

# A College Major Matters Even More in a Recession

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Claire Cain Miller  
@clairecm

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Graduating into a recession is unlucky. The bad luck haunts young people for years, studies have shown, affecting their salaries, employment prospects and even their health and happiness. But recessions don't treat all college graduates equally. Those who major in subjects that command higher salaries, like engineering and finance, increase their earnings advantage when they graduate into a recession. And those who major in subjects that lead to lower-paying jobs, like philosophy and music, are even more disadvantaged than in normal economic times. The data, reported in a new, unpublished study by three Yale economists, shows that a college degree is even more important during a recession. And it demonstrates that during tough economic times, the pay gap widens between people in scientific and business professions and those in the arts and social sciences.

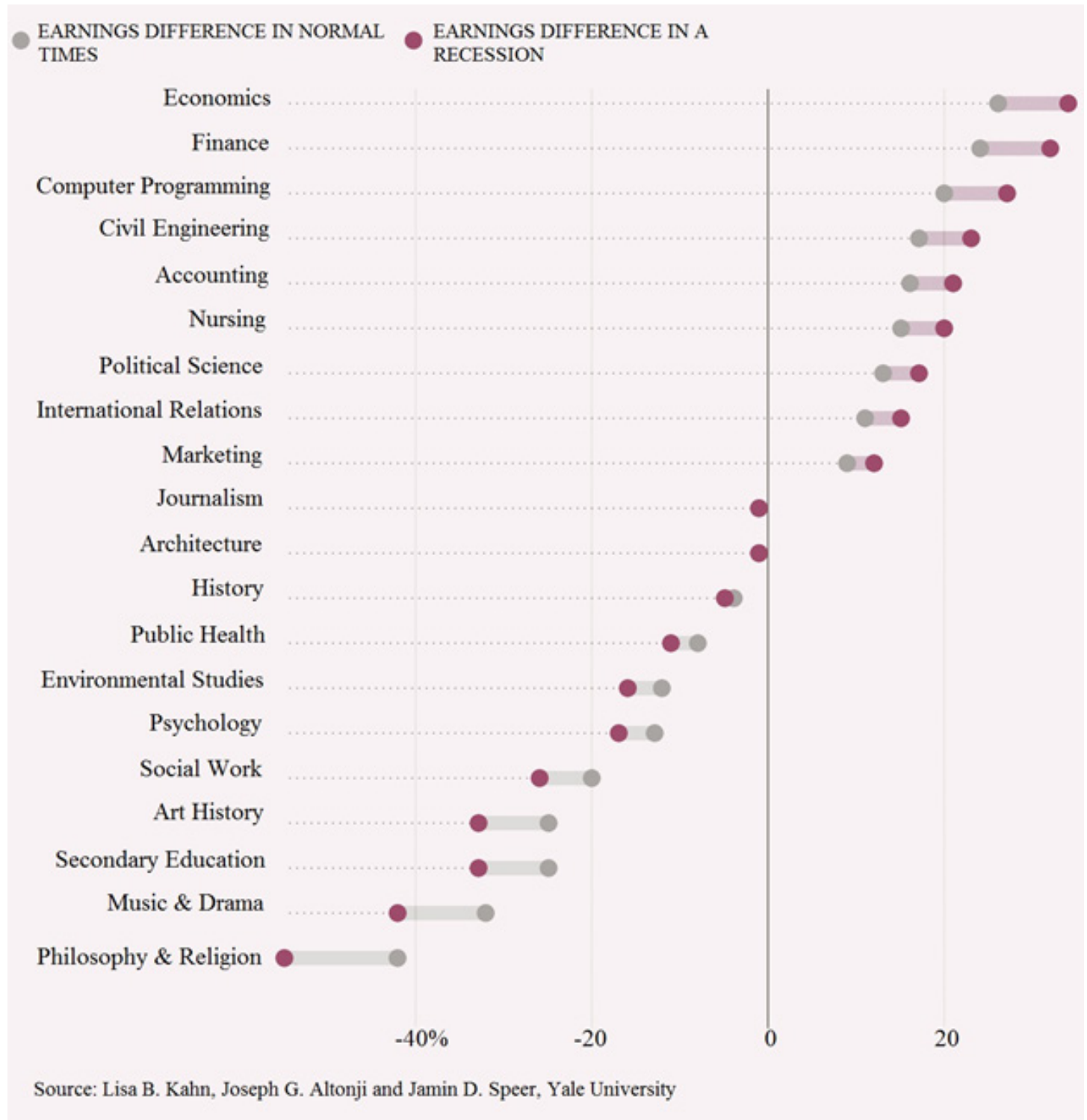


Professor Lisa Kahn of Yale at her office at the National Bureau of Economic Research in Cambridge, Mass. She said a college degree was more valuable than ever. Credit Rick Friedman for The New York Times

# The Earnings Effect of Graduating Into a Recession

For high-earning majors, graduating into a recession increases their earnings advantage, and for low-earning ones, it increases their disadvantage.

**Percent difference from the earnings of an average major, during normal economic times and during large recessions.**



Take finance majors. In normal economic times, they earn 24 percent more than the average college major when they are one year out of college. But in a recession, they earn 32 percent more than the average. At the other end of the earnings spectrum, religion and philosophy majors earn 42 percent less than the average major their first year out of college, and 55 percent less during a recession.

In the Great Recession, though, the benefits to high-earning majors were muted, according to the most recent data collected by the Yale economists Lisa Kahn, Joseph Altonji and Jamin Speer. They were less sheltered because the recession affected the economy so broadly, Ms. Kahn said.

“It was in a sense a great equalizer because college grads had been hit more than they had before, and even the better-earning college majors,” she said.

That is not to say a college degree has lost its value. The opposite is true. People who graduated from college in the depths of the most recent recession lost more than \$100,000 in potential earnings, Ms. Kahn said, but they also had that much to lose because they had a degree.

“Even though I’m contributing to this line of research that shows college graduates into a recession can be damaged in the labor market, a college degree is more worthwhile than ever,” she said. “That’s not an opinion, that’s a fact.”

But not all college degrees are created equal, and some provide graduates with more shelter from economic storms than others. That is yet another variable for students to keep in mind as they weigh which career to pursue.