

ECONOMICS

**Flexible, Respected, and Valuable
Major**

prepared by
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A few of many famous economics majors:

Government:

George Bush (senior)	Former US president
Ronald Reagan	Former US President
George Schultz	Former US Secretary of State
John Snow	Former US Secretary of Treasury
Barbara Boxer	US Senator
Phil Gramm	US Senator
Dick Arney	US Congressman
Roy Romer	Colorado Governor
Arnold Schwarzenegger	California Governor and actor

Business:

Steve Ballmer	CEO, Microsoft
Scott McNealy	CEO, Sun Microsystems
Meg Whitman	CEO, Ebay Technologies
William Harrison, Jr.	CEO, JP Morgan Chase
Esther Dyson	Digital technology "guru"
Diane von Furstenberg	Fashion Designer

Athletics:

Bill Belichick	NFL head coach
John Elway	NFL quarterback
Bernie Kosar	NFL quarterback
Mike Mussina	MLB pitcher
Merlin Olson	NFL player
Tiger Woods	Golfer
Jennifer Azzi	WNBA guard
Billy Kidd	Skier

Law:

Sandra Day-O'Connor	Supreme Court Justice
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Journalism:

William F. Buckley	Journalist/publisher (National Review)
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Entertainment:

Mick Jagger	Rolling Stones
Mario Van Peebles	Actor/director
Lionel Richie	Singer/songwriter
Danny Glover	Actor
Gene Kelly	Actor/Dancer
Paul Newman	Actor
Cate Blanchett	Actress

Other:

Ted Turner	CNN, Atlanta Braves/Hawks
Scott Adams	Cartoonist, creator of Dilbert
Col. Eileen Collins	NASA shuttle commander
John Sweeney	President, AFL-CIO
Kofi Annan	UN Secretary General
Steve Fossett	Aviator/adventurer

AN ECONOMICS MAJOR

Flexible — An economics major supports a wide variety of careers and graduate programs. Law schools, MBA programs, and public administration programs love economics majors.

Respected — Tell anyone that you majored in economics and they will invariably be impressed. Economics is the only social science for which a Nobel Prize is awarded.

Valued — An economics degree is very marketable, with high starting salaries and rapid salary growth.

Myths About Economics and an Economics Major

Myth 1: Economics is all mathematics and statistics

This is not true. The focus of economics is upon a method of thinking and analysis that is applicable to a wide variety of problems. Economists use mathematics and statistics as supportive tools, but their use is quite modest at the undergraduate level.

Myth 2: Economics is only about stocks, inflation, interest rates, unemployment, etc. — boring!

Again, this is not true. Managerial economics teaches techniques for successful business operations in a private-enterprise market-oriented environment. Microeconomics addresses policy issues related to dissatisfaction with the outcomes yielded by the nation's product markets. Money and banking courses study the operation and regulation of our monetary system. Macroeconomics focuses upon policy methods to counter business cycles. International economics addresses issues relating to trade and exchange rates. Other courses focus upon public finance (financing government

operations), the structure and operation of labor markets (including discrimination problems), environmental issues, economic growth and development issues, the economic analysis of collegiate and professional sports, the economics of crime and drugs, income distribution and poverty, the economics of housing markets, the economics of healthcare systems, etc. Economists and economics have an interest in virtually everything that affects our daily lives!

Myth 3: Economics is a lot like business, but business is more marketable.

Once again, this is not true. Economics courses mostly cover topics not covered in business courses, and business courses mostly cover topics not covered in economics courses. They are complementary — not substitute — programs of study. Many students who plan business careers and who do not recognize that there is a huge difference between economics and business opt for a business major because they think that it is more marketable. This is a costly mistake. The salary information included in this brochure shows quite clearly that **the job market has a significant preference for the economics major over the business major**. An economics major with a business minor provides a great foundation for a business career and for many other careers as well.

Majoring in Economics

One of the main reasons to study economics is that it develops a method of thinking and tools of analysis that can be applied to a number of different fields. Other disciplines simply do not offer incisive analytic skills of comparable power and usefulness. This is widely respected and gives economics majors unparalleled flexibility; so, a bachelor's degree in economics does not only prepare you for a career as an economist. **Economics supports a startlingly wide variety of jobs**. Economics majors are found pursuing careers in industry, trade, finance, law, government, and education.

I grew up in the family restaurant business, and during my teaching career I have formed and operated two businesses. The insights and skills learned during my formal training in economics have proved to be invaluable in my business pursuits. **Economics is the academic discipline for business!** Indeed, the National Association for Business Economics reports that, **among the nation's CEOs, the second most common undergraduate major (after engineering) is economics.**

There are three general classifications for economists: business economists, government economists, and academic economists. All apply the "economic approach" to decision making, but in different settings.

Business Economists

Many economists run their own businesses or hold staff positions within businesses and institutions to provide in-house advice on a wide variety of topics. Others are hired as independent outside consultants on a fee basis (like lawyers) for specific projects. The business cycle, government policies and international situations can have major impacts on companies. Business economists are able to analyze and interpret these macroeconomic developments in terms of their probable impacts upon sales, product prices, input availability and costs, competitive pressures, financial conditions and other matters. The profit-maximizing and optimization procedures learned in microeconomics are directly applicable to the firm's day-to-day decisions regarding inventory control, advertising, plant or store location, product pricing, etc. Such analyses and interpretations are vital to the successful operation of business firms.

Government Economists

Here is a chance to participate in policy making that affects thousands or even millions of people. Most policies coming out of government either explicitly or implicitly involve resource allocation, requiring economic analysis and reasoning during formulation. Due precisely to training in these skills, many economists are moving up rapidly to key policy-making authority in government agencies.

At the federal level, such departments as Labor, Treasury, and the Federal Reserve System are daily producing domestic economic analyses while the departments of Defense, State, and others make international economic analyses. Local and state governments make important economic decisions related to housing, transportation, energy, education, health, taxation and finance, public utility regulation, land use, environmental protection, consumer protection, and much more. Economists are needed at all levels to help shape policy.

Academic Economists

About 40% of all economists are engaged in teaching and academic administration. Degree requirements are: Ph.D. for graduate and most undergraduate teaching and M.A. for junior college and even some high school teaching. Faculty members at most four-year colleges and at all graduate schools are engaged in research as well as teaching. Research topics range from purely theoretical model building to the application of economic techniques to nitty-gritty real world problems. A large portion of federally funded research in housing, health, poverty, transportation, energy, and even education itself has been directed to academic economists.

Economics Related Careers

Journalism Persons who can write well and know economics are extremely scarce. With a background in economics, combined with skill in communication, you can become an economic journalist working as a business writer or editor for a daily newspaper, a free lance writer for popular or trade publications, a columnist, an economic journalist for a national business or trade magazine, a news journalist specializing in economic affairs or even the author of a new popular economics best seller.

Law Economic reasoning is being increasingly applied to a variety of legal issues and problems involving property rights, contracts, pollution, energy, resource management, medical insurance, pension rights, job security, consumer protection, product safety, commercial fraud, medical malpractice, compensation for injury or negligence — all requiring the combined use of economic and legal reasoning.

Economics as Preparation for Graduate Studies

A bachelor's degree in economics does not just prepare you for a graduate program in economics. It is an excellent foundation for a variety of graduate programs.

Most good law schools now consider **economics the single most valuable field to prepare for legal training** due to both relevancy and the mental discipline that economics imparts. Besides, **economics majors have** an established track record for achieving the **highest scores** (when compared to other majors) on the Law School Admittance Test (LSAT), averaging about 155 out of a possible score of 180!

An undergraduate economics major provides excellent preparation for MBA (Masters in Business Administration) programs. Economics majors are also well prepared for

graduate programs in public policy and international affairs as well as for such interdisciplinary graduate majors as urban studies and environmental policy.

The Market for Economists

Degrees in economics are respected and rewarded. The salary information that follows clearly shows that **economics majors have higher earning potential than other business or social science majors.**

“A survey conducted by the National Association for Business Economics (NABE) in 2002 found that business economists had an average (median) base salary of \$94,000 per year.” “NABE also found that 63 percent of those business economists responding to the survey received additional compensation from their primary employment; the median amount reported was \$15,000.” “Even with three recessions and corporate downsizing in the late 1980s and early 1990s, the median base salary and additional compensation from primary employment of economists have doubled since 1980.”

“The 2002 survey also indicated that the largest employers of business economists were the government (including central banks), firms engaged in consulting, and financial institutions and insurance. Economists in the securities and investments sector were the most highly paid with a median base salary of \$125,000 and additional compensation from primary employment of \$60,000. Economists in consulting followed with a median salary of \$108,000, with additional compensation of \$13,000. The lowest salaries were recorded among economists in academia (with corresponding median base salaries of \$82,750).”

“The greater the schooling, the higher the income: the median base salary of a Ph.D. economist was \$108,000 per year while economists with master's degrees earned an average \$84,500 per year. Experience also plays a large role

in wages. The median base salary of economists who had up to four years of experience was \$65,000 in 2002, while those economists with 5-9 years experience earned a median salary of \$83,000; and those with 10-14 years experience earned \$93,000 per year.”

“New economists with a bachelor’s degree were most sought after in 2002. The median starting salary was \$38,000. Those with a master’s degree in economics could start at \$48,000, while new Ph.D.’s were able to command a starting salary of \$70,000.”

The U.S. Department of Labor’s Bureau of Labor Statistics (BLS) expects employment of economists to grow as fast as the average for all occupations through at least 2010, because of “the growing need for economic analyses in virtually every industry” and in state and local government.

In a national survey of employers, the National Association of Colleges and Employers reports the following average starting salaries for winter 2005 college graduates (and the change from 2004):

Chemical Engineering	\$53,659	+2.1%
Electrical Engineering	\$51,113	+2.4%
Computer Science	\$51,042	+3.9%
Information Sciences	\$43,741	+3.9%
Civil Engineering	\$43,159	+5.1%
Accounting	\$43,050	+2.4%
Economics/Finance	\$40,719	+0.3%
Nursing	\$38,788	+4.1%
Business Administration	\$38,357	+2.6%
Marketing	\$37,519	+4.0%
Elementary Education	\$30,364	+11.2%
Liberal arts	\$29,060	-3.6%

According to Money Magazine, **the ratio of mid-career salary to starting salary was higher for economists than for any other career included in their survey.** Some

examples are 3.1 for economists, 2.77 for lawyers, 2.36 for personnel administrators, 2.21 for accountants, and 2.06 for computer systems analysts.

In a recent study of 30+ year old professionals, men who had majored in **economics ranked 5th from the top for median income** (only surpassed by those who majored in engineering, mathematics, physics, and pharmacy). Also, women who had majored in economics reported a minimal **gender-based pay gap of less than 1%** (compared to an average gap of 25%) and those aged 35 – 44 **ranked #1 in median income** (followed by those who majored in engineering, pharmacy, architecture, and computer science).

In its National Compensation Survey, 2000, the Bureau of Labor Statistics ranked 427 occupations according to the effective hourly earnings of full-time workers. **Economics teachers ranked #3 from the top** (surpassed only by #1 airplane pilots and navigators and #2 physicians)! **Economists in general ranked #57 (well within the top 15% of the 427 occupations).**

Educational Requirements

The National Association for Business Economics (NABE) advises prospective economists to pursue a broad undergraduate education in economics, including courses in “finance, cost and financial accounting, business administration, statistics, mathematics, and English.” They note that “**not all business economists need to specialize in statistical and mathematical techniques.**” “In fact, for the majority of business economists, **the ability to write clear, correct, and readable English is a more important asset** than a highly technical knowledge of statistics and mathematics.” The NABE also advises undergraduates to take courses in history, political science, psychology, and sociology.

WOU Economics Major

Liberal Arts Core Curriculum	55 credits
Economics Major	60 credits
EC 201 Introduction to Microeconomics	4
EC 202D Introduction to Macroeconomics	4
MTH 111 College Algebra	4
EC 311 Intermediate Microeconomics	4
EC 313 Intermediate Macroeconomics	4
EC 315W Economic Analysis & Report Writing	4
Upper-division economics electives*	24
Approved Electives**	12
Minor	15 – 30 credits
Electives	variable

*Students may choose among upper-division economics courses based on their areas of interest, including internship/practicum (EC 409) and independent study (EC 406) hours.

**These courses must be approved by an adviser as supporting the economics major. This will typically include lower- and upper-division courses in business; computer science; entrepreneurship; geography (economic, environmental, international trade, urban and regional); history (business, industrial and urban). All WOU students pursuing a bachelor of science degree must complete at least 12 credits in mathematics and computer science. MTH 111, which is part of the Economics Core, will fulfill 4 of those credits. The remaining 8 credits can be used as approved electives in the economics major. Bachelor of arts students must complete 6 credits in mathematics and computer science in addition to a foreign language requirement. MTH 111 will fulfill the math component and courses taken for the computer science component can be used as approved electives in the major.

Internship/Practicum Students are encouraged to do an internship or practicum as part of the economics electives. Credit can be earned for work experience in government, industry and nonprofit organizations where concepts in economics are applied. This credit is usually earned after completing a majority of the required economics courses, allowing students to have sufficient background to make contributions to their organization and learn from the experience.