

What Economists Do

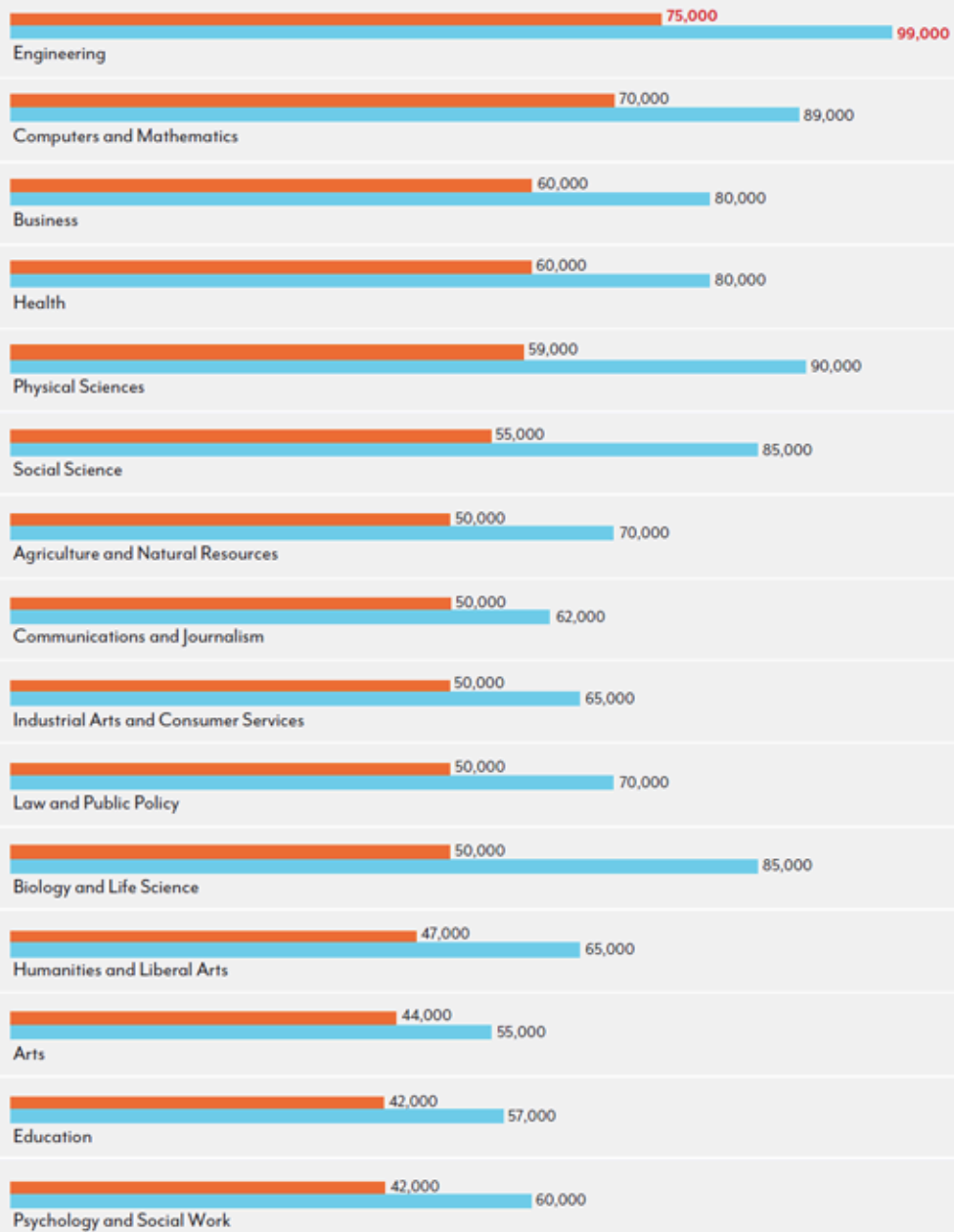
**Prepared by Teny Shapiro
for the ECON 1 students at
Santa Clara University**

How to Decide if a Major is for You

(in my humble opinion)

- Do you enjoy the classes in that subject?
- Do the other courses in that major seem interesting to you?
- Do you enjoy learning about the subject outside of the classroom?
 - Read books, listen to podcasts, talk to people
- Will that major get you the job that you want?
 - Search for jobs online that are looking for certain majors
 - Does the work seem interesting/fulfilling?
 - Will you be able to live the lifestyle you want?

MEDIAN EARNINGS BY MAJOR GROUP*



* Full-time, full-year workers with a terminal Bachelor's.

— Median Earnings for those with only a Bachelor's Degree
— Median Earnings with Graduate Degree

MEDIAN EARNINGS OF SOCIAL SCIENCE MAJOR GROUP*



* Full-time, full-year workers with a terminal Bachelor's.

<http://cew.georgetown.edu/whatsitworth>

Economics is a diverse field

A General Economics and Teaching

B History of Economic Thought, Methodology, and Heterodox Approaches

C Mathematical and Quantitative Methods

D Microeconomics

E Macroeconomics and Monetary Economics

F International Economics

G Financial Economics

H Public Economics

I Health, Education, and Welfare

J Labor and Demographic Economics

K Law and Economics

L Industrial Organization

M Business Administration and Business Economics; Marketing; Accounting

N Economic History

O Economic Development, Technological Change, and Growth

P Economic Systems

Q Agricultural and Natural Resource Economics; Environmental and Ecological Economics

R Regional, Real Estate, and Transportation Economics

Three Types of Economists

1. Academic (like your professors)
2. Government:
 - Federal Reserve
 - Department of Justice, Census, Bureau of Economic Analysis, Congressional Budget Office, etc.
3. Industry:
 - Banking (macro)
 - Consulting (management, litigation)
 - Research, Analytics

Three Types of Economists

1. Academic (like your professors)

1. This job requires you to do research and teach
2. Need a PhD (or a masters if you just want to teach at a community college)
3. What is research?
4. Sign up for kubby if you're interested in getting research experience.
Profes post all jobs there

Three Types of Economists

2. Government:

- Federal Reserve
- Department of Justice, Census, Bureau of Economic Analysis, Congressional Budget Office, etc.
 - Opportunities for people at all degree levels (higher degree does mean more \$\$, though)
 - Work on mergers, antitrust cases, policy, research, calculating costs of policies, etc.
 - Lots of internships or post-college positions available
 - DC is a great place to live and work

Three Types of Economists

3. Industry:

- Banking (macro and finance)
- Consulting (management, litigation)
- Research, Analytics
 - Analytics is a growing field in Silicon Valley. Need analysts in all areas of business
 - Many of the big tech companies have research groups that just try to better understand the world. Why?
 - Public value (it's a public good!)
 - Business insights

eBay Labs

- An example of what economists at eBay have been working on

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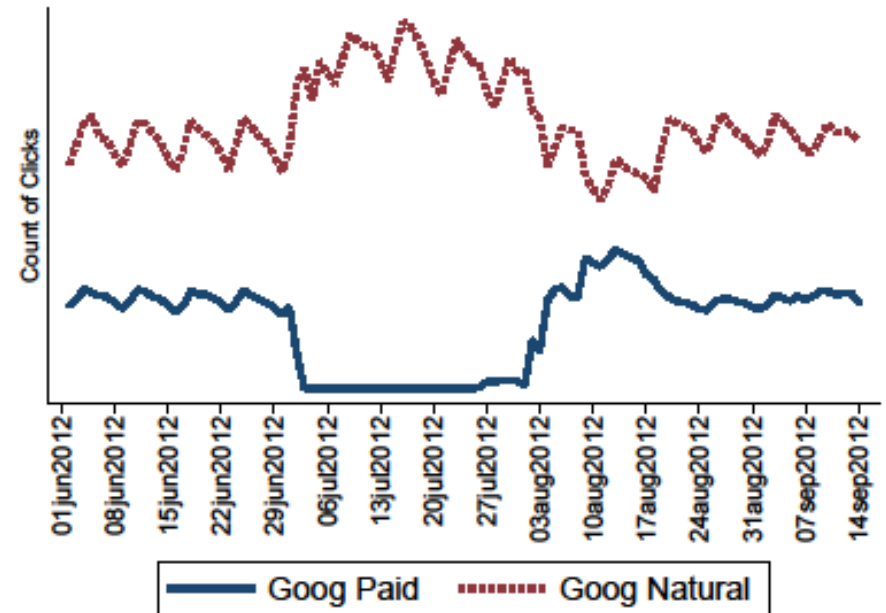
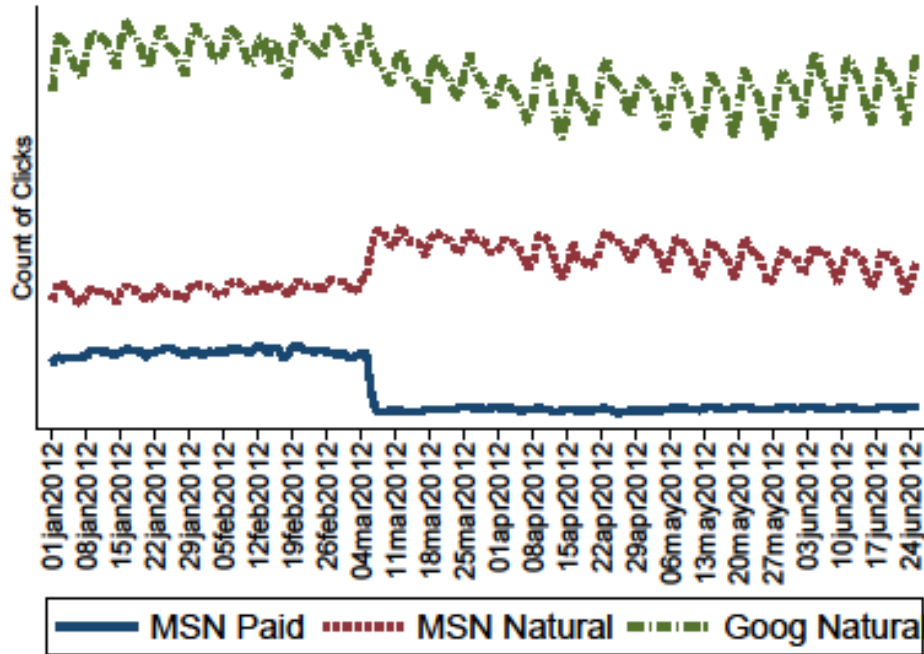
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Categories All Categories, Antiques, Art, Automotive, Baby, Books ...	Collectibles Bread Crumb Link. Home >; Buy >; Collectibles. Popular ...
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FTA receivers eBay: FTA receivers.	Golf eBay: Golf.
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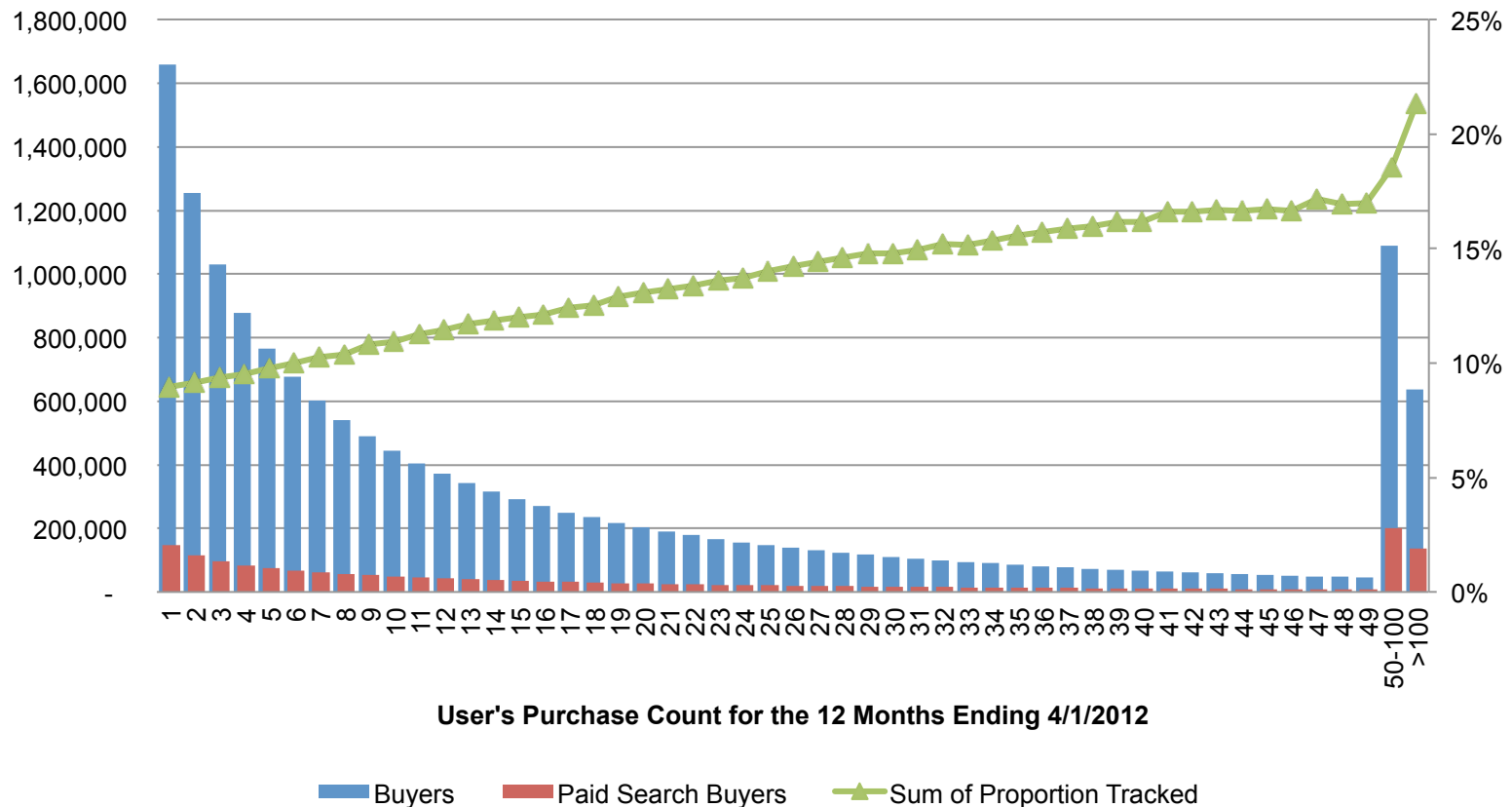
[More results from ebay.ca »](#)

Complete substitution



Paid Search Costs Most When it's *Least* Useful

Buyer Count Source By Purchase Frequency



Very Negative Returns

Table 4: Return on Investment

	OLS		IV		DnD	
	(1)	(2)	(3)	(4)	(5)	
Estimated Coefficient	0.88500	0.12600	0.00401	0.00188	0.00659	A
(Std Err)	(0.0143)	(0.0404)	(0.0410)	(0.0016)	(0.0056)	B
$\Delta \ln(\text{Spend})$ Adjustment	3.51	3.51	3.51	3.51	1	C
$\Delta \ln(\text{Sales})$ (β)	3.10635	0.44226	0.01408	0.00660	0.00659	D=A*C
Spend (Millions of \$)	\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00	E
Gross Revenue (R_1)	2,880.64	2,880.64	2,880.64	2,880.64	2,880.64	F
ROI	4173%	1632%	-22%	-63%	-63%	G=A/(1+A)*(F/E)
ROI Lower Bound	4139%	697%	-2168%	-124%	-124%	
ROI Upper Bound	4205%	2265%	1191%	-3%	-3%	

Paid Search and Economics

- This was a big insight from their team
 - They changed the way this billion \$ industry views returns (yes, this got some press)
- Why were economists useful here:
 - Economists spend a lot of time studying causal effects, not just correlations
 - Economists study revealed preference; marketers often rely on surveys
 - Economists ‘think at the margins’; marketers think in averages (\$ spent last year vs \$ revenue last year)

Classes to Take

- For All
 - Calculus
 - Statistics and Probability
 - Data analysis
 - Basics of computer programming (Python, SQL)
- For Econ Majors
 - Econ 41/42 (data analysis– you'll learn R)
 - Econometrics
- For Econ Majors Interested in Grad School
 - Upper-division math classes (a must!)
 - Get research experience
- **You don't have to have your life figured out now, but you should stack the deck in your favor!**

Internships

- Internships will give you valuable information about what you do *and* don't want to do
- Use location to your advantage
 - Lots of opportunities here

Other questions?