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Introduction to Living Standards and Social Well-Being

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Abstract This special issue contains five articles on the subject of living standards and well-being, important topics in social economics. The authors assess the so-called squirrel cage of work-and-spend, and the culture of overconsumption in the USA and other industrialized countries. They evaluate overwork and the implications for balancing work and family, and underwork and the need for a basic income. The articles in this special issue point to a myriad of policy proposals to be found not only in employer practices but through broader universal policy solutions as well, such as nationally applicable labor standards, and access to paid leave and flexible scheduling.

Keywords: John A. Ryan, living standards, well-being, basic income, consumption, family policy, P.R. Sarkar

We are delighted to introduce this *Review of Social Economy* special issue on the theme ‘‘Living Standards and Social Well-Being’’ with articles that will explicitly deal with the topic from a social economics perspective. The special issue consists of a collection of papers primarily recruited from the ASE sessions at the 2006 Allied Social Sciences Association annual meeting in Boston, Massachusetts. Unsolicited papers were also considered. This special issue examines how economies across the globe come to understand what constitutes a living, and how we can improve living standards and social well-being, including balancing paid work with family life and civic responsibility. The papers include an evaluation of the work of John A. Ryan and other

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social economists who address living standards, and policy proposals to reduce work time, reconcile work and family, improve earnings, reduce inequality and discrimination, alleviate underemployment, provide food and health security, and enrich work life.

Martha A. Starr opens the special issue with "Consumption, Work Hours, and Values in the Writings of John A. Ryan: Is it Possible to Return to the Road Not Taken?" The author discusses Ryan's views of consumption and work hours in the 1920s, which were far broader and richer than today's perspective. Ryan thought that working time could and should decline in the interests of "industrial sanity, social well-being, and desirable human life." Ryan's writings clarify that if contemporary projects are to engender the sort of fundamental changes in everyday life, they need to consider social as well as individual values and the obligatory distributional dimensions of the consumerist lifestyle; otherwise their effects may be confined to promoting improvements in the standard of living among better-off groups. John Ryan's insights into the high-consumption, full-workday economy remain valuable for understanding its social dimensions in the early twenty-first century and for imagining ways in which it could be reconfigured to improve its orientation to human well-being. A few generations later, the work-and-spend lifestyle has become solidly entrenched, as recent discourse illustrates. The apparently widening interest in shorter work hours, along with efforts to reform business ethics and promote corporate responsibility, suggest some possibility of returning to the "road not taken"—that is, of realizing Ryan's vision of reorganizing economic activity around a concept of human welfare that emphasizes material comfort, social involvement, and time for higher pursuits, rather than high material living standards for their own sake. But, as his thinking underlines, if the distributional dimensions of changes in consumption and work hours are not considered, there is no guarantee that their effects would necessarily be as intended: positive and broad-based.

The following article, "Overtime Work and Well Being at Home," by Lonnie Golden and Barbara Wiens-Tuers, finds that working beyond one's usual schedule is associated with higher absolute and relative family income. However, working extra hours also leads to greater work-family interference, i.e. less ability to take time off from work for family needs. There are additional detrimental effects on worker well-being, such as slightly more fatigue from work, when the extra work is required by the employer than when it is not. Specifically, when overtime is required, it markedly compounds the extent to which work times places stress on family life. Therefore, Golden and Wiens-Tuers argue that models of economic well-being should incorporate whether or not extra work is imposed; mandatory and non-mandatory overtime hours should be treated in labor supply models as distinct risks to living standards of individuals and families. Further, policies intended to improve social well-being should focus on limiting the incidence, frequency and specific repercussions of overtime work that is mandatory as well as enhancing workers' ability to avoid it. In fact, the authors add, there is a case for corrective policy measures even if the extra work hours are not mandatory, as long as they reflect individually or socially costly "workaholic" behavior that developed over time either because of the social reinforcements present, tolerance developed, or addiction to consumer goods and services. These corrective policies could focus less on defining new standards that limit the length of daily or weekly overtime hours and more on facilitating a legal right and workplace norm permitting employees to refuse without penalty mandatory overtime, particularly that with little advance notice. To the extent that greater income would compensate for the welfare loss associated with mandatory overtime, there also may be a case for requiring employers to pay a wage premium beyond the current time-and-a-half (for nonexempt or perhaps straight-time for exempt workers).

In "Family Friendly Policies: Helping Mothers Make Ends Meet," Heather Boushey examines how family friendly policies affect mothers' wages. Standard economic theory predicts that workers who desire family friendly policies would accept lower wages, all else equal. However, in the US labor market, the workers who have access to these policies tend to be in higher-prestige and higher-earning occupations. Boushey's study examines the effects on wages of having had access to maternity leave and the ability to control one's schedule. The present-day wages of mothers who were working prior to the birth of their first child and received pay during their maternity leave are 9 percent higher compared to other mothers, controlling for other personal and job-related characteristics. Mothers who report working their current schedule because it helps them address their caring responsibilities—child care, elder care, or care for a sick family member—do not suffer a wage penalty as a result. This study finds that, in the US, having access to family friendly policies, at best, raises women's earnings and, at worst, does not hurt them. Only half of women in the US labor market currently have access to unpaid leave for the birth or adoption of a child or to care for a sick family member under the Family and Medical Leave Act. Moving towards universality in access to leave could help to close the gap in women's pay and could help more women stay in the labor market over time. In addition, workers need access to workplace flexibility to allow them coordinate their personal lives with their work lives. And, adds Boushey, employers need policies that create a level playing field so that a few employers do not have the bear the full costs of implementing good workplace practices while other employers simply ignore their employees' needs.

Andrea Fumagalli and Stefano Lucarelli advocate a "Basic Income" (BI) as an indispensable structural policy. In "Basic Income and Productivity in Cognitive Capitalism," the authors embrace the French Regulation School approach, focusing on the socioeconomic transformation that has overtaken the Fordist paradigm within Western countries, and propose the term "cognitive capitalism" to describe the new economic system. In this framework, BI can be seen as a viable economic policy able to contrast the instability generated by the present form(s) of accumulation, as it increases productivity through network and learning processes. The transition from Fordist capitalism to cognitive capitalism has been characterized by the shift from a stable, although conflictual, structure of accumulation to an unstable one. This instability is mainly due to the absence of a relationship between supply conditions (affecting productivity trends) and demand conditions (affecting a fair income distribution), which in the Fordist regime was able to guarantee a dynamic equilibrium. The introduction of BI can be the first step towards a positive solution. If BI were to be introduced, we could witness two positive effects on demand and output, under certain assumptions presented in the article. The authors also show that since BI is able to improve network and learning processes, it is positively correlated to investment activity, thanks to the increase in productivity. The increase in productivity can affect the level of demand through investment, and the function of the output growth rate can become positive thus completing the circuit.

Mark Friedman concludes the special issue with "Living Wage and Optimal Inequality in a Sarkarian Framework." Principles from the social thought of the Indian philosopher P.R. Sarkar are employed to show that there exists an optimal level of economic inequality that joins the values of economic justice and efficiency. Sarkar favored establishing a living wage as well as a maximum wage that allows for work incentives. It is argued that the primary justification for inequality is to provide incentives for individual productivity and that the value of those incentives should not exceed the economic contributions they produce. To determine the relative importance of income incentives in motivating individual economic contributions, it is necessary to develop a multifaceted model of human productivity. Such a model is developed using concepts from humanistic psychology. A Sarkarian individual productivity curve is introduced to demonstrate the existence of an optimal level of inequality and also to explain the persistence of extreme income inequality. In the context of the Sarkarian framework presented in the article, it has been acknowledged that some degree of economic inequality is needed to provide the incentives that encourage the high volume and quality of human effort needed to produce a level of material abundance consistent with a high standard of human welfare. However, there is a point where the incentives cease to make economic sense, and have high opportunity costs in terms of other economic priorities such as improving the well-being of the lowest-income workers and providing incentives where they have a greater impact on productivity. Analysis was used to demonstrate that such a point must exist. The Sarkarian framework can be especially fruitful in social economics, where excessive inequality has been a perennial concern but a means of defining what is excessive has not been found.

We would like to thank the numerous reviewers for the papers submitted for consideration for this special issue. We maintained the journal's double-blind review process for the issue. Living standards and well-being are central topics of inquiry within social economics and we urge authors to submit additional papers on this theme to regular, quarterly issues of the *Review*.