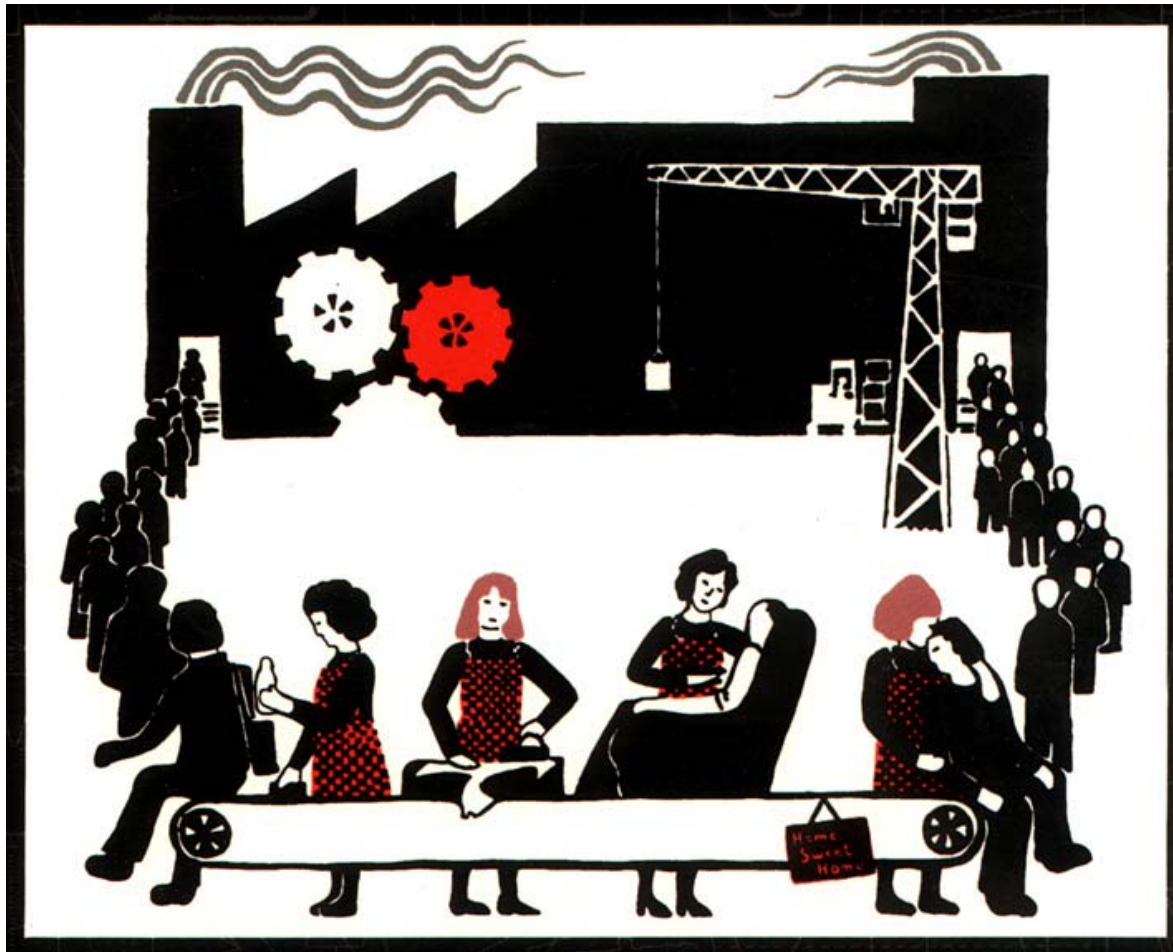


The background of the slide is a collage of US dollar bills, including one-dollar and two-dollar bills, oriented in various directions. The bills are slightly faded and overlapping, creating a textured, financial-themed background.

# Beyond the Market: accounting for care

Nancy Folbre  
[www-unix.oit.umass.edu/~folbre/folbre](http://www-unix.oit.umass.edu/~folbre/folbre)

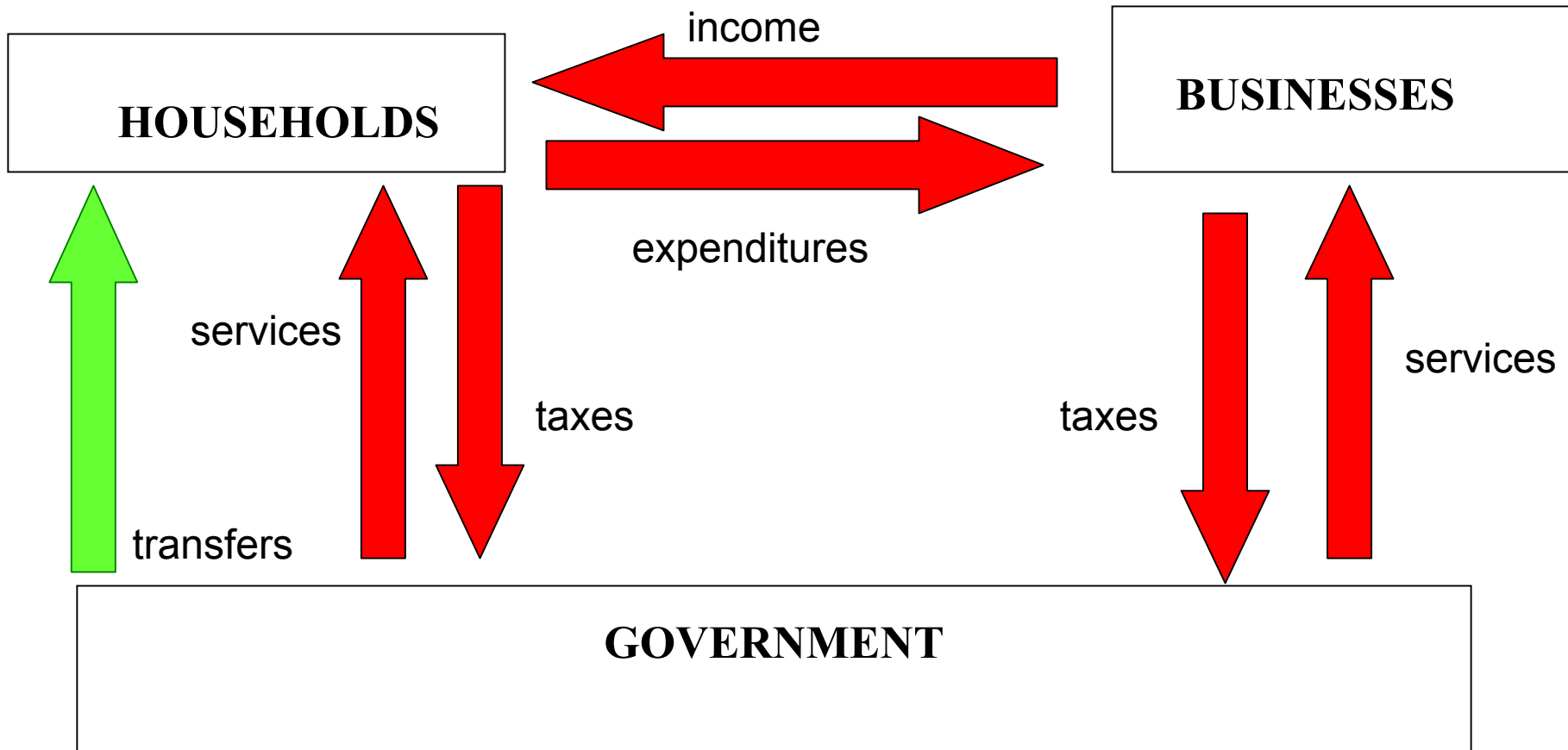
Care require mores than labor time. It also requires (among other things) capital, technology and emotional connection.



**We need an analysis of the “care sector”  
as a whole, particularly (but not exclusively)  
that portion of it outside the market.**

- 1. The circular flow, externalities, and cook pot effects.**
- 2. It's not just about TIME. Intrafamily transfers of MONEY also matter.**
- 3. It's not just about GENDER. Differences between young and old, parents and non-parents, poor countries and rich ones are also important.**
- 4. Most time use surveys underestimate care time.**
- 5. Some implications for poverty and MDG.**

# “The Circular Flow”



# Intrafamily Transfers

Wage-earners share their wages with other family members partly in return for domestic services.

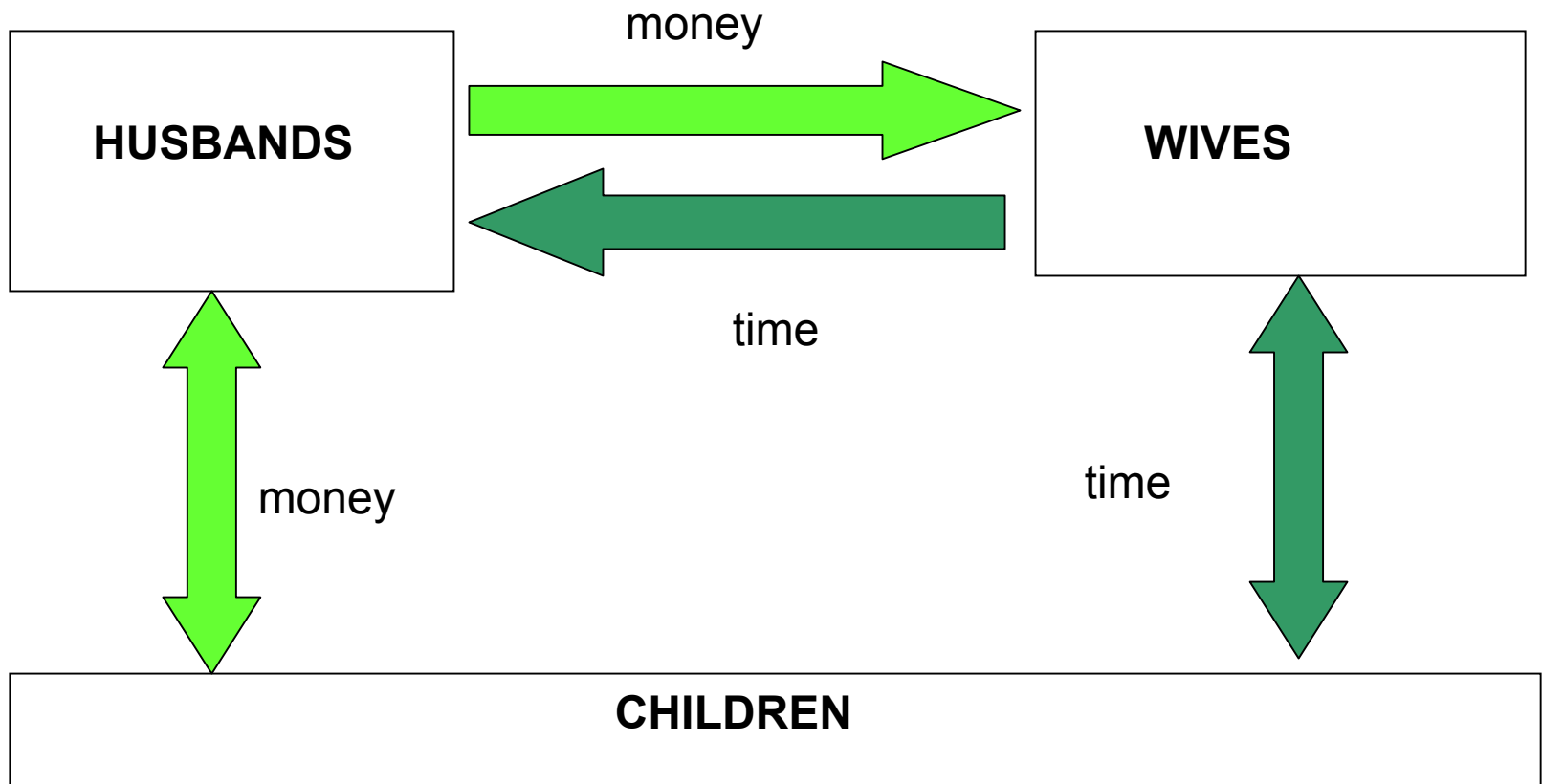
Also, parents invest substantial time, money and energy into children, a form of “human capital” that represents an asset for the economy as a whole.

Households do not merely provide services that would otherwise be purchased in the market. They also produce human capabilities that probably **CANNOT** be produced in the market.

How should we conceptualize this production process?



# Inside the Household Box





## The Android Analogy

Imagine that corporations do not hire workers but purchase androids, which require new batteries every week.

The purchase price of an android would be at least as high as the costs of producing that android.

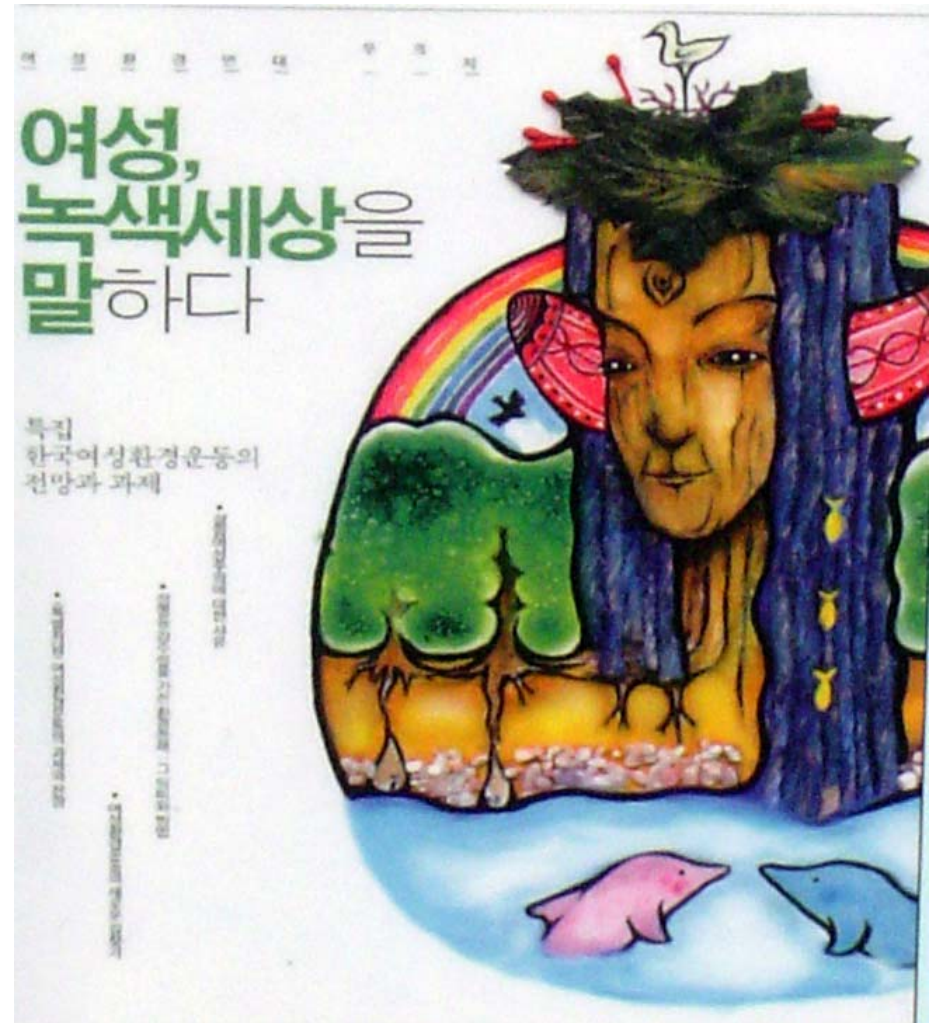
But what if some people were willing to produce androids for free, because they enjoyed doing so?

Then employers would need only pay for the batteries that the androids require to operate: “wages”

Environmental assets (such as forests and fish) and services (such as waste absorption and a stable climate) are not produced in order to be sold on the market.

The value of these assets and services can be approximated by the cost of available substitutes for them.

## The Environmental Analogy



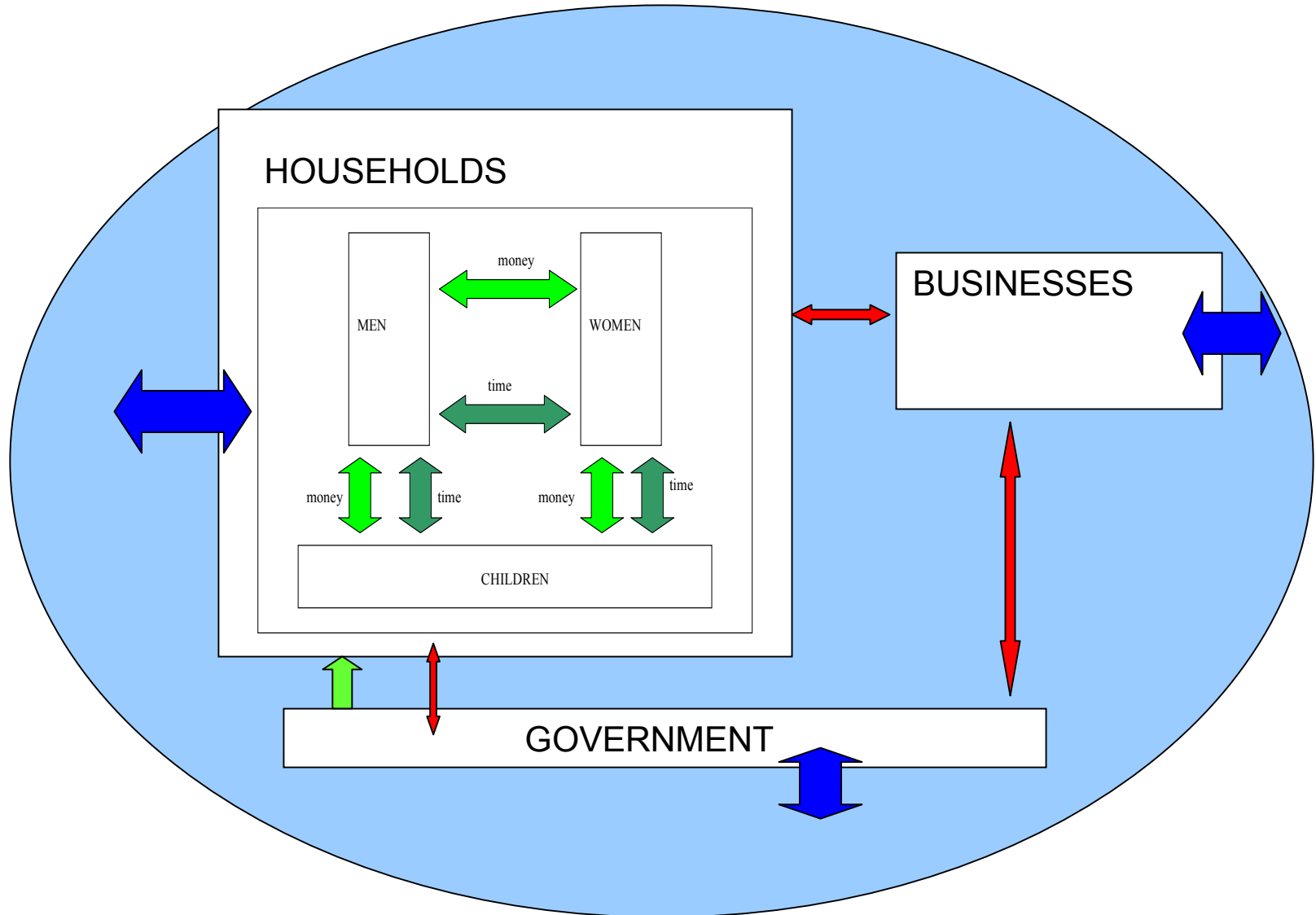


# The True Circular Flow

Red arrows = market transactions

Green arrows = family/community transactions

Blue arrows = spillovers/transfers to both nature and community



# Intrafamily Transfers of Money

Families spend considerable money on their children. Does this represent consumption or investment? Who captures the returns?

In some countries, families buy childcare or elder care services or pay for college for their children. In other countries these services are provided for free. International comparisons based only on disposable income are misleading.

Government transfers can affect intrafamily transfers in ways that alter their distributional impact. For instance, public transfers to the elderly can have the effect of increasing family spending on children (e.g. South Africa).

OECD defines social spending as that which is not given for “services rendered” and such spending is considered a transfer that is not part of GDP. But family allowances ARE paid for the services rendered of raising children.

# Parents versus Nonparents

Women devote more time and money to care than men.

But parents devote more time, money and energy to care than non-parents do.

Are care workers paid less because they are women or does care simply pay less in a market economy?

Will gender inequality simply be replaced by inequality between those who take on responsibilities for care and those who don't?



# Old vs. Young

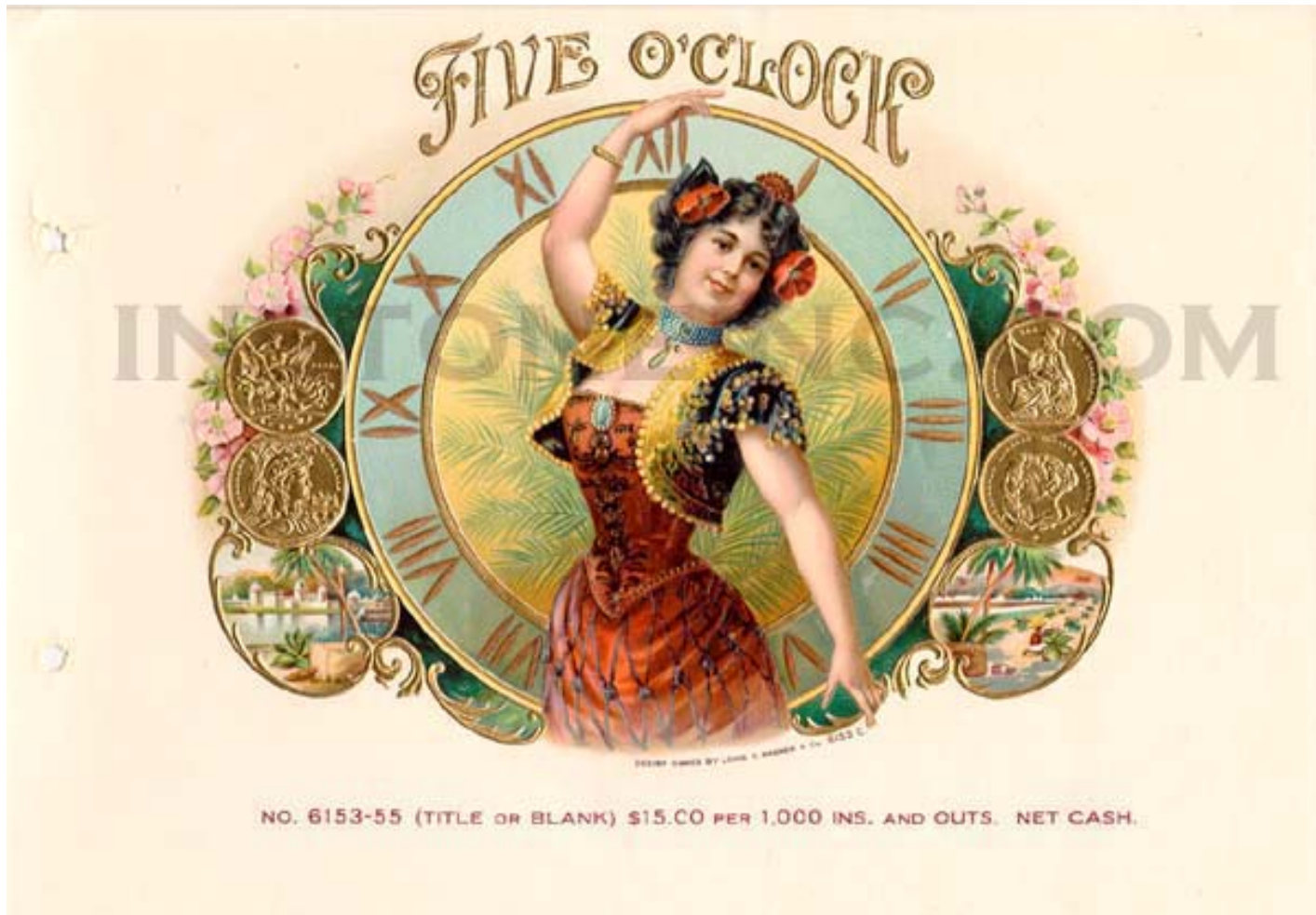
Public spending on the elderly in the U.S. is significantly higher than spending on children. The elderly also experience lower poverty rates and better health care.

The working age population in the U.S. (as in most of Western Europe) is taxed to finance health and pension spending on the elderly.

Children cannot vote until it is too late for them to affect the allocation of spending most relevant to the development of their capabilities.

# Poor Countries vs. Rich Ones





Time use surveys are a big step forward but...

They are based on a copycat methodology—derived from Szalai’s basic “activity” codes from the 1960s.

Care is not an “activity”—it is a “responsibility.”

Would you pay a firefighter only for the time they spent actually fighting fires?

The difference is between 2 hours a day in “active care” for children versus about 5 hours of day of “having children in your care” versus even more if sleep time is considered.

Plus—intensity issues (raised by Maria Floro) and overlap issues (see Folbre et al in May 2005 *Demography*, “By What Measure.”)

**We need to combine quantitative data with more qualitative and ethnographic analysis.**

# Some Implications for Measuring Poverty

**Consider six households,  
each with a market income of income of \$30 per month:**

A single woman, living alone, working for pay.

A man and a woman, living together, in which one is working for pay and the other is providing unpaid household work.

A single mother living with a child under six, working for pay.

A single mother, living with two children under six, working for pay.

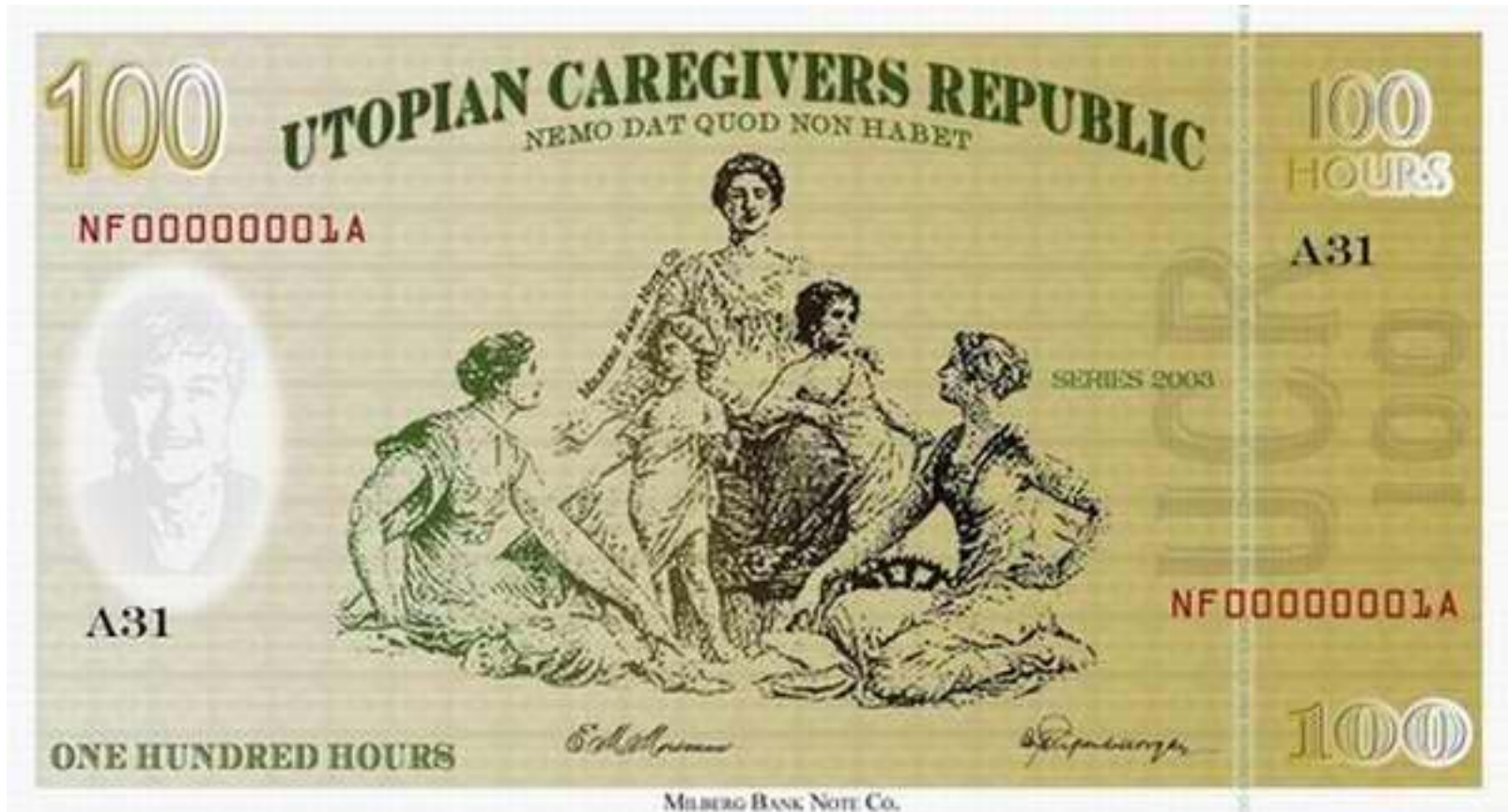
A single mother, living with two children under six, not working for pay but Devoting her time to unpaid household work and care.

**Which household has the highest standard of living?**

**Which household has the lowest standard of living?**

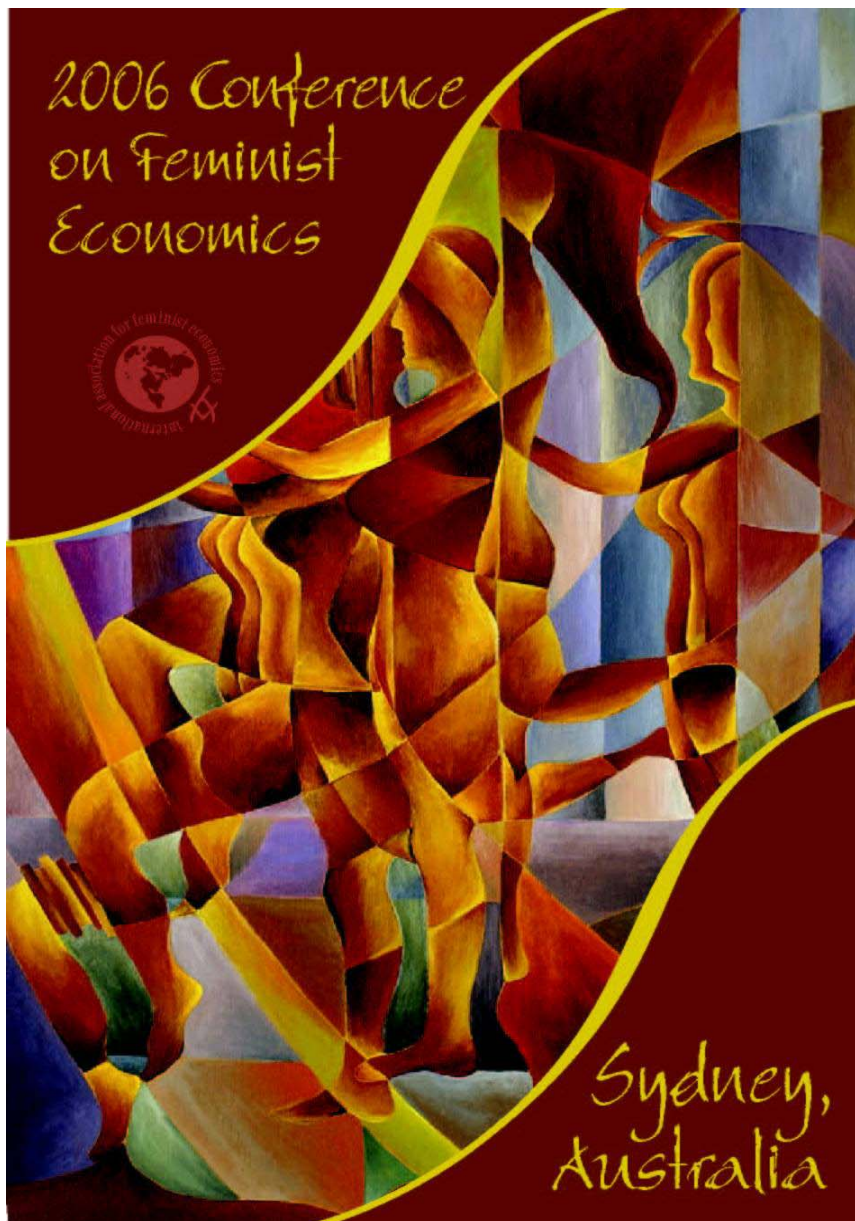


Obvious conclusion: We need to keep thinking about how best to value care.





Dan Milberg, from *Imaginary Currencies*, [www.dmxgraphic.com](http://www.dmxgraphic.com)



# **International Association for Feminist Economics**

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For more info contact:  
Gabrielle Meagher  
University of Sydney  
[G.Meagher@econ.usyd.edu.au](mailto:G.Meagher@econ.usyd.edu.au)