

The Care Sector of the U.S. Economy:

How Paid and Unpaid Care Services
Subsidize Economic Growth



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The Plan

- Define the “Care Sector”
- Explain what’s distinctive about it.
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- Analyze *accounting* for care.

Care Work

- Concern for the well-being of the care recipient is likely to affect the quality of the services provided.
- Often face-to-face, “hands-on,” “first name-basis.”
- Paid OR unpaid, market OR non-market
- Provided primarily by women but also by men.



Unpaid Care Work in the U.S.

The [American Time Use Survey](#):
50% of all work is unpaid.

(Activities that others could be paid to do).

Much of it is structured around the needs of dependents.

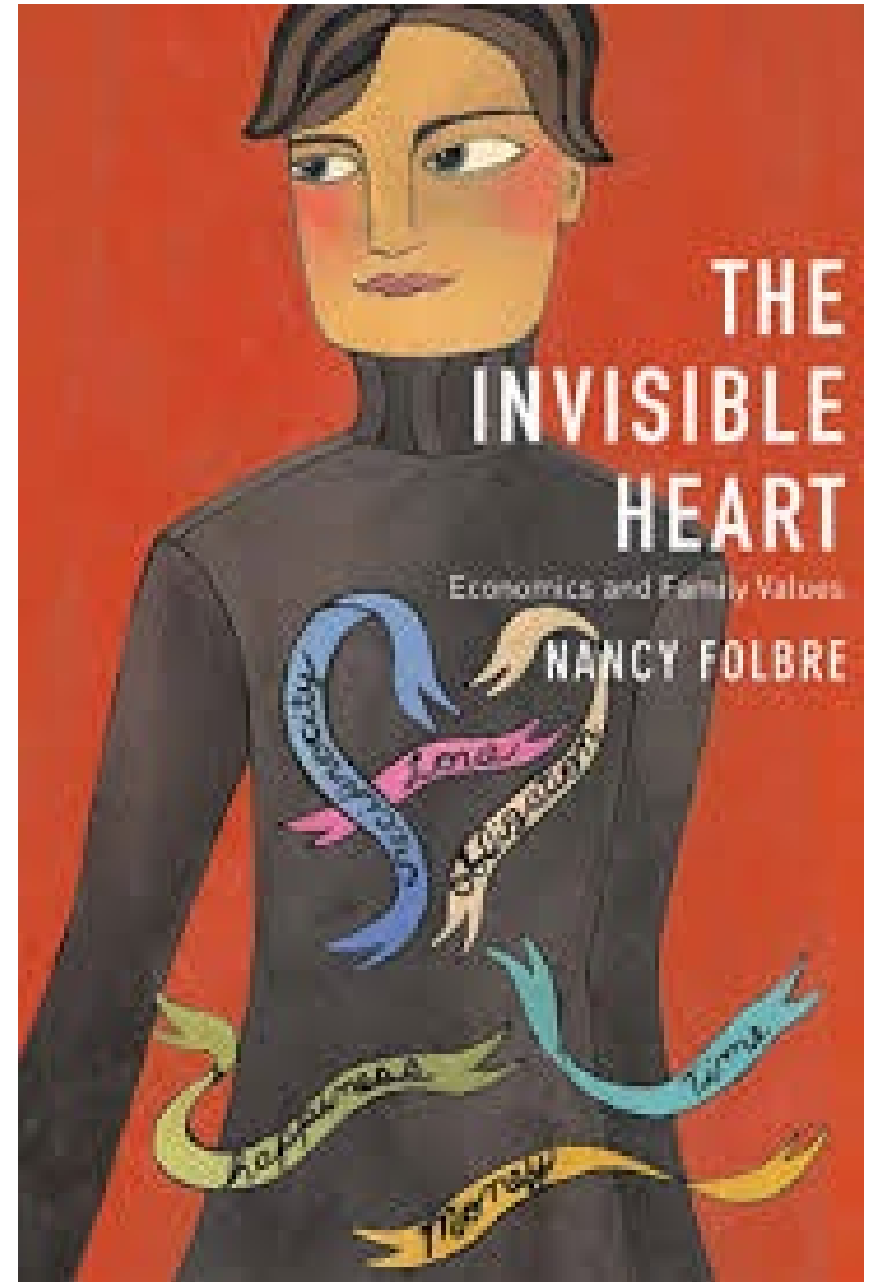


Paid Care Work in the U.S.



In 2017, 37% of all employed women worked in health, education, and social services, compared to 12% of employed men.

The “invisible heart”
is just as important as
the “invisible hand”
praised by Adam Smith.



Distinctive Features of Care Provision



- It's "relational."
- Consumers lack "sovereignty"
- Often, third-party payment by the state or private insurance
- Involves "team production" from other workers AND "consumers"

And the List Goes on...

- Labor intensive and resistant to technological change.
- Both “inputs” and “outputs” are difficult to measure -- “value added” is often unclear.
- Big public good/positive externality/ spillover effects.
- Including effects on the “social climate”—trust and cooperation



Sidebar:

How Businesses Use the Rhetoric
of Care to Promise Quality

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We care more.TM

We care about you completely.TM



“New club
world
cradle seat.

Lullaby
not
included.”

The new Club World cradle seat. Lullaby not included.



Introducing the unique new business class cradle seat. It doesn't simply recline but tilts as a whole raising your knees and relieving your body of stress and pressure. Pity you may not be awake to enjoy all the other changes on new Club World.

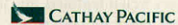
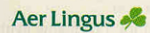


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to want to
be cared for.

It's natural to want to be cared for.

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This cold season,
let our family
take care of yours.



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¹As of 12/31/04, 76 out of 146 funds were rated 4 or 5 stars by Morningstar[®]. Only funds with minimum initial investments of \$100K or less were considered.

²All Fidelity mutual funds are no-load – other fees and expenses applicable to continued investment are described in the fund's current prospectus.

³IRA Brokerage account fee is eliminated (except SIMPLE IRA). Fund expenses and brokerage commissions still apply. Depending on your situation, low-balance, short-term trading, and account-closing fees may apply.

⁴Total returns are historical and include changes in share value and reinvestment of dividends and capital gains, if any.

⁵Fidelity Strategic Income Fund inception date is 5/1/98.

Fidelity Capital Appreciation Fund was rated against Large Growth funds as follows: 1,039, 743, and 260; received 5, 4, and 4 stars for the 3-, 5-, and 10-year periods, respectively. Fidelity Export & Multinational Fund was rated against Large Blend funds as follows: 1,216, 901, and 315; received 5, 5, and 5 stars for the 3-, 5-, and 10-year periods, respectively. Fidelity International Discovery Fund was rated against Foreign Large Blend funds as follows: 390, 284, and 93; received 5, 5, and 5 stars for the 3-, 5-, and 10-year periods, respectively. Fidelity Strategic Income Fund was rated against Multisector Bond funds as follows: 118, 106, and N/A; received 4, 5, and N/A stars for the 3-, 5-, and 10-year periods, respectively. For each fund, Morningstar calculates a Morningstar Rating[™] Metric each month by subtracting the return on a 90-day U.S. Treasury bill from the fund's load-adjusted return for the same period, and then adjusting this excess return for risk. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive

The Care Sector

Crosscuts the market,
the family, and the state.

Produces maintains human
and social capabilities.



**For Love and Money:
Care Provision in the U.S.**

Nancy Folbre, ed., New York: Russell Sage Foundation, 2012

Care Accounting

"Price is what you pay. Value is what you get."

Warren
Buffett



Reasons Why Care is Undervalued

- Historically, women's opportunities to specialize in anything BUT care work were restricted.
- Commitments to care are costly and reduce economic bargaining power.
- Care provision imposes private costs but yields public benefits.



Evidence of “Care Penalties”

- Time devoted to unpaid care work lowers lifetime earnings and increases risk of poverty.
- Audit experiments reveal discrimination against mothers.
- Econometric analysis shows that women in care industries and occupations are paid less than others with the same education and experience.

Gross Domestic Product (GDP) Misleads

- Parents who care for their own children instead of paying for care lower GDP.
- Mothers who breastfeed instead of buying infant formula lower GDP.
- The value of owner-occupied housing—but not of housework—is imputed in the national income accounts.

Investment in People is Not Counted

- Family spending on children is labeled “consumption.”
- Private and public spending on health and education is valued only by the cost of providing it, not by the value of what is provided (inputs, not outputs).
- By definition, it does not yield a surplus (market value is set equal to market price).

The Economy is Bigger than the Market

Unpriced and/or undervalued services of care, like unpriced natural assets and ecological services, are indispensable to the market economy.



Poor Accounting



Conventional ways of defining income, wealth, and investment are sending the wrong signals.

Threats to Sustainability



Like the physical climate, the social climate is vulnerable to disruption and dysfunction.

We can do better.

