

Careers in economics*

What careers follow after an economics degree?



Economics majors are successful in a wide variety of careers. Although various roles in businesses are most common, economics majors are successful in law, medicine, government, non-profits, and international relations, as well as in academic roles.

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* This brochure is provided online by the American Economic Association at <https://www.aeaweb.org/resources/students/careers>. On the website you can also watch a video of professionals with a degree in economics talking about the diversity of careers available to economics graduates.

Career earnings

What economists can expect to earn in different fields

The U.S. Bureau of Labor Statistics, Occupational Outlook Handbook (online in 2019) reports annual wages for economists. For economists of all educational levels, the median earnings in 2018 were \$104,340 with \$58,130 at the tenth percentile and \$182,560 at the 90th percentile.

Median Annual Wages for Economists in May 2018 in the Top Five Industries Employing Economists (from the *Occupation Outlook Handbook*)

Industry	Annual Wage
Finance and insurance	\$118,290
Federal government, excluding postal service	\$119,590
Scientific research and development services	\$109,670
Management, scientific, and technical consulting services	\$110,630
State and local government, excluding education and hospitals	\$70,280

Source: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, 2013-14 Edition, Economists. (Visited July 8, 2014).

Payscale.com reports its survey of people with Baccalaureate degrees (and no more) who are employed full time, showing starting salaries (typically with two-years of experience) and mid-career annual earnings. Here are selected occupations for the 2019 report.

College Major	Starting Salary	Mid-career Salary
Petroleum Engineering	\$94,500	\$176,900
Electrical Engineering & Computer Science	\$88,000	\$142,200
Applied Economics and Management	\$58,900	\$140,000
Operations Research	\$77,900	\$137,100
Political Economy	\$57,600	\$136,200
Actuarial Mathematics	\$63,300	\$135,100
Electrical Power Engineering	\$72,400	\$134,700
Business Analysis	\$57,200	\$133,200
Pharmacy	\$79,600	\$132,500
Aeronautics & Astronautics	\$73,100	\$131,600
Econometrics	\$60,100	\$131,000

Source: [Majors That Pay You Back](#), Payscale.com

For more information about academic salaries in economics, check out the [Universal Academic Questionnaire](#) (UAQ) published each year in the *AEA Papers & Proceedings*. The UAQ is a survey of U.S. economics departments taken each fall. One survey is addressed to the chair of the Department of Economics of each institution.

The corporate world and the MBA

A popular path for economics majors

Although the economics major does not provide training for specific occupations, it provides the logical structure that pays off in understanding the big picture, the context for entering several fields in the corporate world. Its emphasis on logical thought and problem solving skills has universal value. Many employers seek to hire graduates with these skills.

Some students aspire to earn Master of Business Administration (MBA) degrees, typically expecting to complete a two-year program in a graduate business school. Leading MBA programs expect applicants to have had several years of significant business experience before enrolling. The average age of students entering top MBA programs is 27 years. *Bloomberg Business Week* (search for MBA) provides an online guide to MBA programs as does *Peterson's Business Degree Online*, and a number of others.

The better MBA programs give some preference in admission to applicants with technical backgrounds including engineering, physics & math, and economics. Some areas of study in business like finance use a significant amount of mathematics. Undergraduate study in business then is not a primary or even necessarily a desirable path to an MBA. Of course, people who have developed their own successful businesses or enjoyed considerable success in other ways also tend to be attractive to MBA recruiters. The schools value success in many forms.

Students intent on careers as managers often seek a strong, general education. They want to learn effective communication skills, to develop habits of logical thought, and to practice their problem solving skills. Many undergraduate programs do this well; economics is often particularly effective.

In addition to careers as general managers and entrepreneurs, economics majors also often pursue careers in specific occupations common to the corporate world. Economics majors with the BA degree find jobs in the financial world, in marketing, and consulting. Some pursue one-year post baccalaureate programs for entry into a target career. The Master of Accountancy (MAc), for example, will launch an accounting career and go a long way toward completion of requirements for the Certified Public Accountant title.

Students who have a specific occupational goal will often do well in enrolling in a program of training specific for that occupation. For example, accounting majors readily get jobs as accountants on completing a BA. Finance majors have a good chance of being employed as financial analysts or budget officers. The broader horizons of the economics major are certainly not for everyone.

Economic consulting

A stepping stone to an economics career

Economics graduates with good analytic and communication skills find employment with consulting firms. McKinsey & Company, Boston Consulting Group, Bain & Company, Accenture, Charles Rivers Associates, Mathematica Policy Research, and NERA Economic Consulting are examples. Analysts with consulting firms often work with data, develop models of specific markets, and provide testimony in public hearings and in lawsuits. Many graduates find that a few years experience with a consulting firm is a good lead into an MBA, law program, or graduate study in economics. Many consulting firms invite application for employment through their websites.

The legal profession

Economics students are increasingly enrolling in law school

The economics major is one of many common paths to law school. The [Law School Admission Council](#) provides the official guide to law schools for the American Bar Association. The Guide emphasizes extensive reading and library research, skill in synthesizing large amounts of information, and logical thinking. In addition to general skills, the Guide points to breadth of knowledge of history, politics, finance, human behavior, and diverse cultures.

Many careers in law involve shaping economic decisions. Writing and interpreting contracts, supporting mergers and acquisitions, dealing with the tax system, addressing disputes of workers, landlords, and vendors; all involve decisions with significant economic content and implications.

A recent analysis of scores on the LSAT test for law school admission reported for students who apply to at least one ABA accredited law school shows economic majors earned relatively high mean LSAT scores as shown in table 2. The LSAT score ranges from 120 to 180 with mean and median near 151. The first quartile is near 144 and the third quartile is near 157; the 90th percentile is about 165. The LSAT score along with undergraduate grade point average and the quality of the undergraduate college are important influences in the admissions decisions of competitive law schools.

Table 2: Average LSAT Scores by Major, 2012-13.

Rank	Major Field	Average Score	No. of Students
1	Economics	159.1	2,468
2	Philosophy	158.8	1,879
3	Engineering	157.3	1,127
4	History	156.7	3,323
5	English	155.8	3,728
6	Finance	154.6	1,817
7	Political Science	154.3	12,215
8	Psychology	153.3	3,335
9	Accounting	153.1	1,106
10	Marketing	152.2	1,106
11	Liberal Arts	151.9	1,177
12	Communications	151.6	1,729

Source: Michael Nieswiadomy, "LSAT Scores of Economics Majors: The 2012-13 Class Update," *Journal of Economic Education* 45 #1, Jan 2014. Pp. 71-74 and "Law School Admission Test," Wikipedia, viewed Sept. 2, 2014.

Among the six disciplines with more than 2,000 students taking the LSAT, the 2,468 economics majors received the highest average score at 159.1 as shown in the table. Looking more broadly at groups of similar majors with at least 325 takers in each group, economics ranked second behind physics/math (418 takers with mean 161.7) and just ahead of philosophy/religion (2,174 takers with mean 158.6).

Government and not-for-profits

Many roles for economists in these sectors

Governments at every level hire economists to manage and evaluate their operations. The [Office of Personnel Management](#) (OPM) of the Federal government provides information about Federal employment opportunities. Their [USAJobs site](#) lists thousands of openings of all kinds in many locations across the country. Search on "economist" to find information about specific current opportunities. There are often openings for economists with BA, MA, and PhD degrees.

The OPM website also gives general information about [Federal pay scales](#). BA economists with little experience are (to simplify a bit) at grade GS-7, with MAs at GS-9, and new PhDs start at GS-12. Although pay does differ with the cost of living in different locations, BA economists started at \$31,209 or above in 2006.

The [Federal Reserve Board](#) and its affiliated regional Federal Reserve Banks also hire economists and research assistants at various levels of education. Skill with statistics and in managing data will be helpful for many entry jobs.

Economists are valued in the Foreign Service and civil service in the [State Department](#), and as analysts with the [Central Intelligence Agency](#).

State governments have similar websites that list public service jobs with pay scales and application procedures. Searching the Internet for "state employment" will usually yield an appropriate link.

International agencies of many kinds hire economists for a variety of roles. Additional languages, strong communication skills, experience with diverse cultures, and statistical skills are often important. The [World Bank](#), for example, offers jobs for economists. The Bank has an internship program as well.

One way to learn about employment with non-profits is to go to the [Idealist website](#) and look for roles in economic development or other areas of interest.

The economics profession

Becoming a professor, researcher, or educator

The Doctor of Philosophy degree (PhD) in economics is necessary for a faculty position in economics at most four-year colleges in the US. A masters degree is the typical credential for faculty at two-year colleges. Although some students complete masters programs before entering PhD programs, many go directly from BA programs into PhD programs. Completion of a PhD requires about six years of full-time study. Holders of the Ph.D. often also choose research careers outside of academics, including roles at the Federal Reserve, international agencies, and government policy and evaluation departments as well as in private banks, investment houses, and other for-profit ventures.

The AEA's Universal Academic Questionnaire Summary Statistics reports that starting salaries for assistant professors at all PhD granting institutions was \$135,583 in 2019-2020. The table below reports the average salary of economists at each academic rank by type of institution.

Average Academic Salary Offers for Senior Level Economists by Rank and Type of Institution, 2019-2020

Rank of Academic Economist	All PhD Granting Institutions	MA Institutions	BA Institutions
Assistant Professor	\$131,966	\$97,087	\$87,868
Associate Professor	\$152,718	\$107,185	\$100,056
Full Professor	\$215,204	\$130,210	\$124,609

Source: [American Economic Association 2019–2020 Universal Academic Questionnaire Summary Statistics](#), *AEA Papers and Proceedings* 2020, 110: 639–641.

Academic economists at PhD granting institutions play leading roles in the development of new ideas in economics and publish their work in [journals like those published by the AEA](#). As teachers, economists play an important role in supporting the undergraduate major in economics and the various graduate programs.

A number of PhD economists hold faculty positions in MBA programs, law and medical schools, public policy programs, and in a number of other fields. Economists on the faculty of leading professional schools often earn premium salaries.

A number of for-profit and not-for-profit enterprises hire research economists as do many government and international agencies. [The National Association of Business Economics](#) provides information about business careers for economists. The career sites for government and not-for-profits mentioned above also point to opportunities for researchers.

Current job openings for economists in academia and with some other employers appears in the American Economic Association's network for job seekers called [Job Openings in Economics \(JOE\)](#).