



BANK OF ENGLAND

# Speech

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## Opening remarks at the econoME launch event

Remarks given by

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Court Room, Bank of England

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## Welcome

Good afternoon and welcome to the Bank of England.

We are here today to discuss the value of an economics education and to launch formally the Bank's new education outreach initiatives, in particular the teaching materials we have cleverly dubbed "econoME".

We think economics education is important for three reasons:

1. It helps young people **understand the world** around them and equips them with the **skills to make important financial decisions** throughout their lives;
2. It demystifies the **Bank of England's role**, helping make what we do more effective while also holding us to account; and
3. It can **inspire more young people into careers in economics, finance and business**, improving diversity in these fields while fostering more sustainable growth for all.

The demand for improving economics education is there – over three quarters of the public believe that economics should be taught in schools.<sup>1</sup> The supply isn't. Only a third of schools offer children the option to study economics from the age of 14.<sup>2</sup>

To help on the supply side the Bank has developed an education outreach strategy with three components:

1. **econoME**: which includes free lesson plans and supporting materials for teachers to use in their classrooms;
2. **Bank Ambassadors**: colleagues below the director level at the Bank who volunteer to visit schools across the country to explain the Bank of England's role; and
3. **School visits by senior Bank and policy committee members**: to spark young people's interest in economics and to inspire them to pursue a career in related fields.

Let me say a bit more about why we are doing this.

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<sup>1</sup> May 2017 survey conducted by ING and the Economics Network, available at: <https://www.economicnetwork.ac.uk/research/understandingecon>

<sup>2</sup> See Haldane, A "Everyday Economics", Birmingham 2017

**The first objective is to help young people understand the economy and to make better informed personal financial decisions.**

The **econoME lessons** are designed for 11-16 year olds and cover:

- The economic factors that influence personal decisions;
- How to make informed decisions; and
- How such decisions collectively influence the economy.

An array of **econoME resources**, designed in close collaboration with teachers and education specialists, support these classes. The materials include lesson plans, presentations, videos, activities and real life case studies. And they can be used by non-specialists with no prior economics training.

Our aim is to convince 400 schools across the country to download and teach the econoME materials in the first year rising to about 1500 schools over three years. Already during the trial period over the past four months, almost 300 schools have downloaded the resources, 250 of which were state schools.

We have also started discussing with examination bodies about how to develop resources similar to econoME to support the GCSE and A-level economics syllabus by 2020. And we intend to develop resources, including games, activity sheets and videos for primary school children over the next two years.

**The second motivation of the Bank's efforts is to help young people understand the Bank's role in managing the economy and hold us to account.**

The Bank's decisions affect every UK citizen whatever their age and wherever they live. We know that for our policies to be effective, the Bank needs to be understood, credible and trusted. The challenge is that the Bank's work often requires deep technical skills and arcane knowledge, but not surprisingly, not everyone wants to be steeped in fan charts, capital modelling and stress testing.

So recognising that we need to make our communications more accessible to the people we serve and in order to connect with both the City and the country, the salon and the suburb; we are creating content that engages different audiences through different channels.

Of course, these efforts will be more effective if people understand the basics of the Bank's responsibilities. And that's part of what the econoME materials will teach young people.

To really bring the Bank's work to life and give students a chance to hold us to account, colleagues below director level from around the Bank are heading into classrooms across the country. These **Bank Ambassadors** will visit over 200 state schools over the next twelve months. The feedback from the first 30 visits to state schools has been terrific. Central banks are not often associated with the words "positive", "appreciated" and "inspiring" so you can imagine how invigorated our Ambassadors are when they hear them.

They've also been challenged with the length and quality of the questions they have had to face from some students who appear to be candidates for future Treasury Select Committee membership.

**Our third reason for creating an education strategy is to inspire economists of the future and thereby improve diversity in finance, business and economics.**

We hope to convince young people of the value of studying economics. We may be a bit biased but we know it's a fascinating subject and one that teaches skills that can open doors to a huge range of rewarding careers.

And it's achievable. As Keynes observed "the study of economics does not seem to require any specialised gifts of an unusually high order."

Yet, economists are still a rare breed.

Last year, less than 0.1% of all GCSE students and 4% of A-level students studied economics.<sup>3</sup>

Part of the problem is that because of its unfamiliarity, economics can seem unappealing. The Royal Economics Society suggests people's lack of enthusiasm for the dismal science is based on a narrow (and dry) perception of the subject and its masters.<sup>4</sup>

As you might expect, I disagree. And so do most students, once we meet them. They are usually surprised by the breadth of topics that economists consider. For example, colleagues are currently working on issues such as the impact of Artificial Intelligence on the future of work, the role of the financial system in combatting climate change, and the value of diversity in decision making. A quick visit to our Bank Underground blog will reveal articles on the impact of mental health, crypto currencies and driverless cars on jobs, growth, inflation and wellbeing.

A more disturbing impediment to the study of economics is the imposter syndrome. There is a perception that economics is "not for people like me" not least because the profession lacks diverse role models. And this challenge is reinforced by the limited opportunities available for students to study economics.

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<sup>3</sup> Joint Council for Qualifications, 2017 GCSE and A-Level results, available at: <https://www.jcq.org.uk/examination-results/gcse/2017/gcse-full-course-results-summer-2017/gcse-full-course-results-summer-2017> and Joint Council of Qualifications, 2017 A-level results, available at: <https://www.jcq.org.uk/examination-results/a-levels/2017/main-results-tables/a-as-and-aea-results-summer-2017>

<sup>4</sup> Royal Economic Society Newsletter, issue 180, January 2018

As a consequence, the economics profession is not as diverse as it should be. Just under a third of students studying economics to A-level<sup>5</sup> and undergraduate level in British Universities are female.<sup>6</sup> Women account for 25% of all academic staff in UK economics departments, and only one in seven are professors (compared to one in three men).<sup>7</sup>

And while ethnic minorities are over-represented among economics undergraduates (30% of students identify as black or Asian<sup>8</sup> compared to 10% of the whole UK population) they are still under-represented at senior management level in business and finance. At the Bank, our BAME senior representation is 6%.

At undergraduate level in university, over a fifth of economics students are from privately funded schools, even though privately educated young people account for only 7% of the population.<sup>9</sup>

This is a problem – above all, of missed opportunities for the students but also of missed opportunities for the profession.

The Bank of England values diversity in our ranks for three reasons. First, it is the right thing to do; a public institution should reflect the people it serves. Second, it can build trust by reducing misperceptions that we are experts making esoteric decisions in ivory towers for the benefit of others. Third, it is well established that diversity leads to more creative thinking and reduces the risks of groupthink and bias.

This last point is critical. Almost all decisions in finance are taken under uncertainty, making it especially important that decision makers are exposed to a range of views, with open debates and perspectives that challenge the prevailing wisdom.

That is one reason why our education outreach efforts are focused on improving diversity in the field, with the aim of attracting state school, BAME and female students into the subject.

To reinforce this message and to complement the impact of econoME and the Bank Ambassadors, senior Bank officials and policy committee members, myself included, will visit 50 schools this year. We aim to give young people a glimpse into a life in economics and the enormous opportunities in financial services and businesses for people just like them. Perhaps a few will even be inspired to be the central bankers of the future.

When I visit a school, my message is pretty simple: if someone like me, born in the Arctic and educated at state schools, can be Governor of the Bank of England, why not you?

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<sup>5</sup> Joint Council for Qualifications, 2017 GCSE and A-Level results, available at: <https://www.jcq.org.uk/examination-results/gcse/2017/gcse-full-course-results-summer-2017/gcse-full-course-results-summer-2017>

<sup>6</sup> HE student enrolments by subject of study 2016/17 available at: <https://www.hesa.ac.uk/data-and-analysis/students/table-9>

<sup>7</sup> Tenreyro, S, Royal Economic Society's Report on The Gender Balance in UK Economics Departments and Research Institutes in 2016 (published 2017).

<sup>8</sup> HESA, Who's studying in HE? Personal characteristics available at: <https://www.hesa.ac.uk/data-and-analysis/students/whos-in-he/characteristics>

<sup>9</sup> Data shared with the Bank of England from HESA. 12,675 economics students, of which 1895 were privately funded and 6850 were state funded. There was no data available for 3930.

And sometimes it works. A while back I received a letter from a mother following a visit to a school near Hull. She told of the new determination in her son to achieve what I had. The words she etched and underlined on the paper "these visits can change lives" is motivation enough to get out from the confines of the Bank's four walls.

To build diversity, the Bank will continue its work with local schools to attract young people hitherto underrepresented in central banking. A decade ago the Bank only offered work experience to children of friends and family. Last year we offered 75 work experience placements to children from lower socioeconomic backgrounds. The Bank also supports several school mentoring programmes that aim to raise aspirations of students from lower socio economic backgrounds.<sup>10</sup> We also offer on the job training through our Central Bank Qualification and award scholarships to young African Caribbean students.

Our Early Careers Recruitment Team is engaging with schools across the UK through a series of presentations and careers conventions to demystify work at the Bank and to open up the recruitment process more generally. Over 90% of these sessions are held at state schools, reaching 1000 students last year alone.

We now recruit at 40 universities across the country (four times as many as a decade ago). Last year, two fifths of our graduate intake was female, a quarter came from a BAME background and a tenth from lower socio-economic groups.

## **Conclusion**

One of the things economists like to focus on is return on investment. For the modest investment the Bank has made to develop econoME - £80,000 - we hope to reach over 100,000 young people directly by 2020, with a multiplier effect through word of mouth and social media. And we know that our efforts will complement and reinforce those of TaechFirst, NowTeach, Young Citizens, Speakers for Schools, the Social Mobility Foundation and many other initiatives that are improving mathematical and financial literacy and inspiring students to broaden their horizons.

We know our contribution depends on the support of teachers and influencers. That's why we're so grateful for your help in informing, educating and inspiring your students.

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<sup>10</sup> This includes Career Ready, the Stephen Lawrence Scholarship Scheme, Reading Partners, Number Partners and Chess Partners where Bank staff volunteer to help children in local primary schools, as well as assist secondary school pupils with CV writing and interview preparation.