Although there are rewards other than money that we receive from our jobs, most workers would consider payday their number one reason for working.

Accomplishing a goal or being useful to others may be important to us, but it still takes money to live. In fact, for many people, how much they make is how they measure their success.

We all need payday, but payday can be quite different from one job to another and may be a major factor in the type of job you choose. How much you'll be paid in your chosen career will depend on several factors:

Supply and Demand
In any market economy, supply and demand is always the most important factor in determining the cost of everything, including labor.

If your skill or talent is in demand, you can expect to be paid well and see your income increase in the future. If you have no skill or talent, if there is a large supply of your talent, or no demand, you can't expect to be paid well.

That's why it's very important to study the current and future job market when you're deciding on a career.

Gary, Marshall, and Harry Cohen are brothers. Gary plays professional football and earned $2,400,000 last year. Marshall is a physician who earned $240,000. Harry is a teacher who earned $43,500.

Do you think this is right? Why?

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The Cost of Living
The overall cost of living in a community will also affect how much you're paid. For example, an electrician in San Francisco or New York City will be paid a much higher hourly wage than an electrician in Peoria, Illinois or Columbia, South Carolina.

Union Organization
The purpose of any labor union or professional association is to improve the wages and working conditions of their members.

For example, a union of unskilled labor in a factory may force wages higher by negotiation or through a successful strike.

However, union membership is on the decline in today's global markets because unions can no longer guarantee their members job security.

A professional organization such as the American Medical Association, by controlling the number of physicians, is able to keep incomes much higher in the United States than in other countries.

Public or Private Sector
If you choose to work in the public sector, you may find your income lower than equivalent jobs in the private sector because you're paid with tax money.

For example, an engineer who decides to teach engineering in a public university may be paid much less than he or she would earn working for a private engineering firm.

A lawyer will earn less as a public defender than as a private defense lawyer and a policeman can probably earn more in the private sector.

The lower income may be offset by the satisfaction you receive from public service, from job security, or attractive fringe benefits such as a generous retirement plan.

Social Value
The importance to society of an occupation has never been a very significant factor in determining wages.

Most of us would agree that teachers are more important to society than professional athletes or movie stars, but a small supply and the demand for their talents drives their incomes into the millions while teachers earn average salaries.

Name: _____ **Class:** _____ **Period:** ____

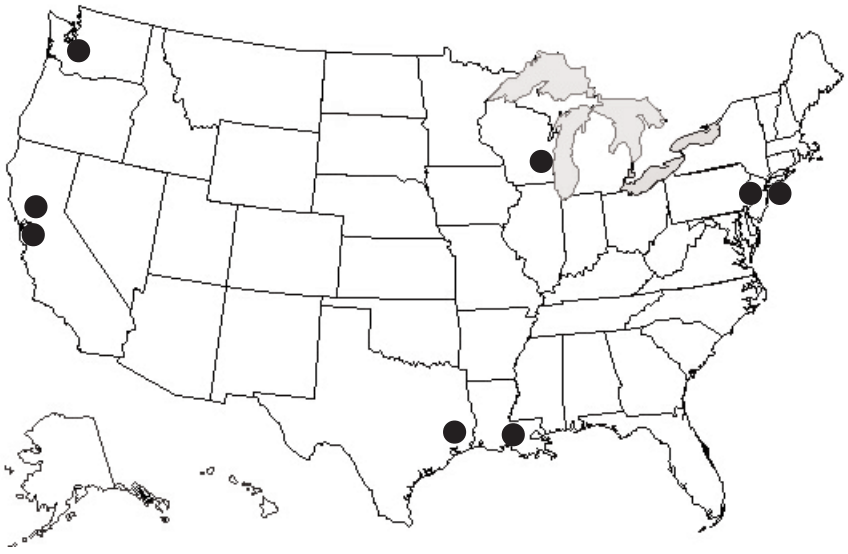
Jerry Kramer is an electrician. For the past several years he's been working for a contractor building a new housing subdivision in a suburb northwest of Chicago. The project is about finished and Jerry has decided to relocate. Listed below are eight cities he's considering where he knows he can get work.

1. **Compute the annual wage by multiplying the hourly wage by 2080 (40 hrs. x 52 weeks). Round your answers to the nearest dollar.**

2. **Compute the real wage by dividing the annual wage by the cost of living index (U.S. average = 100). Round your answers to the nearest dollar.**

City	Hourly Wage	Annual Wage	Cost of Living Index	Real Wage	Sales Tax/ Income Tax
Baton Rouge, LA .	$15.24	$_____ $15.24 x 2080	103.2	$_____ Annual Wage / 1.032	8.50% / 4.00%
Beaumont, TX	18.71	_____	87.5	_____	8.25% / 0.00%
Bremerton, WA . . .	22.36	_____	100.6	_____	8.35% / 0.00%
Freeport, NY	30.11	_____	134.4	_____	8.05% / 7.12%
Napa, CA	31.37	_____	148.0	_____	8.10% / 6.00%
Newark, NJ	30.55	_____	96.9	_____	6.00% / 2.45%
Oakland, CA	31.18	_____	140.0	_____	8.25% / 6.00%
Sheboygan, WI . . .	19.73	_____	91.8	_____	5.40% / 6.93%

If you were in Jerry's place, which of these eight cities would you choose? Why?



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Name: _____ **Class:** _____ **Period:** ____