



Citi Putting its Money on the Line for Black Lives

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June 2, 2020

In response to police brutality and racist violence against black men and women, in particular, the recent murders of George Floyd, Breonna Taylor, Ahmaud Arbery and many others, Mark Mason, the CFO of Citigroup made a courageous and important statement on his blog. It was a plea to end racist violence and for the most basic civil and human rights of black people. This is a bold call to action from the center of power, a global financial institution. This is a call that stakeholders of Citi, people of color and their allies, need to be answered and answered correctly. Corporate boards and leaders in every industry, who rightly have expressed, *enough is enough*, must commit to end their complicity in the horrors of racism in all its forms.

The way forward requires understanding how the basic human and civil rights of people of color are linked to structural racism. Many students of history and those who remember the Civil Rights Movement, recall the work of Dr. Martin Luther King, Jr. and his creation of the Poor People's Campaign and the findings from the Kerner Commission Report issued after the civil unrest of the 1960s. Both recognized the role of racialized disinvestment in creating and entrenching racial disparities.

Disinvestment in communities of color created structural racial disparities in education; housing; transportation; unemployment; and local governmental expenditure dependent on local taxation of segregated municipal areas. Disparities reinforced further disinvestment and predation. Racialized disinvestment and subsequent poverty are inextricably linked with the dehumanization of people of color through the criminalization of people of color, by criminalizing poverty. Disinvestment created the ghetto, structural poverty, and the school to prison pipeline.

Social justice advocates and the socially responsible investment community have long called for divestment of the police/military/immigration industrial complex. These industries profit from increased criminalization, incarceration, policing, surveillance, deportation, war and occupation. They grow and flourish only when poverty, crime and conflict flourish. They employ punitive, dehumanizing and violent mechanisms that do not solve social problems but instead are incentivized by their growth. These industries benefit from structural inequity, political disenfranchisement of people of color and racist ideologies that blame and dehumanize communities of color for their own poverty. Citi can defund the poverty to prison and grave pipeline by divesting these industries.

Mason speaks out against structural racism like the health and economic disparities inflicted by Covid-19 and Citi should listen. From 2016-2019, Citi funded fossil fuels with \$187 billion in loans--an industry which is directly linked to pollution and climate crisis disasters that disproportionately impact communities of color and their long-term health and economic outcomes. Divestment of the fossil fuels industry is a racial justice issue as well as divesting big agriculture and chemical companies. These companies are responsible for displacing indigenous populations and local subsistence farmers and accelerating urbanization, poverty, migration and rapid environmental degradation, all disproportionately impacting communities of color.

If Citi is committed to ending structural racism, all of its operations and investments can support the goals of full-employment, eradicating poverty, financial inclusion, and sufficient and continual investment in communities of color. It can form partnerships that co-create long-term economic value in communities of color alongside a sustainable environment. First, as John Harrington said in his presentation of our shareholder resolution this year at the company's annual meeting, Citi must halt "check ordering", overdraft fees and turning over customer information to ChexSystems, which can destroy a person's credit for up to 5 years. It could scale-up vehicles to provide non-predatory financial services to people of color including free checking accounts; subsidized revolving credit, mortgages and car loans and grants or subsidized, zero-interest, high-risk lending facilities to black owned businesses in communities of color.

It could provide financial education; host and administer free accounts and education for savings and lending clubs, co-ops and community land trusts; fund programs to build local capacity and skills training in finance and business management; design loans with concessionary terms; and reinvest proceeds from projects back into the same targeted population.

Importantly it can integrate stakeholders from economically marginalized communities of color to guide and direct this work to ensure the net benefit of all of the bank's activities in these communities is retained by the communities and the risk borne by the government and banks that have extracted wealth from these communities for so long.

Finally, Citigroup has and still plays a role in the creation of structural poverty by undermining democratic means by which voters can address regressive taxation and direct governmental funds to rectify structural inequities. A shareholder resolution from my firm, Harrington Investments, this year called for Citi to live up to its principles espoused in the Business Roundtable Statement it signed last fall, in a meaningful way. It called to eliminate lobbying and political campaign financing. It called for the company to halt the utilization of offshore tax havens and pay a fair share of taxes to support the public sector.

Corporations like Citi can harness the energy of its employees like Mason, to lead innovative initiatives, driving worker engagement, retaining talented employees of color and transforming institutions from being complicit in structural racism, to socially impactful in ending it. To end racialized hate and violence, companies must commit to rectify structural racism in all it does. This is the path forward and it starts by empowering people who want to do this work.