



The Importance of Diverse Perspectives: Strategies for Supporting Women in Economics

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GLOSSARY

Benefits: Things favorable to a decisionmaker; rewards gained from an action/activity.

Costs: Things unfavorable to a decisionmaker.

Demand: The quantity of a good or service that buyers are willing and able to buy at all possible prices during a certain time period.

Supply: The quantity of a good or service that producers are willing and able to sell at all possible prices during a certain time period.

“Diversity is important in ensuring that the research that is done within economics appropriately reflects society’s priorities.”

—Janet Yellen, U.S. Secretary of the Treasury¹

The field of economics is lacking in diversity, beginning at the undergraduate level and extending into graduate school and the world of professional economics. In recent decades, the percentage of undergraduate women studying economics has stalled, while the percentage of women studying other historically male-dominated fields (mathematics, statistics, chemistry, or engineering) has grown.² In addition, economics lacks racial/ethnic diversity. For example, in academia, where economists teach and conduct research, only 23.5% of tenured and tenure-track faculty in economics are women. This number is 6.3% for Black and Hispanic professors.³

The lack of diversity in economics has important consequences. Economics is a social science that addresses a variety of important problems—from climate change to income inequality. And economists advise government leaders about how to design policies to address these problems. The lack of diversity in economics limits the variety of research questions, the spectrum of potential solutions to problems, and how well policy decisions reflect our diverse society.

The Underrepresentation of Women and Minorities in Economics

People share their unique perspectives as they analyze problems and suggest solutions. This can be a strength: When several people bring their unique perspectives to the table, the solution is often better because it addresses the problem from several angles. But if the group is not diverse, the problem solvers may not identify key parts of the problem, or they may not consider a full array of solutions.

Economists with PhDs often research and advise on policy, but they are really at the end of the “pipeline.” The disparities in economics begin at the other end of the economist pipeline—the undergraduate level. From 2011-15 in colleges and universities across the United States, women made

Composition of Students Graduating with Bachelor’s Degrees in any Discipline and in Economics in the United States, 2011-15								
A.		Men (%)	Women (%)	Underrepresented minority (%)				
Major in any discipline		43.0	57.0	19.9				
Major in economics		68.7	31.3	11.8				
B.		White (%)	Black (%)	Hispanic (%)	Native American (%)	Asian (%)	Other/unknown race (%)	Temporary resident (%)
Major in any discipline								
Women	35.4	5.7	6.4	0.3	3.7	3.7	1.8	
Men	27.8	3.1	4.1	0.2	3.1	2.8	1.8	
Total	63.2	8.8	10.5	0.6	6.8	6.5	3.6	
Major in economics								
Women	13.1	1.5	2.3	0.1	5.5	2.1	6.6	
Men	39.6	2.8	4.8	0.2	8.2	4.7	8.3	
Total	52.8	4.4	7.1	0.3	13.7	6.8	14.9	
NOTE: Temporary residents are defined as individuals who are not citizens or nationals of the United States and who are in the country on a visa or temporary basis only. Temporary residents are not included in any of the racial/ethnic categories.								
SOURCE: Bayer, A. and Wilcox, D.W. “The Unequal Distribution of Economic Education: A Report on the Race, Ethnicity, and Gender of Economics Majors at U.S. Colleges and Universities.” <i>Journal of Economic Education</i> , 2019, 50(3), pp. 299-320; DOI: 10.1080/00220485.2019.1618766.								

up 57% of all graduates but only 31.3% of students who graduated with a degree in economics. During that same time, underrepresented minority students (including Black or African American, Hispanic or Latino, and Native American students) made up 19.9% of all college graduates but only 11.8% of graduates who earned a degree in economics (panel A of table). These gaps continue throughout the academic pipeline. We can use economics to explain these disparities.

There are **supply**-side barriers to diversity in economics. In this case, supply refers to the number of students pursuing a degree in economics. Research demonstrates that prior exposure to economics plays a key role in deciding to major in the discipline. However, many students have no experience in economics prior to college. The Council for Economic Education’s *2020 Survey of the States* shows that only 25 states require students to take a high school economics course.⁴ According to the College Board, only 5,595 U.S. high schools offered an AP macroeconomics course in 2019.⁵ This number was slightly smaller (5,189) for AP microeconomics. Approximately 40% of undergraduate students take an introduc-

tory economics course, but most of these students never take another one.⁶ Without the experience of having taken an economics course, many undergraduate students lack a realistic view of economics.

Perceived interest in any subject is a key determinant in making the decision to major in that subject. Women and minority students may arrive at college with false preconceptions regarding economics. For example, when we ask high school students to define economics, they often describe it as being about the stock market, money, profit, banking, and greed. Many women economists interviewed for the St. Louis Fed’s Women in Economics Podcast Series didn’t begin in economics, because they didn’t know what economics had to offer until they accidentally learned about the field.

Not fully understanding what economics is about is problematic for young women, as they cannot aspire to have a career in a field about which they know very little. It helps to make clear to students at an early age that economists use theory, data, and observation to understand and interpret human decisionmaking and apply what they learn to solving problems in the world. And

students can understand that economics offers a multitude of career opportunities that involve helping others and making a difference in society.

It's worth discussing the impact of performance in introductory courses on a student's decision to major in economics. Research suggests that women may be more sensitive to grades in introductory economics courses. For example, for female students, receiving an "A" for a final grade in their first economics class increases their likelihood of majoring in economics.⁷ On the other hand, women who do poorly in an introductory economics class are more likely to abandon an economics major than are men who earn similar grades.⁸

We should also consider the relationship between the presence of role models and a student's decision to major in economics. Although several studies have found no relationship between the number of female faculty in an economics department and the number of undergraduate women majoring in economics, there are good reasons to believe that a diverse faculty does affect a student's decision to major in economics. For example, studies do suggest that women perform better in introductory math and science courses taught by women, which increases their likelihood of taking future math and science classes and graduating with a STEM degree.⁹ Other research reports the impact of role models, suggesting that having women speak to classes about the importance of economics in their careers increased students' likelihood of taking advanced classes and majoring in economics.¹⁰ In short, it can be inferred that the presence of a diverse faculty does in fact affect the number of students deciding to major in economics. However, a small percentage of economics faculty are women.

We can also consider the **demand**-side barriers to diversity in economics. Here, demand is referring to the desire of universities and others in the academic pipeline to recruit and support undergraduate students and hire professors in economics, as well as the desire of employers to hire economists to work in banking, government, finance, and more. Demand-side barriers can inhibit efforts to create diversity in economics. For example, research reveals the presence of implicit biases in all stages of academics, including promotion, admission, and advising. An implicit bias refers to an unconscious prejudice that an individual has but does not recognize.

Research on the presence of implicit biases specifically in economics is limited. However, one can apply research from other fields to economics. For example, in one study that included several academic disciplines, professors received an email from a fictional student requesting a 10-minute meeting. The students' names were varied to signal race and gender. Overall, women and minority students were ignored at higher rates than White males.¹¹ Such biases undermine efforts to create more diversity in economics.

The Significance of the Lack of Diversity in Economics

A large percentage of undergraduate students pursuing a degree in economics are White men. For example, from 2011-15, 39.6% of students who graduated with a degree in economics were White men and 13.1% were White women (panel B of table). However, only 2.8% of economics graduates were Black men and 1.5% were Black women. The implications of this are significant, as the field of economics relies on the perspectives of individuals. If most economists are White men, this severely limits the range of perspectives at the table, as women and minorities bring different viewpoints and priorities. In fact, a survey from the American Economic Association (AEA) reveals that male and female economists have different views on economic policies.¹²

Diversity also greatly affects decisionmaking and group dynamics. With a variety of perspectives, diverse groups can reach an optimal solution that is beneficial to every member. In economics, it is important that those making policy decisions allow for all viewpoints. Without women and minority economists, these viewpoints are skewed.

Mary C. Daly, President and CEO of the Federal Reserve Bank of San Francisco, describes the need for diversity in economics: "Ultimately, economics is the study of people.... It is the single profession that is most influential in policymaking. We need to represent the people we serve."¹³ Accordingly, more can be done at the undergraduate level to attract women and minorities to economics.

Improving Diversity in Economics

Many universities and employers are working to improve the lack of diversity in economics. One program currently

used to increase the number of undergraduate women in economics is the Undergraduate Women in Economics (UWE) project. Claudia Goldin, a Henry Lee Professor of Economics at Harvard University, and Tatyana Avilova of Columbia University lead this project, which aims to increase the rate at which undergraduate women major in economics. The project enlists treatment and control universities and provides funding for treatment schools to start programs aimed at increasing the number of women majoring in economics. These programs come from a range of possible treatment options—better information, instructional content, and presentations, as well as more mentoring and role models. Although this study is ongoing, preliminary results are promising.

For example, Southern Methodist University had recent female economics graduates visit introductory economics classes and discuss how economics has helped them find interesting and valuable careers. After this, there was a substantial increase in the number of women enrolled in an intermediate economics course.¹⁴ The UWE project demonstrates the importance of having representation in classrooms.

The AEA is also working to increase diversity in economics. It hosts an annual summer program that provides women and minority students with guidance and mentoring before they pursue graduate programs. Students also receive training in math, microeconomics, econometrics, and research methods to increase their chances of success in graduate programs.¹⁵ Students who have participated often cite having met lifelong mentors during the program.

Others are also invested in creating more diversity in economics. The Federal Reserve Bank of St. Louis holds an annual Women in Economics Symposium. The symposium gives attendees the opportunity to listen to keynote speakers, network, and learn more about economics. In 2021, with the theme of the symposium being “making a difference in the world with economics,” presenters spoke about how they’ve been using economic data and analysis to contribute ideas and solutions in several fields, such as health care, finance, and the environment. There were also opportunities for attendees to hear about career options in economics and about graduate school programs. The St. Louis Fed also produces a Women in Economics Podcast Series, which highlights the careers

and insights of women in economics. Additionally, Women in Economics clubs nationwide are providing undergraduate students with mentorship and support. These clubs allow women space to grow and flourish.

So how can individuals take action?

Students can

- reach out to professors and teachers to find a mentor,
- talk to a professor about starting a Women in Economics club on their campus,
- attend a Women in Economics event, such as the annual symposium hosted by the St. Louis Fed, and
- listen to the St. Louis Fed’s Women in Economics Podcast Series.

Professors can

- reshape the image of economics,
- create a curriculum that reflects what economists do,
- view introductory courses as an opportunity to attract women as majors,
- practice inclusivity in academic and non-academic activities,
- sponsor a Women in Economics club on their campus,
- invite women economists to speak in class or at Women in Economics club meetings,
- encourage women at every opportunity (as research suggests that providing undergraduate women with encouragement can be effective for increasing the number of women majoring in economics¹⁶), and
- do more than mentor—help young women carve a career path in economics.¹⁷

Opportunities for Economics Majors

Economics is widely regarded as an excellent degree option. An undergraduate economics degree provides tools that can be applied to a variety of careers by offering students the chance to gain analytical, quantitative, and statistical skills. And these skills provide excellent groundwork for pursuing graduate degrees, which will lead to bright career prospects. Economics majors can pursue jobs as analysts, consultants, actuaries, and more.

Economists make a great difference in the world. They inform policy decisions that influence our daily lives and conduct research that aids in our understanding of the economy. And economists are well paid: The median

salary of a professional economist—someone with a master’s degree in economics—was \$108,350 in 2020.¹⁸

Conclusion

Having more diverse perspectives in the field of economics will lead to research that accurately represents all members of society. And from an economics perspective, the **benefits** of pursuing an economics degree outweigh the **costs**, as economics majors have strong career prospects and higher salaries. Additionally, those who pursue a degree in economics can make a difference by informing policy decisions and conducting meaningful research. Many people are working to improve diversity in economics and highlighting the welcoming aspects of the field. ■

Notes

¹ Yellen, J. “The Gender and Racial Diversity of the Federal Government’s Economists.” Remarks at a public event hosted by the Hutchins Center on Fiscal and Monetary Policy at Brookings, September 23, 2019; <https://www.brookings.edu/research/former-fed-chair-janet-yellen-on-gender-and-racial-diversity-of-the-federal-governments-economists/>.

² Bayer, A. and Wilcox, D.W. “The Unequal Distribution of Economic Education: A Report on the Race, Ethnicity, and Gender of Economics Majors at U.S. Colleges and Universities.” *Journal of Economic Education*, 2019, 50(3), pp. 299-320; DOI: 10.1080/00220485.2019.1618766.

³ Bayer, A. and Rouse, C.E. “Diversity in the Economics Profession: A New Attack on an Old Problem.” *Journal of Economic Perspectives*, 2016, 30(4), pp. 221-42.

⁴ See the *2020 Survey of the States*. New York, NY: Council for Economic Education, February 2020; <https://www.councilforeconed.org/wp-content/uploads/2020/02/2020-Survey-of-the-States.pdf>.

⁵ Based on the “Program Summary Report.” College Board, 2019; <https://secure-media.collegeboard.org/digitalServices/pdf/research/2019/Program-Summary-Report-2019.pdf>.

⁶ Siegfried, J.J. and Walstad, W.B. “Undergraduate Coursework in Economics: A Survey Perspective.” *Journal of Economic Education*, 2014, 45(2), pp. 147-158.

⁷ Owen, A.L. “Grades, Gender, and Encouragement: A Regression Discontinuity Analysis.” *Journal of Economic Education*, 2010, 41(3), pp. 217–234.

⁸ Rask, K. and Tiefenthaler, J. “The Role of Grade Sensitivity in Explaining the Gender Imbalance in Undergraduate Economics.” *Economics of Education Review*, 2008, 27(6), pp. 676-687.

⁹ Carrell, S.E.; Page, M.E. and West, J.E. “Sex and Science: How Professor Gender Perpetuates the Gender Gap.” *Quarterly Journal of Economics*, 2010, 125(3), pp. 1101-1144.

¹⁰ Porter, C. and Serra, D. “Gender Differences in the Choice of Major: The Importance of Female Role Models.” Departmental Working Papers 1705, Southern Methodist University, 2017; <https://ideas.repec.org/p/smu/ecowpa/1705.html>.

¹¹ Milkman, K.L.; Akinola, M. and Chugh, D. “What Happens Before? A Field Experiment Exploring How Pay and Representation Differentially Shape Bias on the Pathway Into Organizations.” *Journal of Applied Psychology*, 2015, 100(6), pp. 1678-712.

¹² May, A.M.; McGarvey, M.G. and Whaples, R. “Are Disagreements Among Male and Female Economists Marginal At Best? A Survey of AEA Members and Their Views on Economics and Economic Policy.” *Contemporary Economic Policy*, 2014, 32(1), pp. 111-132.

¹³ “Women in Economics: Mary Daly.” Federal Reserve Bank of St. Louis, Women in Economics Podcast Series, 2018; <https://www.stlouisfed.org/timely-topics/women-in-economics/mary-daly>.

¹⁴ Avilova, T. and Claudia, G. “What Can UWE Do for Economics?” *AEA Papers and Proceedings*, May 2018, 108, pp. 186-90; doi:www.aeaweb.org/journals/pandp.

¹⁵ For more information, see AEA Summer and Scholarship Programs at <https://www.aeaweb.org/about-aea/committees/aeasp>.

¹⁶ Bayer and Rouse (2016). See footnote 3.

¹⁷ See <https://sway.office.com/NP8HX1fneQEIHxFN?ref=Link&loc=play>.

¹⁸ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Economists; <https://www.bls.gov/ooh/life-physical-and-social-science/economists.htm>.

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