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**TOO MUCH FOR TOO LITTLE: ANALYZING THE CONTEMPORARY  
ECONOMIC WORTH OF COLLEGE MAJORS IN INDIA AND THE  
UNITED STATES**

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**ABSTRACT**

The choice of a college major, for most, is primarily dependent on its economic worth. Economic worth determines and dictates the social and political capital that one enjoys, and is also directly related to the quantity and quality of that one has to grow. The economic worth of a college degree is determined by analysing the cost that an individual has to bear to complete it and comparing it to the short term and long term benefits that accrue once it is achieved. This paper explores the asymmetry in information in the market for higher education in the United States that has led to a student-debt crisis and systems of scholarship and financial aid that help students avert the same. The economic worth of a major to the levels of quality to employment that it makes people suitable for, and the chances of getting that kind of employment in the present labor market. The employability that various majors in the United States and India generate has been compared with the cost of completing them in these countries. Liberal arts and worth of interdisciplinarity in college education is imperative to ensure mobility in the labor market as it prepares individuals for inevitable changes in the economic and business environment.

**Keywords:** College Major, Economic Worth, Higher Education, College Education, Student, Employment, United States.

**INTRODUCTION**

The cost of a college education is drastically different in India and the United States. India is one of the cheapest countries to pursue higher education, with the average cost of a college major being equal to \$13,836 (Minsky, 2015). Extreme variations exist between private universities, some of which are for-profit bodies, and government universities where education is almost completely subsidized. While variations also exist amongst colleges in the US, they are not as extreme, with the average cost of a college major being \$132,500 (College Board, 2016). Beyond tuition fees paid to colleges, the cost of living, which significantly adds to the financial burden of

students, is much higher in the United States than in India.

However, according to the Centre for Monitoring Indian Economy, the unemployment rates for college graduates in India is higher than the average unemployment rate. According to statistics from September to December 2018, the average unemployment rate in India is 6.7% and the figure for unemployed college graduates lies at 13.2% (Kumar, 2019). This shows that the country is not able to produce enough jobs for those with higher levels of education, owing to slower rates of economic development. There also exist disparities amongst employment rates of students depending on their majors (Gupta & Pushkar, 2019). Whilst majors in fields including engineering, medicine, and education enjoy high rates of employability; the employment rates for liberal arts, journalism, media, mass communication, and design are comparatively much lesser (India Skills Report, 2019).

In theory and according to popular belief, college degrees are supposed to increase employability and the quality of employment that an individual is eligible for in society. Foreign degrees from colleges based in the U.S. and U.K. have added prestige value in countries like India. However, those degrees come at a high economic cost. Despite the presence of student aid, which is often only partial, the higher cost of living adds significant financial pressure on Indian families. Such an investment is undertaken with an expectation of bettering the scope and quality of employment that a student would be eligible for. This is one of the most important factors based on which the quality of a college degree is judged. The economic worth of any college and major, which guides decisions of individuals is primarily based on the prospective quality and chances of employment that they might generate.

## **BACKGROUND**

Economics of education is a field of study focused on economic issues relating to education. Education is linked to the development of 'human capital'. The economic theories which relate to physical capital are also applicable to human capital. The development of human capital requires undertaking expenditure and leads to an increase in productivity, just like human capital does. Any investment incurred in education is also expected to generate returns, as higher levels of income (Weil, 2009). This liberal approach to education has been followed by western European nations, where state investment in human capital equaled state investment in physical capital by 2005 (Eurostat, 2008). The Marxist critique of this liberal approach views education as a tool of struggle for the working class against capitalists and their means of production (Kelner, 2010). Information asymmetry occurs when one of the parties entering into an economic transaction has more information about matters relating to that transaction than the other. This puts that party at a position of unfair advantage over the other one in that transaction, by virtue of

possessing more knowledge. It is an important factor whilst analyzing the economics of education, as this is the only market where the seller(colleges) has complete financial and non-financial information about the buyer(applicants and their families). Once colleges have such data, they can demand the highest possible amount that families can pay as fees, regardless of their intention or willingness to do so. This has inflated the cost of education by over 25% in private colleges and 27% in public colleges in the United States in the past decade and has gravely disadvantaged all domestic and foreign applicants (Malm, 2012). Rising costs of higher education have been a unique challenge in the United States States. The average tuition fee for majors in the US (\$132,500) is more than ten times that of India (\$13,836). Moreover, education is more inaccessible to the economically weaker in the U.S. Whilst many developing countries including India and developed countries like Germany and Norway subsidize higher education in public universities, public schools in the U.S. charge \$7,110 on an average for undergraduate courses (College Board, 2019).

However, the employment statistics in the United States are better as compared to those in India. Whilst unemployment in India has been gradually increasing over the past one and a half years (CIME), the reverse is happening in the U.S. The unemployment rate in the U.S. stands at 3.6% as of June 2019 according to the Bureau of Labour Statistics (Bureau of Labour Statistics, 2019). Moreover, employment rates are better for those with a college degree than those without in the U.S., unlike India. People who pursue degrees in Liberal Arts have a higher tendency to be unemployed in both countries. Engineers have a higher employment rate in India as compared to the U.S. whereas graduates majoring in marketing, research, and social work are more likely to get employed in the U.S. than in India (The Condition of Education, 2019; India Skill Report, 2019). This difference might be a reflection of the different stages of economic development in both countries.

## **DISCUSSION**

The worth of a college degree is a matter of frequent debate in the United States.

Enrollment rates in undergraduate courses in the United States skyrocketed in the late 1960s and early 1970s. Despite stagnancy in the 1970s due to the economic recession, people holding college degrees have been at a comparative advantage over those who don't in the United States.

The growth in payments to college degree holders was 80% more than high-school graduates as of 2002 (Rose, 2013). Achieving a college degree after high school has been considered to be imperative for leading a better life and has been an integral part of the 'American Dream'.

However, this school of thought has been under attack over the past few years because of higher

rates of ‘drop-outs’, shifts in demand for workforce and most importantly, an unprecedented level of student debt. Most professions that enjoy higher levels of pay and command better positions in the social hierarchy, including medicine and law are not taught at the undergraduate level in the United States. Pursuing them, therefore, requires students to incur an even higher level of investment and risk. The comparative levels and quality of employability for popular undergraduate courses, including liberal arts and social service are also much lesser. However, the strongest argument to be made against 4-year bachelor courses is the high level of debt that students incur, and struggle to repay for many years after college. The student debt in the United States has doubled over the past decade (Noguchi, 2019). This forces individuals to delay buying their own homes, investing in retirement schemes and building emergency savings. The Harvard Business Review reported that the student debt crisis also prevents many individuals from pursuing their entrepreneurial interests (Revzin & Sergei, 2019). Community Colleges, which are funded by the government are seen as a possible alternative to pursuing undergraduate courses directly after high schools. Most courses impart vocational skills which increase the employability of students. Modern approaches to pedagogy (the theory and practice of education) question the worth of conventional college education because of its uniformity and inability to distinguish social, economic and intellectual background of students (Gardner 1983).

One major trade-off that students face in their choice for a major is the trade-off between choosing a liberal arts course or a professional course. Professional courses are courses that prepare students specifically for one field of work. This includes courses in business, nursing, etc. Liberal arts education, on the other hand, is one that includes instruction in broad, central disciplines such as English, History, Math, and Science. It focuses on developing skills like problem-solving, critical analysis, and effective written and oral communication beyond any major or field of study that students might choose. Proponents of liberal arts education claim that it helps students get a more comprehensive understanding of the world around them, beyond their own line of work. Professional education, however, is considered to be more beneficial for entering the workforce in a particular field, directly after college. The case for professional education is made on the simple basis that the returns that it generates are tangible and more visible in the short run. Liberal arts education does not hold any direct economic benefits to students. This is why professional courses are considered to be more ‘productive’ in the utilitarian sense. However, liberal arts courses hold unique value in the long term, at two levels. Firstly, liberal arts, historically, has been considered as a prerequisite to operate as a responsible citizen, because of its imparting skills of logic and reason to students (Goldman, 2012).

Secondly, critical thinking that liberal arts aim to enhance also benefits students in any profession of their choice in the long run (Brand, 2015). This is perhaps the reason why most professional schools require students to take at least one general education course, thus

establishing some exposure to liberal arts whilst pursuing professional degrees.

The Economic worth of a college degree translates to the income that it promises in the short term and the opportunities of growth that it might present in the long term to the degree holder. At the entry level, STEM majors earn the most which are around \$43,000 followed by individuals who hold majors in business and health. Liberal Arts, arts, humanities, and teaching are some of the majors which promise the lowest levels of income at the entry level which lies around \$29,000 in the United States. College graduates' wages generally increase as their careers progress, while the differences in wages among majors grow larger (Carnevale, et al, 2015). In a capitalist society, the social and cultural capital that an individual enjoys is a derivative of their economic stature. Thus, the social and cultural value of college degrees can also be evaluated by their economic worth in society. Professions like teaching and social service are an exception since values of 'public service' have been historically attached to them. Therefore, students who pursue such majors might enjoy higher standings in society without earning significantly high wages.

Getting a college education is notoriously expensive in the United States by the virtue of it not being subsidized by the federal government. However, student aid in the form of scholarships and grants are common in all private colleges, including the Ivy League.

Scholarships can be classified into two types- Need-Based (technically referred to as grants) and Need-Blind. Need-based scholarships are given to students based on their financial capacity.

These are made available to students of economically weaker backgrounds once they get accepted to college. Students are required to apply for such grants through FAFSA (Federal Application for student aid). Need-Blind scholarships, on the other hand, are provided to students who possess extraordinary and outstanding skills in academics, sports or extracurricular and co-curricular activities, irrespective of their economic background. Funding for these scholarships is usually covered by the federal government, state governments, private agencies and educational institutions themselves. The federal government provides aid under programs including the Pell Grant and the Federal Supplemental Educational Opportunity Grant (FSEOG). Colleges including Harvard, Princeton, Cornell, and Johns Hopkins offer aid to 15 to 150 international students specifically, based on the strength of their college applications (Simons & Helhoski, 2016). This aid is primarily responsible for ensuring that hundreds of high school graduates receive a college education. However, the access to this aid is limited and many marginalized communities do not have the resources to apply for the same (Yancy, 2010).

Moreover, the process of selecting students is extremely subjective and there have been multiple allegations against college administrations for discrimination against women, African

Americans, and other oppressed minorities (Gray, 1997).

## **CONCLUSION**

The choice of a college major requires not only an effective understanding of the positioning of various professions in the labor market of the present but also an understanding of how these positions would evolve as technological innovation and globalization move to the next stage. The major demerit of usual professional courses is that their area of focus is restricted to the present. Gradually, with the passage of time, there is a higher risk of this specific knowledge becoming redundant. Liberal arts stand out effectively in tackling this challenge that most students and educators face today. Liberal arts programs provide students with a broad and general education that covers different areas of thought. However, these programs often do not provide a significant depth of experience and study in any one area. This proves to be a major disadvantage in the market for jobs because a lack of specialization is seen as a major demerit by employers working in specific sectors. Moreover, liberal arts graduates tend to go through law school or achieve degrees in fields including political science, which might be beneficial in the long run but is double the exorbitant investment that students normally make in their college education.

However, it is argued that interdisciplinarity in the education that one receives in college can significantly improve employment opportunities in the new economy. In 2000, CEOs of 30 high-tech Canadian companies issued a statement on the importance of a liberal arts education, calling for a "balanced approach" to education because liberal arts education "nurtures skills and talents increasingly valued in modern corporations" (Luke, 2000). Research shows that liberal arts students might be better prepared to adapt to economic changes than students with more technical training (Knotts, 2002). Liberal arts and interdisciplinarity in college education are attractive to employers because it is believed to inculcate the habit of continuous learning that is necessary to handle the continuously changing business landscape.

The economic worth of college majors in India and the U.S.A. can, therefore, be evaluated based on a few metrics. The first is the major that one wants to pursue. This choice must be based on the balance between short term employability and sustenance and growth of the same in the long run, with changes in the economic and social environment. There must be some level of infusion of aspects of liberal arts education in professional and technical courses as well, to increase the overall potential for growth and development. The cost of college education and the level of financial aid (if any) is the second consideration. A degree is more harmful if the debt that one incurs to achieve it is high enough to prevent individuals from exploring their entrepreneurial ideas or being flexible in their choice of employment. The choice of a college major is indeed a personal one, and it is guided primarily by the background, interests and aspirations of

individuals.

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