

ASK AN ECONOMIST



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Golan in Costa Rica.

Q: Is there a gender gap in promotions and pay in the top-executive market?

A: While the facts listed below seem to indicate a gender differential in promotion and wages, they don't tell the whole story.

- Less than 10 percent of executives in large publicly traded firms are women.
- On average, female executives earn less than male executives and hold less-senior positions.

My co-authors, George-Levi Gayle and Robert Miller, and I analyzed a large database of companies and executives, along with the executives' job histories and compensation and their firms' financial performance.¹ We found that, at any given level in their career, women executives are paid slightly more than men who have the same background and demographics and who are running firms of similar sizes. Controlling for these variables, women also have slightly less income uncertainty and are promoted as quickly. In fact, we found that the gender gaps in promotions and pay are primarily because female executives are more likely to leave their roles.

Since the women in executive roles are 50 years old on average, giving birth and caring for children are not plausible reasons for leaving. Other unobserved factors leading these women to quit could include more unpleasantness and indignities, as well as tougher unrewarding assignments, at work. Or it could be that these women find retirement an attractive option.

The reason for the higher attrition rate of females is not clear and deserves further study.

¹ Gayle, George-Levi; Golan, Limor; and Miller, Robert A. "Gender Differences in Executive Compensation and Job Mobility." *Journal of Labor Economics*, Vol. 30, No. 4, October 2012, pp. 829-71.

CHINA AND GREAT RECESSION ARE TOPICS OF NEXT LECTURES

The next two presentations in the St. Louis Fed's lecture series for the public will take place Nov. 2 in St. Louis and Nov. 5 in Memphis, Tenn.

The first lecture will be about the industrial revolution in China. St. Louis Fed economist **Yi Wen** will address:

- How China transformed itself in just 35 years from an impoverished agrarian economy into an industrial powerhouse that produces nearly half of the world's industrial goods.
- Whether other poor nations can emulate China's success.
- What it will take for China to continue its hyper growth and to eventually become a high-income nation.
- What China's development strategy is for the coming decades.
- How the United States can benefit from China's rise.

This presentation will be available for watching over the Internet for those who can't attend in person.

In the second lecture, St. Louis Fed economist **Fernando Martin** will discuss the Great Recession and its aftermath. He will address:

- The key facts that defined this episode.
- Why the recovery has been so slow.
- Whether there were clear winners and losers.
- Whether the recession reinforced pre-existing trends in labor markets.
- The role that fiscal and monetary policies played during the recovery.
- How the Great Recession compares with previous episodes of this sort and with such experiences in other countries.

The lectures are part of a series called Dialogue with the Fed: Beyond Today's Financial Headlines. For details on attending in person or watching selected lectures online, go to www.stlouisfed.org/dialogue-with-the-fed. There, you will also be able to watch and read about the first 17 lectures that have been presented in this series, which was begun in 2011.



ANNUAL PROFESSORS CONFERENCE TO TAKE PLACE IN NOVEMBER

The Federal Reserve Bank of St. Louis' annual conference for college-level economics professors will take place this year Nov. 12 and 13 at the St. Louis Fed. The theme will be "Has the Great Recession Changed Our Understanding and Teaching of Economics?"

Speakers will include St. Louis Fed economists and other data experts, along with academics and others from nearly 20 colleges, universities and other institutions around the country. Keynote speeches will look at the impact of the Great Recession on the understanding of macroeconomics and on household financial stability. Another speech will center on video snippets in the economics classroom. The nine breakout sessions will cover such diverse topics as "Teaching Economics in a Multicultural Classroom: Lessons Learned in the Former Soviet Union" to "The Economics of 'Breaking Bad.'" "

There is no cost to attend the conference, but registration is required. To see the full agenda and to register, go to www.stlouisfed.org/events/2015/11/eeprofessorsconference.

We welcome letters to the editor, as well as questions for "Ask an Economist." You can submit them online at www.stlouisfed.org/re/letter or mail them to Subhayu Bandyopadhyay, editor, The Regional Economist, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166-0442.