

October 30, 2014

**National Summit on Diversity in the Economics Profession**

**Welcome and Charge  
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JANICE SHACK-MARQUEZ. Good morning everyone. I'm Janice Shack-Marquez. I'm a Deputy Director here at the Fed, and on behalf of all of my Federal Reserve colleagues, we're thrilled to have all of you here with us today. To give you a little bit of background, my co-chair, Amanda Bayer, who you'll get to meet in just a little while and I met for the first time this January at a table at the, in a hospitality suite at the American Economic Association. I had sought her out because here at the Board, we know that as one of the largest employers of PhD economists in the country, we would like to be able to influence the composition of the pool of PhD candidates from which we hire each year. We feel very strongly that having a diverse staff of economists is critical to our ability to understand what is happening in the economy. The conversation in the hospitality suite led to more conversations and then to Amanda coming here to talk with us here about the work she's doing on diversifying economic quality, which is brought together in a very cool online repository that's available for instructors in academic departments. And while we are not an academic department, we learned a tremendous amount from that work and about the extent to which having a diverse staff could make us better in identifying problems and solving those problems. On the day of that seminar, Amanda and I hatched the idea of a conference that would bring economists together to talk about what research tells us about how our unconscious biases draw us to others who look, think, and act like us, what research tells us about the downsides of a lack of diversity, and what success looks like in some other fields in academia. Over the course of today, we're going to all have the opportunity to hear about what we as a profession have been doing on the diversity front. We'll hear about some programs designed to entice underrepresented minorities into the field of economics. We'll have a chance to hear about research that might suggest ways in which we may

unconsciously fail to entice a diverse set of students into our field. And we'll hear about some innovative programs in other fields. And we'll have an opportunity to share ideas and learn from each other. I really hope that this day-long conversation is the first step of many towards increasing diversity in our profession. I am so grateful to Amanda for her incredible dedication to ensuring that we have a fabulous lineup of speakers, to Jaclyn Stockwell and Carolyn Palmer and a whole lot of others without whom today would not have happened. And I'm absolutely grateful to all of you for joining us for this summit. To get us started, I'd like to introduce Sheila Clark, the Head of the Board's Office of Diversity and Inclusion. Sheila?

SHEILA CLARK. Well, good morning everyone and welcome to the Federal Reserve Board. As Janice has said, I'm Sheila Clark and I'm the director of the Office of Diversity and Inclusion here at the Board of Governors in Washington. This morning, I have the great pleasure of introducing Chair Yellen and I think most of you in this room do know her, maybe not personally but you do know of her. Janet Yellen was sworn in as Chair of the Board of Governors of the Federal Reserve System in February of this year and she also has served as the Vice Chair since 2010. She was also President and Chief Executive Officer of the Federal Reserve Bank of San Francisco and she was -- served in that office from 2004 to 2010 and she was also a member of the Board of Governors here in Washington from 1994 to 1997 but her service to the Fed did not begin there. It began in 1977 when she joined the Board as a Chief Economist. She also has been the Chair of the Council of Economic Advisors from 1997 to 1999 and since 1980, has been a member of the Faculty of the Berkeley's Haas School of Economics and Business. I look forward to hearing the Chair's comments on the topic that we're going to discuss today and with that Madam Chair, the podium is yours.

[ Applause ]

CHAIR JANET YELLEN. Thank you so much, Sheila, and good morning everyone, and welcome to the Board. I'm very pleased that the American Economic Association and the Federal Reserve Board have organized this conference on an important issue for our profession. In trying to raise awareness of diversity in the economics profession, I'm aided by the fact that economists are well acquainted with the concept of diversity from their work. When conducting a survey, economists understand that the results will be more meaningful when the diversity of the sample approaches the diversity of the population being studied. In finance, we know that diversity is fundamentally important in spreading risk. History shows that economies develop and become more stable through diversification. Often, in the things economists study and the methods we use, diversity is a good thing. To cite another example, research by economists and other social scientists supports the view that considering a diversity of perspectives and ideas leads to better decisions in an organization. I believe decisions by the Federal Reserve Board and the Federal Open Market Committee are better because of the range of views and perspectives brought to the table by my fellow policymakers, and I have encouraged this approach to decision making at all levels and throughout the Fed System. One way to promote diversity of ideas is to promote diversity among the people we rely on for those ideas, including more than 300 PhD economists who serve at the Board and more than 400 serving at the Fed's 12 Reserve Banks. At the Board, our Office of Diversity and Inclusion coordinates this effort, but everyone involved in the recruiting, hiring, management, and promotion of economists is engaged in it as well. When I was Vice Chair, I knew that promoting diversity among Fed economists was a priority for Chairman Bernanke, and it continues to be a priority for me as well. In 1977, when I joined the Board staff, I was one of relatively few women economists here. Since then, there have been significant gains in diversity at the Board and throughout the System. The Federal Reserve is

committed to achieving further progress, and to better understanding the challenges to improving diversity throughout the economics profession. As an employer, the Fed is very serious about meeting its obligation to provide equal opportunity, and I also believe that diversity makes the Fed more effective in carrying out its mission, for reasons such as the one I mentioned a moment ago. But this conference offers an important opportunity to investigate all of the possible factors that influence the extent and diversity among economists at the Federal Reserve and elsewhere, including those factors that are affecting the education and advancement of economists everywhere in the United States. As a longtime member of the AEA, I'm proud of the work our association has done to collect data and study diversity in the economics profession. Among the questions raised by the AEA's work on this topic is why relatively few women and minorities seem to consider economics as a concentration in college. The evidence is fairly clear that majoring in economics offers relatively high returns to college students, whether or not they pursue further education in economics. It's worth knowing, for example, what undergrads who might consider concentrating in economics think about the curriculum and the employment prospects for economics majors compared with what those prospects actually are. To what extent might the lack of diversity among economics majors reflect a more general need to make basic economics more relevant and otherwise appealing to undergrads? The AEA has also done important work documenting and investigating the leaky pipeline, trying to determine why some groups are more likely to abandon economics education and work before, and even after, receiving PhDs. In reviewing the data on the representation and advancement of certain groups in the profession, there are differences in outcomes for women and minorities. To what extent are those disparities caused by differences in the experiences of those groups or due to broader and more general challenges faced in academia? Do the leaks from the pipeline that may be more

noticeable for some groups reflect a broader lack of opportunity in academia? When economists delve into why there isn't more diversity among them, they end up asking about what is being taught in college, how economists are being trained in graduate school, and other questions that bear on the health and the future of the economics profession in general. These are not idle questions. All of you know that 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. When the public asks whether economists did all they could to understand those threats, in part, they are asking whether our profession did enough over the years to test ideas and assumptions that turned out, in some cases, to have been mistaken or misplaced. And part of that question is this one; 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? When this question is asked again someday, 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. That, I believe, is the very worthy goal of this conference, and I look forward to seeing it advanced by today's discussions and by the continuing commitment demonstrated by the AEA to diversity. So I want to thank those who organized the conference and to the distinguished members of our profession who have come here today to take part in it. So thanks so much for having me and I very much hope this will be a very productive conference. Thank you.