

Lucrative Professions

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1) Preamble:

For the past thousand years there have been only 5 professions that reliably give high wages: Engineering/STEM, Medicine, Finance, Law, Sales.

This will continue to be the case for the next thousand years.

The demand for the work done by these professions will always be high; we will always need engineers to build new technology, doctors to treat the sick, financiers to manage business transactions, lawyers to rob people with lawsuits, and salesmen to push new products.

Beyond these professions, if you want to make a ton of money the only remaining option is entrepreneurship; creating your own business.

2) Universal Requirements: IQ and Energy

For each of these professions (and also entrepreneurship) having a high IQ is necessary but not sufficient for having a shot at success.

If you have an IQ below 120, don't bother; you are flatly not intelligent enough to compete in these professions. You will have competitors with IQs of 120+ and 130+ who will crush you.

Every lucrative profession also requires energy levels that are significantly above average; you must be able to work 60 hours a week, consistently. This is necessary because you will have competitors who will put in long hours; if they slog for 60 hours a week and you maintain a pace of 40 hours a week, the probability you will be able to keep up with them is zero.

Sadly, to have *both* an above average IQ and above average energy levels you have to be an outlier; most people are excluded from having a shot of success within any lucrative profession.

Both your IQ and energy levels are heavily determined by your genetics; life isn't fair.

3) Profession Specific Requirements, Wages:

The wages of every profession are determined by nothing more than the demand for labor and the supply of labor.

In each of the 5 listed professions, the demand for labor is high. Where things get interesting is the *supply* of labor; for each aforementioned profession the percentage of people in the general population who are capable of doing the work is very low.

A high demand for labor and a low supply of people capable of doing the labor inevitably means high wages.

Note: The precise numbers used to calculate the percentage of people in the general population who are capable of doing certain types of labor don't matter. What does matter is that regardless of the precise numbers used, the supply of labor is low in the sense that the percentage of people capable of doing the given type of labor is well below 50%

Addendum: Please note that 'Ruthlessness' is the inverse of 'Agreeableness', and 'Stress Tolerance' is the inverse of 'Neuroticism'.

To be high on 'Ruthlessness' and 'Stress Tolerance' is to be low on 'Agreeableness' and 'Neuroticism'.

Agreeableness and Neuroticism are both part of the Big 5 Personality Traits.

3A) Medicine

The supply of doctors is restricted by the traits needed to be an effective doctor; high IQ, high energy/industriousness, and a high stress tolerance.

For the sake argument, it can be said that the minimum IQ needed to be an effective doctor is 120. The energy to work 60 hours a week is required. A high stress tolerance is also required, since a doctor must remain calm while making decisions with life and death consequences.

It can be guesstimated that 10% of people have the required IQ, 20% have the required energy, and 50% have the required stress tolerance.

These estimates are very optimistic; in reality the percentages are probably far less than 10%, 20%, and 50%.

With all of these estimates taken together, the percentage of people with the traits needed to be an effective doctor is somewhere around **1%**

(10% X 20% X 50% = 1%)

3B) Engineering

The main thing restricting the supply of labor in Engineering is IQ.

To do rigorous engineering work (R&D to create new technology) a person needs to have an IQ of 130+. This alone narrows the supply of labor down to roughly 2% of the population.

Some engineering positions require above average energy levels and stress tolerance (since the hours are long and stressful). This narrows the supply of labor down even more.

3C) Finance/Law/Sales

Many people find it objectionable that bankers, lawyers, and salesmen are paid immense amounts of money.

Viewed from the perspective of "Does this work make the world a better place?", the wages in Finance/Law/Sales seem outrageous.

Viewed from the perspective of "What is the supply of labor?", the wages seem quite reasonable.

In Finance/Law/Sales (F/L/S) the supply of labor is extremely low because the percentage of people who have the intelligence, and the energy, and the cunning, and the stress tolerance, and the ruthlessness needed to do the work effectively is extremely low.

Intelligence: The IQ demands of the work are not very high; a person with an IQ of 110+ can be effective in F/L/S. Keep in mind, an IQ of 110+ excludes 75% of the population.

Energy: In every lucrative F/L/S position, the hours are rough. Nobody is working less than 60 hours per week. Optimistically we can say 20% of the population has the energy to sustain such a work pace.

Cunning: Doing the work in F/L/S effectively requires an above average level of manipulative ability. For details on this, see the essay "Machiavellianism in Different Professions"

Stress Tolerance: The work in F/L/S is stressful. Not nearly as stressful as being a doctor making life and death decisions, but stressful enough to eliminate a significant percentage of people from the labor supply. Anyone who ranks high on neuroticism can't do the work.

Ruthlessness: The work involves endless zero sum competition and negotiation (often over the price something is bought or sold for). A person doesn't have to be as cold hearted as Vladimir Putin to be comfortable with this, but they do need a degree of ruthlessness that goes beyond what is average (they need to be below average on agreeableness).

Putting these requirements together, it can be said that to do the work in F/L/S effectively a person must at minimum be at the 75th percentile of intelligence, 80th percentile of energy, 50th percentile of cunning, 50th percentile of stress tolerance, and 50th percentile of ruthlessness.

Taken together, less than 1% of the population is capable of doing the work in F/L/S effectively ($25\% \times 20\% \times 50\% \times 50\% \times 50\% = \text{less than } 1\%$).

Note that on any one of the 5 traits restricting the supply of labor in F/L/S, a person doesn't need to be an extreme outlier. However, being *slightly* above average on 5 separate traits that correlate with each other at zero makes a person an extremely rare outlier overall.

4) Risk Profiles:

The 5 aforementioned professions all come with different levels of risk and potential reward attached to them.

Engineering is the lowest risk option, and comes with the lowest potential rewards. If you become an engineer the probability of you becoming a multimillionaire is practically zero, and so is the probability of you going broke and becoming homeless. Medicine falls in the same category as engineering.

Sales is a medium risk-medium reward career; there is some chance of you becoming a multimillionaire, and some chance of you going broke.

Finance and Law are both highest risk highest reward career paths; there is a significant chance you will be promoted from the associate level to the partner level (Law) or the vice president level (Finance), however you probably won't; odds are you will wash out at the associate level. This isn't terrible; you'll

probably get a boring back office position making six figures, so you'll survive, you just won't become a multimillionaire.

5) Entrepreneurship Risk Profile:

Entrepreneurship is the highest risk option, but this is a bit of an understatement; becoming an entrepreneur is *exponentially* more risky than working in Finance or Law.

As a banker or lawyer, you have a small chance of being promoted to the senior levels of the corporate hierarchy (partner/vice president), and an overwhelming probability of getting a mediocre position where you achieve nothing impressive but still make a decent living.

If you become an entrepreneur, you deserve to know truth; you are on a suicide mission. There is a small chance you will end up spectacularly rich, the overwhelming probability is you will end up broke and homeless. Good luck!

Most entrepreneurs are not a special breed who are willing to risk death (homelessness) for the sake of having a shot at becoming rich; they are kids from rich families who have their parents' wealth as a safety net.

If you come from a rich family and become an entrepreneur, you are risking some social humiliation and foregone income. If you come from a poor family and become an entrepreneur, you are risking homelessness and death.

The odds of getting rich as an entrepreneur are not one in a thousand; they are more like 1/10, optimistically 1/5. Those odds are bad, but by no means 'hopeless'.

If you want to get rich (hit the top 0.1% of income distribution for the society you live in) entrepreneurship is the only option that gives a reasonably high chance of this happening.

6) Pareto Distribution:

It should be noted that amongst those who enter Finance, Law, Sales, and Entrepreneurship...financial rewards are pareto distributed.

Most make a little or a moderate amount of money, and a tiny minority become spectacularly rich.

Financial outcomes are more equitable in Engineering/STEM and Medicine; financial rewards have a bell curve distribution, rather than a pareto distribution.