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113th Year
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Lisa D. Cook
Professor of Economics
and International Relations
Michigan State University

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Webinar

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Dean Emeritus, New York University Stern School of Business

Introduction

Good afternoon. This is Barbara Van Allen of The Economic Club of New York, President, and we will get started in exactly one minute. Thank you.

Vice Chairman Peter Blair Henry

Welcome to the 556th meeting of The Economic Club of New York in our 113th year. I'm Peter Henry, Vice Chairman of The Economic Club of New York and Dean Emeritus and W.R. Berkley Professor of Economics and Finance at the NYU Stern School of Business. With a distinguished history since 1907, The Economic Club of New York is the premier forum for discussion on a wide range of issues facing New York City, the United States, and the world. Our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation. We proudly stand with all communities seeking inclusion and mutual understanding.

During these challenging times, we've prioritized our efforts on diversity and inclusion to bring together the best and brightest minds and subject matter experts to identify the dimensions of racial inequity and highlight approaches and practices to eliminate them. We will be sharing strategies, programs, resources and business practices that the business and academic communities can leverage to drive positive change in a

measurable way. We're not doing this work alone and would like to thank our corporate partners – Bloomberg, MasterCard, PayPal and Taconic Capital as well as the many members, speakers and subject matter experts that will be involved.

I'd like to take a moment now to recognize those of our 312 members of the Centennial Society attending today as their contributions continue to be the financial backbone of support for the Club and enable us to offer our wonderful, diverse programming now and in the future. Thank you, Centennial Club.

Through our efforts in connecting with and encouraging the next generation of business leaders, we welcome members of the ECNY 2020 Class of Fellows as well as graduate students from the NYU Stern School of Business and Zicklin School of Business at Baruch College.

It is an honor for me to introduce my friend, my colleague and our special guest today, Lisa D. Cook. Lisa is Professor of Economics and International Relations at Michigan State University. She was the first Marshall Scholar from Spelman College and received a second B.A. in Philosophy, Politics, and Economics from Oxford University. She earned a PhD in Economics from the University of California at Berkeley.

Lisa is the author of a number of published articles, book chapter, and working papers.

She's on the Board of Editors of the *Journal of Economic Literature*, one of the flagship journals of the American Economic Association. In 2019, Lisa was elected to the Executive Committee of the American Economic Association and was also awarded the Impactful Mentor Award for mentoring graduate students by the American Economic Association Mentoring Pipeline Program. During 2011-2012, she was on the White House Council of Economic Advisors under President Obama where she worked on innovation, the euro crisis, and small business. If all of that was not enough, Lisa speaks several languages including English, French, Russian, Spanish, and Wolof. I don't think there have been many people on this program who speak Wolof.

The format today is a conversation in English, because that's the only language that I speak with any proficiency, and which I'm fortunate to have the honor of leading. We're going to end promptly at 2:45. Any questions that were sent to the Club from members in advance were shared with me and this event will also take live questions towards the end of the program. At that time, if you have a question, please use the raise hand feature on Zoom and we will call on you. As a reminder, this conversation is on the record as we do have media on the line.

Conversation with Lisa D. Cook

VICE CHAIRMAN PETER HENRY: Lisa, welcome to The Economic Club of New York.

LISA D. COOK: Thanks so much for that very generous introduction, Peter, and thank you, Barbara, for the invitation to speak to The Economic Club of New York.

VICE CHAIRMAN PETER HENRY: Well, Lisa, it's great to have you here. I want to jump right in because I know that there are lots of things you've been thinking about and people want to hear what you have to say. So let's start kind of with the big picture, Lisa. During your career, you spent a significant amount of time in Washington working on a wide range of issues – financial and economic crises and recessions in particular. So we're in the midst of an unprecedented recession, what are your views on the current one that we're experiencing?

LISA D. COOK: So that's a good question. Every financial and economic crisis is different. And, as we know this one is already different from the Great Recession. It certainly started differently and it has manifested itself with such incredible speed that it makes itself different from any other recession that I've studied. One thing that has to be done in response to this crisis is a lot of fiscal policy. So a lot was done on the monetary policy front at the very beginning. It was done very quickly. Congress acted fairly quickly. That was great to see.

Having been at CEA, at the tail end of the Great Recession but when unemployment was still very high, having been on the Obama transition team with you and others, at

the beginning when it was just hitting, we got some initial fiscal stimulative policy and then it stalled, and we know what happened that led to a stalling of the economic recovery. And we're seeing that again. And I think that that is worrisome.

We need fiscal stimulus to states, for example, and local governments to make up for all of the budget cuts that they have to do. They have to have a balanced budget unlike the federal government and teachers and other people are going to be let go. They were let go in the last recession and they will be let go as well, other public service employees. And that's going to prolong the crisis because, of course, not only are they used for public services, they consume things. So that's a big issue. I really hope that we can get a second stimulus passed. And this is something that the Federal Reserve has been asking for too, for fiscal policy to kick in. So I think that's where we stand and I hope it comes soon. There are a few deadlines coming up. A lot of people will face eviction at the end of September if more is not done. So I am certainly hoping that the speed that we saw with the last recession is not matched in this one in terms of a response and the recovery being prolonged.

VICE CHAIRMAN PETER HENRY: You made a number of interesting points, Lisa. One of the things that really struck me about what you just said, which I think may have gotten, may go by some of our audience members, is the Federal Reserve is actually championing the cause of fiscal stimulus. And if you think traditionally about monetary

policy and fiscal policy, I think – to your point – in some ways it really underscores just how dire the Fed thinks the situation is that it's actually weighing in on fiscal policy. Have you ever seen that before in your career, Lisa?

LISA D. COOK: I've never seen it before and it is extraordinary, and I would agree with Jay Powell and other officials at the Federal Reserve. The Federal Reserve is doing much more than it typically does. It has been creative and coming up with mechanisms to try to combat the crisis and its effects and fiscal policy is where the action really is with respect to direct payments to households or even with respect to how that money is gotten to households.

As you probably know, I had this mobile money proposal at the beginning of the pandemic to try to get Americans money fast. Just because we have fairly antiquated systems, no crisis should ever not go, used well, and this would have been an opportunity to upgrade some of those systems, a lot of which have been tested in the past by other payment systems outside the Federal Reserve, but in conjunction with the Federal Reserve, like Zelle, the Zelle payment system. This is something that we really have to take seriously, that the burden is now squarely on the shoulders of Congress and the administration.

VICE CHAIRMAN PETER HENRY: Lisa, can you tell us a bit more about your mobile

proposal because I think it's a really important point. We're thinking in general about innovation at ECNY and you suggested a very innovative approach to getting payments to consumers. Can you talk to us a bit about your proposal?

LISA D. COOK: Yes, yes, absolutely. We received in 2018 a message, an emergency alert message from President Trump, and everybody with a cell phone received that. And that meant that for many different payment methods, we could actually get people money this way and all it would take would be simple enrollment in a platform – a web-based platform – asking for three or four bits of information. Make it very simple, very quick. And we didn't have a proof of concept at the time but there had been a lot of experimentation beforehand, a lot of coordination with the Federal Reserve, at least on one platform, Zelle as I mentioned.

And the proof of concept was Canada setting up such a web portal. And they were processing their claims, people had money in their accounts within 36 hours. I was following this very closely when it was set up. And they were processing hundreds of thousands of claims in a very short amount of time, such that they could achieve the goal of getting people money within a day or two. And we can do that, we have the resources to be able to do that. And what I was suggesting was merging the cell phone data with IRS data and with other data so that we could just send people money and have them take this one simple step.

Now, we would have to use something else for the un-banked. This was mainly for those who were very mobile and, you know, a lot of students were sent home, for example, so they may not have addresses. There are people who don't file taxes. So there are lots of things that we could do for the people who had better access to mobile phones. There's extreme mobile phone penetration – 80% to 95% – depending on the category, the age group, the income group. Many people have cell phones. And often these payments don't take a very sophisticated smart phone. They just take a cell phone. There's not much that one needs to be able to use these platforms. So I was just trying to get money to people as quickly as possible. This wasn't exactly a digital currency. A digital currency would be the next step and that's something that I've been thinking about as well. But what I was really proposing was speeding up the process with a very, very simple mechanism.

VICE CHAIRMAN PETER HENRY: Let's go into digital currency in a second, but going back to the Canada example you mentioned, it's very interesting. Do you have any sense at this point whether the quicker effects, sort of the quick ability to get stimulus to consumers in Canada has had a differential impact in Canada versus in the U.S.? Any sense of that at this point?

LISA D. COOK: Not exactly. So what we have to look at more of the household effects, and I don't have good data on, and I'm not even sure they have a pulse survey like we

have, one that checks in with families on a weekly basis. And that's where you'd want to see it. I think that the other effects, so they had a multiplicity of policies, as European countries did and as we did, so it would be difficult to attribute one thing, let's say one intervention to say GDP growth or the decline of GDP. They had a similar drop to ours in the second quarter. So it would be difficult to see that, but I think it's worth investigating. That's something that I'd like to see as well.

VICE CHAIRMAN PETER HENRY: And your point, thinking about digital currency, I mean do you think that this ability to use essentially mobile payments to get cash to people could be used more broadly? For instance, monetary policy. Have you thought about these issues?

LISA D. COOK: I have thought about them. And I've thought about them in the context, not just of mobile money but in the context of, say emergencies in other countries, other countries that didn't have quick access to dollars, who weren't part of the eurozone, for example, and could participate in the currency swaps that had been organized by the Federal Reserve and coordinated with other central banks. There are times, for example, during a recent Greek crisis, when there wasn't access to euros for Greek residents and their payments were frozen. This is a way to potentially get around that, for them to have a currency that is usable.

But not all digital currency proposals, I think I am on board with. I think about the extraordinary cases right now. I know the Federal Reserve is considering this so I'd like to hear more in terms of execution. And certainly my ultimate goal, when I was looking at this, when I was at the White House, our ultimate goal, my ultimate goal, the Federal Reserve's ultimate goal would be to get rid of paper. It is still costly to process checks. And what we'd like to do is to have as few checks going to, say the elderly, going to those who are on trust fund programs as possible. And I am frankly surprised that we still have so many checks in the system. But that would be helpful to get more efficiency, more cost savings in the system.

VICE CHAIRMAN PETER HENRY: And speaking of innovation more broadly, going from just sort of financial innovation, your research on innovation, Lisa, has received a lot of recent media attention. Could you talk a bit about your work on innovation and economic growth that's been so much in the news lately?

LISA D. COOK: Well, one of those papers was related to the Emmys last night. Watchmen, HBO, was one of the big winners last night and that is closely related to my research. My research looks at...

VICE CHAIRMAN PETER HENRY: If you could just tell the audience, just tell them what the Watchmen is about.

LISA D. COOK: Oh, right, sure, sure. It's a series on HBO that had a setting that incorporated the Tulsa massacre of 1921 into it. It was a racial massacre in Tulsa, Oklahoma. And it shows up in the data when I start looking at economic activity. So I look at the impact of violence, different types of violence on innovation, particularly on patents. And that says to me something about what would happen to economic growth, what would happen to economic activity. And I look at the historical experiment of violence happening to African American inventors and not happening as much to other inventors in the United States.

So I look at patents from 1870 to 1940. And what we find is that violence can have a serious and lasting impact on innovation. I find that 1,100 patents are missing that would be the size of a medium-sized European country at the time, which would be huge. And I also find that 1899 is the peak year per capita for innovation for African Americans. And to me that is still stunning. And I did this calculation using 2010 data as well. It's still the peak year for African American per capita innovation. So that tells us, the broader lesson and the cautionary tale is that all types of violence can have an impact on economic activity. And if you can stop it, if you just stop it from the beginning, you really should try your very best, all countries should try to do this, and I think it has a contemporary application. I started it because of work that I was doing in and on Russia. I was working on the Russian banking system at the time when this question actually came into my head, and often when I'm talking about it, Russians or Ukrainians or

people from China, where the rule of law might not be protected in the way it has been protected in the U.S. So I am grateful for the Planet Money podcast and other attention it's been receiving.

VICE CHAIRMAN PETER HENRY: I think just to put a point on it, I mean what you're saying is that the impact of violence on particular racial ethnic groups within a country doesn't just have an impact on economic activity of those peoples, it has a negative effect on the economy overall. Is that right?

LISA D. COOK: That's right. That's right. That's right. And my more contemporary research actually makes that clear. So I estimate that 0.6% to 4.4% GDP per capita could be 0.6% to 4.4% higher if more African Americans and women, and I would imagine all other groups – those are just the two that I've measured – participated in the innovative process. So it's not just those people who would benefit from participation in the innovation economy, but everyone. Standards of living would be higher for everyone in the economy if there were more participation by them.

VICE CHAIRMAN PETER HENRY: So addressing safety and well-being of all citizens in society is not just an equity issue, it's an efficiency issue.

LISA D. COOK: Absolutely. That's right. Absolutely, well said.

VICE CHAIRMAN PETER HENRY: I think it's a very important point and I think that's one of the reasons why your research has been receiving so much attention. It's fundamental for those of us who care about raising standards of living for everybody.

LISA D. COOK: Right, right, absolutely.

VICE CHAIRMAN PETER HENRY: So, could you talk a bit about, you've been doing some work on STEM and STEM-related research, STEM fields, could you talk a bit about that, Lisa?

LISA D. COOK: Yes. One thing that I do in my research is to divide up the innovative process into three parts – into education and training, which means typically but not exclusively, training in STEM fields, then the practice of innovation so participating at a governmental lab or at a research lab within, say a pharmaceutical company, and then the commercialization of invention. And those three stages behave very differently. There are different statistics in each one. And what we find is that income inequality can grow and be sustained in the first two, with respect to education because STEM fields and those who are participating in the innovation economy – again, not everybody needs a PhD in electrical engineering to participate in it.

I was speaking to a person who had PhD in political science who was at Google, who is

at Google, recently and I think that the critical reasoning skills that are needed, the creativity that's needed comes from many different quarters. So you have salaries that are higher in the innovation economy. What we also find is that unemployment is lower in the innovation economy.

And with respect to commercialization of invention, it's not just income inequality. This is where you see all of the IPOs and other ways of commercializing invention. You notice that you can have tremendous gaps in wealth. If we look at the top, the richest people in the world, for example, and what industry they're associated with, most of them are associated with the innovation economy. Most of them are tech firms. So this is something that is quite important. It's not just tech firms that are in the innovation economy, but this is just one indicator.

And what we know is that 5% of VC funding goes to women founders and 1% goes to African Americans and 0.2%, .2% rather, goes to Black women. So we really have some room to grow, some room to improve with respect to that one metric of commercialization. I understand that it's a narrow measure, but it's just one measure.

VICE CHAIRMAN PETER HENRY: I think your point on the connection between innovation and wealth is also interesting. I saw a study recently that talked about the correlation between basically, you know, kind of individual wealth and sort of, you know,

kind of the economic security that go into sort of the start-up world. And I wonder whether you've looked at all at, basically you talked about these shocks that hit certain communities because of racial violence and these have particularly large wealth effects over time on these communities. I wonder whether that's also a part of the lower rates of innovation that end up coming out of these communities over time based on this negative wealth effect.

LISA D. COOK: Absolutely, absolutely. There are 50 White entrepreneurs for every Black entrepreneur in the country. So if you think about this as being a pathway to the middle class, a pathway to wealth accumulation, there's going to be a big gap between the two. And the resources available from, let's say from lines of equity for example, if there's any discrimination in banking, there may not be the resources available to start a business that others might have. And there is certainly –and I'm not the first person to point this out – there's a large literature on this with respect to systemic racism and lending. And we see that even with the PPP rollout, the Paycheck Protection Program, and the CARES Act. If there is, there was from the very beginning differential access to banking resources and this just exacerbated that because we rely on the large banks for executing the PPP.

VICE CHAIRMAN PETER HENRY: So if you think about, kind of the full kind of context of your research, Lisa, these historical events have had negative effects, wealth effects

that accumulated as a result of that, and just the entirety of the work that you've done, what are some policies that you think can actually help to address this really important efficiency issue? The fact that basically U.S. GDP is lower than it would otherwise be if we didn't have these incidents of racial violence and ongoing discrimination.

LISA D. COOK: I have two answers to your question. One comes from the work that I've been doing with the American Economic Association to diversify the profession. And one thing that I certainly understand from our climate survey and subsequent recommendations, best practices, for example, that we've put forward, is that we've got to change the climate for people to participate fully in any workplace. Whether it's in economics or in tech, we've got to make it welcoming. That's where you get the free-flow of ideas when we make it welcoming to anybody.

And no one has a patent, no one group has a patent on creativity. No one group can predict where ideas are going to come from. They can come from any quarter. And I want to make sure that we're maximizing the number of ideas, the rate of arrival of ideas, and those ideas can come from anywhere. So I think one thing that we absolutely have to address no matter what the proposal is, is workplace climate.

And the reason I bring up the economics profession is because many tech companies are hiring us economists and what I don't want to do is to take what's been identified as

elements of our toxic culture, or blind spots, even blind spots, say related to the census. Trevon and I couldn't originally find – in our work on Black names – we couldn't originally find our grandfathers in the census, not in the years we were looking, not originally, and then we found our grandfathers. But it just shows you, and this is well documented that African Americans are underrepresented in the census. So what I don't want to do is for us to take our blind spots to another field and have those blind spots amplified. So I think workplace climate is absolutely paramount.

I think we also need to count the people who are, we need to have demographic information on the people who are engaged in patenting. So I am extremely grateful that two pieces of legislation have been crafted based on my research – the Success Act which was passed in 2018 and the IDEA Act which is being considered now. And it directs the U.S. PTO to get an accounting of who is actually participating. And, as I said, I think that from my calculation women and underrepresented minorities are not participating at the levels that we should see and that would help raise living standards in this country. So I think specifically about those two proposals as being ones that can be pursued systematically and for which we need to be held accountable by the federal government and other entities, stakeholders, stockholders, management should be held accountable.

VICE CHAIRMAN PETER HENRY: So we have to make sure we know who is actually

in and who is out in terms of participation. That seems like a very important point. It seems like an extension of your, almost of your census point. We've got to count people. But going back to your point about climate, how do we, what are some tangible things that you've thought about that we can do to actually change the climate – both in the economics profession which has gotten a lot of attention recently but also have you thought more about how to change the climate in the business workforce, innovation, sort of hubs in particular?

LISA D. COOK: The first thing is that, the first lesson that we know from first principles, Peter, is that people respond to incentives, right? And if managers were held accountable for this, then things would happen. It has been mandated, for example, that every company that is publicly traded, I believe publicly traded, in California has to have a woman on its board. And this is something that they've done in Europe and, you know, the sky hasn't fallen. We can do the same for underrepresented minorities. And what we know from the literature is that there can't just be one person in one part of the ecosystem that is pressing for diversity and inclusion. There have to be people at every single stage and the role modeling effect is just tremendous in the innovation economy.

And it's the same way, say in banking. I think more strides have been made in banking. We've had a CEO who is African American, for example, of one of the largest financial institutions – American Express. Now, you know, I'm not going to give undue credit to

my cousin, Floyd McKissick, but he was out marching, you know he was one of the speakers on the March in Washington. I'm sorry...

VICE CHAIRMAN PETER HENRY: Never give credit to the family, right?

LISA D. COOK: No, that's right, never give credit to the family. But he was, and he also, I mean you went to UNC, he integrated UNC. He was one of the students to integrate UNC. He integrated the law school. But he was arguing to commercial banks in New York who hadn't allowed African Americans to get into banking to become a part of that closed network. It was typically, they relied on, especially Ivy League networks, and there weren't African Americans in the Ivy League. So someone thanked me two years ago, this person in his 80s thanked me – he shouldn't have thanked me – unfortunately my cousin, Floyd McKissick, is no longer alive. But he argued for their participation in this and this opened the doors for many bankers in the future to take advantage of that. And, of course, that expanded to investment banking and so on. So in that sense, representation actually does matter.

VICE CHAIRMAN PETER HENRY: And to underscore again a point that you've been making over and over again in this talk is the connection between having more diverse inputs and getting better economic outcomes. So the late Kathy Phillips who was a professor at Columbia Business School and a personal friend, an African American

woman, showed repeatedly that diverse teams in a number of settings, whether it be management teams or board teams or workforce teams, outperformed non-diverse teams. And so just to underscore your point, this is not just, so diversity and inclusion, as good as it is to do that for equity reasons, in some sense the most pressing reason to do it is for efficiency reasons. It just drives better outcomes.

LISA D. COOK: Absolutely. Absolutely. One of the earliest findings in the contemporary data, when I say contemporary data, the post-1970 data and the PAN Dataset, shows that mixed-gender teams are more productive at patenting and commercialization than single-sex teams so single-sex male or single-sex female. And it's not something that I was looking for. I was looking to extend the research on violence and this just fell on the floor. So I was asking my counterparts that I talk to, I typically make a trip to Silicon Valley every October to talk to my friends to get an interpretation, make sure that I understood what was going on in the data, and they were all not surprised. They were all not surprised.

So I said, so why is there such a problem with getting women on these teams? They all claimed that it was above their pay grade. So I think that our interpretation, your former colleague's, your late colleague's interpretation, our interpretation has a lot of empirical support in many different realms.

VICE CHAIRMAN PETER HENRY: But you also, you know, one of the great things about talking to you, Lisa, is there's like an insight every minute. You just shared another, I think, deep insight – I hope people recognized it – which is that it's not just about holding people accountable, it really matters who you're holding accountable. If in an organization, you're not holding the CEO accountable for diversity, in other words, you're holding people at a lower level accountable, those people don't feel as though it's in their ambit to actually do that, then you're not going to get results.

LISA D. COOK: Right.

VICE CHAIRMAN PETER HENRY: So, because you have essentially a collective action problem. So I mean I think what you just pointed out is the importance of having accountability at the highest levels frankly.

LISA D. COOK: Right, right. And I would argue, I mean that's exactly right. Every manager is posed with this question. Have you been a good steward of the resources that are available to you? Now if you don't have diverse teams, that means that you've not been a good steward of those resources because what I've just said, what your late colleague has said, is that diverse teams are more productive. So it's not about diversity as an end in itself, it's you're leaving \$20 bills, \$50 bills, \$100 bills on the floor everywhere. And you know, as economists, this just makes us cry, right, it just makes

our hearts bleed. How dare you leave so much money on the table? But managers are doing it. And if we're thinking about competition, if we're thinking about moving the production possibilities frontier as far out as it can go, we want the best ideas. We want to welcome the best ideas, as many ideas as possible. And one way to do that and one way we have to do it is to hold managers accountable at every level.

VICE CHAIRMAN PETER HENRY: So speaking of more ideas and inclusion, I want to be conscious of the fact that I've been asking all the questions and give our audience a chance to ask some questions, as much as I'd love to keep chatting with you, Lisa. So just, to the audience, I can't actually see your hand, so please if you have a question, just say something in the chat box please. So while we're waiting for the audience to jump in here, I want to ask you to sort of continue the conversation, Lisa. So tell us, what do you, what's most exciting to you now and most pressing from a research point of view on the innovation front?

LISA D. COOK: I think there are two things that are most pressing. One is that I've extended the research that I've mentioned to you, using lynchings, riots, and segregation laws to clean up the data on lynching. So I've cleaned up the lynching data. I have created the first National Lynching Dataset. And what I did was to re-estimate these regressions using the cleaned-up data. And what I noticed is that the coefficient for what is the effect of violence on Whites goes to zero, converges to zero. And before

it was negative and I thought that's awfully strange.

Well, it turns out it's immediate. The NAACP and others divided the lynching victims into Black and non-Black and over the years the non-Black ones became White or called White. And what I did was to separate the lynching victims by ethnicity and race so that was Native Americans, it was Asian Americans, it was Latin Americans. And, you know, what we see is that that takes away all of the punch from that coefficient, the effect of violence. So that's the first thing that I've done.

Then, I also looked at economic growth. So I did this sort of Johnson Robinson Acemoglu exercise – Acemoglu Johnson Robinson exercise – and looked at lynching as a proxy for institutions in some pre-period, in the initial period. And I wanted to know what effect this had on economic growth just, you know, in normal periods. I think I used 1990 to 1995 in the states, in the U.S. And what I found was something that I was just dumbfounded by. Those states that had more lynchings in this period that I looked at, 1870 to 1940, actually had higher rates of economic growth. Now, you know, the economist in me was disappointed, if not shocked.

And then, you know, I just, the right interpretation is systemic racism, if it can be baked into the system, if it can be baked into the water, if it can be put into the water, could lead to better outcomes for a given economic unit, or at least in this country doing so

might have led to better economic outcomes. That's not a prescription whatsoever. That means that the economic growth that we've seen is not inclusive, is not shared, has been based on something that leaves a stain on the United States.

VICE CHAIRMAN PETER HENRY: Got it. Lisa, we've got some questions here.

LISA D. COOK: Okay, sure, okay great.

VICE CHAIRMAN PETER HENRY: So Abby Cohen has asked a question. And the question is are the local financial institutions in any particular city or state doing an effective job at providing capital to previously underserved communities? Are you aware of any particularly good cities or states in this regard?

LISA D. COOK: I am only aware in minute detail of Grand Rapids, Michigan. I sit on the board of CDFI, who has in its mission statement to help close the racial wealth gap. So I know that there is an ecosystem there and it's a part of that, a new part of that ecosystem – it's less than two years old – who are addressing this. And my sense is that there are minority-owned and community banks and I'm sure there's some overlap between the two who have been addressing these issues from, you know, from the period of Jim Crow, that have been in operation since that time. Atlanta Life Insurance, for example, has been continuously operating for that time. And I think they've been

trying to address it, but I have no idea. I just don't know enough about the data to say anything about other places, other cities where this is happening.

VICE CHAIRMAN PETER HENRY: I see Ed Cox has his hand raised. Can we allow Ed to ask his question please?

ED COX: Yes. The question, can you hear me now?

VICE CHAIRMAN PETER HENRY: Yes, we hear you, Ed.

ED COX: Thank you for your presentation. It was very informative. Over the last 50 years, there have been riots of one sort or another because of violence done to Blacks, either with respect to Black leaders like Martin Luther King or with respect to police action with respect to a specific Black. And the riots have resulted in damage with respect to different communities. Have you studied that and the impact of that, of those riots, with respect to the economy, and what they mean? And what, in fact, that says, what kind of reaction can be done in order to lessen that kind of impact?

LISA D. COOK: So, thank you for that question. That's a good question. First, let me say that in my paper that Peter and I were talking about, I do an exercise of trying to figure out what the answer to your last question is. So how do you prevent this? And the

outcome is the first lynching has the largest impact. So you want to stop the first one. So whatever we can do using non-violent de-escalation techniques, reducing segregation, we want to employ those techniques. They may be short-run or they may be long-run. That's the first thing. But the second thing is, and I think you won't find this answer too satisfactory, but I look at major riots between 1870 and 1940. I don't look at the current ones. I don't look at ones after 1940. These were identified in the Select Committee, the House Select Committee that was looking at the assassinations of JFK, Robert Kennedy, and Martin Luther King and historians weighed in on this. So I've used others' expert definitions of major riot and that was just to 1940. Bill Collins and Bob Margo, economic historians, have looked at the impact of riots in the period that you are talking about, in the post-1940 period.

VICE CHAIRMAN PETER HENRY: Lisa, I want to thank you for spending your time with us this afternoon. It's been really a valuable and informative discussion. I want to also inform all of our participants today that we have many great speakers lined up and as always, we encourage you to invite guests to our events. And I'll just give you a short sample of some of our upcoming speakers. On September 29, we actually have two events. We have John Elkann, the Chairman of EXOR in the morning, and in the afternoon, we have Jacqueline Novogratz, Founder and Chief Executive Officer of Acumen. And then on October 1st, we have Kenneth C. Frazier, Chairman and Chief Executive Officer of Merck & Co. And you can check the ECNY website for a full list of

all of our speakers. We've got a very robust fall calendar. We'll be adding more in the coming days. So please, do monitor our website and we'll continue to communicate with you by email updates. I want to thank Lisa Cook once again for joining us. Thank you, Lisa, and thank you, all of our participants, for joining us today. Have a wonderful afternoon and stay safe everybody and stay informed. Thank you.

LISA D. COOK: The pleasure was all mine. Thank you.