

***EMBARGOED UNTIL
10:10 A.M. U.S. Eastern Time on
Monday, Oct. 4, 2021 – OR UPON DELIVERY***



***“Understanding Racial Disparities Is Essential to the
Federal Reserve’s Full Employment Mandate”***

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*Welcoming Remarks at
the Federal Reserve Bank of Boston’s
64th Economic Conference, entitled
“Racial Disparities in Today’s Economy”*

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Good morning, and thank you for joining us for the first of two economic conferences to be hosted by the Boston Fed this fall. We had hoped by now we would be able to hold this event in person; but public health trends had other plans, and made it advisable to hold the events remotely. But, we are grateful to all our participants, speakers, and audience members for joining us to discuss, dissect, and analyze a vital topic – racial disparities in today’s economy.

I appreciate the Bank’s research leaders for putting together another rigorous, analytical, highly relevant economic conference, the 64th held by the Bank over many years, exploring important economic issues. And I appreciate the opportunity to say a few words as we open the conference.

The Federal Reserve Bank of Boston has long been engaged in studying gaps in credit, employment, and wealth – across race, ethnicity, and gender – with an eye to policies and actions that can make a difference. More than three decades ago, the Bank’s research department contributed groundbreaking work on racial differences in home mortgage lending. That initial research led to a large body of rigorous academic work that was subsequently published in leading economic journals, and also led to important policy actions.

More recently, we at the Boston Fed have done studies focused on racial and ethnic differences in wealth. And we are proud to be one of three Federal Reserve Banks that initiated the *Racism and the Economy* event series that now has the participation and sponsorship of all twelve regional Reserve Banks, and has seen the participation of tens of thousands of interested individuals across the country.¹

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I mention these efforts in order to emphasize the Federal Reserve Bank of Boston's continued commitment to this vital exploration. While this work and interest is not new to the Boston Fed, it is important to hold a rigorous and analytical economic conference focused on racial disparities in the economy, at this time. As we have learned from the discussions in the Federal Reserve System's *Racism and the Economy* series in recent months, the lamentable fact is that differences in racial, ethnic, and gender outcomes remain large in the economic data – particularly in the areas of employment, credit, wealth, education, and health. Even more sobering, for us as a society, is the fact that these persistent differences in the data have not lessened since the Boston Fed's research first described disparities in mortgage lending practices 30 years ago.

Consider these striking statistics: over the past 35 years, the Black unemployment rate has exceeded 10 percent *for 60 percent of the time*, spending roughly 21 years at over 10 percent. At the same time, the white unemployment rate exceeded 10 percent *for just 3 months*, in 2020, at the outset of the pandemic. The persistence of these gaps also underscores why it is so important for the Federal Reserve to conduct research on economic racial disparities if we are to achieve the full employment component of our “dual mandate” from Congress.² I'll say it again: understanding racial disparities is essential to the Federal Reserve's full employment mandate.

Over the next few days, we will have many terrific presenters – as Jeff mentioned – sharing their research on racial disparities in labor market outcomes, in education, in housing, in wealth, and in criminal justice.

We will begin, however, with a keynote presentation, further setting the stage for much of the discussion that will follow.

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And it is my pleasure to introduce our keynote speaker, Dean Kerwin K. Charles, of the Yale School of Management. Dean Charles’ research focuses on earnings and wealth inequality, conspicuous consumption, race and gender discrimination in labor markets, the intergenerational transmission of economic status, worker and family adjustment to job loss and health shocks, and the labor market consequences of housing bubbles and sectoral change. He is the vice president of the American Economic Association, the vice chair of the nonpartisan and objective research organization NORC at the University of Chicago, a research associate at the National Bureau of Economic Research, and an elected fellow of the Society of Labor Economics – among other key affiliations.

Thank you all for joining us today, and please join me in welcoming Dean Charles.

¹ For more, see: <https://www.minneapolisfed.org/article/2020/racism-and-the-economy-series-launched>

² The Federal Reserve’s dual mandate provided by Congress is to “promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates.”