

Title: *Class Structure and Household Economic Well-Being*

Author(s): Edward N. Wolff and Ajit Zacharias

Institution/Country: The Levy Economics Institute of Bard College and New York University; The Levy Economics Institute of Bard College

The official measure of economic well-being in the U.S. is pre-tax money income which leaves out crucial determinants of living standards. Utilizing the information base constructed for the Levy Institute Measure of Economic Well-Being (LIMEW), we analyze the economic well-being of households differentiated by their class status. The LIMEW includes, in addition to labor income, income from wealth, net government expenditures (government expenditures incurred on behalf of households less taxes paid), and value of unpaid domestic labor (details can be found at: www.levy.org/limew). Such a measure allows us to analyze labor market outcomes in conjunction with workers' accumulation of assets (or debt), effects of government policies with respect to spending and taxation, and changing demands placed on working adults by childcare and housework. We deploy two taxonomies of class in our analyses. The first one is based on a distinction between “capitalist households” and “non-capitalist households”, with the former identified by the importance of wealth in sustaining well-being. The second is a class- location schema for “employee households” (households in which the householder is an employee) based on the occupation of the householder. Our main interest is to distinguish between those in authority positions (managers and supervisors) and those in subservient positions (skilled workers and other workers). However, we also identify “cross-class households” (households in which the working adults in the same household belong to different class locations). The proposed paper will have two main novelties. First, although our demographic data is the widely used March CPS, we are unaware of any study that has attempted to implement the class taxonomy we are proposing. Second, while most analysis of working families' standard of living are based on money income, we use a much more comprehensive measure, the LIMEW. We hope that the combination of these two factors will give rise to a richer understanding of how working families fared in the “boom times” of the 1990s and in the ensuing period of slow economic growth. With the class schema and well-being measure we have developed, we will examine (a) the structure of, and disparities in, wellbeing among households differentiated by class location, race, family-type, and other key demographic characteristics; (b) overall economic inequality as shaped by intra- and inter-class inequalities; and, (c) the role of government expenditures and taxation in reducing intra-class and inter-class disparities.