



# Household Labor and Economic Well-being

Ajit Zacharias

Levy Institute

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# Outline

- What is household labor?
- Why does household labor matter for economic well-being?
- How can it be integrated into a measure of well-being?
- Results for the U.S. :1989 and 2000

# Labor vs. Consumption

- Labor process: (a) exercise of labor power by the laborers; (b) means of labor; and, (c) outcome that has an existence independently from the laborer  
Example: Bathing a baby
- Consumption: (a) some effort from the consumer; (b) means of consumption; and (c) outcome that has no existence independently from the consumer  
Example: Listening to music

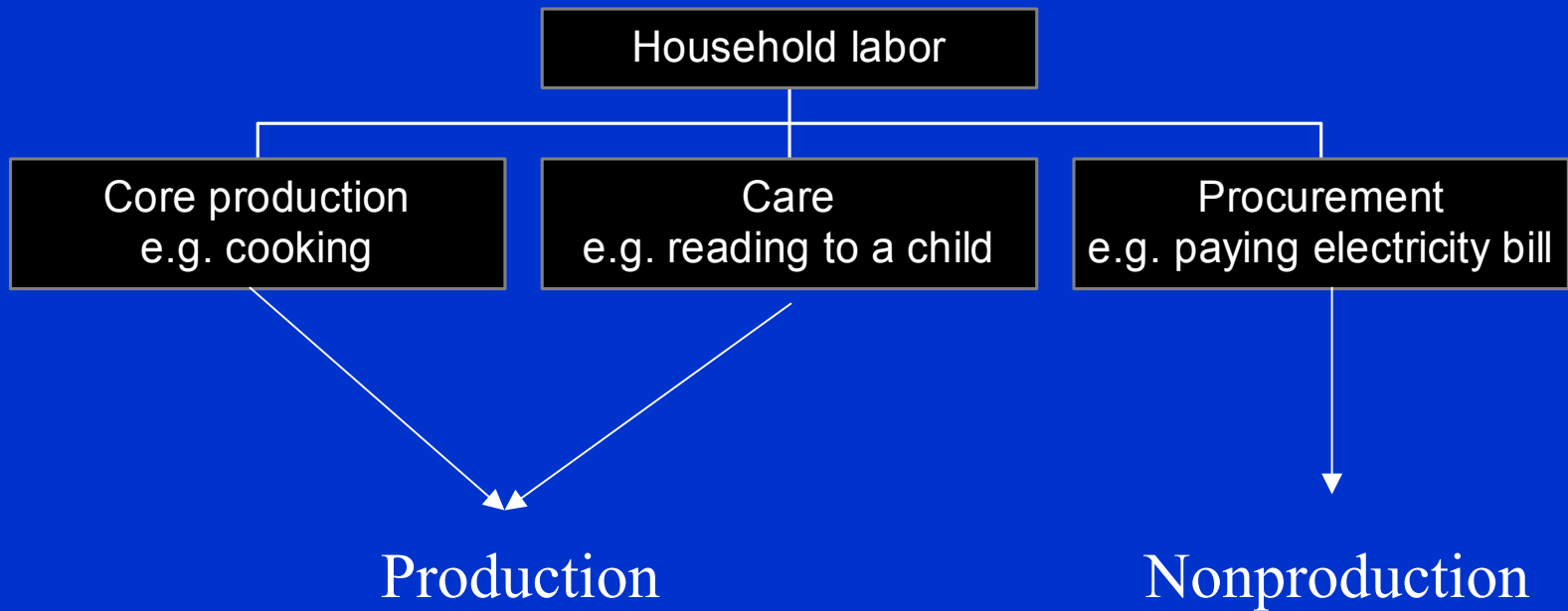
# Labor vs. Consumption

- The *relationships* that links the laborer, means of labor and outcome of the process matters
- Not some property intrinsic to the activity itself

Example: soccer played between friends vs. soccer match between professional teams

# Household labor:

Labor process performed within the household for household consumption



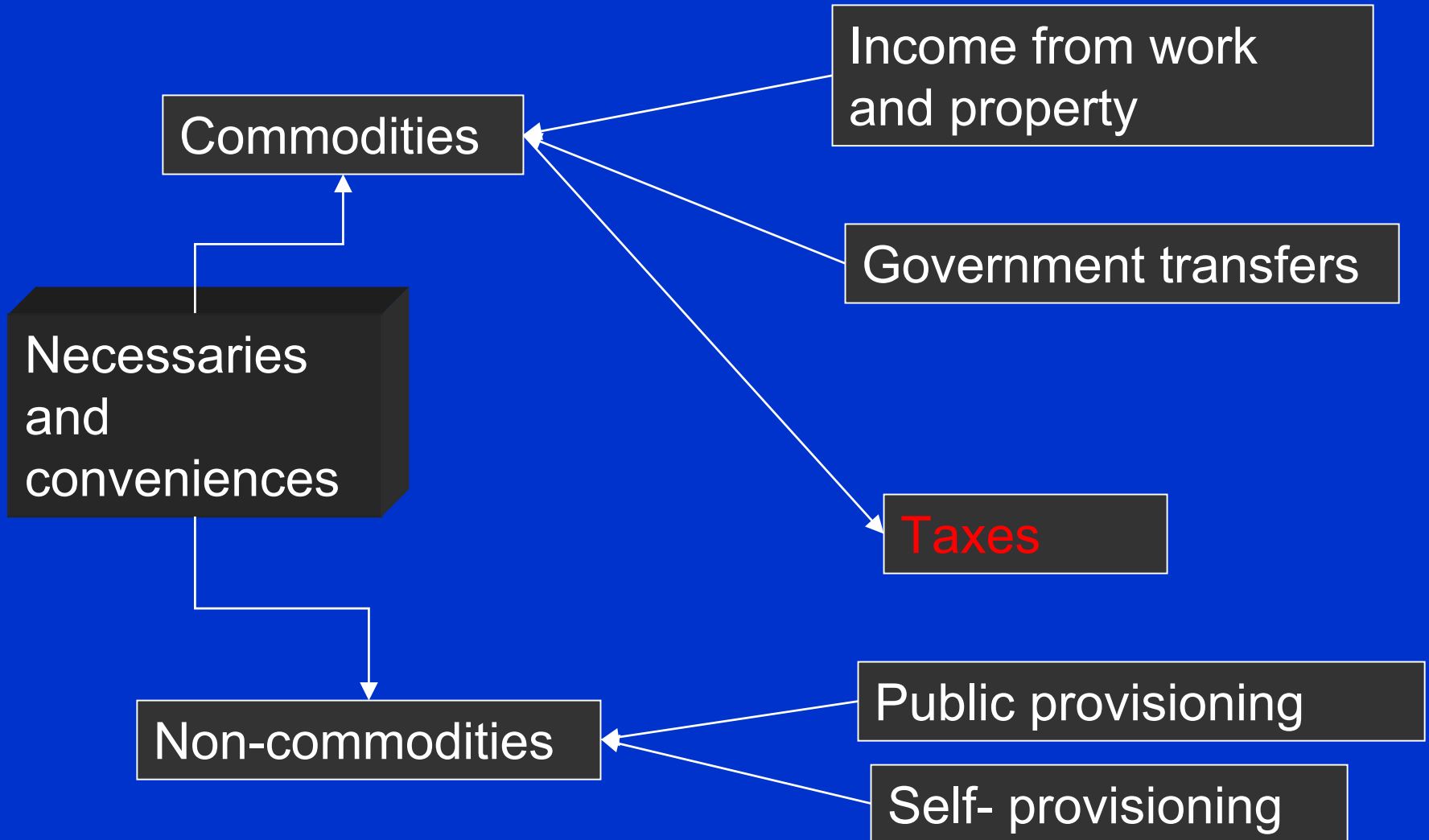
# Implications

- Patterns of household production labor can be different from that of household labor
- For any given valuation method, the alternative approach will yield:
  - Aggregate value of household production that is probably lower than the standard estimate
  - Relative contribution to aggregate value added of household production by population subgroups likely to differ from the standard estimates

# Household labor and Economic Well-being

- Important from a variety of perspectives
  - Welfarism: source of utility
  - Capability approach: enhances capabilities and functionings
- Ignored from measures of well-being
  - Official measures (money income/consumption expenditures)
  - UN measures of HD, GDI, GEM
- Included in the LIMEW

# LIMEW Model





# Valuation

- Output method
- Labor cost method:
  - Replacement cost based on the average wage of private household employees
  - Specialist wage
  - Foregone wage (“opportunity cost”)
  - Productivity-adjusted specialist wage

# Valuation

- LIMEW Method: Variant of the replacement cost:

$$w_h = wa$$

$$a = f(\text{schooling, household income, time availability})$$

- Attempt to account for heterogeneity and efficiency variations among individuals and households in household labor

# Data Sources and Methods

- Household labor: U of Maryland time-use surveys for 1985 (n=5,358) and 1998-9 (n=1,151)
- Statistical matching with the Annual Demographic Supplement (US Census Bureau)
- Strata variables: dummies for being employed and for being a parent
- Match variables: number of children under 5, dummies for marital status, age, education, labor market status etc.
- Distance function: weights based on a Tobit of household labor hours on strata and match variables

Figure 1. Weekly hours of household labor, married couples

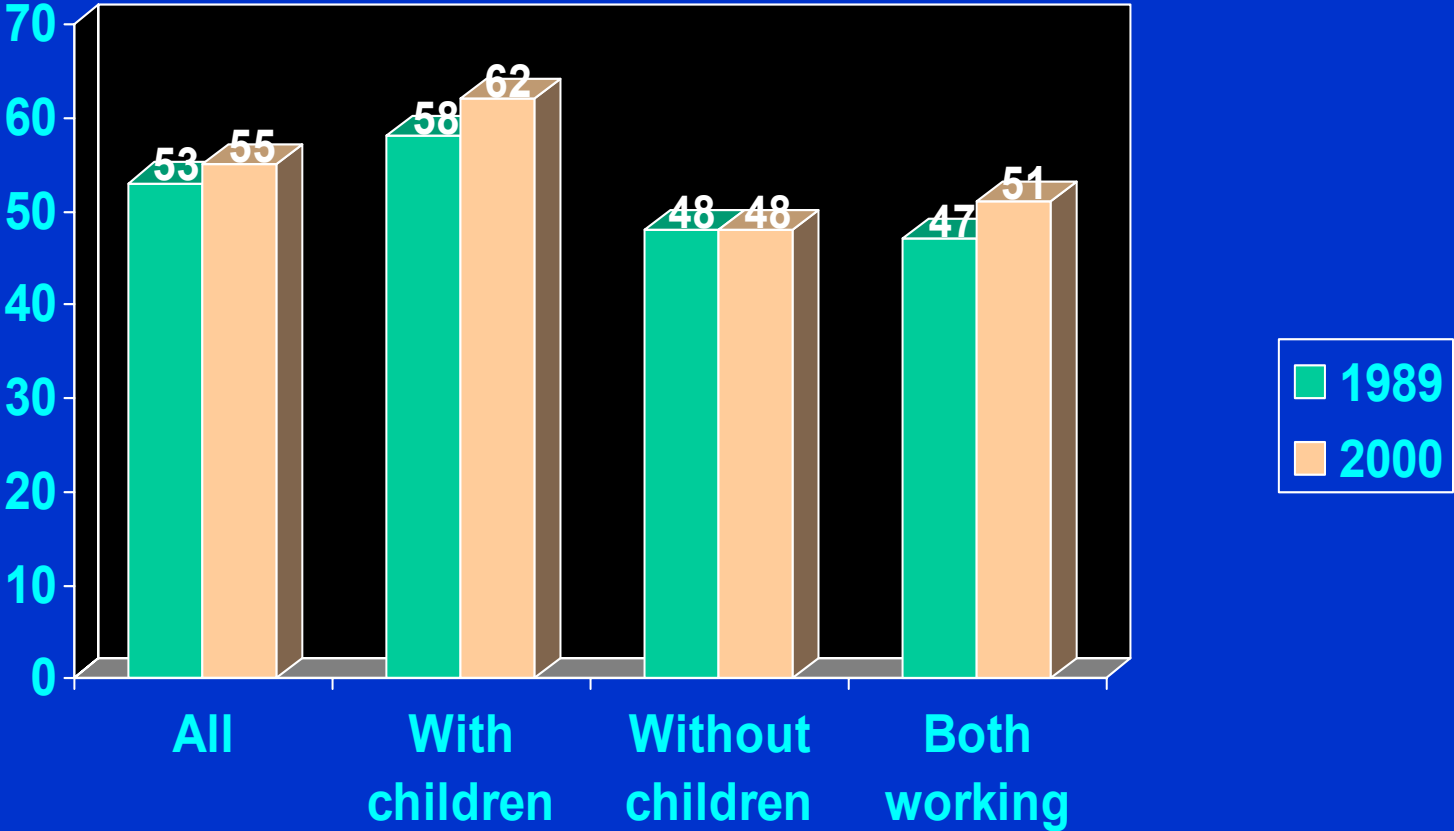


Figure 2. Intrahousehold division of household labor, weekly hours, 1989 and 2000

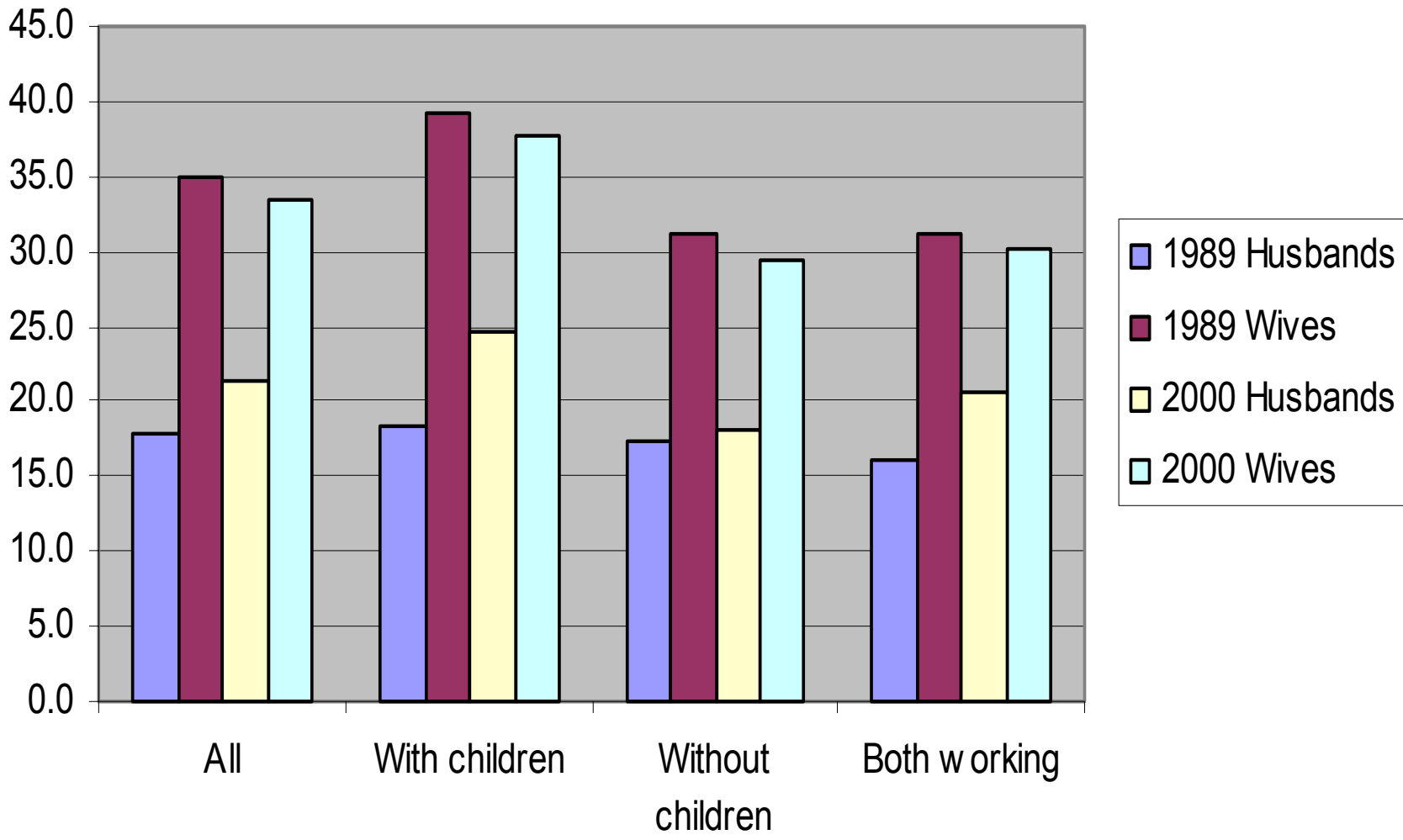


Figure 3. Intrahousehold gender disparity in household labor  
(Ratio of wives' hours to husbands' hours)

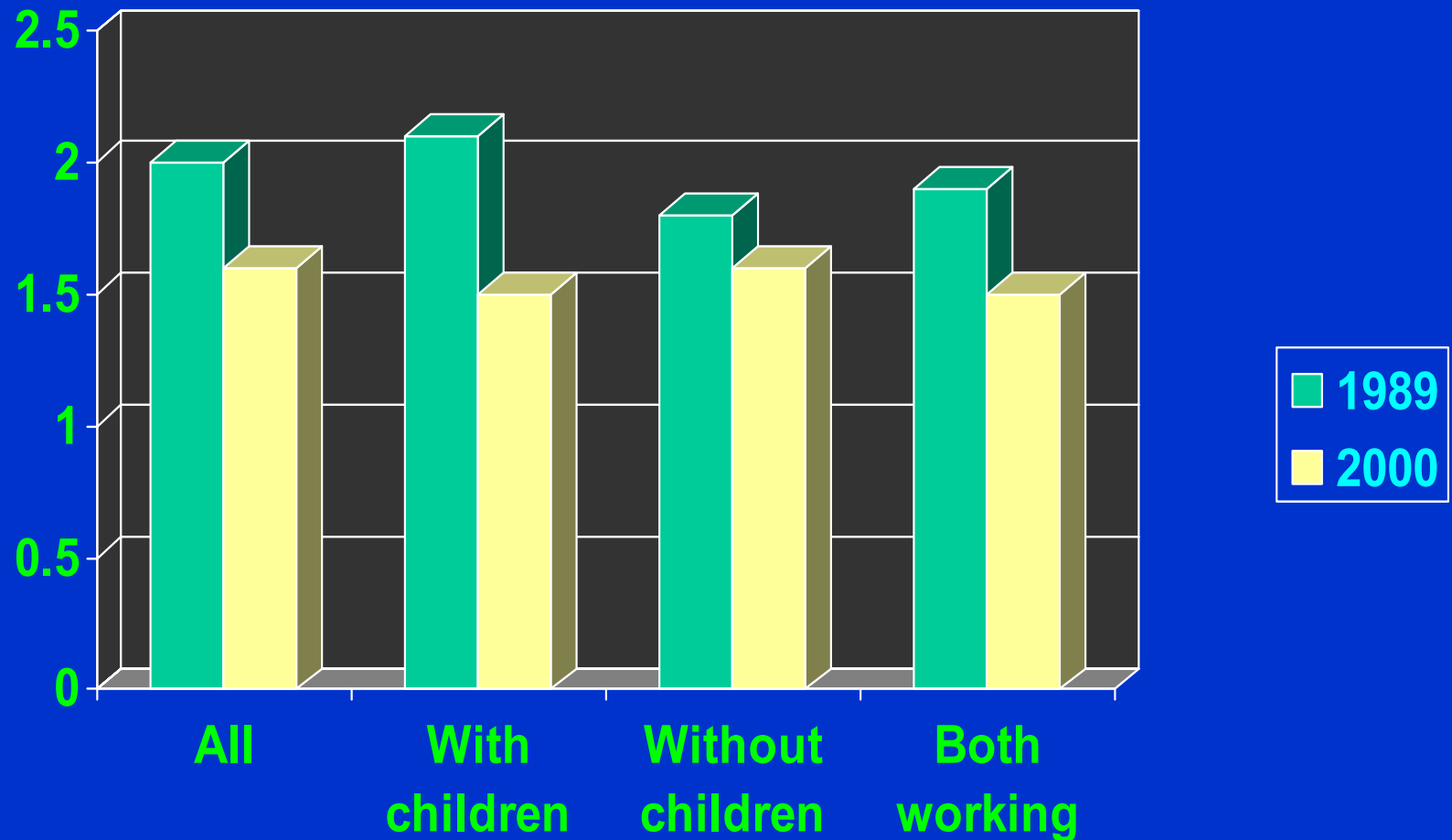


Figure 4. Contribution of household labor to economic well-being by family type (in percent, all family households)

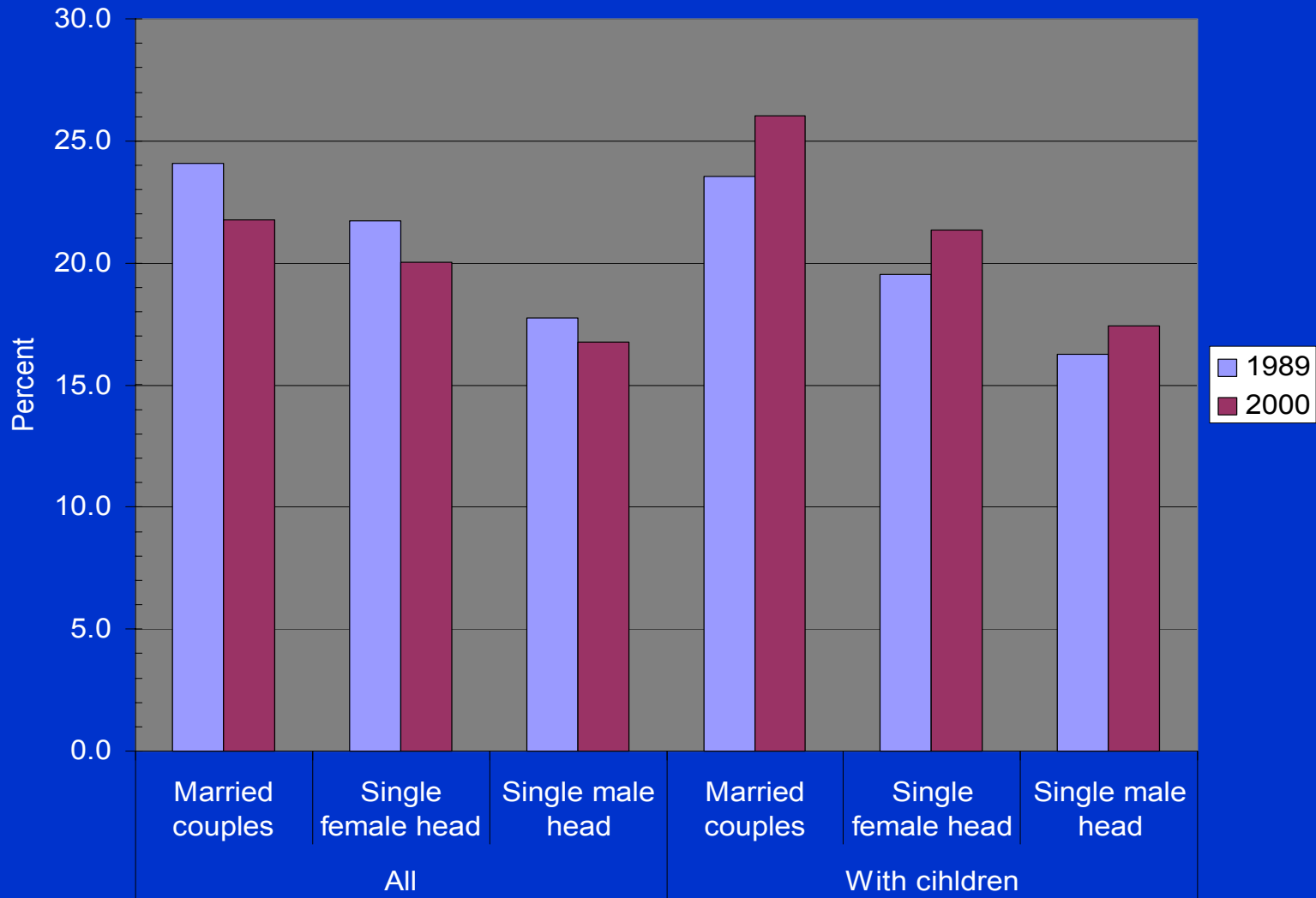
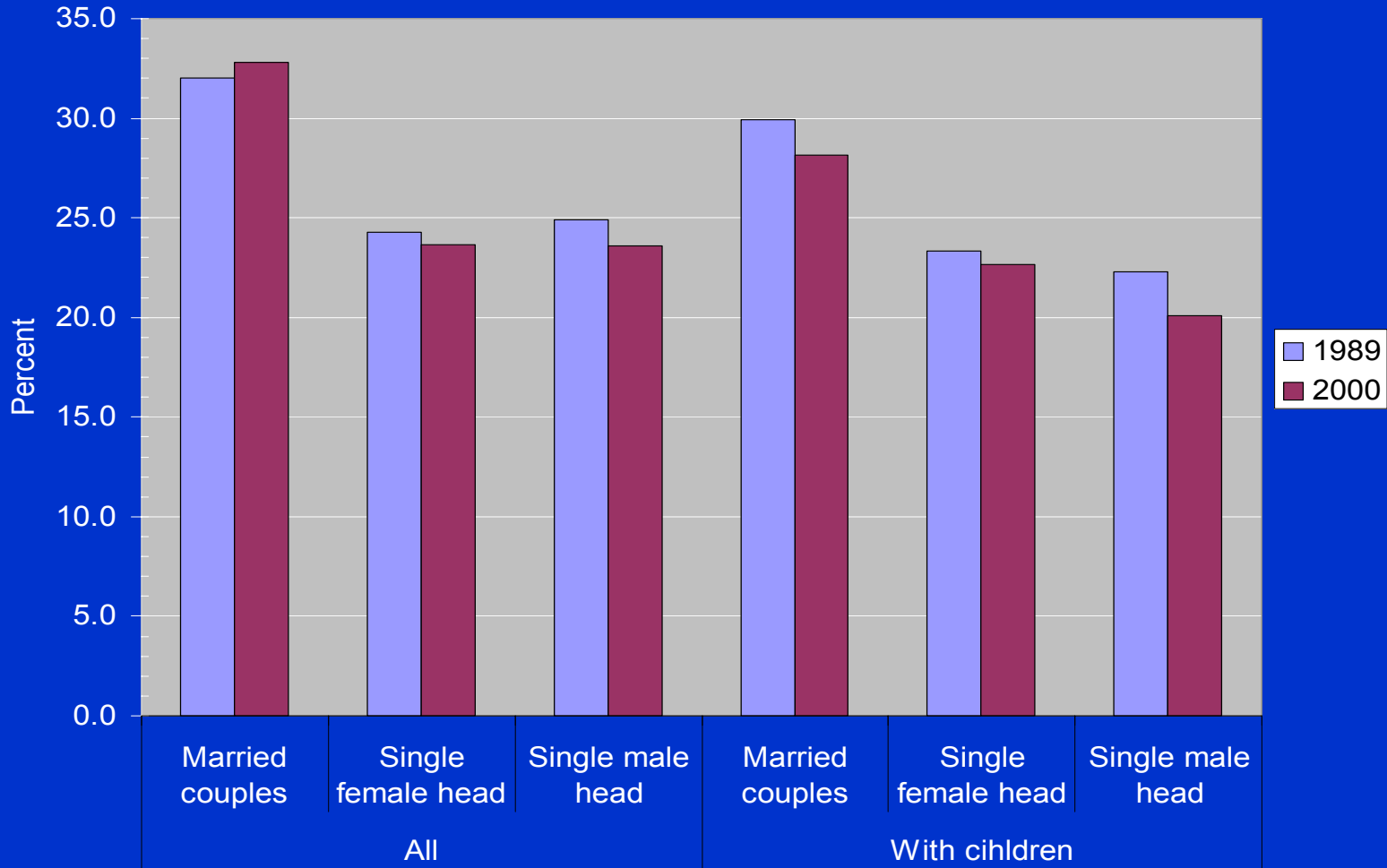


Figure 5. Contribution of household labor to economic well-being by family type (in percent, poor family households)





# Conclusions

- Satellite account for household labor
- Need for better information
- Deprivation and household labor
- Social norms and gender roles
- Macro-micro linkages: gender division of paid work and unpaid work