

# Women in finance (or: Why is there no Lehman Sisters?)

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As I mentioned previously, I was in the US last week to attend the Council of Councils conference in New York. Council of Councils is an initiative of the Council on Foreign Relations, and brings together 24 foreign policy think tanks from around the world around the agenda of 'global governance'.

This allows for discussion of a wide range of topics, and although the talks were held privately, you get a good idea of the tone and subject-matter from the agenda and conference papers (including a short one from me on drone warfare).

But there was one public event, a Q&A session with Christine Cumming, COO of the Federal Reserve Bank of New York, who talked about the challenges facing the global financial system. As you can see at 37.10 in the video above, I took the opportunity to ask Ms Cumming about the role of women in finance and the corporate sector. The question, roughly summarised, was about whether over-confidence played a role in creating the financial crisis in the US, and whether men were more prone to over-confidence than women. (And note at 39.30 an addendum from another participant, pointing out that men are also much more prone to risk-taking, and musing on why there is no such thing as Lehman Sisters.)

At the time, I was unaware of The Atlantic's cover story on gender and confidence, but I would recommend reading it and plan to say a little more about it in a future post.

But for now, it's worth listening to Cumming's answer, beginning at 44.49. I must admit, I was a little surprised at how quickly she deflected the question toward the issue of governance, but judge for yourself.

UPDATE: A strong counter to the 'Lehman Sisters' argument from The Guardian in 2013:

The new research suggests that it is not the case that bringing more women into politics reduces corruption. Instead, the process of democratisation reduces corruption and simultaneously helps to bring women into politics. (I hope it goes without saying that bringing more women into politics remains an urgent and necessary goal for many, many other reasons.) By extension, it is a reasonable assumption that bringing more women into the boardrooms and trading floors of multinational finance would, on its own, be entirely ineffective at preventing future scandals.

There is one final reason why we should be wary of the Lehman Sisters logic. Underpinning it is the belief that men are inherent risk-takers or aggressive traders, and women are more naturally prone to long-term thinking or empathic and prosocial behaviour. This is the exact same logic used by sexist employers to place men in high-risk, high-returns positions and women in PR and personnel. This is not only scientifically bogus, it is politically damaging.

Those of us who believe that people's lives should not be mapped out by their gender would do well to avoid the exact same mistake.