



The Hot Major for Undergrads Seeking High Pay Is Economics

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What's your major? Around the world, college undergraduates' time-honored question is increasingly drawing the same answer: economics.

U.S. colleges and universities awarded 16,141 degrees to economics majors in the 2003-2004 academic year, up nearly 40% from five years earlier, according to John J. Siegfried, an economics professor at Vanderbilt University in Nashville, Tenn., who tracks 272 colleges and universities around the country for the Journal of Economic Education.

Since the mid-1990s, the number of students majoring in economics has been rising, while the number majoring in political science and government has declined and the number majoring in history and sociology has barely grown, according to the government's National Center for Education Statistics.

"There has been a clear explosion of economics as a major," says Mark Gertler, chairman of New York University's economics department.

The number of students majoring in economics has been rising even faster at top colleges. At New York University, for example, the number of econ majors has more than doubled in the past 10 years. At nearly 800, it is now the most popular major.

Economics also is the most popular major at Harvard University in Cambridge, Mass., where 964 students majored in the subject in 2005. The number of econ majors at Columbia University in New York has risen 67% since 1995. The University of Chicago said that last year, 24% of its entire graduating class, 240 students, departed with economics degrees.

The trend marks a big switch for the so-called dismal science, which saw big declines in undergraduate enrollments in the early 1990s as interest in other areas, like sociology, was growing. Behind the turnaround is a clear-eyed reading of supply and demand: In a global economy filled with uncertainty, many students see economics as the best vehicle for a job promising good pay and security.

And as its focus broadens, there are even some signs that economics is becoming cool.

In addition to probing the mechanics of inflation and exchange rates, academics now use statistics and an economist's view of how people respond to incentives to study issues such as AIDS, obesity and even terrorism. The surprise best-seller of the spring was "Freakonomics," a book co-authored by a University of Chicago economist, Steven Levitt, which examines issues ranging from corruption among real estate agents to sumo wrestling.

Pooja Jotwani, a recent graduate of Georgetown University in Washington D.C., says she is certain her economics degree helped her land a job in Lehman Brothers Holdings Inc.'s sales and trading division, where she will earn \$55,000, not including bonus. She says the major strengthened her business skills and provided her with something very simple: "financial security."

"People are fascinated with applying the economic mode of reasoning to a wide variety of issues, and these forces are causing them to study economics more and more," says Lawrence H. Summers, president of Harvard and former secretary of the Treasury.

According to the National Association of Colleges and Employers, economics majors in their first job earn an average of nearly \$43,000 a year -- not as much as for computer-science majors and engineering majors, who can earn in excess of \$50,000 a year. But those computer and engineering jobs look increasingly threatened by competition from inexpensive, highly skilled workers in places like India and China.

"Historically, the trends [in college degrees] are largely connected to perceived job prospects," says Marvin Lazerson, historian of education and a professor at the University of Pennsylvania's Graduate School of Education in Philadelphia. He cites the recent example of computer science majors, whose ranks swelled in the 1990s and quickly subsided in the early 2000s, soon after the dot-com bubble burst and many companies started outsourcing computer-programming jobs abroad.

In contrast, economics and business majors ranked among the five most-desirable majors in a 2004 survey of employers by the National Association of Colleges and

Employers, along with accounting, electrical engineering and mechanical engineering. It wasn't just banks and insurance companies that expressed interest in economics majors -- companies in industries such as utilities and retailing did so, too.

Like many people whose eyes glaze over at a supply-and-demand curve, Nicholas Rendler, a 19-year-old student at Brown University, in Providence, R.I., says he finds economics boring. But he has gravitated to the topic anyway: He chose a major combining economics, sociology, and anthropology because he thinks economics is crucial to understanding the world.

"Economics can be very frustrating, but it is the world we are currently operating in and we need the basic framework," he says. Roberto Angulo, chief executive of AfterCollege Inc., a San Francisco online recruiting service with 267,000 registered users, says an economics major has practical job value. "Students are more employable if they study economics," he says. He graduated from Stanford University with an economics degree five years ago.

It isn't just the job calculus that is drawing students to the major: It also is the rapid spread of economic globalization. Many students around the world are wondering what effect global economic trends will have on them.

Foreign students studying in the U.S. are flocking to the major. Sabrina De Abreu, a student from Argentina about to start her senior year at Harvard, says her country's experiences made her choice easy. "When I grew up in Argentina, my country plunged into a recession," she says. "Understanding economics has become a fundamental part of my life."

Indeed, the rising popularity of the economics major appears to be a global phenomenon. A recent McKinsey Global Institute study found that the share of degrees in economics and business awarded in Poland from 1996 to 2002 more than doubled, to 36% from 16%; in Russia, the share jumped to 31% from 18%.

John Sutton, chairman of the economics department at London School of Economics, says the school's popularity is at an all-time high, in part due to interest from Eastern Europe. Dr. Sutton says that as these countries undergo capitalist changes, "bright young students are beginning to see economic issues highlighted."

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