographic makeup of our regulatory agencies, and to identify specifically where those groups, where those people are located within those regulatory agencies.

Because the decision-makers matter. And what, again, our study has highlighted rather unambiguously, is that the government has a lot of work to do.

And with that, Aaron, I guess I'll just pass it back to you.

MR. KLEIN: Chris, thank you. I really want to commend you for this incredibly important report. It does follow the data. It follows the facts. The facts are hard to watch, to read, not --

DR. BRUMMER: There are a lot of zeroes. I think that's one of the common responses that I’ve heard. wow.

MR. KLEIN: Right.

DR. BRUMMER: And it is a challenge.

MR. KLEIN: My two biggest surprises when I read this report were that there was not a single Black financial regulator between 1988 and 1996. That’s eight years split between the two presidential parties, right, where there -- of “modern times,” right, which I like to define as times when I’ve been alive, and there wasn’t a single one. Furthermore, several of the regulatory bodies that you described and you kind of talked about the clustering between different agencies, those findings were somewhat similar to my report which showed when one Federal Reserve regional bank broke through a barrier, they tended to go back to it.

The Federal Reserve Bank of Cleveland was the first one to have a woman as president in the ’80s. They had half of all female presidents in Federal Reserve regional bank history. There are 12 of these banks. Half of them have been in just one, Cleveland, because they were the first.

In just a couple minutes, before we turn to the panel, what was the single biggest surprise that you found that was counterintuitive that you weren’t expecting when you went through and gathered this data and wrote the report?

DR. BRUMMER: So, I just wanted -- well, I guess there are two things. I think to some extent, you know, I’d certainly follow the data and it’s a weird exercise when you spend, you know, 30 pages ultimately telling people that the sky is blue when I guess, theoretically, you could always just sort of look up. Right? I mean, there’s been an intuition for quite a long time that this has been a real problem across the federal government. We’ve never had a Black chairman of the SEC, never been a Black chairman of the CFTC, there’s never been a Black chairman of the FDIC, there’s never been a Black Comptroller of the Currency. You could go on.

MR. KLEIN: Federal Reserve Board president, chair.

DR. BRUMMER: The Federal Reserve Board president. I mean, you know, it doesn’t take much to see that there is a structural impediment and that those impediments have outsized consequences not just for democratic participation, but also for how you fashion policy. And I think that for me, after compiling the data and looking at the numbers and looking at all those zeroes, what it does is it gets you to sort of think about how robust is our financial regulation writ large?

You know, I've intentionally had this parentheses in the title, which is about the absence of Black regulators because the data aren't just telling us about Black regulators or the absence of Black regulators. It's also telling us something about the nature of our financial regulation, about that regulation that's being produced and devised. And it creates certain kinds of unsettling questions. I think that was, for me, one of the major takeaways, about how do you devise policy, you know, when you're trying to figure out -- when you want to find out how do you protect investors or to create a kind of language that investors can understand certain kinds of risk? Like how do you create plain English disclosure if you don't know or if you don't have necessarily the input from people who may talk differently from the people who are creating the rules?

You know, if you're concerned about making sure that people can save money, you know, how do you devise policies if you're no entirely certain what those individuals are necessarily prioritizing, you know? And if you want to nudge behavior in ways that are socially beneficial not just for those historically disadvantaged groups, but just for the wider society, you know, how do you devise those policies if there's no one around to help to inform you about different kinds of strategies and takes that you can take when it comes to formulating those policies?

And so, for me, I think, that major takeaway was sort of looking at the data and thinking to myself, well, you know, yes, what does this still us about how far we have to go? But it's a little bit also about, well, what does this tell us about what's on our books right now? And I think that's an important question, especially as we're grappling as a country to lots of persistent challenges, again, in racial and wealth inequality, but also just democratic participation and making sure that we have a regulatory system that is as sufficient and as optimal as possible.

MR. KLEIN: So, I couldn't agree more. Let's bring in some more voices to this conversation. We have an all-star panel. I'm going to start introducing them while they magically appear on the screen.

Neel Kashkari's the president of the Federal Reserve Bank of Minneapolis. The Federal Reserve Bank of Minneapolis was the first of the regional Federal Reserve Banks to ever have a non-White president. President Kashkari's brought a breath of fresh air, frankly, to the role of being a Reserve Bank president as he guides the Reserve Bank of Minneapolis and puts his important voice and stamp on monetary policy. Prior to that, many of us will know him as the public face of TARP, the man who helped devise the rescue of the most hated financial program that probably did the most for this country that we've seen in a generation.

Sharon Bowen is a former commissioner for the Commodities Future Trading Commission. Not only, Sharon Bowen -- one of the other findings, Dr. Brummer, we didn't get to was the lack of Black female voices, particularly within that. But also, an incredibly important and influential and recent commissioner who can talk about the impacts of things that are happening today.

Harold Black is a professor emeritus at the University of Tennessee, Knoxville, a former board member of the National Credit Union Administration, one of the earliest and first African American financial regulators. We're thrilled to have you here.

Paul Thornell, Paul's a principal at Mehlman Castagnetti Rosen & Thomas. He was also a senior advisor to Senator Majority Leader Tom Daschle. Paul's also a frequent commenter and has written recently about the role and impact of the lack of diversity on congressional oversight panels, those who've been overseeing the congressional bailouts, the bank actions of bank regulators, and the acts of the CARES Act.

So, friends, thank you all very much for joining us. I want to start with each of you and give you an opportunity to react and tell us what you found to be the most interesting, surprising, influential part of Dr. Brummer's study and where you may disagree with it. What do you find that moved you and what makes you wonder and go, hmm, as we react to this?

President Kashkari, can we start with you?

MR. KASHKARI: Yeah. Thank you, Aaron. Thank you for having me, appreciate being here. Thank you, Dr. Brummer, for doing this important work. Congratulations on the paper.

It was an excellent paper. I mean, what struck me immediately was the amount of legwork that had to go in to collect this data. This data is not easy to find. And I think, as you said, Doctor, the findings weren't surprising, the overall findings, but they're so stark when you look at the data and you look at the zeroes and look at how persistent it has been across different political parties, it doesn't really make much of a difference.

You know, I think about it and your data didn't go into the Reserve Banks, but I think if you looked at the Reserve Banks the data would be similar. I think it's consistent. So, let me just share with you a little bit about my experience having been at the Minneapolis Fed for four and a half years.

One of the things I found when I got here was that the Minneapolis Fed had a challenge on diversity. We didn't look like the community that we are supposed to represent and we said we want to change that. So, we put in -- I'm not going to get into it. We've done a lot of different things to recruit from a broader set of people and we've had a lot of success. In four and a half years, we've doubled the diversity of our officer ranks from around 12 percent to 24 percent. These are the most senior 50 or 60 people in our bank. And now we much better reflect the community that we serve.

In each of our hires we hired the very best talent available. We never put our finger on the scale, but we worked harder to recruit a broader set of applicants. So, I'm proud of that.

But I'll tell you this. I conducted a search for a new research director, a new Ph.D. economist who leads our team at the Minneapolis Fed, and a new head of supervision. In both of those searches we had zero diverse applicants. And so, we were absolutely committed to championing diversity. I can tell you this, I live and breathe this every day, those two areas were very difficult for us to make progress on. So, I do think pipeline is part of this. And you're going to have more success where you're producing more graduates in these fields.

So, one thing that struck me as interesting, you know, you noted in your paper that there are 46,000 African American lawyers in America today, many going to the top law schools in America. I'm curious, I don't know if you know this, but it would be interesting to me to follow up, to what extent are

African American attorneys getting into the highest echelons of legal policymaking? I mean, are there are -- because clearly, there's the pipeline of legal talent. But are the barriers preventing them from reaching those highest echelons of the Justice Department, as an example?

Because I would say one challenge that the Federal Reserve has is we know we're no producing very many African American Ph.D. economists. And so I think that pipeline is part of it on regulatory and financial areas, but I'm not suggesting that it's all of it. But I do believe that it's part of it.

And so, when I think about the Justice Department, I think there may be interesting contrasts that I could learn from at least. But overall, I found this very interesting and important work and I think you for doing it.

MS. BOWEN: So, Aaron, if I may, first, I want to thank you for giving me the opportunity to speak today. And I especially want to applaud Professor Brummer for shining light on this important subject.

What really struck me the most about this study was it emphasized exactly how appointments are made. I mean, it's sort of a black box that people don't quite understand, what does it take to become an appointee? And the most important role that we often forget is the role of the Senate. So, the fact that the Senate has been glaringly absent, you know, is a problem.

I was honored to be twice appointed by President Obama and twice confirmed by the U.S. Senate, but each time, each one was very different. The first was quite easy. It was unanimous. The second was, you know, it took a lot of work, partly because I became a political football for a sitting senator and, also, because I didn't really have until -- you know, fortunately, Senator Stabenow, who was the chair of the Ag Committee, she and her staff played a crucial role during my confirmation process, as did the Black members of Congress and their staff, as well as civic leaders. So, it took a universe and an army to really support my confirmation the second go-round, and even that was a very close vote.

So, I think we should really think about, you know, not just the pipeline, but even once you get into the process, what are some of the barriers that are there that we could, frankly, fix today if we wanted to?

MR. THORNELL: Aaron, I'm happy to go. Yeah, thank you, Professor Brummer, for this research. And thank you, Aaron, for covering this.

You know, I think there's no doubt that the irony, as complicated a space that we're in when you talk about race and economics and policymaking, regulatory, is that the simplicity of some of these things. You know, as Chris said, you do a lot of this work, make the case that the sky's blue, and you say, well, let's just look up at the sky.

You know, I think what was so important and compelling about the research, Chris, is the simplicity, the numbers. We need those -- the simplicity of those raw numbers will disrupt how people think of this. You will see -- I mean, let's be candid. We need thought leaders and decision-makers of all stripes and political persuasions to unpack this and understand it. But at a basic level, you know, we've got to make sure that we're going upstream to appreciate what is the implication.

Yeah, there's a fairness component to this, absolutely. But there's also the policymaking part of it that when you look at the fact that, as you say, Chris, when people are not in the room questions are not raised, hearings of a certain topic are not occurring, people are not recommended who otherwise might be. You know, when we go upstream, that's when we're able to appreciate the complicated nature of some of these questions and that's what we need to all do.

And I think there needs to be more. More people in the media need to pay attention to this. This is an equal opportunity problem. Republicans are bad at it, Democrats are bad at it, to the extent that, as your research showed, appointments have this intersection with the Senate. And we can all do better because these are numbers that you'd expect to see 1920, not 2020. And shame on us for not for getting it right.

But I think part of it, when people often frequently ask me questions in the sort of diversity and inclusion space, you know, what do you do? And, you know, look, I think there is a menu of different options, but the key one, the key ingredient, the secret sauce, intentionality. Okay? Don't expect that if we go through the same processes we go through, if there is a new Biden administration, if he wins and he assembles his Cabinet as an economic team, and you kind of go through the same processes that one would typically go through in a transition, we can't be surprised if we're going to wake up next March and the economic team is what it typically is, which is, frankly, White men.

If you don't change, if you're not intentional, if you're not reaching into certain populations for top-quality people, and we've got some serious problems to solve in society today as it relates to racial justice, social equity, you know, and we need to have the best top talent on that. I've recently written about how the blanket exclusions that some on the far left would have issued, saying don't appoint someone with a background in finance or on Wall Street, that is going to make the task way more complicated. And if we're playing with one arm tied behind our back, we're not doing what we need to do.

And so, anyway, I would just say I appreciate the great research. And thank you, Aaron, again, for doing this and bringing us all together and look forward to further discussion.

MR. BLACK: My experience has been in the regulatory space occupied by financial institutions. And I credit mainly my appointment to NCUA by the fact that I was deputy director of economic research at the Comptroller of the Currency doing some of the very first econometric work on lending discrimination. And when I left there, I had made several important contacts in Washington, I went to UNC Chapel Hill, and there I was contacted about joining NCUA.

And that was at the appropriate time in my career. I've been always been an academic. I always will be an academic. And that came at a time in which I would not take a very large financial hit by going back to Washington.

I think that is a problem because of, for instance, five people off the top of my head who would have made excellent regulators, three of them were so senior that they would have taken a significant financial hit to come back to Washington. And I think you have to consider that one possibility.

Also, one of my co-authors is Raphael Bostic and I haven't heard Raphael's name. And we all know that he is the first Black appointed to be a Federal Reserve president.

Also, there's one other thing. I served for a number of years as the chairman of the Federal Reserve of Atlanta branch in Nashville. And I can tell you from that experience, and certainly President Kashkari knows this, that the Fed boards of directors, or at least in my experience, have been very diverse: women, Blacks, Hispanics. And those people are primarily, at least in my experience, were slated with the duty of picking the Reserve Bank president.

And so, I think that that sort of diversity is important and is an important voice in some of the policy-making that goes on at the Federal Reserve regional level. And I think we should encourage more of that. But one of the things is, I think, obviously we ought to encourage those boards of directors to have a more open search when it comes to the presidency because there are, as you pointed out, Chris, there are many individuals who would do wonderful jobs. And this whole notion about lack of qualified applicants is an old canard and one that must be dispensed of as quickly as we can.

MR. KLEIN: So --

DR. BRUMMER: I just wanted to respond on just two points that I thought were really interesting and I just wanted to highlight for those who don't -- who may not be exactly familiar with sort of inside baseball here in D.C. about some of our agencies.

Number one, you know, building a pipeline is a process. Right? I mean, like, on the one hand, you have to -- you ask for a lot of credentials and kids coming out of jobs, but it also has to do with the mid-career people and making sure that they have an opportunity to shine. Right? And one of the things that the study identifies, even when it comes -- and, again, we're talking about different kinds of posts, you know, whether or not you're talking about economists where I think the Fed has its own sort of issues or whether or not it comes to the regulatory folks.

But when it comes to the regulators within agencies many times working, for example, for a commissioner or for a chairman is a vital means of career advancement. And even working for one of those individuals as was just recently demonstrated just this last month in the office of a commissioner can be the pipeline or the means by which you end up working as a commissioner one day yourself.

And so, you know, when you think about sort of how do you access talent, it's important. It's also important, as Paul had mentioned, there's a bit of a paradox. Right? You know, this idea that on the one hand -- and I don't know what to do about it, but I think that people have to understand what the tradeoffs are here.

If you say you don't want certain kinds of people to go to certain -- you to have certain backgrounds in finance or technology, but you want those same industries to be diverse, are you now forcing the people who are coming through with some kind of very challenging existential choice as to what they want to do with their lives? And this is coming from an academic, who, you know, is just fine coming from a nonprofit sector and I suppose you've seen academics who've been able to serve.

But the kinds of choices that people are asking are very difficult. And when you just think about the observations that Professor Black had made about the fact that Black people don't have as much wealth as White people. Right? So, they're much more likely to be in a position, because they either have to support extended relatives or it's just their first shot in their family to have certain kinds of jobs, to take certain kinds of positions that will only begin to put them on the same footing as many of their White counterparts.

So, you know, when you start to create these kinds of requirements, it has to be done in a way that is sensitive to what your ultimate moral aspirations are. I think the question of regulatory capture is important. You don't want to have the capture of any kind of regulator. But, you know, you don't want to have a system where you have now created an uneven set of goalposts either. And you don't want to apply those goalposts unevenly, as well, you know, where you have certain kinds people who come through, who have more of a corporate background and others, because of whatever kinds of suspicions or ideas or misconceptions that you have in your head, that you're over-applying that same criteria for disqualification in some groups.

And I'll just end by saying that the data are just the data. Right? You know, it's important to have a conversation where I don't have any -- you know, all the clear answers. But it's important to have that information and additional steps are useful. Some of the questions that we're raising involve getting under the hood and figuring out not just the quantitative data, but the qualitative data about how institutions are working, making much more transparent as the Honorable Sharon Bowen had just mentioned about how Congress operates, about how the Senate operates, and how ultimately people exceed to positions of influence within the regulatory agencies.

MR. KLEIN: So, there are a lot of interesting ways to go and I want to try and capture them, including this tension between the revolving door and efforts to fight that and its implications on African Americans, Black voices, and others for whom they may not have the financial luxuries and the views of that tradeoff and experience are very different.

But I also -- you mentioned regulatory capture, Dr. Brummer. And, you know, one of the core issues that comes out of your report and this work is why. Why is it so important to have diverse specifically Black voices in the room? What would be the different policy that if we had more diversity how would that impact ordinary Americans? How does that interact with regulatory capture?

Let me start with Commissioner Bowen and then we can jump around here. But how does that really make a difference?

MS. BOWEN: Well, I can tell you having different voices at the table really makes a difference in terms of outcomes. I think Chair Waters had highlighted the government's response to getting aid to communities and how that was -- disproportionately affected people of color who did not receive those funds.

We do know that small businesses are drivers of economic growth and they have been in our country. And many of the small business owners tend to be women and minorities. And yet, when we implement policies, they look good on their face -- let's help out and give money to people -- but when they don't reach the very people that would be drivers of growth to our economy, you know, that's a problem.

When you make choices as to which companies, what corporate bonds you want to buy in which industries, that has an impact on communities that we could totally reshape economic incentives that way.

And I think even more importantly, I think the notion of whether we have a pipeline problem or not, we need to rebuild trust. And if there are people at the table who don't look like you, you're not likely to trust all the decisions that are being made. You won't think those people that are around the table really have your best interests at heart.

And so, we need that transparency that's there, that needs to be there, so that we don't have to guess as to what does it take to become a regulator? What does it take, you know, for example, to become a professor? You know, this problem is not just in the financial services industry. I've seen it in the legal profession and many other industries.

And so, some of the solutions may be not just societal ones, but, you know, at the same time, I think it's just so important for us to rebuild that trust. And I think to do that you really have to have different voices at the table.

MR. KASHKARI: Maybe, Aaron, I could chime in. You know, going back in time when I was at the Treasury Department and I was on the TARP program, I learned firsthand that regulatory capture is real. So, the TARP was investing in hundreds, potentially thousands, of banks across the country and we wanted to invest in healthy, viable banks to protect taxpayer money.

So a bank to apply would send in an application, but they needed a recommendation from their primary federal regulator. That's the FDIC, the OCC, the Federal Reserve, or at the time the Office of Thrift Supervision, so one of four banking regulators. And only if they had that recommendation would we even consider the application. And then we, our own Treasury team, would look at the data, look at the bank data, the call report data, look at the regulator recommendation and make a decision.

And we saw a bunch of cases from all four regulators where we looked at the numbers and we said how can this regulator be recommending this bank? We're looking at the numbers and it does not look like a healthy, viable bank.

So, what we did was we created a council of the four banking regulators to peer review each other's recommendations and they could see through the capture. And you had the FDIC calling out the Federal Reserve. They are calling out the OCC and the OTS. And what we learned is that banking regulators, some of them, actually all four of them, looked at some of their banks like they were their children. They had worked with these banks for a number of years. They'd built relationships. They learned to trust each other and then they advocated for them. So, that taught me that regulatory capture is absolutely real.

Now, these were high-quality public servants who were trying to do their jobs. So, what happened? Why did this -- this was human nature. You know, humans build relationships with each other after they work with each other, especially if they come from the same backgrounds.

So, to me, adding diversity to our regulatory ranks can be an important element of protecting against regulatory capture. I don't think it'll be a complete solution, but I think it'll be part of the solution. And that's yet another reason why Dr. Brummer's work is so important.

MR. KLEIN: Let me just underscore that. Because, you know, when I came into Treasury after your time, I served on a review committee looking at that four council and there was one case where the primary regulator was against the bank and all the rest were for it. And you know what? It was a minority-owned institution, it deserved to get funding, and the primary regulator had a problem with it that, in my opinion, was totally wrong and in the opinion of all the other regulators it was a viable bank.

But the flip side of the capture being real on your favored children, is the capture being real on your not-favored children? And it didn't escape my attention that the only time I saw this during my tenure looking at that committee's work was on a minority-owned institution.

MR. KASHKARI: Hmm, interesting.

MR. KLEIN: Commissioner Black?

MR. BLACK: Yes.

MR. KLEIN: What do you think? What were the big changes from your experience in having Black voices? And what do you think the changes are and experiences are when there aren't Black voices involved? How is policy different?

MR. BLACK: Well, what I have noticed from my experience is that regardless of, let's say, our background, our education, we fundamentally think differently. Let's take my case. Both of my parents were school teachers with master's degrees. They were the first people of their families to get college educations. My brother and I always were going to go to college, always were going to get higher degrees. But even though I've been in an integrated environment virtually my entire life, since I went to college at age 16 -- I went to the University of Georgia and was their first Black freshman -- I have noticed that even though going through Georgia, going to getting a Ph.D. at Ohio State that I still think fundamentally different than all of my white peers. I address problems differently than they do, as well.

As a matter of fact, in many cases, I've had colleagues who said where do you get those ideas from? And I know Chris probably has seen exactly the same thing. And the different ideas just simply come from our different experience. And that is what I think we bring most of all to these regulatory bodies that we are talking about.

My interests when I started at the Comptroller of the Currency went to minority banks, inspired by Andy Brimmer's work. And then from there to discrimination in lending, especially the accept/reject decision and then later modeling the overage yield spread premium decision. And it was always motivated by wondering why there were different results for similarly situated minorities than non-minorities. And that sort of led me throughout a good deal of my career.

But I have found that I ask questions that are fundamentally different than what my peers ask. And I just think it's because of our different experience and our different way of looking at the same problem.

Let me give you one more example, and that example is this. When I was looking at minority banks, you could see that minority banks were hindered by the geographic area that they were serving because they were mostly lower income. And in one of the cases when I was in Washington, a minority bank was actually chastised by the regulator for not pursuing an optimal profit situation because they were doing much more community work than the regulator thought they should have been doing and should have been spending more time looking at their profit situation. Because it was argued if you don't have this certain profit standard, then you would become vulnerable and then we'll have to shut you down.

Well, that's two very, very different objective functions. And someone needs to argue from the regulator standpoint as to how to optimize that decision being made by that minority bank as opposed to chastising their particular decisions.

DR. BRUMMER: I just want to jump in and just sort of say this very study, for me, was an example of what Professor Black was just demonstrating. I mean, for me, I was shocked that no one had asked the question, well, how many Black financial regulators have there been? It seems like such an obvious question if you're trying to tackle questions relating to the specific problems that African Americans have had and also given the legacy of challenges when it comes to everything from capital access to financial inclusion. And yet, even within my profession, the legal profession, no one's ever asked this very basic and fundamental question.

And, you know, having different backgrounds is important and I think it does allow you to shed some light on some issues in a new and fresh way that helps to make policy-making overall better.

MR. THORNELL: And I would also offer that it's sometimes startling when we see scenarios where certain questions are not raised, you know. And it is important to appreciate. It's a little bit of the inside baseball piece.

But there is a really compelling dynamic between the regulators and Congress, not just because the regulators we're talking about have to all get confirmed by the Senate, but generally speaking, and Commissioner Bowen and Commissioner Black can attest to this, you go through the process of meeting with senators and their staff, you're going to hear things behind closed doors that are brought to your attention. Sometimes there are very specific assurances that senators and their staff seek from nominees to these regulatory bodies. And those come out in the course of hearings.

And then when those same regulators return to the Senate or the House and hear questions, that kind of sort of gives them their work plan in a way. Not entirely, but, you know, if you know you're going to go in front of a hearing, and, Aaron, you've prepped enough people in your time to appreciate this, you anticipate what questions are we going to get? But it's very simple sometimes if you know in your confirmation process you got a question on the racial wealth gap, for example, then you better believe that when you next return to the Senate or the Financial Services Committee, you better be ready to answer that.

And one very clear case where it's not entirely the regulatory space, but it's very relevant to the COVID pandemic. And the CARES Act which Congress passed, $3.4 trillion, to address the health and economic problems related to the COVID pandemic created a panel, the CARES Act Commission. It's a bipartisan panel, five people appointed by each leader, the Speaker and the Majority Leader of the Senate have to appoint the chair. They have not yet agreed upon somebody and I would not invite you to hold your breath to do so; I'm no sure that's going to happen. But the four leaders picked each person. And these are very competent, committed servants, but there's not an African American on there. There's not a Latino/Latina, not a Native American. Okay?

Now, I will not for one minute assume that well-intentioned White people cannot find it in them to pose certain questions, so I'm not going to assume that without diversity you won't necessarily get a focus on certain policies. But I think it bears mentioning that what have we seen so far? That panel puts out a report each month and they have hearings. And by the way, they're resourced and they're going to be doing this until September '25, 2025. That's how long this will be in motion.

In the first three reports there were 56 questions that the panel gave to Secretary of Treasury Steve Mnuchin and Fed Reserve Board Chair Jay Powell to answer and to sort of guide their thinking. Of the 50+ questions, there was not one, not one question, that specifically related to issues of importance to people of color, you know.

Now, for anyone keeping track at home, I think there are a handful of things that might have made sense to remind the chair and the Secretary that there's this little thing called the racial wealth gap, where a typical white family has anywhere 10, 11, 12 times more wealth than a typical Black family. Is that exacerbated by this pandemic? We would like to see you pay attention to that. Give us some strategies. What should Congress be doing? That might be a question.

Are typical African Americans more likely to rent than own their home? And the CARES Act has some renters provisions in there, but is there more that we need to do? The PPP program that allowed small businesses to get access to resources, it was very clear that Black and Brown businesses were struggling to get access to it.

Now, the CARES Act panel is overseeing the $500 billion that Treasury's putting out the door and the various Federal Reserve liquidity facilities. That's the scope of their charge, not anything else, so not PPP. However, if seeing the experiences of Black and Brown businesses with PPP might -- as they deploy the $500 billion, what assurances and protections are you going to put in place, Secretary Mnuchin, to make sure we don't see those?

Those are all pretty plausible questions. Right? I mean, those are not far afield. They're not crazy. They're not kind of fringe, you know. And we didn't see anything like that in those first three reporters. And I'll be blunt. If there a Black person on that committee, on that panel, you would have gotten one or some version of one of those questions.

And there's a simple solution here. Congress is, hopefully, likely to pass a follow-on COVID pandemic package to address a lot of the problems that we're still seeing. They can add. There's nothing saying they can't amend the CARES Act and add more diverse voices on this. But the very reality that we're seeing is that these voices are not in the room and these questions are not being posed.

And by the way, what that leads to is, well, you know, hey, if you're Powell or you're Mnuchin, maybe these aren't that important, you know. Let's go on to the next topic.

DR. BRUMMER: And I do --

MR. KLEIN: Chris, I'm going to let you have the final word here because Senator Brown has joined us as we've gotten to the point. But, Paul, you're right. In fact, I don't believe there was an African American member of the congressional oversight panel for TARP either. So, this is not a --

MR. THORNELL: There was not. There was not. Not an African American, not a Latino over the three years they were doing work.

MR. KLEIN: Chris?

DR. BRUMMER: No, I just wanted to -- well, first of all, thank you, Aaron, and everybody on this panel for just taking the time, as well, for Chairman Waters and for Senator Brown. But I did want to highlight this question.

You know, the questions we ask of our both regulated entities as regulators, right, can have that same similar impact that Paul's identifying when it comes to oversight committees. That when regulators, when people who are in authority are asking questions that have relevance to the African American community, even the private market participants are much more likely to be responsive to those questions.

And so, you know, what we need to have and what there needs to be -- you know, if we're really serious about the racial wealth and income gap is to make sure that those questions are being asked all the way down to our nominees, who are coming before the Senate, to the people who once confirmed are serving and when they come back to policymakers and political actors where questions are asked about the decisions they've made pertaining to the African American community about the hiring they've done once they have attained power.

And then, obviously, those regulators themselves should be vested with a responsibility and an expectation that they're going to ask similar questions relating to African Americans, to the Latino community, those who have been traditionally, again, most underserved by our financial services industry, I mean, to ensure that there is a broader swatch of Americans who are able to participate in our economy.

People forget when we talk about financial regulation, we're literally going to the heart of the capitalist system. And if we don't have African Americans who are participating in the conversation about what capitalism should look like, we can't be surprised when those outcomes are as poor as we often, unfortunately, see.

MR. KLEIN: Thank you very much. Thank you, Dr. Brummer. Thank you, President Kashkari, Commissioner Bowen, and Commissioner Black, Mr. Thornell. Thank you all very much for joining us.

And I'm going to turn over the floor and introduce, it's my great honor and privilege to introduce Senator Sherrod Brown. Senator Brown is the ranking member on the Senate Banking, Housing, and Urban Affairs Committee. A lifetime Ohioan, he's served in both the House and the Senate, always serving the people of Ohio, always serving middle- and working-class Americans throughout this country, not just in Ohio.

A longtime champion of civil rights, inspired by his faith, Senator Brown co-chaired with the late great Congressman John Lewis the congressional delegation to commemorate the 50th anniversary of the March for Voting Rights in Selma. In fact, I believe he made that pilgrimage to Selma for the fifth time in 2019.

Senator Brown in his role as ranking member on the Senate Banking Committee plays just an important and critical role in the nomination process, in the legislation process, and in the process of inspiring of a more just and fair financial regulatory system and financial system for all Americans.

Thank you very much, Senator Brown, for sharing your time and your thoughts with us here today.

SENATOR BROWN: Aaron, thank you. It's an honor to be here. It really is an honor. And I just got to listen to the conversation a moment ago and particularly was taken, as I always am, by the comments from my friend Paul Thornell, who has such insight. And he has been dogged in his perseverance in pushing people to do better in this institution where I work and others in Washington. So, thank you.

I'd like to thank Professor Brummer for his thoughtful paper. We had a detailed, lengthy conversation not too long ago. We shouldn't need research like Professor Brummer's paper to explain the obvious, but his work makes clear that much, much more needs to be done. So, thank you, Professor, for that.

I want to highlight Chair Waters work on the Financial Services Committee. She's been both a friend and in many ways a mentor to me. I was not on her committee when I was in the House, but working closely with her since has given me a lot of insight into a lot of financial services issues. I particularly appreciate her creating the first Diversity and Inclusion Subcommittee.

Professor Black, thank you for serving on the panel. Just a moment ago, I note he's an Ohio State alum.

Minneapolis Fed President Kashkari, whom I met 10 years ago, during all the Bush bailout issues. And he hails also from Ohio.

And former Commissioner Bowen, thank you for your work when you were a regulator, and the work we could do together.

I mentioned Paul and Aaron and Brookings for hosting this event, thank you.

The job of financial regulator is to oversee our economic system. We often try to stay away from that word "regulator" because it sounds stuffy, it sounds opaque. People outside of the kind of people that are watching this and understand these issues and involve themselves regularly don't. Most people don't really know what it means, a special regulator, when it comes to finance.

What we mean when we talk about regulators is the public servants who are charged, that we hire, to be good stewards of our economy. It requires seeing our economy as it actually is. These regulators are not overseeing some theoretical academic model of a perfect market. They should take into account all the power imbalances of play between workers and corporations, something they don't do nearly as often as they should. They should be acknowledging that families measure the economy a lot differently from the way the president measures it through the stock market, a lot differently from the way that Wall Street measures it. They should be clear-eyed about how this evils of racism have been woven into our economic system since the beginning.

When we don't have people overseeing our economy who actually reflect the people who participate in it we're far less likely, as Paul so well pointed out in his last comments, we're far less likely to get solutions and actually address the issues that most Americans face, certainly the issues that Black and Brown people face.

It's not a coincidence that for most of our history the Treasury, the Fed, the FDIC, the SEC, the OCC, all these institutions, they're made up predominantly of White men. We've had an economy that has concentrated wealth at the very top and has failed to meaningfully make a dent in the wealth gap between Black and White Americans.

We can't rely on the market to sort it out. It never has, it never will.

The good news, if there is much good news in today's world, is this pandemic has been, to much of America, it's been the great revealer. It has revealed racial disparities of income inequality.

It's revealed racial disparities in our justice system, in housing from Black codes to Jim Crow to redlining to the discriminatory policies being locked in by Trump regulators. It's revealed the issues of racial disparities in infant mortality, child mortality, life expectancy. It has revealed racial disparities in a way that much of White America's finally paying attention to.

You couple that with the videos, a new video once a week of another Black man shot by police, coupled with the fact we have a racist President of the United States, and White America's paying much more attention, I believe, than ever in my lifetime. That's the good news.

The bad news, it's still not enough and not enough of us, but we persevere.

And as I said, we can't rely on the market to sort itself out. It's not a coincidence that White men in charge of our economy have had no problem intervening in the market to save corporations. And the leaders of those corporations are mostly people that look like me. Whenever we try to correct for centuries of racism, they say, oh, no, we can't have government meddling in the economy, that wouldn't be right.

Let's be clear. Governments always intervene in the economy. It's only a question of whom it's intervening on behalf of, whether it's corporations, the wealthy, the privileged, which it usually is, or is it the people who make the country work? During this pandemic it's become clear that those who make our economy work are so often Black and Brown workers and more likely to be women.

I was speaking to a -- we've all done, everybody on this call has done all kinds of Zoom calls and meetings and conference calls and all. And I was talking to a grocery store worker in Southwest Ohio. She said, you know, they called me. They say I'm essential, but, you know, I really think I'm expendable because they don't pay me much and they don't protect me at work.

We know that. We also know that essential workers are more likely to be women than men. They are disproportionately African American and Latino. And they're generally not paid very much. These are the essential workers, people you only notice, if you're not paying attention, people you only notice if they don't do their jobs.

We're in danger. That's to me where we start when we talk about the dignity of work.

And it's not white workers and Black workers, it's all workers. It's people that punch a clock or swipe a badge. It's people that work for tips. It's people that care for their aging parents. It's grandparents raising grandchildren. It's everybody and the dignity of work.

When you love your country, you fight for the people that make it work. And the people, the essential workers, I think, as you talk about this pandemic, you start with them. And, again, mostly women, disproportionately people of color.

We're already, though, in danger of seeing a repeat of 2018, when government intervened to help banks and corporations. They were all too happy to take the bailouts, no complaints of government handouts there. In fact, to many it was considered patriotic. But millions of Americans were left behind then, losing jobs, losing their homes, getting paid less.

I'm calling you from Cleveland, Ohio. My wife and I live in ZIP Code 44105. This ZIP Code in 2007, I think Neel knows this, this ZIP Code in 2007, the first half of that year, had more foreclosures than any ZIP Code in the United States. And the damage from that still stands. It's still with so many people in this neighborhood, including Slavic Village in Cleveland, Ohio.

We know middle-class Black and Hispanic families lost half their wealth from 2007 to 2013. Middle-income Black household wealth was 63,000 in 2007; by 2016, it was 38,000. Many of us fought for more stimulus for people who make the economy work, and Wall Street and its allies in Washington called that a handout, that a bailout, called it government meddling, called it market -- I love when they say market -- when a bunch of gazillionaires that work around here call it market interference.

We're seeing the same thin today. Big corporations are roaring back. Look at the stock market, the number of Americans out of a job, it's 20 million at least. President Trump and Leader McConnell allowed -- essentially they took $600 away from 600,000 Ohioans who have lost jobs. And those 600,000 Ohioans were disproportionately people of color and women. And those 600,000 Ohioans were, many, many, many of them, in moderate- and low-wage jobs.

With no steps taken to actually ensure the money the Fed's lending goes to workers, Treasury and the Fed reinforced the iniquities -- inequities, perhaps iniquities, too, between workers and

Wall Street and between Black and Brown communities and white communities. After this pandemic, we can't just return to business as usual, not when that always seems to mean government intervention to put its thumb on the scale for corporations and stockholders and the free market for everyone else.

To keep us from repeating mistakes of the past, we can't put the same old people in charge. We need people who actually reflect the diverse workforce that makes our economy run. That means we need to see diverse nominees for senior positions in the next administration. It means more diversity and committee hiring around the Senate and House. It means more diverse hiring in individual offices around the Senate and the House.

Now, if the Democrats take the majority in November, I'll become chair of the Senate -- people refer to it as the Banking Committee, I call it the Housing and Banking Committee. It's going to be a priority on this committee, diversity. One of the most important things we can do is govern through the eyes of workers. If you don't have Black people at the highest levels of economic decision-making at financial regulatory agencies and Congress on congressional staff, you're simply not doing that.

We've made an effort to do that on our own committee staff. Senator Democrats have made a caucus-wide effort. Not enough progress yet, but significant progress. Senate Democrats launched the Senate Diversity Initiative. It publishes annual reports, serves as a resume bank, helps offices with hiring diverse candidates. A number of you on this call both pushed for that and have been very helpful in carrying it out. We have a long way to go. We'll continue -- we need to continue to do better as a caucus. My pledge, like Maxine's pledge, is much more diversity in this institution in the years ahead.

I'll close with this. I was asked by Senator Jones to share the floor with him and I believe four or five other U.S. senators to read back, a couple of months ago, to read Dr. King's "Letter From a Birmingham Jail." And we each took a section of it that we wanted to read, and I took the section that includes perhaps now my favorite Dr. King quote. At least it's my favorite quote in the last few months as I thought more and more about it.

Dr. King said, "Progress never rolls in on the wheels of inevitability." He was at the time talking about, you know, the moderate White ministers in Birmingham and in Alabama and the South generally and in the North, too, for that matter. But he said, “Progress never rolls in on the wheels of inevitability.” That’s really the purpose of my speech today. That’s the purpose of this conference.

The reason that you’re all on these panels and you’re all watching is it’s up to us to make sure. That’s what Professor Brummer’s doing with his work. He’s making clear what too many have ignored for too long. If Black and Brown people don’t have a say at the agencies that govern our economy, the economy isn’t going to work for everyone. To make progress on economic justice we need real systemic changes. I look forward not just to continue this conversation together, but to show real progress, real action, real change in the weeks and months and years ahead.

So, thank you so much, Aaron, for inviting me and for all of you for listening. Thanks so much.

MR. KLEIN: Thank you very much, Senator Brown. Thank you for those inspiring words. I think we’ll close here on that great note. Think about that thumb on that scale and think about the color of that thumb and whether that thumb represents all of the colors of America or not.

Thank you very much for joining us and please read the new report by Dr. Brummer published here on the Brookings website and through the Brookings Center on Regulation and Markets. Thank you very much.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

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