DIVERSITY IN THE ECONOMICS PROFESSION: WHERE WE STAND AND WHERE WE’RE GOING

MICHIGAN STATE UNIVERSITY
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“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?”

Federal Reserve Chair Janet Yellen
at the National Summit on Diversity in the Economics Profession, Washington, D.C. October 30, 2014
Who’s missing?
Does it matter?
What can we do?

ECONOMISTS
include disproportionately few women and members of historically underrepresented racial and ethnic minority groups
The underrepresentation is present at all stages of the pipeline. We are less diverse than other disciplines. We are not getting better over time.

**Doctorate Degrees, 1995-2013**

- Percentage of Doctorate Degrees Awarded to Women
- Percentage of Doctorate Degrees Awarded to Minority Students

**Bachelor's Degrees, 1995-2013**

- Percentage of Bachelor's Degrees Awarded to Women
- Percentage of Bachelor's Degrees Awarded to Minority Students

Source: Author's calculations using IPEDS, US Dept. of Education

Bayer, March 2016
Bachelor’s Degrees Awarded to Women, 1966-2013

ECONOMISTS IN CONTEXT


Bayer, March 2016
Who’s missing?

Does it matter?

What can we do?
Oscars 2015: No nominations for a single actor of color or female director

Oscar Voters: 94% White, 76% Men, and an Average of 63 Years Old

Washington Post

The Atlantic

Bayer, March 2016
EQUITY and EFFICIENCY

Diversifying the group of people who become economists can improve economic knowledge and policymaking.

FROM A SURVEY OF AEA MEMBERS’ VIEWS
(May, McGarvey & Whaples 2013)

“The distribution of income in the U.S. should be made more equal.”

- strongly disagree
- disagree
- neutral
- agree
- strongly agree

% agreeing or strongly agreeing

- Female economists
- Male economists

*regression-adjusted

Bayer, March 2016
Diversity brings a greater range of insights and perspectives

(e.g., Chattopadhyay & Duflo Econometrics 2004; Kamas, Preston & Baum Feminist Economics 2008; May, McGarvey & Whaples Contemporary Economic Policy 2013)
Diversity brings a greater range of insights and perspectives (e.g., Chattopadhyay & Duflo Econometrica 2004; Kanas, Preston & Baum Feminist Economics 2008; May, McGarvey & Whaples Contemporary Economic Policy 2013)

Diverse groups are more innovative than homogeneous groups (e.g., Woolley et al. Science 2010; Hong & Page Proceedings of the National Academy of Sciences 2004; Phillips, Northcraft & Neale Group Processes & Intergroup Relations 2006; Hoogendoorn, Oosterbeek & van Praag Management Science 2013; Levine et al. Proceedings of the National Academy of Sciences 2014; Freeman & Huang Journal of Labor Economics 2015)
ETHNIC DIVERSITY DEFLATES PRICE BUBBLES

“Using experimental markets in Southeast Asia and North America, … market prices fit true values 58% better in diverse markets. In homogenous markets, overpricing is higher and traders’ errors are more correlated than in diverse markets.”

Levine et al. Proceedings of the National Academy of Sciences 2014

Who’s missing?
Does it matter?
What can we do?
**WHAT CAN WE DO?**

<table>
<thead>
<tr>
<th>SUPPLY and DEMAND</th>
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<tr>
<td>Help diverse students and faculty enter and navigate the economics environment.</td>
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<td>Modify the environment to attract, support, and value diverse students and faculty.</td>
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WHAT CAN WE DO?

SUPPLY and DEMAND

Help diverse students and faculty enter and navigate the economics environment.

Modify the environment to attract, support, and value diverse students and faculty.
  • Address implicit biases.
  • Reexamine policies and habits.
  • Help students connect to economics.

IMPLICIT BIASES

<table>
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<tr>
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<th>Implicitly biased</th>
<th>Implicitly unbiased</th>
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<tbody>
<tr>
<td>Explicitly biased</td>
<td>A few</td>
<td>NA</td>
</tr>
<tr>
<td>Explicitly unbiased</td>
<td>Most of us</td>
<td>A few</td>
</tr>
</tbody>
</table>

Stereotypes about race, gender, and other group affiliations affect our evaluations and reactions in an unconscious manner.

Discrimination can occur without intent and without awareness.
IMPLICIT ASSOCIATIONS IN ECONOMICS?

Bottlenecks in information processing

*Mr. big* by Helmut Januschka - Helmut Januschka. Licensed under CC BY-SA 3.0 via Wikimedia Commons

T33O MUCH INFORMATION

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DANIEL KAHNEMAN: THINKING, FAST AND SLOW

Two systems in the mind—

- **System 1** is intuitive, fast, and automatic. It uses associative memory to "continually construct a coherent interpretation of what is going on in our world at any instant."

- **System 2** is conscious reasoning and effortful mental activities. It uses, and sometimes corrects, the impressions and feelings that System 1 effortlessly originates.

System 1 is "secret author of many of the choices and judgments you make."
System 1 influences System 2
Voluntary contributions triple when eyes are displayed above an honesty box

And Vice Versa: Which Line is Longer?

Müller-Lyer illusion—System 2 can learn to mistrust the impression generated in System 1.
IMPLICIT ASSOCIATION TESTS

Greenwald et al. 1998


Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination

By Marianne Bertrand and Shankar Mahalathan

Testing various economic outcomes reveals significant racial inequalities in the U.S. labor market. Compared to Whites, African-Americans are more likely to be unemployed and earn nearly 30 percent less when they are employed. Employers might favor the White-American because data limitations make it difficult to quantitatively test these views. Some researchers have found that intergroup differences in employment rates remain even when controlling for education and experience. The findings suggest that implicit bias may be contributing to this disparity.
Implicit biases have been shown to affect the professional judgment of

- police officers  (Correll Journal of Personality and Social Psychology 2007)
- PhD scientists  (Moss-Racusin et al. Proceedings of the National Academy of Sciences 2012)
- economists  (Sarons Harvard working paper 2015)

and others, leading to inequitable AND inefficient outcomes.

Subject: Prospective Doctoral Student (On Campus Today/Next Monday)

Dear Professor,

I am writing you because I am a prospective doctoral student with considerable interest in your research. My plan is to apply to doctoral programs this coming fall, and I am eager to learn as much as I can about research opportunities in the meantime.

I will be on campus [today/next Monday], and although I know it is short notice, I was wondering if you might have 10 minutes when you would be willing to meet with me to briefly talk about your work and any possible opportunities for me to get involved in your research. Any time that would be convenient for you would be fine with me, as meeting with you is my first priority during this campus visit.

Thank you in advance for your consideration.

Sincerely,

[Student’s Name]
A FIELD EXPERIMENT SET IN ACADEMIA

- Subjects—6,548 faculty in 89 disciplines at 259 universities—received an email from a prospective doctoral student requesting a 10 minute meeting.
- The gender (male, female) and race (Caucasian, Black, Hispanic, Chinese, Indian) of the student, as signaled by the name, was randomly assigned.

![Graph showing response and meeting acceptance rates by race and gender.](image)


BIAS IN THE EVALUATION OF WORK IN ECONOMICS

From Sarsons, “Gender Differences in Recognition for Group Work,” 2015
BIASES CAN BE MODIFIED AND CONTROLLED

“Racial Discrimination among NBA Referees” (Price & Wolfers QJE 2010)
“Awareness Reduces Racial Bias” (Pope, Price & Wolfers Brookings 2014)

BIASES CAN BE MODIFIED…

“Perspective taking combats automatic expressions of racial bias”
(Todd, Bodenhausen, Richeson, Galinsky Journal of Personality and Social Psychology 2011)
BIASES CAN BE CONTROLLED...

Orchestrating Impartiality: The Impact of “Blind” Auditions on Female Musicians


By Claudia Goldin and Cecilia Rouse*

A change in the audition procedures of symphony orchestras—adoption of “blind” auditions with a “screen” to conceal the candidate’s identity from the jury—provides a test for sex-biased hiring. Using data from actual auditions, in an individual fixed-effects framework, we find that the screen increases the probability a woman will be advanced and hired. Although some of our estimates have large standard errors and there is one persistent effect in the opposite direction, the weight of the evidence suggests that the blind audition procedure fostered impartiality in hiring and increased the proportion women in symphony orchestras. (JEL J7, J16)

Sex-biased hiring has been alleged for many occupations but is extremely difficult to prove. Drawing from the seminal contributions of Gary Becker (1971) and Kenneth Arrow (1973), has
REEXAMINE RULES AND HABITS

“Neutral” practices can produce disparate impact. (Haney Lopez Yale Law Journal 2000, Bayer 2013)

For example,

- Voter ID laws
- Habits in the classroom
- Getting referrals from traditional networks
- Hiring only from elite PhD programs

Change policies and practices that inadvertently dissuade or omit members of certain groups.

IN SUM,

Diversifying the profession can improve economic knowledge and policymaking.

We can enhance the diversity of the profession by

- supporting supply-side programs
- addressing implicit bias
- revising rules and habits
- creating more inclusive economics departments
- researching the benefits and barriers to achieving a more diverse profession.