Opportunity & Inclusive Growth INSTITUTE
FEDERAL RESERVE BANK OF MINNEAPOLIS

# "REACHING OUR FULL POTENTIAL"

## The importance of people and ideas to advance diversity and inclusion in the economics profession

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In 2020, the Federal Reserve System launched an eighteen-month-long series, **"Racism and the Economy,"** to investigate the role structural racism plays in the U.S. economy and to advance steps that can improve economic outcomes for all. The fifth event turned the lens of that series on the economics profession itself. As one of the largest U.S. employers of Ph.D.-trained economists, the Federal Reserve relies on the profession for expert analysis in many capacities and thus "plays a unique role in shaping the field," Esther George, president and CEO of the Federal Reserve Bank of Kansas City, observed in her opening remarks.

It is for this reason that confronting racism in economics is essential to the Federal Reserve. George continued, "Addressing today's economic dynamics is a complex task. It will serve us well to invite new perspectives and new questions about old issues to challenge dominant paradigms, groupthink, and blind spots. And as a public institution, the Federal Reserve's credibility depends on the expression of diversity of thought, background, and race. With so much influence over the economy and people's day-to-day lives, the entire population must see themselves reflected in the Fed."

"It will serve us well to invite new perspectives and new questions about old issues to challenge dominant paradigms, groupthink, and blind spots."

*—ESTHER GEORGE*

The panels of the conference were designed to provide insights and solutions to address the ways racism affects the people and practice of economics. These conversations made it clear that economists increasingly recognize a broad set of factors that contribute to a lack of diversity in who works in the discipline. These range from issues of inclusion at all levels of the profession to the questions economics addresses and the methods it uses. Panelists agreed that these dimensions reinforce each other and that changes are needed to keep economics relevant and "reaching our full potential," as San Francisco Fed President Mary Daly said during the event.

We therefore begin this report with a discussion of the steps that can improve diversity, equity, and inclusion in economics. These steps emerged from conversations throughout the event. Some are broad, some specific; some can be the work of individuals, and others require individuals to work together. By organizing these actions into a to-do list for the profession, we hope to both spark future dialogue and point to concrete actions to effect change.

Section II offers more detail about the conversations that led to these steps, highlighting key themes and insights about how racism influences who participates in the economics profession and the scholarship it produces as well as why these topics matter to the Federal Reserve. Along the way, we sometimes add detail from external data to illustrate speaker points. We conclude by summarizing engagement patterns and responses from event participants. The evidence shows that interest in these questions extends beyond academia and the Federal Reserve to private, public, and nonprofit organizations that engage with economic analysis and policy. That so many people watched the event and chose to discuss its themes at their own institutions indicates a growing willingness to take action on inclusion in economics.

## I. Steps for advancing diversity and inclusion: A to-do list for the economics profession

The four panels at the April 2021 "Racism and the Economy: Focus on the Economics Profession" event engaged in wide-ranging conversations that touched on many aspects of economics training, teaching, research, and publishing. During these conversations, the event's 16 panelists and moderators pointed to specific processes and practices where changes would help the profession promote greater diversity and inclusion.

The need for change, panelists agreed, is clear: "We just can't generate the same old people, the same old ideas, because the world is changing around us. We have to be able to adapt," Lisa Cook stated during the event. Furthermore, panelists emphasized, change is everyone's responsibility and within everyone's power. "I would urge everyone within the profession to take an action related to improving diversity in economics. Not everyone is going to start their own mentoring program, but people can certainly do better where they are," Ebonya Washington said.

In this section, we draw on ideas offered by panelists during the event as well as recommendations provided in the event's **additional materials** to describe specific actions those in the profession can take. As this list emerged from economists in conversation, it can complement other resources on inclusive practices developed in other formats.

We have organized these actions around three themes. The first addresses changes to the practice of economics, including evolving the discipline's culture and reexamining how ideas of race and ethnicity are studied. Such changes will help serve the second theme: expanding recruitment and retention of underrepresented groups in economics. Finally, we discuss why and how the profession should collect data that will track the discipline's progress.

We hope the summary provided here can ultimately help the profession move toward greater diversity, inclusion, and equity.

## Change economics research practices and processes

**CHANGE THE CULTURE** Solutions to increase diversity often focus outward on how to expand the pipeline. Such efforts are undeniably important, but confronting racism in economics also means looking inward at the practices and processes that economists engage in that may contribute to underrepresentation of people of color. An important element of this is how the culture of economics may at times be unwelcoming to people who don't fit into a preconceived mold—because of their race or ethnicity, because of the topics they study, because of the methods they use. Daly captured comments made by numerous panelists when she noted, "We can't rely on a new pipeline to change us. We're going to have to change the economics profession from within, because we actually try to throw them back out if they don't swim the way we want them to."

To make the culture welcoming, it should embrace new perspectives and reward new ideas rather than expect that the next generation will replicate the previous generation's approach. Students have a great deal of insight into the problems they want to address, Catalina Amuedo-Dorantes advised, which should be encouraged. Changing the culture at economics seminars from one that normalizes antagonism to one that nurtures constructive and supportive feedback is one way to advance this goal. Being thoughtful and purposeful about which articles one reads and by whom also serves this goal, William (Bill) Spriggs said.

Of course, it is also imperative to root out problematic or hostile behavior whenever it occurs, as Judith Chevalier stated. Cook pointed to the American Economic Association's (AEA's) **effective bystander** guidelines, which state, "Signaling a willingness to listen and to speak up when you observe inappropriate behavior helps set norms for fair conduct."

**CHANGE RESEARCH PRACTICES** "[Race] is the variable where economists are lazy," Spriggs said during the event. Researchers should be thoughtful about how they treat race and ethnicity in their research. For instance, in statistical models, consider carefully whether race or ethnicity should be included as control variables. Cleveland Fed President Loretta Mester noted that structural models allow close inspection of their assumptions and encourage honest discussion about whether those are valid. It is also important to explicitly state one's prior beliefs, or expectations, for instance, regarding the presence or absence of discrimination, Sendhil Mullainathan argued, and to recognize how much evidence it would take to revise those beliefs.

Becoming better students of history will help researchers understand how laws and institutions that limited opportunities and outcomes for people of color in the past continue to influence opportunities and outcomes for their children and grandchildren today.

Randall Akee observed that it is also important to collect better data. As he and Marcus Casey explain in a **Brookings post** elaborating on this, "Existing data sets have limited usefulness for identifying the breadth and scope of outcomes and instances of racism." They suggest oversampling underrepresented groups and collecting data on differential application rates and denial rates for various economic activities to better understand discrimination that takes place behind closed doors.

Changing research practices also means making an effort to present research outside of economics. Doing so provides an opportunity to integrate ideas and methods from other disciplines that may offer useful solutions to particular problems. It can also serve as a sort of reality check: Is the research convincing to a group of people with different training and different received wisdom? "The marketplace of ideas is an incredibly powerful disciplining device," Mullainathan advised.

Mullainathan also encouraged researchers to spend time having genuine conversations with people who have been disadvantaged in order to understand the obstacles they've faced. Doing so could help identify questions that have not received sufficient attention in economics as well as point out ways in which policies may or may not serve their intended purposes.

**CHANGE PROFESSIONAL PROCESSES** Because publishing is one of the most important metrics by which economists are evaluated for new positions and promotions, changing the profession will take "a training program for people who run journals," Washington and Spriggs both said. Journals should challenge themselves on who serves on editorial boards, who is chosen to review articles, and what is published. If there aren't enough submissions from economists from underrepresented groups, then journals should consider **actively soliciting** them.

Changing professional practices also means being thoughtful about relying on professional networks and reflecting on who is in those networks. Often, recruitment for new positions occurs through existing faculties' networks, but that method is less likely to reach economists from underrepresented groups. Recruitment practices should **expand to other venues** so as to attract as diverse an applicant pool as possible.

The importance of mentoring to support students from underrepresented groups is widely acknowledged. However, mentoring is often not a professional practice that a professor or government economist would get "credit" for when it comes to tenure and promotion decisions. Finding a way to encourage and reward mentoring will elevate both the quantity and the quality of mentoring, Amuedo-Dorantes suggested.

## Expand recruitment and retention

**CONDUCT OUTREACH EARLY AND OFTEN** Building a bigger, more diverse pipeline of people who enter economics means starting early. "We are likely too late if we focus on undergraduates," Mester cautioned in **remarks** at AEA's 2021 annual meeting. "To drive significant change in broadening the field, we need to start in kindergarten and elementary school, and then continue throughout high school to explain basic economic thinking, what types of problems economics can help solve, and what types of career paths economics opens up."

Providing more information about the tools economics offers, the problems it can address, and the career paths it opens was a recurring theme of the event. David Wilcox urged economics departments to copy what other academic departments do and advertise the discipline to new students rather than assume that the students who show up in econ 101 are the complete population of those who could be interested in economics. Recent randomized controlled trials **support this idea,** showing that simple tactics such as sending emails to incoming students encouraging them to take an economics class or telling them what economists do can boost the number of students from underrepresented minority groups who take an economics course.

To make economics appealing to students from diverse backgrounds, panelists also suggested paying attention to the course content and texts used in intro courses. If the examples of economists that are cited are all White men, it will be harder for students from other backgrounds to see themselves as economists. It is also important to address the social issues that interest students early in economics curriculums and not wait for upper-level courses. This may mean changing the conventional approach to topics such as racism and discrimination in introductory courses to acknowledge that markets don't always eliminate discrimination and allowing students to investigate why.

**SUPPORT STUDENTS OF COLOR ON THEIR PATH** "People in historically underrepresented groups face headwinds at every stage," Arthur (Skip) Lupia observed at the event. They are also more likely to be excluded from information networks that connect people with useful opportunities, such as conferences or funding, Amuedo-Dorantes noted, an exclusion she experienced herself. This makes **mentoring** particularly crucial for students and economists of color. Good mentors offer encouragement, information, and connections among people who would benefit from knowing each other. They also listen so that they learn what their protégé's goals and needs are. "Just having a few people like that along the way helps to make the path OK," Akee said.

While mentoring from people of color can provide important role models, everyone can be a good mentor. They can also be allies by joining professional organizations that support economists of color, including the **National Economic Association, American Society of Hispanic Economists**, and **Association for Economic Research of Indigenous People,** Akee said.

## Steps to improve diversity and inclusion in economics

Drawing on ideas offered by panelists during the event and recommendations provided in the event's additional materials, this list summarizes the specific actions described in this report that people in the profession can take to improve diversity and inclusion in economics—a to-do list for economics.

### *Change economics research practices and processes*

- Embrace new perspectives and reward new ideas.
- Be an active, effective bystander when you observe problematic, hostile, or unwelcoming behavior by speaking up in the moment.
- Examine assumptions when including race or ethnicity variables in statistical analysis.
- Study how laws and institutions of the past continue to limit opportunities and outcomes for people of color.
- Collect better data on underrepresented groups to inform detailed research on questions about disparities in outcomes and differences in economic experiences.
- Diversify editors, reviewers, and authors at journals.
- Encourage and reward mentoring as a professional activity.
- Expand networks and venues used to recruit for open positions.
- Present research outside of economics to integrate ideas and methods from other disciplines.
- Have genuine conversations with people who've faced economic disadvantages.

### *Expand recruitment and retention*

- Expand basic economic teaching in primary and secondary education.
- Advertise to undergraduates the problems economics can address and the career paths it opens.
- Address social issues that interest students and discuss contributions from economists from diverse backgrounds in intro courses.
- Build diverse professional networks.

- Be a good mentor to all students: Listen, encourage, provide information, and help build protégés' professional networks.
- Join professional organizations that support economists of color.

***Track progress***

- Collect better data on representation in the profession.
- Conduct regular surveys on the professional climate within economics.
- Evaluate policies for disproportionate impact on underrepresented groups.

## Track progress

The discipline can track the progress it is making to increase diversity, inclusion, and equity in a number of ways. The event opened with a dramatic illustration of how little clear information is available on representation in the wider economics profession, which we reproduce in a table accompanying this report. Reporting by one of the event moderators, Jeanna Smialek, has documented underrepresentation among Federal Reserve economists, and the Committee on the Status of Minority Groups in the Economics Profession collects and **posts** available data on economics degrees conferred to students from underrepresented groups. These efforts underscore that obtaining better data is often a matter of taking the initiative to assemble it. As George said, "Progress requires continuous advocacy and monitoring by leaders, including the use of employee surveys, exit interviews, and tracking and reporting metrics." Similar data should be collected on representation at different levels and positions within the field: in Ph.D. programs, in tenured faculty positions, on editorial boards of top journals.

In addition to "counting bodies," it's also important to continue to administer surveys that "tally experiences," Washington said. The **AEA Professional Climate Survey,** administered in the winter of 2018–19, asked a variety of questions about individuals' experiences within the field of economics as well as at their institution. Continuing such surveys will help the discipline understand whether, and how, the climate is evolving.

Other areas that panelists flagged that would benefit from greater diversity and inclusion are introductory course syllabuses, seminar speakers, and journal publications, all of which can be evaluated with thoughtful metrics. As an example, Betsey Stevenson and Hanna Zlotnik have **analyzed** "the frequency and the ways in which men and women appear in introductory textbooks." Other metrics could look at where scholars of color publish or the topics of articles accepted for publication at journals.

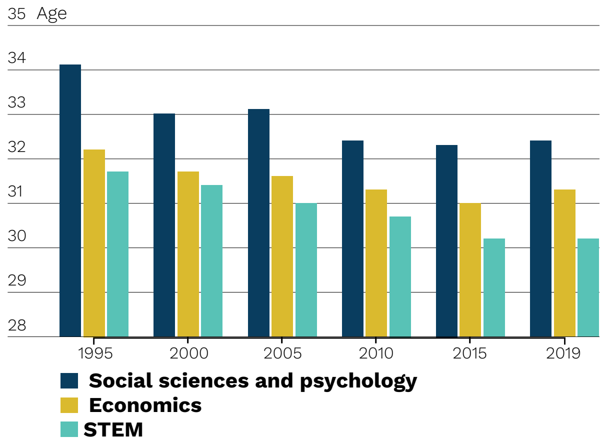
Finally, it is also important to evaluate policies and practices, both new and old, to see if they are achieving their intended goals and if they have adverse effects that impact some groups disproportionately. "[Policies] that appear to be race neutral can actually lead to racially disparate outcomes," Trevon Logan noted during the event. As an example, he pointed to the length of time it takes to obtain a Ph.D. and to publish a journal article. See **"Is the time to an economics Ph.D. increasing?"** for a discussion.

## Is the time to an economics Ph.D. increasing?

Changes to the training process en route to receiving a Ph.D. in economics could lead to changes in who enters the field. One current trend is the rise of predoctoral programs. These programs are designed to provide students with research and professional experience following the completion of a bachelor's degree. Such programs could help support underrepresented groups by providing prospective Ph.D. seekers with the opportunity to gain research and analytical experience that will prepare them for graduate school.

However, there are also potential drawbacks. Predoctoral programs could present an additional barrier to students from marginalized backgrounds if they are not as actively recruited to these programs as others, which could narrow, rather than widen, the pipeline into the profession. Another possibility is that increasing the training required before entering a doctoral program could push back the age at which people receive their doctorate. This could present an additional barrier to students from marginalized backgrounds if they are more reluctant or unable to delay the beginning of their formal training because doing so delays beginning their career and earning a meaningful income.

Median age at doctorate




Note: STEM includes physical sciences, mathematics and computer science, life sciences, and engineering.

Source: Authors' calculations from the **Survey of Earned Doctorates,** National Science Foundation

Data from the Survey of Earned Doctorates from the National Science Foundation allow us to explore one of these potential concerns: whether the time required to complete an economics Ph.D. has changed over time. These data show that the median age of economics doctorate recipients has actually declined modestly, from 32.2 years old in 1995 to 31.3 in 2019.* However, time enrolled in graduate school increased from 7.0 to 7.8 years for economics students between 1995 and 2019, though this is related to a 0.5 year increase in the last year of data, and most intervening years show smaller or no increases.

Compared with the median age at doctorate and median time enrolled in graduate school in other disciplines, economics appears to be somewhere in the middle, taking less time than other social science fields but longer than STEM fields, and this relationship has been stable since the 1990s.

Taken together, these changes suggest that students are earning economics degrees somewhat earlier in their careers, but they are spending more of those early career years preparing for that degree. This could make an economics Ph.D. more feasible for students who are able to devote that amount of time to training and for those who have the professional networks that help them understand and obtain the experience that will allow them to be successful. However, better data are needed to understand the full impact of predoctoral programs on the presence of underrepresented groups in economics. Those providing predoctoral training opportunities should make efforts to monitor their programs for inclusion, as outlined in Section I of this report, and ensure that their compensation does not operate as a barrier to inclusion. Graduate programs should also evaluate the effects that such programs have on representation in their Ph.D. admissions.

*Unfortunately, the published data do not tabulate time to degree separately by race and field.

*The author of this sidebar, Chukwuma Okoro, is a research assistant at the Opportunity & Inclusive Growth Institute at the Federal Reserve Bank of Minneapolis.*

## II. Event discussions: Exploring the role of people and ideas in fostering inclusion and combating racism in the economics profession

The event's conversations were organized around three big questions. First, how does racism—structural or otherwise—influence who participates in the economics profession? Second, does racism manifest in the practice of economics and the scholarship it produces? And, finally, what are the key steps for addressing these problems? The event concluded with reflections from a panel of Reserve Bank presidents.

### PANEL 1 | RACISM AND THE PIPELINE INTO ECONOMICS

The opening panel, *Racism and the Pipeline into Economics,* featured four distinguished panelists with recognized records of service in addressing representation in economics. Full panelist information and bios are available on the **event website.** Jeanna Smialek, *New York Times* economics reporter, moderated.

Ebonya Washington opened the panel by observing how hard it is even to measure diversity among the ranks of professional economists. "If the first step in solving a problem is to take good measure of it, then unfortunately we have not even taken a good first step yet," Washington said. To prove this point, she assembled data on representation from a range of sectors employing economists (see table), explaining that in most cases the data come from very limited survey studies and for several sectors essentially no data exist.

Limited data on representation in the economics profession

| | Entities reporting | Percent Black, Hispanic, or American Indian |
|---|---|---|
| All employed Ph.D. economists | n/a | Unknown |
| Academia | 341 | 7.56% |
| Government | 130 | 8.06% |
| Industry | n/a | Unknown |
| Think tanks | 1 | 16.67% |

Sources: Ebonya Washington, **"Racism and the Pipeline into Economics: The Numbers"**; academia data from AEA Universal Academic Questionnaire 2019-2020; government data from U.S. Office of Personnel Management FedScope Database December 2020; think tanks data from Wessel, Sheiner, and Ng 2019 (Brookings)

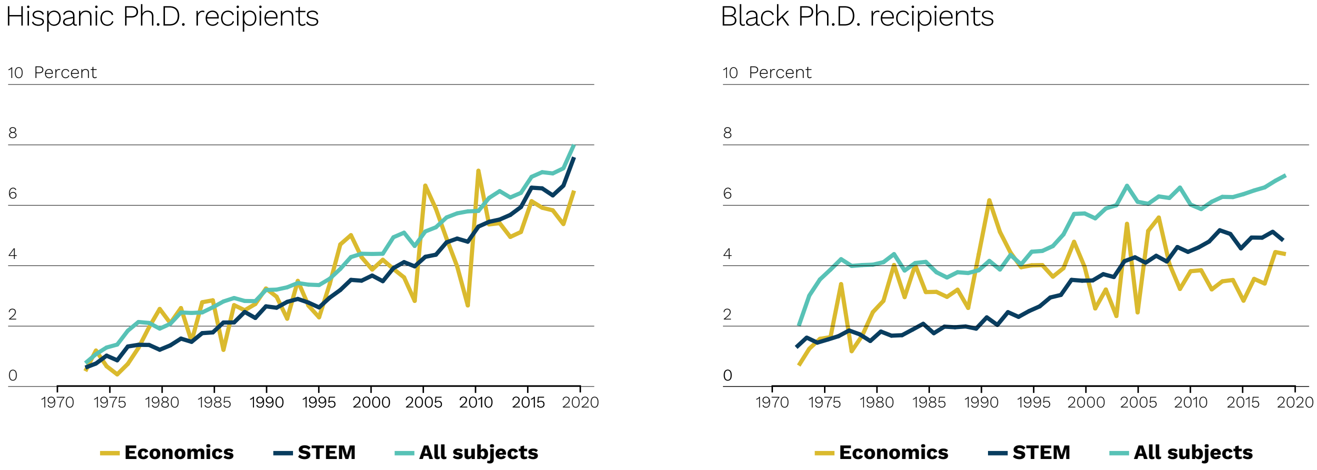
More data are available on graduate and undergraduate students in economics and other fields, though these are limited to U.S. citizens and permanent residents. By these measures, Black, Hispanic, and American Indian students are all currently underrepresented in economics, as their share of the B.A.s and Ph.D.s awarded in economics completion is lower than their shares in the U.S. population.[1]

[1] The U.S. Census Bureau uses the following terms in its data: Black or African American, Hispanic or Latino, American Indian or Alaska Native, and White. In our discussion, we use the first term from each set.

The data also show that the current level of underrepresentation is the result of different trajectories for Black and Hispanic students (see Figure 1), with the share of Hispanic Ph.D. recipients in economics rising steadily since the 1970s to its current level of just around 6 percent (compared with a population share of 18 percent), while the share of Black Ph.D. recipients in economics has roughly plateaued at its current level of around 4 percent (compared with a population share of 13 percent) for the past decade.[2] American Indian Ph.D.s in economics show no trend, in part because of very small numbers—in many years, there are none (compared with a population level of around 1 percent). The panelists pointed out the limits even in these data, as each of these race and ethnic groups is heterogeneous, and aggregation masks very different experiences. "One of the reasons to get more disaggregated data is to actually figure out, who are we leaving behind? Who are we missing?" Judith Chevalier said.

Representation among Ph.D. recipients, 1973-2019

1




Note: Observations are of U.S. citizens and permanent residents. Because the Survey of Earned Doctorates added a new option, "more than one race," beginning in 2001, the data from 2001-19 are not directly comparable with data from earlier years.

Source: Authors' calculations based on data in the Survey of Earned Doctorates, National Science Foundation. Figures first presented by Ebonya Washington in "Racism and the Pipeline into Economics: The Numbers"

Much of the remainder of the panel discussion considered the reasons for the severe underrepresentation of these groups in economics. Trevon Logan noted that one explanation that does not seem likely is that underrepresented groups have insufficient skills in math. Between 2000 and 2019, 981 doctorates in mathematics and computer science were awarded to Black graduate students, compared with 314 in economics, according to data from the Survey of Earned Doctorates. Alluding to these statistics, Logan said, "When you consider the breadth of economics and the variety of professional positions that economists can enter into—and as any good economist would think about, the ways in which economists are remunerated for their services—it really would seem plausible that you'd have more people who have that [math] skill set interested in economics."

[2] According to the U.S. Census Bureau, the share of the U.S. population identifying as Hispanic increased from 5 percent in 1970 to 18 percent in 2020. The gap between the percent of Ph.D.s awarded to Hispanic students and the percent of the population identifying as Hispanic has widened over this period, from around 4 percent in 1973 to around 12 percent today. The gap between the percent of Ph.D.s awarded to Black students and the percent of the population identifying as Black has narrowed slightly, from around 11 percent in 1973 to 9 percent today.

Instead, all four panelists pointed to a deeper source of underrepresentation. Each panelist, in different ways, noted that the culture in economics was frequently unwelcoming—both to individuals and to new ideas. Even in instances where an unwelcome environment is unintentional, the impacts are often disproportionately negative for students from underrepresented groups and those who study those groups. Randall Akee recounted that because he studies "nonstandard" groups—American Indians, Pacific Islanders, First Nations communities—the profession didn't know how to evaluate him when he entered the job market. "There are break points that occur where the disillusion and disappointment can break a person, make them say, 'I'm done with this,'" Akee said. Underrepresented groups face more of these obstacles than others.

The profession's tendency toward orthodoxy is one source of that disillusion. "We don't value all topics equally," Washington said. Rather, the system engages in "self-replication," Akee described, to create Ph.D. students whose work is similar to that of their advisers. Institutions then hire new faculty whose topics and methodology are familiar to the hiring committee.

A related issue is the way in which economists communicate about the questions the field can answer, particularly to some of the youngest scholars. Chevalier noted, "We want people to know that economics isn't just a narrow set of topics around finance or around business, but that economists work on a variety of public-policy-relevant and important topics. On the other hand, if we are to entice students into economics with the promise of this broad range of exciting things economists can work on, then we actually have to make good on that promise." Other panelists observed that young people driven by a desire to solve pressing social and economic issues in their community frequently turn to law or health care instead. "They see economics as a substantive problem of inequality, but they don't see the study of economics and becoming an economist as part of the solution," Logan said.

Near the close of the panel, Logan stressed that culture is key to improving diversity and inclusion in economics: "We will lose our comparative advantage as researchers if we do not change the culture in the profession. This is an existential crisis for the profession. It is not something about just our pipeline, but what the profession looks like for those who are currently in the profession, as a signal to those who should be entering the profession."

## PANEL 2 | RACISM AND THE PRACTICE OF ECONOMICS

The second panel, *Racism and the Practice of Economics,* confronted the question of whether racism has shaped economic research itself and the potential consequences of that. San Francisco Fed President Mary Daly opened by saying, "We're going to talk about how the practice of economics, the very way we conduct our research, may in fact contribute to, perpetuate, some of the things we've seen [in the past year] that horrify us." This panel spoke directly to those who work in the field of economics and in particular economics research, and it asked the audience to consider how economics research might reinforce disparities as well as how it might more productively study them.

The panel featured a wide-ranging discussion between Daly, Bill Spriggs, and Sendhil Mullainathan, and three broad themes emerged. The first is the ways in which economics both shapes and is shaped by the environment and institutions around it—alternatively, the role of economics in the world. Indeed, Spriggs argued that it is particularly important for economics to more seriously engage in the in-depth study of racial disparities because economics is "a guardian of institutions," echoing George's earlier remark that "the field informs policy judgments with wide-ranging effects on the American public's well-being." This theme emerged again later in the panel when Mullainathan noted that a key challenge to current economic research is, "How do we evolve while maintaining our aspirations to be scientific, but also imbibe the fundamentally social elements of the [research] that we do?"

"Economics is about people, and if we're not reflecting the constraints and the views and the challenges that people have, then we're probably really not reaching our full potential."

*—MARY DALY*

A second focus was the reasons why economics has had only limited success in producing deeper analyses of racial disparities. The panelists offered several possibilities. There was consensus that economics tends to require that scholars prove discrimination and racism exist before moving on to study their effects. Mullainathan noted that data alone are not sufficient to overcome this (often unstated) requirement: "It's an illusion to think we take the data as it is. What we actually do is we have some beliefs, some prior beliefs, and we require the data to overcome those prior beliefs that we have." He added, "By virtue of setting that starting point [of no discrimination], you've created a very high bar that has to be cleared."

Another obstacle, Spriggs noted, is that "economists are exceedingly poorly trained in American history." The typically ahistorical approach of many economists means that they are unaware of the extent of institutional barriers to full economic inclusion. They may even be unaware of the deeply discriminatory beliefs among founders of the profession. These beliefs continue to cast their shadow in the way that race is sometimes included in statistical regressions as an exogenous variable. Spriggs continued, "What is race? In the United States, Black means the group of people we wrote a set of laws to deny access to something. That is what it measures."

Related, Mullainathan pointed to yet another challenge, which is a reluctance to deal with the "messiness" of human behavior. "We don't want a world where we're subjective, [where] we as a profession need to make some subjective calls, where we need to pay attention to some historical factors and say, 'This is the way it is,'" Mullainathan said.

The third theme in the conversation was solutions. At Daly's urging, both Spriggs and Mullainathan offered several suggestions for near-term and longer-term steps to move economics toward greater contributions to understanding persistent racial disparities. Spriggs offered three steps forward.

- Start to consider seriously how the presence of discrimination as an institution could affect how the labor market functions in expansions and contractions.
- Broaden the set of voices and experiences throughout the profession. Leading institutions such as the Fed, the National Bureau of Economic Research, and academic journals should take this seriously, since they can effect change by showing what perspectives and input are valued.
- Broaden syllabuses in economics courses to include more diverse scholars and ideas.

To this, Mullainathan added two more steps:

- Economists should present to scholars in other fields and take their feedback seriously. Those doing research in economics should more actively enter the broader "marketplace of ideas." Entering this "marketplace" means engaging in robust dialogue across disciplines, which can ultimately enrich economics research and analysis.
- New scholars should be bold. Mullainathan estimates that "the half-life of a [publishing] economist" is a short five to seven years. This means new ideas can enter the discussion quickly—if scholars are willing to take a chance and write about them.

Daly concluded by underscoring the losses that could mount if changes like these do not materialize. "Economics is about people," she noted, "and if we're not reflecting the constraints and the views and the challenges that people have, then we're probably really not reaching our full potential."

## PANEL 3 | PROMOTING INCLUSIVITY AND EFFECTING CHANGE

Many panelists throughout the event brought up steps for improving inclusion in the economics profession, but the third panel, *Promoting Inclusivity and Effecting Change,* took this as its focus. Panelists discussed a variety of changes to professional recognition and research practices that could lead the way to creating a more diverse, equitable, and informed discipline. This panel was moderated by Kimberly Adams, host and correspondent at the public radio program Marketplace, and featured comments from Catalina Amuedo-Dorantes, Lisa Cook, Skip Lupia, and David Wilcox.

The conversation opened with a discussion of why the profession needs to change. Addressing concerns that change in the profession would affect research quality, Wilcox countered that change is essential to making the field relevant and ensuring that the field maintains the highest quality. Cook added that if the field does not become more inclusive, it will fail to fully understand the social and economic challenges around us, which in turn means we won't understand how policies are truly impacting people.

This panel also expanded on the first panel's discussion of the lack of diversity among economics students, identifying several more reasons for this. Many students from underrepresented groups don't see people who look like them in their classrooms or on their syllabuses, Cook said, which directly contributes to the equilibrium the profession is currently in. Students also need to see research that is relevant to their lives, Cook added, so that they can back out the skills that they need to learn to be able to contribute to this research.

The conversation then focused on changes that the profession needs to undertake in order to make progress on representation and inclusion. Panelists pointed to the critical role of both institutions and individuals in promoting change. "There's a tendency, I fear," Wilcox said, "to think that these problems are somebody else's problem, that policing in predominantly Black communities is somebody else's problem. That hate crimes against Asian Americans, that's somebody else's problem. That if there's a failure of representation in the field of economics, that's somebody else's problem; it's not my problem. … I want us to just strongly affirm that's the wrong view. It is our problem. We have agency. There are practical steps to be taken."

Cook added that in many cases, the best solutions are localized. She encouraged everyone to be an active bystander who is ready to say, "That's not OK" when they see a person of color being dismissed, berated, or talked about poorly in a faculty meeting or a tenure decision meeting, for example. And Wilcox highlighted that people don't have to make up solutions on their own: A group of economists have created **"Best Practices for Economists,"** available on the AEA website, that provides research-grounded practical and implementable solutions.

> "Everybody has to be an active bystander who says, 'That's not OK' when they see a person of color being dismissed or … talked about poorly."
>
> *—LISA COOK*

The conversation then turned to ways to increase opportunities for underrepresented groups. Lupia said that outreach efforts that bring underrepresented minorities to top research universities are helpful, but they are not enough. Rather, he argued that opportunities to learn, research, and use economics need to be created at historically Black colleges and universities and at minority-serving institutions. These programs would provide "hundreds, dozens, thousands of people a shared experience in conducting economics, in seeing the amazing thing that economics can do. So that the next time an opportunity is there, they have a support network where they can use economics to solve the problems that they see," Lupia said.

Importantly, efforts to build new opportunities or develop better policies must be grounded in the needs of the people they intend to serve. "Anything we can do to meet people where they are, to understand their core concerns, to understand the lives they want to lead, and then make economics relevant to that and support that, we can do a great thing for the nation," Lupia said.

The panel concluded by discussing ways to measure progress. Wilcox said one approach is to ask, "What does success look like?" To him, success looks like a situation "where all persons, no matter their characteristics or backgrounds, are not only welcomed but are actively valued for what they bring to the table." To achieve that outcome, he argued, it is critically important to have positive change being driven from all levels of an organization, from leadership to the most junior person, so that everyone "feel[s] empowered to bring up ideas that will increase their ability to thrive as individuals in this vibrant community."

Another way to measure success, Cook contributed, is to look at whether we are promoting policies that increase the "arrival rate of ideas that help the economy to grow and that augment living standards." The best way to increase that rate is to open the door, embracing new ideas from people and groups historically excluded.

Amuedo-Dorantes added that it is important to specify short-term and medium-term goals and then track progress to evaluate "what is it that we achieved and didn't achieve this year? What can we do differently in the next year?" She argued that there needs to be a premium placed in the profession on efforts to promote increased representation, such as mentoring. Without additional measures to ensure accountability, goals to increase representation often end up being one of the last concerns that people focus on in their day-to-day activities.

## PANEL 4 | CONCLUSION WITH FEDERAL RESERVE SYSTEM LEADERSHIP

The event concluded with a panel featuring Raphael Bostic, president of the Federal Reserve Bank of Atlanta, Loretta Mester, president of the Federal Reserve Bank of Cleveland, and Eric Rosengren, president of the Federal Reserve Bank of Boston, who reflected on why the day's conversation was important for Federal Reserve presidents, how racism in economics relates to economic outcomes and the work of the Fed, and what the Federal Reserve could do to elevate awareness and actions around the issues identified by previous panels. Kimberly Adams moderated.

The discussion began by emphasizing why increasing representation matters to the Federal Reserve System. The breadth of experiences and perspectives that emerge from engaging with a diverse group of people should be harnessed "for the good of our policymaking in the Fed and also for the good of our organization," Mester said. This effort needs to take place at all levels of the organization, Mester continued, from diversifying Reserve Banks' boards of directors to diversifying who is contacted to collect insights on local economies.

Diversity matters at all levels of the economics profession as well, Rosengren added, to ensure that the field is both deep and broad. "We tend to focus on topics that reflect our own background and our own experience. If we don't have a diverse group of people in the field, we're not going to have the right topics to be focused on. … But it's more endemic to the field because even if you have a great idea and a great topic, you need peers who also find it interesting because they're going to be your referees when it comes time to send it to a journal. So if our referees aren't diverse, it's not going to see the light of day, and your ideas aren't going to actually get a full fleshing-out in the profession. … So if we don't have colleagues and if we don't have editors who are diverse, our field is going to continue to be much more narrow than it should be."

> "If we don't have colleagues and if we don't have editors who are diverse, our field is going to continue to be much more narrow than it should be."
>
> —ERIC ROSENGREN

The panelists were also asked to share specific actions the Federal Reserve should be engaging in to promote increased representation in the economics profession and a more inclusive economy. Rosengren began by highlighting efforts that the Federal Reserve can take to increase representation in the pipeline to the economics profession. He shared that efforts are under way to be more intentional in recruiting a diverse pool of candidates for research assistant positions in the Federal Reserve System. Through that effort, the Federal Reserve can provide direct mentoring to encourage and prepare a diverse group of young adults for advanced graduate work and a career path in economics. But Rosengren also said that it is critically important that the Federal Reserve not wait to get involved until somebody becomes an employee. The Federal Reserve needs to be more intentional about engaging with students at an earlier age to expose them to the idea that economics is relevant for their lives and for addressing challenges that they see in their communities.

Mester discussed the importance of engaging with the general public on the economics of racism and economic inclusion, as these conversations "expose some of the disparities that exist in terms of economic opportunity, which then lead to differences in economic outcomes." Bostic added that these conversations are becoming easier to have as events of 2020–21 have changed people's willingness to talk openly about the ways racism enters the U.S. economy. "Part of the issue with a structural problem is that it's embedded in the structure. You won't see it unless you choose to see it," Bostic pointed out.

Bostic concluded by highlighting the importance of research efforts within the Federal Reserve to promote a better understanding of the role that diversity plays in how people think and talk about the economy. He stated that is it important for policymakers and staff at the Federal Reserve to consider how people in different situations respond to economic events. Those responses can be a function of income, wealth, assets, jobs, occupations, or racial background and history. That information, Bostic said, informs how he assesses economic conditions and how he projects the economy to perform moving forward, which in turn informs how he thinks about the appropriate setting for monetary policy.

## III. Audience engagement and feedback: Starting a broad set of conversations

The event's attendees reveal a lot about broader interest in and commitment to inclusion in the economics profession. To better gauge this interest and commitment, we assembled information from registrations and follow-up surveys.

We reached several conclusions. First, inclusion in the economics profession is of broad interest to many, not only to academics (who have faced criticism from their ranks) or to federal agencies (who have faced public review). We demonstrate this using information on sector of employment and other characteristics of registrants. Second, a large share of this audience is willing to take steps to continue conversations sparked by the event. Around 20 percent of our attendees pledged to have such discussions related to the event at the time that they registered. Follow-up surveys summarized below reveal more about these conversations. We also provide snapshots of conversations among the Federal Reserve's own researcher units.

### EVENT STATISTICS AT A GLANCE*

**5,011** Registrants

**4,291** Total event views

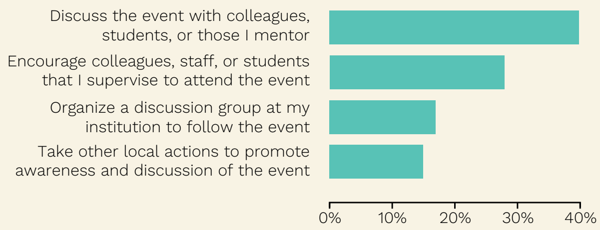
**833** Discussion guide views (unique)

**410** Additional resources views (unique)

**1,085** Conversation leader pledges

**as of June 3, 2021*

Conversation Leader pledge actions

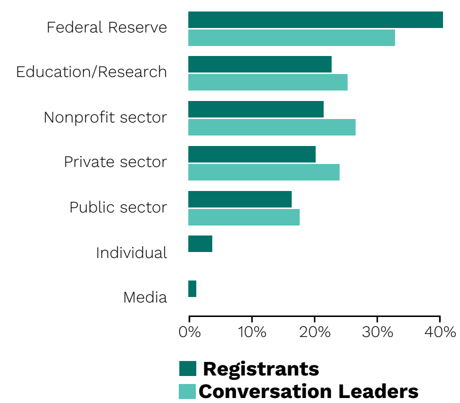



Source: Federal Reserve Bank of Minneapolis

## Audience overview

An audience of approximately 5,000 registered prior to the event, and a large share tuned in. Roughly 3,800 people viewed the event live and another 490 watched the recording in the seven weeks after the event. Registrants made for a diverse group, with the Federal Reserve System, education/research, nonprofit, private, and public sectors all well represented (see Figure 2). There was at least one registrant from each of the 50 states. About 17 percent registered with a Minnesota ZIP code, and 14 percent registered from D.C., Maryland, and Virginia. People were also engaged in discussing the event on social media. There were over 800 tweets likely related to the event, reaching a total of 13.6 million followers.[3] Taken together, these statistics suggest that there is real and broad interest in understanding how economics impacts the people and practice of economics.

Share of registrants and Conversation Leaders by industry 2




Source: Federal Reserve Bank of Minneapolis

The event also demonstrated a willingness among attendees to take conversations sparked by the event into their own workplaces. The importance of such local conversations was emphasized by Lisa Cook as well as other panelists during the event. To promote discussion and action around racism in economics that is grounded in local needs and circumstances, the event's registration form encouraged registrants to pledge to be a Conversation Leader at their institution. This request garnered more than 1,000 pledges, a fifth of total registrants, and pledgers came from a cross-section of industries similar to the overall audience (see Figure 2).

During registration, Conversation Leaders were asked to select one of four actions they would take at their institution. The shares selecting each option are reported in **"Event statistics at a glance."** The most common commitment was to have a discussion of some kind with those in a fairly close circle, but significant shares committed to encouraging others to attend and to hosting more formal discussion groups.

To help Conversation Leaders facilitate their discussions, the event website included a **Discussion Guide.** The Guide offered principles to encourage open, thoughtful conversation and provided questions to prompt reflection about how race might impact the economics pipeline and economics research at the discussants' institution, where the profession and their institution wants to be, and what steps might move the profession in that direction. The Discussion Guide webpage received over 800 unqiue views, and the PDF was downloaded 156 times, suggesting substantial use of this resource.[4]

## Continuing the conversation at the Federal Reserve regional banks

The 12 regional banks of the Federal Reserve system were among the many institutions that organized conversations among their research teams closely following the event. These conversations took many forms, but in general they provided opportunities for research directors, research economists, and often

[3] Defined as a tweet using the #RacismandtheEconomy hashtag in the month of the event (April 2021).
[4] Since posting on March 31 and as of June 3, 2021.

research support staff, such as research assistants and analysts, to offer reflections and to generate ideas about ways to respond to the event's discussions.

Specific examples from around the System provide a picture of the variety of these conversations. Conversations were wide-ranging and numerous, and these examples are meant to be illustrative, not exhaustive. Moreover, participants emphasized the need for and interest in ongoing conversations, beyond those closely following the conference.

The research units at the Chicago, Boston, and Philadelphia Feds held several conversations that took up the questions of the keynote conversation in particular, examining the methodological issues that can limit the study of persistent racial disparities by economists and how these issues influence policy analysis as well as who chooses to become an economist and the professional climate in economics. In addition, the Boston Fed continues to maintain the Systemwide FedEconJobs recruiting portal developed there, and the Philadelphia Fed group worked to focus expanding inclusion specifically within their Research department. This theme animated conversation among Research staff at the San Francisco Fed as well, who discussed ways to make their department more inclusive, including expanding recruiting efforts and providing more initial training to help new research assistants be more successful.

Research staff at the Richmond, Kansas City, Dallas, and Cleveland Feds discussed ways to more effectively increase representation in the economics career pipeline, including efforts to promote network building and improve outreach with local universities. Dallas and Cleveland discussed ways to engage with students at an earlier stage in their careers, such as a sophomore internship program and a coding camp. Richmond and Kansas City also considered how to improve experiences and connectedness among research assistants working within the Federal Reserve System.

Conversations at the Atlanta and St. Louis Feds both reflected on how educational outreach and teaching by their economists and staff can support bringing a broad range of talent into economics.

The New York Fed Research division held follow-up conversations focusing on steps that could be taken to make the professional culture in economics more welcoming and inclusive, how economists could identify economic obstacles that structural racism imposes on people of color, and the role of New York's research analyst program as a pipeline to graduate programs in economics and finance.

The Minneapolis Fed initiated its discussions with a bankwide conversation for all economists with President Neel Kashkari, inviting them to offer personal reflections on the event. Further discussions will focus on department strategy moving forward. For instance, a conversation among Research division economists brainstormed ways to introduce a diverse set of students to graduate study in economics.

## Continuing the conversation at public, private, nonprofit, and academic institutions

To get a sense of how successful the event and associated materials were in facilitating conversations among all those who made the pledge to be a Conversation Leader, we sent a survey to conversation leaders six weeks and 10 weeks after the event, receiving about 100 replies. Half of respondents indicated that they already regularly engage in discussions around inclusion, while for the other half, such conversations were new or somewhat new, suggesting that the event had an immediate impact on the broader community.

Many of the conversations were with small groups, but a number reported reaching 25 or more people with their discussions. If the survey respondents are representative of all Conversation Leaders, this suggests that several thousand people have participated in discussions that drew inspiration from the event.

Almost all respondents to our survey felt these conversations had value. Several respondents said that the stature of the Fed helped to bring a gravity and urgency to a discussion that is often difficult for people and so may not have reached everyone in the past. "As a nonprofit … agency, it was good to have an event that spurred conversation that is sometimes uncomfortable," wrote one respondent. Another wrote, "Overall the conversations were a great starting point. The event prompted discussion with a broader group of people than are usually involved in at least the conversations I've had in the past."

Some respondents highlighted how valuable continuing such conversations is. A respondent wrote, "I think that the key thing for my students from underrepresented minority backgrounds is that they felt that the economics profession was making some effort to be more inclusive. They generally feel marginalized." Another wrote, "The conversations were generally good and productive. The point that really resonated with me and a few of my colleagues who attended was that retention isn't the only problem. Too often we say it's a pipeline problem and the conversation stops there because we don't know how to proactively address that. Just raising awareness, sharing readings, and discussing the topic on a regular basis will bring real change, but it will take time."

However, several respondents also pointed to the limits of conversation. "People nodded and then moved on. I cannot see any real impact," one respondent wrote, implicitly pointing to the importance of concrete action to follow discussion for meaningful change to occur. Another wrote, "Most people seem, on the surface, open to hearing ideas from the event. The response, however, ranged from extremely enthusiastic (mostly employees of color) to less so (mostly White managers, predominantly male but some female). … Discussions are good starts, but there needs to be credible enforcement for there to be any material change."

## Parting thoughts

We hope that the "Racism and the Economy: Focus on the Economics Profession" event and this report have served both to launch important conversations about what should change and to offer suggestions for how. Discussions may just be a start—but they are an essential start, for without discussion, institutions are unlikely to generate sufficient momentum for change or have sufficient understanding of what changes are needed. By pointing to specific practices, conventions, and beliefs that act as barriers to racial diversity, equity, and inclusion in economics, the panel discussions and this conference report can offer direction for future conversations that set strategies for change. Above all, we hope this has served as ample justification and motivation that talking about race and racism is, in Bill Spriggs' words, "an above-board thing to do."