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# For Love or Money—Or Both?

Nancy Folbre and Julie A. Nelson

**T**he connections between the world of money and profit and the world of care and concern are of great importance to society. Traditionally, the “public” world of markets and government was the realm of men, while the “private” realm of family and social relationships was entrusted to women. While some of women’s tasks were largely instrumental—cleaning and cooking, for example—many tasks contained more personalized and emotional components. Women were in charge of children, elderly, and the ill; maintaining personal relationships; offering emotional support, personal attention, and listening; embodying (or so it was understood) sexuality. This social contract is changing. As women move increasingly into the world of paid work, many of these traditional intimate tasks are being performed in relationships that include the explicit movement of money. Paid child care, nursing homes for the elderly, talk therapy and phone sex are just a few examples. What are economists to make of this trend?

This essay analyzes the consequences of this mixing of realms of “love” and “money” for economic analysis, societal well-being, and public policy. We document the empirical magnitudes of the shifts from nonmarket to market time use, with an eye to their gender dimensions and implications for economic theory. On a more philosophical note, we point out that most current intellectual conceptualizations of these economic issues are inadequate. Whether commentators celebrate the movement to the market or bemoan it, the use of unexamined assumptions and outdated rhetoric is endemic to the literature. An a priori judgment that markets must improve caregiving by increasing efficiency puts the brakes on intelligent research, rather than encouraging it. Likewise, an

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a priori judgment that markets must severely degrade caring work by replacing motivations of altruism with self-interest is also a research stopper. We develop a more open and balanced framework for addressing issues of love and money. We also evaluate the potential benefits and costs of the movement to the market and outline important areas for research and action. The future of social, emotional and caring work has tremendous implications for human well-being. While such work may have been thought of as intellectually uninteresting because it was “naturally” abundant in supply, the profound changes taking place in gender norms sharply call into question the wisdom of continuing to neglect this area of study.

## **The Shift from Family to Market**

### **The Dependency Burden**

The sweep of demographic change has transformed the relationship between the family and the economy—and vice versa. Once upon a time, child-rearing contributed to the family labor force and could be easily combined with income-generating activities such as farm labor and industrial home work. It also consumed a large share of economic resources. Times have changed. Birth rates have declined dramatically over the long run in the United States, as in most other countries. In 1860, the total fertility rate (the number of live births a woman could expect to have, given age-specific birth rates) was 5.2. By 1900, it had fallen below 4. In 1997, it was 2 births per woman. Meanwhile, life expectancy at birth has increased from 47 years in 1900 to almost 77 in 1997.<sup>1</sup>

These demographic changes have reduced the aggregate burden of child-raising, while increasing the burden of elder care. The meaning of the term “dependent” has changed enormously over time. Still, the percentage of the population that is under 18 combined with the percentage that is over 65—traditionally termed the “dependency ratio”—is an important indicator of the amount of time, energy, and money the working age population must devote to nonworkers. As can be seen from Table 1, the percentage of the population under the age of 18 has steadily declined in the United States, with a countervailing trend towards an increase in the share of the population 65 and over. From now until 2050, the Census Bureau’s “middle-series” projections suggest that changes in these two portions of the population roughly balance out, so that the dependency ratio won’t change much. However, in 2050 the number of those under 18 will nearly equal the number of those over age 65, a far different distribution of the dependent population than in 1870 or 1900, when children outnumbered the elderly by ratios of 15:1 or 10:1.

Of course, the specifics of dependency are very different for a five year-old, a

<sup>1</sup> On birth rates, see Coale and Zelnick (1963, p. 36) and *National Vital Statistics Report* (April 29, 1999, Table 4). On mortality, see *Historical Statistics of the United States* (Series B 107-115, p. 55) and *National Vital Statistics Report* (June 30, 1998, Table 4).

Table 1

**Changes in the Age Structure of the Population of the United States, 1870–2050** (age groups as percent of total population)

	<i>Under 18</i>	<i>Over 65</i>	<i>Under 18 Plus Over 65</i>
1870	45.5%	3.0%	48.5%
1900	40.3	4.1	44.4
1930	35.0	5.4	40.4
1960	35.5	9.3	44.8
1990	26.0	12.5	38.5
2000 (proj.)	25.8	12.6	38.4
2050 (proj.)	24.4	20.0	44.4

Sources: Data for 1870–1960 from *Historical Statistics of the United States* (Series A 119–134, p. 15). Data for 1990 from *Statistical Abstract of the United States* (1997, Table 14, p. 15). Projections for 2000 and 2050 from *Statistical Abstract of the United States* (1999, Table 17, middle series).

15 year-old, a healthy 65 year-old, and an ailing 90 year-old. Even if individuals aged 65-75 are economically dependent in the sense that they receive Social Security and Medicare, this age group has also seen recent improvements in health and activity levels. The number of individuals 85 and older, who tend to require very high levels of direct care, is projected to grow from about 1.6 percent of the population to about 4.6 percent between 2000 and 2050.

### **Labor Force Categories**

We use the somewhat anachronistic term “homemaking” to describe women’s nonmarket work because it conveys the nature of the caring activities intertwined with the household production involved. Both men and women typically combine some homemaking activities with paid employment. However, many women have historically specialized in full-time homemaking. Historical research and early census surveys show that women worked about the same hours per week providing goods and services for family members as paid workers did in their formal jobs (and women typically worked many more hours when young children were present in the home).

If we assume that women devoted about as much productive effort to paid and unpaid work combined as men did to paid work, we can construct estimates of the total labor force, including both paid and unpaid workers (Folbre and Wagman, 1993; Wagman and Folbre, 1996). Assuming that 85 percent of all women 16 and over were engaged in productive (paid or unpaid) work, and those who did not have paying jobs were full-time homemakers, we can trace the historical shift in the use of women’s time.<sup>2</sup> Table 2 shows that in 1870, about

<sup>2</sup> This 85 percent figure represents a low-end estimate, extrapolating from the fact that between 1870 and 1960, about 85 percent of all men 16 and over had paying jobs. In data from 1960, about 34.4 million women listed “keeping house” as their reason for not being in the paid labor force. If they

Table 2

**The Decline of Full-time Homemaking in the United States, 1870–2000**

	<i>Homemakers As % Of All Women Workers</i>	<i>Women In Paid Jobs As % Of All Women Workers</i>	<i>Homemakers As % Of All Workers</i>
1870	70.2%	29.8%	40.1%
1900	64.4	35.6	35.6
1930	59.7	40.3	34.1
1960	56.0	44.0	29.1
1990	32.7	67.3	22.0
2000	29.5	70.5	16.4

*Source:* U.S. Census. For discussion of data for 1870–1930 see Wagman and Folbre (1996). Data for 1960 from *Historical Statistics of the United States* (Series A 119–134); for 1990 and 2000 from *Statistical Abstract of the United States* (1997, Tables 21 and 620).

40 percent of the entire productive labor force (paid and unpaid, male and female) was made up of full-time homemakers (Wagman and Folbre, 1996, p. 50). This percentage has declined along with increases in the relative importance of paid employment among women, with the biggest change coming between 1960 and 1990. By 2000, homemaking had declined substantially, but still involved over 16 percent of all workers, and about 30 percent of all women workers.

Many of the women entering wage employment have moved into jobs considered socially appropriate for women, contributing to a persistent pattern of occupational gender segregation (Blau, 1998; Reskin and Roos, 1990). Many have shouldered responsibilities that involve paid care for others, leading to segregation by industry as well as occupation. To illustrate this trend it is helpful to create a category we will call “professional care services” by combining the standard industrial classifications of “Hospitals,” “Health Services except Hospitals,” “Educational Services,” and “Social Services.” Table 3 puts employment in this category in the context of the overall labor market. In 1900, about 4 percent of all workers were employed in professional care services. By 1998, about one-fifth of the paid labor force was engaged in a professional care industry. Meanwhile, employment in “Domestic and Personal Services” declined from 9.3 percent of the labor force in 1900 to 3.4 percent by 1998. Clearly, the economic role for jobs that reflect the more skilled and emotionally complex dimensions of the traditional homemaker’s role has increased dramatically in the twentieth century. Today, hospitals and schools should now count as much in forming our image of wage employment as factories and construction sites.

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are added to those who had paying jobs in that year, they amount to about 93 percent of the female population over age 16 (*Historical Statistics*, Series D 11-25). Since 1960, male labor force participation rates have fallen to about 74 percent. It is likely that some of this decline reflects an increase in the number of men who have retired early and increased time devoted to homemaking, as well as an increase in years spent in education.

Table 3

**The Rise of Professional Care Service Industries**

(employment by industry as a percentage of total employment)

	Professional Care Services	Domestic and Personal Services	Other Services	Agriculture Fishing Forestry	Manufacturing, Mechanical, and Construction
1870	—	—	10.4%	53.5%	22.7%
1900	4.0%	9.3%	16.7	37.6	30.1
1930	7.1	10.7	28.7	21.7	31.6
1960	11.9	6.6	40.7	9.4	31.4
1990	17.6	4.0	45.7	2.8	25.1
1998	19.2	3.4	52.1	2.7	22.7

Sources: For 1870–1930, estimates are based on *Historical Statistics of the United States* (Series D 152–166). For 1960, figures are from *Employment and Earnings* (January 1961, Tables B-2, A8). These figures are for December 1960 and are based on the assumption that all private household workers were engaged in domestic and personal services. Figures for 1990 are from *Employment and Earnings* (January 1991, Table 28). Figures for 1998 are from *Employment and Earnings* (January 1999, Table 18).

Women remain concentrated in professional care industries. Of all women in paid employment, 31.3 percent were employed in these industries in 1998; women constituted 46.2 percent of the paid labor force over age 16, but 76.3 percent of those employed in “Hospitals,” 79 percent in “Other Health Services,” 68.7 percent in “Educational Services,” and 81.8 percent in “Social Services” (*Employment and Earnings*, January 1999, Table 18). The ways in which these care industries are structured will have especially important implications for women workers, as well as for the welfare of children, the sick, and the elderly. We will return to these implications later.

**Time Use Studies**

An alternative way of tracing the shift of caring activities into the paid labor market focuses on the changing patterns of time use. Canada and Australia, as well as most countries within the European Community, now conduct regular surveys based on detailed time diaries. Unfortunately, what we know about time use trends in the United States is based on relatively small and unrepresentative surveys, and often based on stylized questions rather than detailed time diaries.

A theme emphasized in much of the historical literature on time use is “the endless day”—homemaking seems to expand whatever time is available, and standards of cleanliness and quality have ratcheted up over time (Cowan, 1980). Another probably more important factor is the high income elasticity of demand for homemaker’s services. Technological innovation has clearly reduced the time necessary to perform many domestic tasks. In 1975, for instance, homemakers worked about 30 hours less per week in preparing meals and cleaning up than they did in 1910 (Lebergott, 1993, p. 59). On the other hand, standards of quality have gone up and activities such as shopping have become much more time-consuming—partly because more money is being spent.

The decline of fertility and the expansion of education have reduced the total amount of time devoted to child care. But in an analysis of historical time use data, Bryant and Zick (1996a, b) show that parents may also have increased the amount of time they spend per child. It seems that paid child care tends to displace “on-call” time when most of parental attention was already elsewhere, rather than primary care time. As families purchase more services, they may reallocate their nonmarket time and effort away from material production towards the personal and emotional. Increased freedom to explore career opportunities outside the home means that the time that women devote to homemaking is given more freely—and perhaps more joyously—than before.

On the other hand, efforts to combine paid work and family responsibilities lead to stresses and strains. Pressure on single mothers has increased, with provision of public assistance now largely conditional on paid employment. When married mothers increase their hours of market work, husbands seldom increase their hours of nonmarket work to help compensate (Hartmann, 1981; Bittman and Pixley, 1997). The time and effort that women devote to homemaking tends to lower their earnings, even net of effects on labor force experience and job tenure (Waldfogel, 1997; Hersch, 1991). Widespread awareness of this pattern has contributed to a proliferation of studies of how men and women bargain over the allocation of time and responsibility as well as money in the household (Mahoney, 1995; Deutsch, 1999).

The difficult circumstances faced by single parents and dual-career families with young children help to explain the heated debate over whether Americans are working longer or shorter hours overall (Schor, 1991; Robinson and Godbey, 1997). In recent years, leisure time has become more unevenly distributed; surveys suggest a mismatch between individual preferences and work schedules (Jacobs and Gerson, 1998), largely generated by the difficulties of combining paid employment with responsibilities for the care of family and community.

### **Measurement of Economic Growth**

The harder one thinks about nonmarket work, the more arbitrary the conventional picture of economic development begins to seem. The conventional history of economic growth embraces the unsurprising insight that when labor was reallocated from the family, where society didn’t place a dollar value on output, to the market, where it did, the economy appeared to have grown.

Nonmarket activities valued solely on the basis of labor inputs account for a sizable proportion—between 40 percent and 60 percent—of the total value of all U.S. output (Eisner, 1989). Even this striking estimate contains a sizeable downward bias, since the market wages being imputed to women homemakers are lowered both by discrimination and by the time and effort put into nonmarket work. Furthermore, “total economic product,” which includes the value of nonmarket work, grows at a very different rhythm and rate over time than gross domestic product (Wagman and Folbre, 1996). The macroeconomic implications depend largely on relative rates of growth in the market and nonmarket sectors, as well as on methods of imputing a value to nonmarket production. However, it

seems likely that conventional estimates that omit such imputations altogether overstate economic growth and exaggerate cyclical variation.

The European Union is now committed to the development of “satellite” national income accounts based on estimates derived from regular time use surveys. Interest has grown in developing better methods of imputation, applying household production functions that include measures of the value of household capital and raw materials (Ironmonger, 1996).

However, a larger and more serious methodological problem looms. The exercise of imputing market values to homemaker output is based on the presumption of perfect substitutability between home-produced goods and commodities. This presumption is plausible for most material goods and for many services. It matters little to most people, for instance, who vacuums their floors or cleans their toilets.

But purchased services are only partial substitutes for personal services in which the identity of the care provider and the continuity of the care relationship matter. As families purchase more services, they probably reallocate their nonmarket time and effort away from material production toward the personal and emotional dimensions of care. There is good reason to believe that the personal and emotional content of home life is becoming more and more concentrated in a relatively small number of activities, such as sharing meals or telling bedtime stories, for which substitutes cannot be purchased. Past a certain point—which our society has yet to define or negotiate—family time cannot be reduced without adverse consequences for all family members. The greater the role that personal and emotional care play in nonmarket work, the greater the downward bias in market-based estimates of its value. In this sense, the economy itself is forcing economists to think seriously about concepts of care that have never played much role in our disciplinary vocabulary.

## **Thinking about Care and Commodities**

The word “care” has a dual meaning, on the one hand referring to caring activities, like changing diapers or providing a listening ear, and on the other hand to caring feelings, like those of concern or affection on the part of a caregiver.<sup>3</sup> Caring feelings on the part of the caregiver are assumed to provide a motivation for doing caring activities, and to assure the effectiveness of the care received. Ideally a care recipient should feel authentically “cared for,” nurtured, recognized and valued as an individual, emotionally supported, empathetically connected, or in shorthand, loved. There is a sharp division of views about whether markets, caring feelings, and caring activities are at odds with each other.

To economists who take the view that social, familial, and sexual behavior has

<sup>3</sup> The distinctions between care as an activity and care as a motivation have been discussed by Tronto (1987), Wærness (1984), Abel and Nelson (1990), Himmelweit (1996), and Folbre and Weisskopf (1998).



always been (at least implicitly) a matter of choice and exchange, as in much of Gary Becker's vision of economics, the movement of caring work into markets may be merely a rearrangement of activities in response to income and relative price changes. No qualitative change need be implied, and if anything, the new arrangements should (ipso facto, since they are a matter of choice) be leading to greater economic efficiency. Such a view recognizes no special category of distinctly personal, intimate human feelings and interactions, and may encourage a Candide-like, best-of-all-possible-worlds complacency in the face of the marketization of care.

Others see the worlds of commodities and of care as being at odds, and fear that marketization of care might tend to "crowd out" caring feelings. The concern here is that motivation by money may lead to caring activities being performed to minimum standards, mechanically and impersonally, unaccompanied by the personal love and attention that we believe that children need to grow, sick people need to heal, and so on. Such resistance to the movement of caring tasks into the market comes from both sides of the political spectrum. On the left, an abiding suspicion of capitalism leads to a fear that monetization of care will lead to care becoming an impersonal commodity, produced at least cost and sold to the highest bidder (Weisskopf and Folbre, 1996; Carruthers and Espeland, 1998). On the other hand, many social conservatives decry paid child care, for example, as in all ways inferior to mother provided care (at least if the mother is married and middle class), and try to demarcate a special, protected sphere of "family values" (for example, Weber, 1994).

Before turning to empirical evidence on this debate, we should broaden the discussion beyond such a priori judgments, and think more carefully about movements of money, motivations, and "the market."

### **Money Moves in Various Ways**

Impersonal, anonymous payments are only one way that money moves. It also moves within personal relationships, as gifts to friends, allowances to children, sharing between spouses, thefts, coerced donations, and so on. We have yet another vocabulary for money that moves towards or from the government, through taxes and transfers, and still other terms for ransoms, reparations, bonuses, tips, rewards, and so on (Zelizer, 1995). A parent may be obliged to pay "child support," a movement of money based in the concern to provide for the child, rather than in exchange. Or consider the reparation payments recently given to Asian women who had been forced into sex work by the Japanese military during World War II. The social meaning of these payments reflects a recognition that these women's human rights were fundamentally violated, and that they deserve an apology and some form of restitution. But if the only way we understood payment was via the model of exchange, then such payments would be merely delayed wages for prostitution services.

Even when money is explicitly given in exchange for goods or services, the relationship between the participants need not be one of anonymity and ad hoc timing. Child care markets can be examples of "rich" markets in which the movement of money is only one dimension in a complex relationship of child,

caregivers, and parents including elements of (when it is going well) trust, affection, and appreciation. Other markets for caring services often have similar dimensions.

### **Motivations**

What are the motivations of paid caregivers? In some discussions it seems as if a dichotomy is posed: one works either for love or for money—that is, out of spiritual values, affection, and altruism, or out of crass materialism, self-interest, and greed. Such a dichotomy implicitly assumes, however, first, that market agents' actions spring from their own unquenchable wants, and second, that agents are autonomous and unconnected self-sufficient beings. Neither assumption is useful in this context.

While it has become unfashionable in mainstream economics to talk about “needs,” in fact the very human need for basic food and shelter is at the base of most work “for money.” In a technologically complex, interdependent market society, we provide for ourselves—or get our “provisioning,” in the terms of Nelson (1993)—largely through exchange. The fact that we engage in exchange does not prove that we are insatiable materialists. Most workers are not achieving nor seeking to achieve a hedonistic aim of ever-higher material pleasure or a controlling economic power.

The assumption that people are insatiable, autonomous and self-interested agents, which has traditionally formed the core of neoclassical economic analysis, has been called into question by many critics, and most recently by feminist theorists who argue that such a model, far from being a sign of “rigor,” is a sign of gender bias at an intellectual level (Nelson, 1993, 1996; England, 1993). While men have stereotypically been associated with autonomy and individual accomplishment, women have traditionally been identified primarily through physical and social connection, as bearers of children, cooks, wives, and so on. Neglecting the “connected” aspects of human life—including physical need, responsibility for others, and altruism—is a form of gender bias, in that aspects of human life traditionally associated with femininity are being irrationally downplayed.<sup>4</sup>

As well as providing for their own needs, most people at some point in their lives will want money for their children's clothes and education, or their parents' medical bills, or a favored organization or charity. Real people enter into responsibilities, and in such cases, the assumed dualism between self-interest and altruism can be deconstructed and a new understanding that includes the dimension of responsibility built up. Even just taking responsibility for one's own basic needs, so as not to be a burden on others, is certainly not a purely selfish action.

Thus, being motivated to take a job in large part “for the money” need not

<sup>4</sup> One must also mention a darker side to connected, emotional motivations: hate as well as love may be a powerful motivator (Nelson, 1999). Some care activity providers physically, sexually, and/or emotionally abuse the people in their care, whether these people are in their own family or met through their paid activities. The question of motivations has many more twists and turns than the “love or money” formulation allows.

imply that one is a materialistic and selfish person. One could, of course, let self-interest overtake altruistic concerns and do the work in a cold-hearted way, but this is not implied a priori. One could, in fact, be exceptionally nonmaterialistic and generous.

To the extent that more nuanced explanations of motivations have historically been deployed in popular argument, they typically have been used to justify a family wage for men. For example, a working man pictured as a “breadwinner” has been commended for providing for the needs of his wife and children. While he was assumed to be self-interested as an economic actor in the workplace, this same individual was assumed to be purely “altruistic” after he crossed the front door into his home (Folbre and Hartmann, 1988). The rhetoric of luxury and selfishness seems to be particularly reserved for women who, at least if their husband earns a decent income, are often condemned as neglecting their family’s needs if they take paid work. However, shared financial responsibility and single parenthood have made such notions, while perhaps rhetorically still resonant, increasingly out of tune with family realities.

It may also be helpful in illuminating the question of motivations to distinguish between activities that have complex meanings and motivations, and activities solely motivated by payment. Philosopher Margaret Jane Radin (1996, p. 105), for example, makes this distinction between what she calls “work,” and mere “labor:”

It is possible to think of work as always containing a noncommodified human element; and to think of the fully commodified version as labor . . . Laborers are sellers; fully motivated by money, exhausting the value of their activity in the measure of its exchange value. Laborers experience their labor as separate from their real selves. Workers make money but are also at the same time givers. Money does not fully motivate them to work, nor does it exhaust the value of their activity. Work is understood not as separate from life and self, but rather as a part of the worker, and indeed constitutive of her. Nor is work understood as separate from relations with other people.

Such a distinction recognizes that there can be “giving” elements in what are often thought of as “commodified” exchanges.

Traditional neoclassical economists, of course, might reply that the economics profession has already dealt with these issues, by including consideration of non-pecuniary rewards in the theory of “compensating wage differentials.” According to this theory, all else equal, jobs with worse working conditions should pay more. Translated to the case of caring activities, it implies that if some people enjoy caring, they will be willing to accept a lower wage to do these activities, essentially taking part of their “pay” in good feelings.<sup>5</sup> However, this analysis relies on the

<sup>5</sup> Sometimes this line of thought gets turned around into an inference that those who are willing to accept less to do caring work must therefore be more motivated by caring feelings, and a conclusion that the lower the pay is, the better the care! For a detailed discussion of the logical fallacies in such reasoning—in particular, its neglect of the question of opportunity cost—see Nelson (1999).

assumptions of core neoclassical theory that agents are assumed to have their preferences exogenously given and to be radically autonomous and self-interested. That is, their identity and tastes are set before they enter the labor market; activities in the market register only as yielding this fixed entity more or less utility. Other social sciences and philosophy, in contrast, have a broader understanding of work and motivation. Distinctions such as Radin's posit that "work" is part of the *creation* of persons, and of the relations with other people that form the interactive environment of people's lives.

Relevant discussion of these issues has also taken place at the juncture of economics and psychology, by scholars such as Bruno Frey (1997, 1998). Frey looks at empirical evidence on the effects on workers of extrinsic motivation (like pay) vs. intrinsic motivation ("when they undertake an activity for its own sake," 1998, p. 441). He finds (1998, p. 444, emphasis in original) that external motivations like pay "*crowd-out* intrinsic motivation if they are perceived to be *controlling* and they *crowd-in* intrinsic motivation if they are perceived to be *acknowledging*." This insight suggests that too direct a pay-for-specific-services approach to the compensation of caring activities could shift the perceived locus of control outside the worker, so that the activities are no longer "work" in the sense of expressing will and agency and building a relational network, but become merely "labor" motivated by pay alone.<sup>6</sup> On the other hand, if the movement of money is understood as an acknowledgment and appreciation of the worker's own intrinsic motivations, it can strengthen such motivations.

### **Do Markets Inevitably "Commodify"?**

If markets create a greased chute which causes every activity to be fully commodified eventually—turned from personal to impersonal, and from group-interested to self-interested—then we can expect dramatic changes from the explicit entrance of markets into the provision of women's traditional helping services. Marxist-influenced thinkers often raise a ghastly specter of complete commodification. They would not accept the idea that "work," as defined above, is possible under capitalism, since monetization and exchange under capitalism are themselves seen as inevitably causing commodification. On the other hand, hardcore neoclassicals present an ideal of universal commodification. To them as well, "work" would be a largely irrelevant concept, since the concept of "labor" (plus some possible nonpecuniary rewards) explains it all. But as Radin (1996) points out in her discussion of these views—and as reiterated by Kenneth Arrow (1997) in his extensive discussion of her work—whether markets inevitably lead to commodification is really an empirical matter.

In hypothetical idealized markets, in which purely self-interested autonomous agents interact mechanically, commodification is a given. In contrast, real-world markets are often domains of rich and complex social relationships, including

<sup>6</sup> Frey's own applications have been to the arts and to siting of undesirable facilities. He has not, to our knowledge, studied care.

aspects of reward, appreciation, reparation, gift, and so on.<sup>7</sup> The extent to which commodification actually occurs is shaped by societal norms and public policies, which may put particular and specialized limits on the way in which some things—say, health care—can be bought and sold on markets. Disagreements about commodification—for example, about so-called “surrogate motherhood”—attest to areas of lively resistance to full commodification. If we remember that commodification is a matter of social understanding, rather than something that is essential to the good or activity, we are less likely to fear markets per se and more likely to pay close attention to the actual conditions of caring activities. For example, Frey’s (1998) point about the salutary effect of “acknowledging” forms of compensation could be the starting point for a research program on preserving healthy, intrinsic, noncommodified motivations.

This discussion of money, motivation, and commodification should offer sufficient reason for dismissing any a priori blanket judgment about the effects of the movement of caring work into the market realm. With a more flexible framework for analysis in mind, we can now move on to more detailed analysis.

## **Implications for Well-Being and Policy**

We see women’s traditional caring activities being done more and more in relationships that include the explicit movement of money. For evaluating the effects of this change, it is not sufficient to compare idealized conceptions of home and market, nor of love and money. Intelligent evaluation involves a more detailed analysis of the actual structures of caregiving and the level of support caregiving receives.

### **Advantages of the Family-to-Market Move**

One obvious benefit of creating more public and marketed alternatives to family care is the greater freedom it allows for women, who were traditionally expected to do the bulk of such work, irrespective of their own individual variations of interest and talent. While love was (and is) certainly an element in motivating provision of home-provided care, the historical roles of coercion and quid pro quo exchange should not be forgotten. Historically, many women lacked a viable alternative to providing homemaker, mothering, personal nursing and sexual services, since labor market barriers denied them an alternative means of self-support. Marriage was close to an economic necessity for a young female.<sup>8</sup>

Decreasing the coercive nature of traditional demands on women can also have positive effects for the recipients of care. The recent reduction in the labor market barriers facing women, and the greater availability of alternative provision

<sup>7</sup> Other social scientists are also engaging in more in-depth discussion of markets. See, for example, Carrier (1997).

<sup>8</sup> When a woman had no outside options, feminist commentators have noted, it is hard to avoid the conclusion that traditional marital structures contained something of a sex-for-money trade.

of care for the young, sick, and feeble elderly, can mean that care activities, when done in private, may increasingly be done more as a matter of choice and less as a matter of necessity. This should raise the quality of care that is provided in private situations, since those who are totally uninterested or untalented in this area will now opt for other activities, while those who do opt to provide them are more likely to be intrinsically motivated.

In taking the burden of care off particular women, who had been assigned to it by status considerations, the marketization of care could contribute to the costs of care being more widely and equitably distributed, and the provision of care could in some ways be accomplished more effectively. Tasks traditionally done in the home were varied and complex, and there could be advantages to applying increased specialization within each class of activities. A traditional at-home caregiver is a generalist. She (it was traditionally a “she”) is not likely to have the knowledge of the developmental stage of four year-olds possessed by a nursery school teacher (and should she obtain it, by then her child would be five). Nor is she likely to have the medical skills of a visiting nurse, the listening skills of a trained psychotherapist, and so on. Shifting at least some aspects and intensities of caregiving to those with specialized training and experience (and who receive the pay that rewards their investment in skill) should raise the quality of care.<sup>9</sup>

The movement from private to public may have other benefits as well. Because of the relative impersonality of market norms, public provision may enhance some people’s sense of being in control of their own lives. Some senior citizens would rather be cared for by a paid “outsider” than a family member, for example, because this enhances their feeling of independence.

Finally, the greater attention to care issues, and the skill requirements of care, may aid in the economic analysis of work and well-being, as we recognize the value of caring work (like empathetic listening) in workplaces in general and, conversely, the value of knowledge and skill in the locations where care is provided. In the movement from private to public, researchers have become more cognizant of what constitutes good care. For example, in the literature on child development, the old contrast between merely “custodial” day care “by strangers” in institutional centers versus “loving care in the home,” has been replaced by a more careful analysis which concludes (to put it simplistically) that good care is good, and bad care is bad, wherever it takes place. Children on average seem to benefit, or at least not be hurt, when their mothers engage in paid work (Blau and Grossberg, 1992; Harvey, 1999). Some studies have found small negative implications of maternal employ-

<sup>9</sup> Note that the aspect of specialization highlighted here is quite different from that put forward by Gary Becker (1985), who justified a sexual division of labor along traditional homemaker/breadwinner lines by assuming increasing returns to investment in homemaking skills (as a class) and development of skills more commonly required in paid work (as a class). The analysis here disaggregates homemaking skills. The assumption that a sharp trade-off exists between home and market skills (see also Hewlitt, 1991) is also called into question by the experience of the many men and women who now combine paid work and unpaid family care. If our image of human nature includes both valuing autonomy and accomplishment on the one hand, and connection and nurturance on the other, then it follows that variety in tasks is preferred, and there are diminishing returns to hyper-market or hyper-home involvement.

ment for children under the age of one—which may be caused by the fact that *good* care for infants is very time-intensive and therefore costly for the market to provide—but these effects tend to disappear as the child ages (Blau and Grossberg, 1992). Whether at home or at other locations, the importance of relationships, knowledge, and environment in providing effective caregiving is becoming clearer.

### **Disadvantages of the Family-to-Market Move**

Reliance on markets for the provision of care does pose some significant risks. One concern is whether market competition in these areas will produce high-quality care. Dependents such as children, the sick, and the elderly seldom meet the standards for consumer sovereignty. These dependents do not necessarily know what is best for them. They are easily misled, even abused. Even if they have control over income, they may lack the ability or the information they need to make good decisions as consumers. Payments for their care are often made by third parties, and the time-extensive and highly personal character of care work makes it expensive to monitor quality.

Evidence suggests that quality of care is highly variable. Nursing homes offer a case in point. Many are privately run but receive government payments for care of the indigent elderly through Medicaid. According to *Consumer Reports*, about 40 percent of nursing homes repeatedly fail to pass the most basic health and safety inspections (Eaton, 1996). The General Accounting Office (1999) recently reported that government inspections of nursing homes across the country each year show that more than one-fourth cause actual harm to their residents. Turnover rates among nursing home aides are high, amounting to almost 100 percent within the first three months.

Child care suffers from less extreme but still serious quality control problems. A recent comprehensive survey argues that the physical and emotional environment in many child care centers remains relatively poor, partly because of lax regulation in many states (Helburn, 1995). Pay levels for child care workers are seldom much above minimum wage, and high turnover rates in the child care industry, averaging about 40 percent per year, preclude the development of long-term relationships between caregivers and young children. Voluntary accreditation by the National Association for the Education of Young Children tends to improve quality. A recent California study, for instance, rated 61 percent of accredited child care centers as good in 1997, compared to only 26 percent of those seeking accreditation the previous year. Nationwide, however, only 5,000 out of the nation's 97,000 child care centers were accredited (Whitebook, 1997). Furthermore, many children in paid child care are in small informal family settings, rather than centers, where quality is even more variable. In the rush to expand child care slots to accommodate the exigencies of welfare reform, some states have provided child care vouchers that can be used virtually anywhere, including for unlicensed care, and so may actually have a negative effect on average quality.

Even working age adults find it difficult to monitor care quality. The number of factors that come into play in choosing the best health maintenance organization, for example, is mind-boggling. Yet increased competition among health care

providers creates incentives to cut costs by minimizing hospital stays and nursing care. A recent study published in the *Journal of the American Medical Association* found that several measures of the quality of care are significantly lower in for-profit than nonprofit health maintenance organizations (Himmelstein et al., 1999).

Improved regulation might mitigate such problems for health maintenance organizations. But regulation is no magic wand. It is implemented through a political process that is highly susceptible to rent-seeking and corruption. The nursing home, health, and child care industries devote significant resources to lobbying the members of Congress in charge of regulatory legislation.

A second reason to be concerned about market provision is that care creates important externalities that cannot always be captured in individual transactions. Many people share in the benefits when children are brought up to be responsible, skilled, and loving adults who treat each other with courtesy and respect. Employers benefit from lower monitoring costs when their workers are cooperative, trustworthy, and intrinsically motivated. The elderly benefit if a skilled younger generation of workers generates high Social Security and Medicare taxes. Fellow citizens gain from having law-abiding rather than predatory neighbors.

These gains cannot be captured fully by those who created them. Parents can't demand a fee from employers who hire their adult children and benefit from their productive efforts. Nor can they send a bill to the spouses and friends of those children for the value of parental services consumed. When child care workers or elementary school teachers genuinely care for their students, they foster an eagerness to learn and willingness to cooperate from which later teachers and employers will benefit. When nurses do a good job, patients' families and employers benefit. Anyone who treats another person in a kind and helpful way creates a small benefit that is likely to be passed along. A growing body of research on social capital shows that an atmosphere of trust and care contributes not only to the development of human capital, but also to economic efficiency (Coleman, 1988; Putnam, 1993, 1995).

Like other externalities, however, those created by care create an incentive to free ride, to let others pay the costs. In the absence of collective coordination less than optimal amounts of care will be provided, because care providers are not fully compensated for the social value of their services. Some amount of care for dependents will persist because it is embedded in our genes and reinforced by our culture. But if individuals who respect and fulfill norms of care come to be seen as losers in the competitive economic game, we may see a gradual erosion of the supply of unpaid care services (England and Folbre, 2000). There are limits to the substitutability between family and market provision, limits that our society needs to discuss, define and enforce.

A third concern is the evolution of markets for care themselves, which may be shifting away from "rich" markets embedded in local communities to a "thinner," more impersonal form. Residential mobility and job mobility are high in the United States, making it more difficult to sustain long-term relationships. National for-profit chains have moved into the fields of health and child care provision. Of course, there are countervailing trends: the decreased cost of travel, the emergence



of new forms of communication such as e-mail, the use of webcams to monitor child care centers. If policymakers want to make distinctions between market structures that bring out the best in people and those that bring out the worst, we need to develop better ways of studying these and monitoring the evolution of care markets over time.

A fourth concern is that markets may increase freedom of choice about caregiving primarily for middle-class, white, U.S.-born women, while worsening, or at least not improving, the lot of other groups. Employees in all but the most highly credentialed care industries are predominately female and disproportionately people of color, and pay and benefit levels are typically low. The recent political shift (in the guise of “welfare reform”) to a belief that putting one’s dependents in paid care and taking a job is financially and logistically feasible for all parents has likely worsened the standard of living for women with especially high personal caring responsibilities and low market wages. A predominant ideology that saw women as homemakers may have been severely limiting to their life possibilities. However, it implicitly recognized the importance of caring labor, in a way that recent policies do not.

## **Conclusion**

Academic economists as a profession are not in a position to dictate our preferred solutions. We are, however, well placed to have some influence on cultural conceptions about economic activity as well as on the design of public policy. Because of the influence of economists on cultural conceptions, it is vitally important that as a profession we have a good grasp on the distinction between the idealized hypothetical market of impersonal exchange and real markets with their dimensions of provisioning, relationships, and incomplete commodification. Economists who talk about contemporary economic activity as if it were fully represented by an idealized hypothetical market—and as if dualisms of self-interest vs. altruism or money vs. love were simply insurmountable—may find that their models work in certain narrow economic sectors, but are spectacularly ill-equipped to provide the kinds of understanding necessary to analyze markets involving care. Moreover, such rhetoric reinforces in the public mind that when one acts on the market, one is expected to be heartless and strive for pure personal advantage, and that this is all there is or can be. The cultural message here can be a powerful one. If an economist *wants* markets to erode the quality of care, using this rhetoric would be one tool for advancing that goal.

The shift of caring activity from family to markets represents an enormous social change. Markets on their own are unlikely to provide the particular volume and quality of “real” care that society desires for children, the sick, and the elderly. The increasing intertwining of “love” and “money” brings the necessity—and the opportunity — for innovative research and action. Issues of market structure, work environments, incentive schemes, regulatory requirements, and most importantly, adequate financial support for care, cannot be neglected. Economists and policy-

makers can reevaluate our tools for research, as we reevaluate the roles of individuals, families, firms and governmental bodies in the provisioning of the care that we all, at many times in our lives, so critically need.

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