Perfect information

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Perfect Information

If you recall your principles of microeconomics class, one of the assumptions that economists emphasize is that of perfect information. Markets work more efficiently if all buyers and sellers have perfect (or complete) information about prices, quality, availability, tastes etc.

Economists freely admit that it is the rare market that truly meets the criteria associated with perfect information and much research has explored the implications of imperfect information, but in general markets work better for buyers and sellers the more information that is available to market actors. This intuition is at the heart of the many calls for more and better information for the consumers of higher education.

A recent National Journal article entitled, “The Cost-Benefit Guide to Choosing a College Major,” examines a new Texas website called My Future TX which is designed to provide students and parents with information from Texas public institutions about majors, time to completion, student debt and earnings, among other things. The data comes from the Texas Workforce Commission and allows students to compare degrees, majors and schools across a variety of outcomes. I did not spend a tremendous amount of time at the site, but below is a typical chart that looks at outcomes for an economics major compared to other social science majors.

Economics major compared to other social science degrees:

<table>
<thead>
<tr>
<th>Major</th>
<th>Degree</th>
<th>Ave. time to degree</th>
<th>% of graduates with debt</th>
<th>Average 1st year earnings</th>
<th>Average 10th year earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economics</td>
<td>Bachelor’s</td>
<td>4.9 yrs</td>
<td>55%</td>
<td>$41,848</td>
<td>$101,792</td>
</tr>
<tr>
<td>Social Sciences, General</td>
<td>Bachelor’s</td>
<td>5.4 yrs</td>
<td>71%</td>
<td>$28,602</td>
<td>$52,906</td>
</tr>
<tr>
<td>Anthropology</td>
<td>Bachelor’s</td>
<td>5.3 yrs</td>
<td>67%</td>
<td>$24,399</td>
<td>$46,328</td>
</tr>
<tr>
<td>Archeology</td>
<td>Bachelor’s</td>
<td></td>
<td></td>
<td>$26,196</td>
<td>$46,328</td>
</tr>
<tr>
<td>Criminology</td>
<td>Bachelor’s</td>
<td>5.9 yrs</td>
<td>75%</td>
<td>$31,022</td>
<td>$49,925</td>
</tr>
</tbody>
</table>
Geography and Cartography Bachelor's 5.2 yrs 64% $34,739 $62,054
International Relations and National Security Studies Bachelor's 5.3 yrs 71% $26,307 $49,279
Political Science and Government Bachelor's 4.8 yrs 64% $30,693 $74,922
Sociology Bachelor's 5.4 yrs 71% $28,649 $53,525
Urban Studies/Affairs Bachelor's 4.6 yrs 42% $30,895
Social Sciences, Other Bachelor's 9.0 yrs 73% $28,180 $78,751

The usual caveats apply to this site and the data it provides:

1. College is about more than financial costs and benefits, though of course those matter.
2. The data is very aggregated and your individual student’s performance may vary!
3. The data does not appear to take into account unemployment or people who drop out of the labor market.
4. First jobs are not the same as third or seventh jobs. Education is an investment over a lifetime and even ten years out may not be long enough to truly know how an investment pays off.
5. Don’t forget the private school option. These data do not include some of the great private institutions in Texas—Rice, Baylor, Trinity College, Southwestern, TCU or SMU.

But in general, this kind of data is helpful. It helps students and families make a more informed decision and likely improves the conversations about what a student hopes to get from a college education—financial benefits, as well as others non-pecuniary benefits.

We at the College of Saint Benedict and Saint John’s University have been leaders in providing this kind of information. Our data is more granular as we collect and share it at the individual student level (names removed, of course).

If you are interested in seeing what our graduates are up to, you can explore three years of the CSB/SJU Recent Graduate Survey here. But even with this detailed data, remember that the best residential liberal arts experience is an investment for a lifetime, not just that first job.

Michael Hemesath | June 2nd, 2014 | Categories: Economics, Higher Education | 1 Comment

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] PrezHemesath.