

# Income, Wealth, and Occupations

by Sophia Tutorial



## WHAT'S COVERED

This tutorial will cover the topics of income, wealth, and occupations, through the definition and discussion of:

1. Income and Wealth
2. Occupations
3. Socioeconomic Status
4. Social Mobility
5. Conspicuous Consumption

## 1. INCOME AND WEALTH

You're likely familiar with the term **income**, which is the money you earn, the cash flow coming in from your assets or your job. **Wealth** is slightly different than income. Wealth is the monetary value of your cash flow and your assets, minus what you owe in debts.

### IN CONTEXT

Suppose you work as a sociology professor, so you have some income from that job. You might own some land out in the country, and you might own a home. Your income is just what you're earning from your teaching. The land, in this case, is an asset, which makes it part of your wealth. You have a home, but you just purchased it, and haven't paid for it in full yet. Therefore, your house represents a debt.

Your overall wealth, then, is the monetary value of your assets and income--in this case, your income plus your land. However, you need to subtract from that the debt that you have from the house.

Eventually, you might pay off the house, and that debt would go away. At that point, your wealth would be your income, plus your land and the house. You would do the same wealth calculation for any asset you own beyond just land. A lot of people likely have more assets than land, which makes the wealth computation more complex, but the general idea is that it's the monetary value of your assets minus your debts.



## TERMS TO KNOW

### Income

Money earned from goods, services, or investments.

### Wealth

The monetary value of your assets and income, minus any money you owe as debts.

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## 2. OCCUPATIONS

Occupations are people's jobs and careers. Occupations are how you make your money and how you accumulate wealth. They are commonly divided into two categories in society:

- **Blue-collar occupations:** Occupations involving manual labor.

↪ **EXAMPLE** Occupations like mechanic, receptionist, salesperson, farmer and farm laborers, truck drivers, and people who work in the service industry, like waiters and waitresses, are blue-collar occupations.

- **White-collar occupations:** Occupations dealing more with information processing rather than physical labor.

↪ **EXAMPLE** White-collar occupations, on the other hand, include jobs like doctors, engineers, professors, lawyers, bond traders and financiers, psychiatrists and psychologists, accountants and architects, for example, though these lists are not exhaustive

Blue-collar occupations are accorded less social prestige than white-collar occupations.



## TERMS TO KNOW

### Blue-Collar Occupations

Occupations involving manual labor.

### White-Collar Occupations

Occupations dealing more with information processing rather than physical labor.

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## 3. SOCIOECONOMIC STATUS

Each profession and occupation in society provides different social prestige, different levels of power and different levels of social status. You can't organize these groups neatly into capitalists and laborers, or proletariat, like Marx did. In Marx's time, during industrial capitalism, that was a more relevant way to look at the world, but now, society has splintered into many different occupations that don't fit as neatly into bourgeoisie and proletariat.

Therefore there has to be a more complex measure of social standing, which is called socioeconomic status.

**Socioeconomic status** is a measure of social prestige across many different rubrics, for instance, power,

prestige, and status. In order to truly know how you stand in society and where you're ranked in the social strata, you need to look at all three of those dimensions and take a composite measure. Socioeconomic status defined is a measure of social standing based on a combined look at different dimensions of inequality, which are power, status, and class.

Sociologist Max Weber developed a way to look at socioeconomic status along these three rubrics, and in this way, he differs from Karl Marx. Statuses measure one's social standing, honor, and prestige. And that's what he means by status. Classes, Weber maintained, are comprised of more than just the proletariat and the bourgeoisie. Class position ranges from high to low along a continuum.



#### THINK ABOUT IT

Where would a salesman or farmer fit into Marx's scheme? What about a mechanical engineer? Weber recognized the difficulty of fitting everything into Marx's scheme, and argued that socioeconomic status is not very consistent. There are different dimensions of inequality and different levels of power, status and class.

➦ **EXAMPLE** Circling back to the example of a professor--if you're a sociology professor, you likely have high status, but not very much power or prestige. You may or may not be very high in the class ranking.

Viewing socioeconomic status, rather than just class position--proletariat or bourgeoisie--helps to explain why Marx's revolution never occurred. Society is splintered, with many different groups of people in society with many different interests, some coinciding, some not; society is multi-faceted in terms of social interest. Capitalist societies are open and more fluid--you live in a class system, not a caste system--and you have social mobility in society. You can move up or down. You could be born in one place and move down in your life based upon your actions, or the opposite can happen--or, you can stay the same.



#### TERM TO KNOW

#### Socioeconomic Status (SES)

A measure of social standing based on a composite picture that captures different dimensions of social inequality like differences in power, status, and class.

## 4. SOCIAL MOBILITY

Sociologists are interested in movement both within a life and also across generations, from parents to children. There are two different measures of social mobility:

- **Intergenerational Social Mobility:** Intergenerational social mobility is between generations--between parents to children. If you're born in the middle class, will you stay in the middle class? Will you rise to the upper class based upon your actions or some fortuitous circumstance, or will you descend down to the working class? Suppose you're only in the middle class, but you hope someday that your kids might raise in social standing. That's every parent's dream, to have their child in a better place than they were. This is an example intergenerational mobility, a transfer of social standing from parents to children.
- **Intragenerational Social Mobility:** Intragenerational social mobility is within a generation. Can you move up, rather than simply hope that your kids move up? Intragenerational refers to you, within your life, moving up or down in social standing.



## TERMS TO KNOW

### Intergenerational Social Mobility

A change of social position or rank, moving up or down, from one generation to the next.

### Intragenerational Social Mobility

A change of social position or rank, moving up or down, within one generation or lifetime.

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## 5. CONSPICUOUS CONSUMPTION

How do people know each others' social status? What about strangers that you don't know? You might know the social status of your friends, but what about that stranger walking on the street? How are you supposed to know where he fits into the social hierarchy? What clues do you have? What visual cues do you have? In modern society, everyone is distant. You don't know each other very well, but you see a lot of strangers in a day to day life.

### IN CONTEXT

Imagine walking around a city block. You are going to see a lot of strangers, and you need to make inferences about them and where they fall in the social structure. How do you do that? You do this aided by **conspicuous consumption**, which is the display, through consumption, of a person's economic power in society.

For instance, you might see somebody walking by with a suit on, or perhaps a nice tie or nice shoes. You might think, "That guy must have some money." This is an example of conspicuous consumption--an act of displaying your wealth and economic power through what you consume.

The idea of conspicuous consumption--famous in both sociology and economics--was developed in the beginning of the 20th century by economist and social observer Thorstein Veblen. In 1899, capitalism was receiving its second wave of industrialization. Society was getting a new class of rich people. Veblen would observe these rich people in their fanciful dress, with their fanciful accoutrements to dinner parties, like fine dinning ware, fine silverware, etc., with accompanying rules of decorum regarding how to use them. They would host elaborate parties, putting their wealth on display.



## BRAINSTORM

Think about conspicuous consumption in your own life. What are the things you consume in your life? Have you ever seen people consuming expensive things, wanting to make sure that you know they have certain things?



## TERM TO KNOW

### Conspicuous Consumption

Buying goods and services to display social status publicly.



## SUMMARY

Today you learned about **income** and **wealth**, and the two categories of **occupations**--blue-collar and white-collar. You also learned about Max Weber's theories about **socioeconomic status**, **social mobility** and Thorstein Veblen's idea of **conspicuous consumption**.

Source: This work is adapted from Sophia author Zach Lamb.



## TERMS TO KNOW

### **Blue-Collar Occupations**

Occupations involving manual labor.

### **Conspicuous Consumption**

Buying goods and services to display social status publicly.

### **Income**

Money earned from goods, services, or investments.

### **Intergenerational Social Mobility**

A change of social position or rank, moving up or down, from one generation to the next.

### **Intragenerational Social Mobility**

A change of social position or rank, moving up or down, within one generation or lifetime.

### **Socioeconomic Status (SES)**

A measure of social standing based on a composite picture that captures different dimensions of social inequality like differences in power, status, and class.

### **Wealth**

The monetary value of your assets and income, minus any money you owe as debts.

### **White-Collar Occupations**

Occupations dealing more with information processing rather than physical labor.