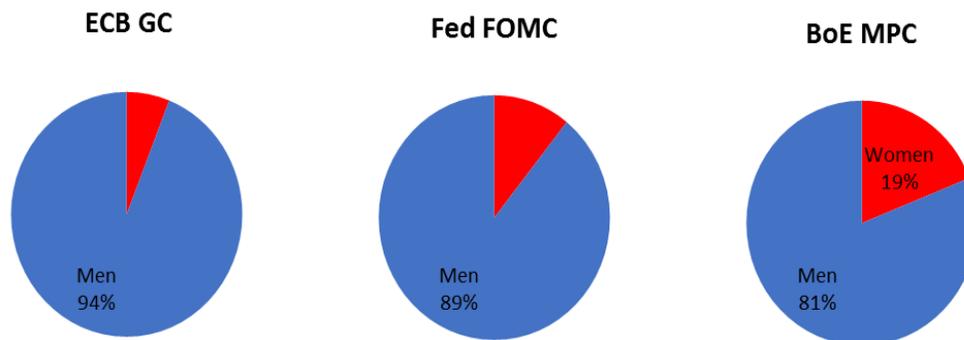


# Central banking at the top: it's a man's world

By [Klodiana Istrefi](#) and [Giulia Sestieri](#)

*Women are underrepresented in central bank governance. In 2018, only 11 out of 173 central banks are headed by a woman. The ethical case for gender rebalancing in central bank governance is a sufficient reason alone, but we could go further and provokingly ask whether women have a different leaning to monetary policy objectives than men? Our investigation of former and present US Fed policymakers suggests that this is not necessarily the case.*

**Figure 1. Women are poorly represented in monetary policy decision committees**



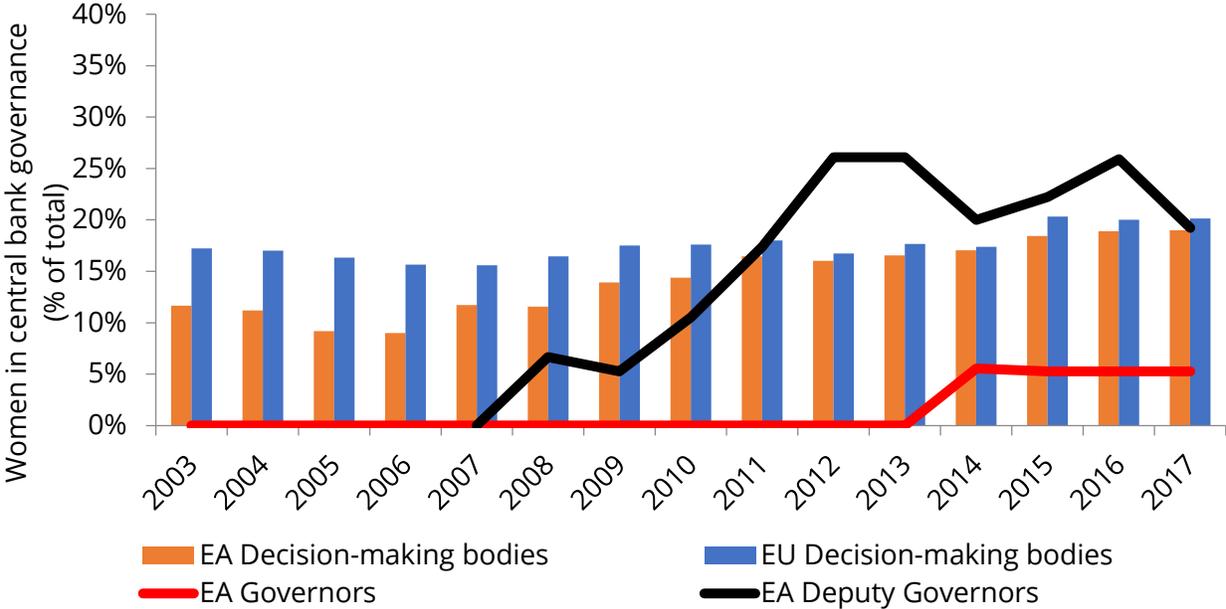
*Note: GC, the Governing Council of the ECB (1998-2018), FOMC, the Federal Open Market Committee of the Fed (1960-2015), MPC, the Monetary Policy Committee of the BoE (1997-2018).*

## Central bank governance is highly masculine

In 2018, only 11 out of 173 central banks are headed by a woman (i.e. 6%). If we include Deputy Governors, the share of women is just above 30% according to the [2018 OMFIF Gender Balance Index report](#). If we focus on three major central banks taking monetary policy decisions through committees - the Federal Reserve, the Bank of England and the European Central Bank -, we observe that they have similar shares. For instance, out of 130 members that have served on the Fed's FOMC in the last 55 years, there have been only 14 women, i.e. just over 10%. The BoE does slightly better, as 19% of MPC members have been women since its creation in 1997. As for the ECB, about 16% of its Executive Board members have been women since 1998, corresponding to only 6% of the ECB Governing Council.

Janet Yellen was, until the beginning of this year, the Fed's first and only female leader in over 100 years. As regards the euro area, Chrystalla Georghadji, the Governor of Cyprus, is currently the only woman chairing a central bank out of the 28 European Union countries. If we consider a broader definition of Governance, including all central banks' decision-making bodies, such as general and governing councils or boards of directors, the share of women has barely changed over the past 15 years in the European Union, reaching a ceiling of about 20% (see Figure 2). Data on Deputy Governors, available since 2007, show a rising trend up to 2012, when 6 out of 23 Deputy Governors of euro area countries were women. In the subsequent years, these numbers have stagnated at around 20%. The (under-) representation of women is not confined to Central Banks' governance, as a previous [BDF blog post](#) looking at women in economics shows.

**Figure 2: Women's share in central bank governance stagnates at 20% in the euro area**



Source: European Institute for Gender Equality and authors' calculations. Bars and lines indicate the number of women in each category as a percentage of total headcounts.

Initiatives are currently under way in many central banks to promote a more equal representation of women at the top. The ethical case for gender rebalancing in central banks governance is a sufficient reason alone as this is primarily about making the most of the pool of talent available to set monetary policy. But we could provokingly ask whether women have a different leaning to monetary policy objectives than men (see also a recent [VOX EU](#) post on this topic).

## **Are women in central banking hawks or doves?**

From a financial analyst's point of view, do women tend to assign more priority to fighting inflation (hawks) or to supporting more output growth and employment (doves)? We look at the case of the FOMC, using insights from a unique dataset that divides FOMC members into perceived hawks, doves and swingers, i.e. those who are perceived to have switched from one type to another (see [Istrefi, 2018](#)). This classification is based on a textual analysis of US newspaper articles since the 1960s, investigating how Fed policymakers are portrayed in terms of their policy leanings towards inflation and growth. About 20,000 articles or reports, from more than 30 newspapers and business reports of Fed watchers have been read to construct this measure. Looking at 130 FOMC members, the measure shows that 39% of them are perceived as all-time hawks, 30% as doves and 24% as swingers. The rest remained unknown. Within the FOMC composition, Reserve Bank presidents are perceived as more hawkish and the Board members as more dovish. In terms of gender, women (14 out of 130 members) are perceived more on the dovish side than men (57% versus 27%).

## **Beyond gender: education, early life experience, and political support**

Does this mean women in the FOMC are intrinsically more dovish than men? Not necessarily. First, the sample of women is too small to assign statistical significance to these numbers. Second, a subsequent study using this classification ([Bordo and Istrefi, 2018](#)), highlights two important factors in moulding the policy preferences of these FOMC members: ideology and events that shaped their lives before joining the FOMC. They show that the odds of being a dove are higher for those that studied in universities with Keynesian beliefs, like Harvard or Yale, and were appointed to their position, mainly to the Board of Governors, by Democratic Presidents. This is equally true for men and women in the FOMC. Moreover, the majority of women in the FOMC (11 of 14 of them) started their tenure from the 1990s onwards, which is a period characterised by a dovish trend in male FOMC members as well.

Consider the case of Janet Yellen for instance, who served at the FOMC as Board Governor (1994-1997), San Francisco Fed President (2004-2010) and finally Federal Reserve Chair (2014-2018). Yellen, a Yale graduate, was first nominated to the Board by President Bill Clinton in 1994, together with Alan Blinder (an MIT graduate). Both were expected to be doves on policy and were thus perceived during their respective terms at the FOMC. For instance, pending their confirmation from the Senate, the Financial Times referred to both of them as 'inflation doves', alluding to their education in the Keynesian tradition and to their appointment by a Democratic president.

Besides, women perceived as hawkish or swingers have all but one represented regional Federal Reserve Banks. Interestingly, half of them have represented the Cleveland Fed, known for a high inflation-fighting appetite (currently Loretta J. Mester with voting rights in the FOMC for 2018). Thus, gender doesn't seem to be a relevant indicator of policy orientation. When guessing FOMC members' orientations, it is more informative to know from which university these members graduated, what great economic events shaped their early life, or who appointed them and for what position, rather than their gender.