

# Accounting for Care: A Research and Survey Design Agenda

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## Paper Abstract:

In recent years, economists and national income accountants have devoted considerable attention to measurement and valuation of unpaid care work both at the macro and the micro level. Satellite accounts of household production based on nationally-representative time-use surveys are now proliferating. The contribution of unpaid care work to “extended” family income—and to levels of inequality in that income—is also receiving increasing empirical attention. Yet empirical progress in these areas has also highlighted theoretical dilemmas that point to serious limitations in existing national survey design. In this paper I will explore three of these dilemmas and outline a long-run research and survey design agenda aimed to address them.

The first dilemma concerns ambiguity in the way unpaid work in the household is conceptualized. In some cases, it is treated as a source of utility or psychological well-being that is distinct from material living standards, implying similarities with measures of health, life-expectancy, the value of leisure, and happiness (for instance, some sections of the Stiglitz/Sen/Fitoussi report). In other cases, it is treated in less subjective terms as an addition to household income or consumption (the approach advocated in the Abraham/Mackie volume, *Beyond the Market*). This ambiguity should receive more attention and debate as it has important implications for the use of opportunity cost versus quality-adjusted replacement cost valuation.

While these two methods of valuation are often offered as empirical complements to one another (as in, “two estimates are better than one”) they have different theoretical implications. I will argue that BOTH methods should be applied, but in different contexts: the opportunity cost valuation is relevant to larger efforts to value subjective wellbeing, but the quality-adjusted replacement cost method is more appropriate to the development of extended measures of family income and consumption, and more consistent with conventional national income accounting principles.

A second, more challenging dilemma concerns the elasticities of substitution among paid work, government in-kind services, and unpaid work. While time-use surveys provide a window into time allocation on a representative day, they don’t currently tell us very much about the household production function. In the case of paid work, if money becomes an increasingly important input into non-market work (e.g. you can’t cook if you can’t buy food, or if you don’t own a stove) then money and unpaid time use are complements as well as substitutes. In the case of government in-kind services, such as child care or elder care, the visible public expenses are partially countervailed by the less-easily measured reduction in unpaid labor requirements. The extent of this trade-off, however, remains unclear. As a result, it is virtually impossible to estimate the true costs or benefits of government in-kind services.

One way to gain empirical insight into these trade-offs is to design a single survey that assesses time use, consumption expenditure, and take-up of government in-kind services. In the U.S., for instance, this would entail combining features of the American Time Use Survey (ATUS), the Consumption Expenditure Survey (CES), and the Survey of Income and Participation (SIPP). In a few countries, Israel and Norway, at least some combined time-use/expenditure data is available. Drawing from an analysis of whatever precedents exist, I will outline a long-run strategy for new survey design, including consideration of new technologies for monitoring expenditures. A crucial factor to consider here is the need to minimize respondent burden while also exploring cost-savings in both sampling and administration.

A third, related dilemma concerns measurement of intrafamily transfers. Like unpaid work, expenditures on children and the elderly have traditionally been conceptualized as gifts or transfers that lie outside the purview of the exchange economy. Yet this conceptualization is now being challenged, for several reasons. Feminist theory calls attention to the unequal distribution of the costs of caring for dependents, and these costs include money as well as time—as with the growth of single-parent households. Further, many government programs, including child care, pensions, and care for the frail elderly, provide at least partial substitutes for private spending (in cash as well as unpaid labor time). Their net impact cannot be assessed without some measure of substitution effects (sometimes referred to, I think incorrectly, as “crowding out”).

This problem becomes particularly apparent in efforts to assess the impact of government spending by age cohort. Many estimates of the composition of government spending in the advanced countries show a distinct tilt toward expenditures on the elderly rather than the young. But this tilt may partially reflect greater substitution of public for private transfers.

Some of the most interesting empirical analysis of the intergenerational impact of government spending has been undertaken by economist Ron Lee and his colleagues, who have developed “transfer accounts” for several countries. However, these transfer accounts do not, in my opinion, devote sufficient attention to intra-family transfers of both time and money. A critical analysis of the transfer account project, along with a review of surveys that explicitly examine intra-family transfers (such as the Health and Retirement Survey in the U.S.) could generate a useful agenda for future research in this area.

While the issues raised in this paper may seem daunting, I believe they could bring more academic researchers into productive dialogue with the national income accounting community

The System of National Accounts provides an invaluable precedent for more sustained efforts to encourage international discussion of new methods of accounting for care.