

Opening Remarks and Introduction

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Racism and the Economy: Focus on the Economics Profession
An Online Series Hosted by the 12 Federal Reserve Banks

Hello and welcome to today's Racism and the Economy series, presented by the 12 regional Federal Reserve Banks. I'm Esther George, president and CEO of the Federal Reserve Bank of Kansas City.

This landmark series focuses on inequality in our society and examines ways in which structural racism manifests in our economy. Today's event is the fifth in this series, and it is focused on the economics profession. The discussion will consider racism and the pipeline into the field of economics, racism and the practice of economics, and promoting inclusivity and effecting change.

The economics profession has widely acknowledged that it has a problem with diversity in its ranks. Last year, the American Economic Association hosted a panel titled, "How Can Economics Solve Its Race Problem?" During the session, panelists cited "poor leadership, institutional dysfunctions, discouragement from specializing in the study of race, and a toxic professional culture."¹ Such issues would be a problem in any profession, but it is a particular problem in economics, where the field informs policy judgments with wide-ranging effects on the American public's well-being.

The Federal Reserve System is a large employer of economists in the United States and plays a unique role in shaping the field. Economists contribute to all aspects of our mission including monetary policy, supervision and regulation, and payments. In service to that mission, we have a strong interest in shifting our workforce and the economics profession as a whole towards racial inclusion. 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.

As one of the regional Reserve Bank presidents, my own perspectives on race and the economics profession are shaped not as a member of the economics profession but as a central banker and policymaker whose views rely on input from those trained as economists. I am a strong proponent of a system specifically designed to elicit a geographically diverse set of views

¹ <https://www.npr.org/sections/money/2020/01/07/793855832/economics-still-has-a-diversity-problem>

on the state of the economy and the proper stance of monetary policy. It has been my experience working within this decentralized System for nearly 40 years that policymaking is improved when diverse views are represented and assumptions are questioned. With that backdrop, I'll offer a few of my own thoughts on how I view my role, as a policymaker and an employer, in making diversity a reality.

First, it begins with me—not because I can solve every problem in every place, but whatever I *can* do, I *should* do. I am accountable for actions within my sphere of influence, and for the results in my own organization, including its culture, its hiring philosophy, and its public engagement.

Inclusivity must be embedded into the values of the institution, to the point of being part of its identity. This starts with broad policies and a statement of values, both of which are in place at my Bank and throughout the Federal Reserve System. But progress requires continuous advocacy and monitoring by leaders, including the use of employee surveys, exit interviews, and tracking and reporting metrics. Importantly, the value of inclusivity must be part of everyone's job. It is how we do business.

Second, inclusivity must be reflected in hiring. This requires looking at the broadest possible applicant pool and holding leaders accountable for doing so. For example, the Federal Reserve's FedEconJobs.org website casts a wider net for potential applicants. As we hire, we must ensure that the education and experience filters that we use are set to promote inclusivity. The Fed can also play a role in encouraging students, even prior to college, that economics is a relevant and attractive career path. This requires outreach and active engagement often to overcome general misperceptions about the field that can discourage students from pursuing an education in economics. My colleague at the San Francisco Fed, Mary Daly, has often pointed out that how we describe the profession's aims and the scope of the questions it can help us answer is key.

Finally, when we are in a position to provide opportunities, it is essential that we pursue inclusivity in the allocation of those opportunities. For example, the Kansas City Fed hosts a number of conferences and events, including the annual Economic Policy Symposium in Jackson Hole, Wyoming. As we consider the speakers and other participants for such programs, it is our job as the organizer to invite diversity, including bringing more women and people of color into the room. Doing so actively expands the diversity of our network of contacts and improves the

quality of the program. This, in turn, can help expand the diversity of information we collect in regular economic intelligence gathering, the diversity of participants on our boards and advisory councils, and ultimately, a fuller understanding of the economy we seek to promote.

I look forward to learning from others how to effect the change we need. It is my hope that every economist and indeed every stakeholder in the economics profession will take what we learn and commit to a set of actions that will make diversity in the field of economics a reality.

Today's program will consist of three panel discussions, followed by a discussion with three of my Federal Reserve Bank president colleagues and closing remarks by Raphael Bostic of the Atlanta Fed. I'm honored to join my Federal Reserve colleagues as sponsors of this important series, as well as the other distinguished panelists for this particular topic.

I encourage you to continue these conversations beyond today's virtual experience. Hundreds of today's attendees have pledged to be a conversation leader and organize further discussions within their institutions and throughout their communities on this important topic. These simple actions can bring greater awareness to issues of structural racism in America's economy, and by doing so, serve as a catalyst for change.

With that, I'll turn it over to Jeanna Smialek from *The New York Times*, who will moderate our first panel.