The Economics Profession’s Unique Problem with Diversity and Your Unique Opportunity

Amanda Bayer
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2019 Women in Economics Conference
Federal Reserve Bank of St. Louis

Historically, economists have been a pretty homogeneous bunch

The 81 Laureates of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, 1969-2018

Economics professors, by gender and by race/ethnicity
Economics is stronger when people with different experiences and different questions contribute

“There has been a fair amount of public debate in recent years about the health of the economics profession, prompted in part by the failure of many economists to comprehend the dire threats and foresee the damage of the financial crisis… Did the economics profession recruit and promote the individuals best able to bring the energy, the fresh insights, and the renewal that every field and every body of knowledge needs to remain healthy?”

Former Federal Reserve Chair Yellen
“I am committed to fostering diversity and inclusion throughout the Federal Reserve System… In my experience, we make better decisions when we have a wide range of backgrounds and voices around the table.”

Survey of PhD economists, responses by gender

May, McGarvey & Whaples 2013

Effects on economic knowledge and policymaking

- Diversity brings a greater range of insights and perspectives
  (e.g., Chattopadhyay & Duflo Econometrica 2004; Kamas, Preston & Baum Feminist Economics 2008; May, McGarvey & Whaples Contemporary Economic Policy 2013; Bordo & Istrif 2018 NBER working paper; Owen & Temesvary Journal of Banking & Finance 2018)

- Diverse groups are more innovative than homogeneous groups

Survey of PhD economists, responses by gender

Disagree: The U.S. has an excessive amount of government regulation of economic activity.
Disagree: Job opportunities for men and women in the U.S. are approximately equal.
Agree: The U.S. should link import openness to the labor standards of its export partners.
Agree: “The distribution of income in the U.S. should be made more equal.”

May 1, 2018

THE MAKING OF HAWKS AND DOVES*

Ulrike Malmendier
UC Berkeley, NBER and CEPR
Stefan Nagel
University of Chicago, NBER and CEPR
Zhen Yun
University of Michigan

Abstract

We show that central bankers’ lifetime experiences of inflation significantly affect their votes, speeches, and forecasts. Using data on the Federal Open Market Committee’s voting history since March 1991, we show that members with higher lifetime inflation experience are significantly more likely to vote a hawkish stance. An increase in inflation experience raises the probability of a hawkish dissenter by about one-third, reduces the probability of a dovish dissenter by about one-third, and decreases the probability of a unanimous vote by about one-third, relative to unconditional dissent probabilities. Members with higher inflation experience also give speeches with a significantly more hawkish tone. Aggregating over all FOMC members present at a meeting, the average experience-based forecast (i.e., the probability of a hawkish dissenter, conditional on the presiding FOMC’s experience) is significantly higher than the unconditional forecast. Using simulation methods, we find that the experience-based forecast increases the median policymaker’s monetary policy vote by about one-third, and increases the median policymaker’s forecast error by about one-third.

* Members whose inflation experience is obtained from their Monetary Policy Report to Congress, suggesting a beliefs-based channel. Our findings indicate strong experience effects even among experts, and point to the importance of FOMC members’ selection.

May, McGarvey & Whaples 2013
Race and Racism across the Social Sciences

Percentage of PhDs earned by members of URM groups

Percentage of academic articles containing the word racism

We have work to do at the undergraduate level

Demographic imbalance in undergraduate majors

Who majors in economics in college?

3.3% of men

1.7% of white students

1.1% of women

1.2% of URM students

Rates at which students graduate with a major in economics, by institution

white women compared to white men

URM women compared to white men

URM men compared to white men


Who is Being Trained in Economics?


Why do these imbalances exist?

Why?
One possible factor: Introductory economics textbooks

- 77% of the people are men
- Imbalance in all categories: economists, made up and ordinary people, celebrities, policy makers, real business leaders.
- Women take fewer actions, are more likely to be involved in fashion, food, or household tasks. Men are more likely to be in business or policy.  

(Stevenson & Zlotnick 2018)

Ratio of "He" to "She" in Principles Textbooks

Men and Women by Text  

What if economics were to provide a more inclusive undergraduate experience?
What do effective charter schools have in common? Economics... it’s much more than you think

· Es mucho más de lo que piensas

Welcome+Info treatment

Economists study a wide range of topics.

What are effective charter schools have in common?

Why do mothers with medical degrees get fewer C-sections?

What are the economics of the Olympics?

What is economics? (Bayer, Bhanot & Lozano 2019)

Economists study a wide range of topics.

A field experiment (Bayer, Bhanot & Lozano 2019)

· Study population: 2,710 incoming college students from underrepresented groups, including all women, at 9 liberal arts colleges
· Randomization: at the student level within schools
· Treatments: two emails sent in the summer before students arrived on campus
  · Treatment 1 – “Welcome”
  · Treatment 2 – “Welcome+Info” showcasing a diversity of research and researchers within economics
  · Control – No messaging from the economics department
· Main outcome: whether the student completed an econ course in their first semester

Lashawn Richburg-Hayes, Senior Research Associate, MDRC

“My own neighborhood is always at the back of my mind.”

Mark Hugo Lopez, Director of Hispanic Research, Pew Research Center

“I should have had more confidence in myself... Nothing happens unless you make it happen. You aren’t sought; you have to seek.”

Janet L. Yellen, Chair of the Board of Governors of the Federal Reserve System

“When economics is tested by future challenges, I hope that our profession will be able to say that we have done all we could to attract the best people and the best ideas.”

Meet Some Economists: Welcome+Info treatment

Explore a wide range of topics:

- Can strong peer networks close the gender gap in entrepreneurship?
- Can a nearby SAT test center boost college attendance?

Benchmark the American Economic Association’s Resources for Students

Welcome+Info treatment

Email #1

Congratulations on your decision to attend [YOUR COLLEGE]! We in the Economics Department welcome you and would like to get to know you over the next four years. We hope that you start by taking [ECON R, NAME, LINK] in the coming year. Please click on the images below to learn a bit about what economists do and the kinds of things you can investigate with the tools you learn in economics courses.

Sincerely,
Professor [NAME], on behalf of the Economics Department

Email #2

Welcome to campus! We are excited you are here! We encourage you to explore courses across campus, and we especially hope to see you in [ECON R, NAME, LINK]. Please click on the images to learn some more about economists and their research.

Best wishes for a great semester,
Professor [name], on behalf of the Economics Department

(Bayer, Bhanot & Lozano 2019)
Main result

Table 1: Average Treatment Effects

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<td>School Fixed Effects</td>
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Note: This table shows the average treatment effects of the Welcome and Welcome + Info treatment conditions, using complete cases of a Fall 2016 economics course as the outcome variable. Heights still and we lose controls for ethnicity, grade, and school fixed effects are shown. Standard errors are in parentheses. * p < 0.10 ** p < 0.05 *** p < 0.01

Exploring treatment effects by subgroup

white women

URM women

URM men

first-generation college students

How can you make the most of this opportunity?

Daniel Kahneman: *Thinking, Fast and Slow*

Two systems in the mind—
- System 1 is automatic, using easily available information.
- System 2 is conscious reasoning.

System 1 is the “secret author” of many of our “choices.”

System 1 can influence System 2

Voluntary contributions triple when eyes are displayed above an honesty box

My advice to you

- Keep looking beyond the obvious and help others do the same.
- Keep learning economics, and use it to examine issues important to you.
- Believe in yourself. Hold a growth mindset.
  - Intelligence and abilities in math and economics are not fixed traits. They expand through effort, practice, mistakes, and perseverance.
- Be different. Your uniqueness makes you powerful.