



EMILY ELCONIN

## People in Economics

# The Accessibility Economist

Bob Simison profiles the University of Michigan's **Betsey Stevenson**, a leader in the movement to rethink economics

**“PEOPLE FEEL THAT THE ECONOMY IS RIGGED AGAINST THEM,”** says University of Michigan economist Betsey Stevenson.

“We need to design an economy that feels fairer to people,” she says. “This is the challenge of our times. It is at the heart of our political battles and at the heart of a lot of anger.”

Stevenson is among economists who are seeking solutions. But she analyzes the issue in a way that economists traditionally haven't, taking into account not just economic indicators but also public perceptions. It's part of how the 53-year-old labor economist is helping to lead a rethinking of economics and economies.

Since she completed her PhD at Harvard in 2001, Stevenson has published groundbreaking research on the importance for women in the workforce of the US Title IX prohibition against sex-based discrimination in federally funded education programs, on the economics of family structure in the wake of divorce law liberalization, and on the connection between income and happiness.

She was an important player in the Obama administration, and she has established herself as a top economic policy advisor to lawmakers, including serving on the Biden-Harris transition team and testifying regularly in Congressional hearings. She is currently working to help reinvigorate the national debate on developing a universal basic leave policy, an issue she's been working on since her time on former President Barack Obama's Council of Economic Advisers.

Stevenson and life partner Justin Wolfers, a Harvard-trained economist who is also at the University of Michigan, published an innovative, influential, and increasingly widely used college economics textbook. They wrote it using realistic examples to make economics accessible to a wider, more diverse swath of students. In 2020-21, they produced a series of more than 50 podcasts, “Think Like an Economist,” discussing economic concepts in everyday terms.

## Different thinking

“Betsey thinks in ways that are different from other economists,” Wolfers says. “Betsey’s gift is that she can be an economist and a real person at the same time. She connects with people. She hears, understands, and gives voice to their concerns. One of the great failings of our profession is that we are not good at communicating.”

Several months ago, the Obama Foundation engaged Stevenson to lead a group of outside advisors in developing economic recommendations for a speech by Obama at the foundation’s Democracy Forum in Chicago.

“She was the first person we thought of, our go-to person for how to make economic policies fairer,” says Valerie Jarrett, the foundation’s CEO, who was a senior advisor to Obama.

A “major factor that’s eroding confidence in democracy,” Obama said in the speech, is “the widespread sense that the global economy is rigged.” To “build an economic order that’s more inclusive, more sustainable, more just,” he urged stronger labor laws, an expanded social safety net, fair global taxation of the wealthy and corporations, and more international cooperation around fair trade.

“Betsey and her colleagues were instrumental in helping President Obama formulate the recommendations in that speech” Jarrett says. “Betsey has the ability to take complex economic ideas and policies and break them down to explain the impact on people. For example, how much money equal pay, paid leave, and paid sick days would mean in people’s pockets.”

Jarrett also praises Stevenson’s creativity and unflappability.

“Whenever I walked into a room in the White House and Betsey was there,” she says, “I felt better. She always had new ideas, and I knew she would keep trying until we figured out economic policies that would be fair and equitable.”

Stevenson says she’s always seen the world through the lens of an economist, evaluating choices in terms of costs and benefits, and has always taken a keen interest in people and what drives their behavior.

“Economics is an orderly, systematic approach that gives insight into why the world is the way it is and why people make the choices they make,” she says.

She grew up in half a dozen states, the daughter of an Air Force pilot father and a mother who was a fine arts administrator. After completing high school in Virginia, she earned her undergraduate degree in economics and mathematics at Wellesley College in Massachusetts, her mom’s home state.

At Harvard, her doctoral committee included 2023 Nobel laureate Claudia Goldin and her husband, Lawrence F. Katz, the influential editor of the *Quarterly Journal of Economics*. The Nobel Prize honored Goldin for her work in advancing the understanding of women and the American economy.

## Title IX

Goldin cites a series of papers by Stevenson on the impact of Title IX, beginning with her dissertation. The provision, part of federal civil rights legislation enacted in 1972, bars discrimination based on sex in education programs and activities. Stevenson’s work showed that giving girls access to opportunities in high school sports dramatically increased women’s enrollment in college, participation in the labor force, and advancement into managerial positions.

“Betsey was the first to show the enormous impact of Title IX,” Goldin says. “She showed impacts far beyond the classroom.”

Stevenson says the research grew out of an economic puzzle.

“Americans had the highest returns to investments in education internationally despite the lowest test scores,” she says. “So what were kids learning that paid off? Sports teaches real skills, grit, hard work, and following the rules. Having those opportunities was very important for changing women’s lives.” (Stevenson acknowledges that she herself wasn’t an athlete in high school.)

As a graduate student, Stevenson thought like an economist by finding shopping efficiencies in the nascent internet retailing economy, Goldin says. Stevenson would order multiple sets

of shoes from Zappos and have them delivered to her at the National Bureau of Economic Research near the Harvard campus, Goldin says.

“She had a good relationship with the UPS delivery person and got him to wait while she tried them on,” Goldin says. Stevenson might keep two pairs and send the rest back.

Stevenson met Wolfers, a Fulbright scholar from Australia, while at Harvard. They started dating after a Halloween party. He brought a six-pack of Newcastle Brown Ale, planning to consume it all himself in line with Australian party conventions. She helped herself to a bottle, and they’ve been a couple ever since, together producing dozens of papers, the textbook, the podcasts, and two children, 14-year-old Matilda and 11-year-old Oliver.

## Money and happiness

Early in her career, Stevenson took on a big question in economics: Can money buy happiness? Back in the 1970s, economist Richard Easterlin found that wealthy people are happier than poor people but that people in richer nations aren’t happier than those in poorer nations, and over time incomes above a certain level don’t produce greater happiness. This became known as the Easterlin paradox.

Stevenson and Wolfers reassessed the question using more recent, more complete international polling data. In a 2008 paper, they found “a clear positive link between average levels of subjective well-being [happiness] and GDP per capita across countries.” They turned up no evidence of a “point beyond which wealthier countries have no further increases in subjective well-being.” The findings were significant, economists say, because the Easterlin paradox suggested that at some point economic growth would lose its potential for improving people’s lives and happiness.

“Happiness is an important issue as a yardstick for public policies,” Stevenson says. “Economics has the potential to give people a better life. As societies get richer, people have better food, easier lives, more control over their

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circumstances, and more opportunities. If a society is richer, people are better off.”

A third major contribution, according to Harvard’s Katz, was a series of papers exploring the economics of family structure in the US and the impact of liberalized divorce laws on empowering women. In 2003, Stevenson and Wolfers wrote that their research linked expanded access to divorce with a dramatic decline in domestic violence against women, female suicides, and murders of women.

In her Harvard course on work and family, Goldin uses Stevenson and Wolfers’ research on marriage and divorce rates. In a 2007 paper, they reviewed 150 years of divorce and marriage records, finding that divorce rates had been declining for the preceding 25 years after rising for decades. They showed that people who married in the 1980s had a higher probability of staying together 20 years than those who married in the 1970s.

Stevenson also played a pioneering role in studying women’s happiness, showing that it was suffering because of the pressures of entering the workforce at the same time that women were still the primary caregivers at home.

“Our profession has ignored women’s welfare for far too long,” says Johns Hopkins economist Prakash Loungani. “Betsey Stevenson helped put it on the radar.”

### Innovative textbook

Stevenson and Wolfers’ textbook, *Principles of Economics*, holds the potential to shape the economic thinking of generations of college students. A unit of Macmillan published the first edition in 2020 and a second edition in 2023. The authors are working on a third edition. Stevenson points out that today students don’t just buy a book; they subscribe to the text and a host of supporting online elements, including podcasts and interactive tools.

“We have a very strong philosophy that economics should be useful in everyday life,” Stevenson says. In the foreword, the authors write that “few students will become professional economists—but every single one of them is an economic decision maker.” They define economics as “the study of ‘the ordinary business of everyday life.’”

“The students love it,” says Northeastern University economist Alicia Modestino, who uses the text in a master’s level course. “Before this book, there wasn’t anything policy-focused that was up to date, and the language was inaccessible. In this book, the examples are pulled from the real world: Should you buy a car or take rideshare? Charter schools versus public schools? What does a cost-benefit analysis say about whether to go to graduate school?”

Why did they write the book?

“Justin and I met talking about economics, and we were excited about its

potential to improve people’s lives,” Stevenson says. “We wanted to share that excitement with others.”

### Fixing the economy

Stevenson’s work as a policy consultant may yet have a far-reaching impact in Washington, according to those who have worked with her in government.

“Betsey is one of the most effective economists I’ve seen in government,” says Jason Furman, who was the chairman of Obama’s Council of Economic Advisers and is now a political economy professor at Harvard’s Kennedy School of Government. “She is able to convince people in government of core lessons from economics in a human and caring way. She had a lot of trust and face time with the president.”

She served as chief economist of Obama’s Labor Department before joining the Council of Economic Advisers. Northeastern’s Modestino describes a photo of Stevenson in Obama’s office as her young children make faces. While her work on paid family and sick leave didn’t turn into legislation, it did result in an executive order applying to federal contractors, according to Furman.

“At the time, there was a lot of concern that Trump would reverse it,” Stevenson says. “This was one of the few executive orders that Trump didn’t touch.” Paid sick leave, she says, is something workers have to earn over time; it increases employers’ costs only 2 percent; and productivity rises because people aren’t working while ill or spreading disease in the workplace.

While on sabbatical in Australia this year, Stevenson plans to focus on the big question of how to create a fairer economy, she says. She’s already started exploring it in columns she writes for Bloomberg, and there may be a book in it, she says. **F&D**

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**BOB SIMISON** is a freelance writer who previously worked at the Wall Street Journal, the Detroit News, and Bloomberg News.