Sessions 11 and 12:
Care-Focused Empirical Macro for Policy Analysis: Estimating the Care Economy

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Part I: Estimation of the Unpaid Care Sector Outline

I. Defining unpaid care work
    a) Use of the "third party" criteria
    b) Narrow vs. broad definitions
    c) The unpaid care sector

II. Measuring and valuing unpaid care work
    a) Time use surveys & measurement issues
    b) Valuation strategies & challenges

III. Case study: South Korea

I. Defining Unpaid Care Work
A. Defining Work: Use of 'Third Party' Criterion

- Introduced by Margaret Reid (1934):
  - [i] if an activity is of such character that it might be delegated to a paid worker, then that activity shall be deemed productive…
  - Household production…consists of those unpaid activities which are carried on, by and for the members, which activities might be replaced by market goods, or paid services, if circumstances such as income, market conditions, and personal inclinations permit the service being delegated to someone outside the household group (Reid 1934, 11).

A. Defining Work: Use of 'Third Party' Criterion (cont'd)

- What is **care work**?
  - Activities that meet "the physical, psychological, and emotional needs of adults and children, old and young, frail and able-bodied" (ILO 2018, p. 6)
  - 2 types: Direct *personal* care and indirect care activities (*housework*)
  - *Performed by unpaid* and *paid* care labor

- What is **unpaid care work**?
  - Unpaid care work is provided without a monetary reward by *unpaid carers*
  - In 2013, ICLS passed a resolution on international labour statistic convention that unpaid care is work

B. Narrow vs. Broad Definitions of Unpaid Care Work

- **Narrow definition**: <u>direct care</u> activities performed without pay that provide relational/nurturing/personal service to meet the needs of dependent persons.
    - Ex: Childcare, care for the elderly, sick/disabled care

- **Broader definition**: <u>direct and indirect care</u> activities performed without pay involving not only personal/relational care services but also provision of services and goods which nurture and sustain other household including dependents including
    - Ex: Childcare, eldercare, cooking, doing laundry, cleaning house, shopping, sick care, gathering water, gathering fuel, etc.

C. The Unpaid Care Sector

- Aggregation of the value of goods and services performed to mee the physical, psychological and emotional needs of dependents.

- Heavily relies on **unpaid** labor provided mainly by women

- Comprised of **non-market** goods and services produced in households as well as communities

- Outside the **System of National Accounts (SNA)**

- Needs and issues are neglected in policy discourses, impact evaluations, and policy appraisals

Source: ILO (2018)

Unpaid Work Recognized as part of the New Definition of Work

- The 2013 ICLS passed a resolution that significantly redefines the concepts of work and provides a framework for their measurement

- The 19th ICLS Resolution 1 identifies 5 types of work that are done by persons over 15 years of age:

  1. **Unpaid own-production work:** provides goods or services for use by own self/household;
  2. **Unpaid trainee work:** acquires skills or workplace experience;
  3. **Employment work:** done for pay/profit
  4. **Unpaid volunteer work:** helps others;
  5. **Other unpaid work:** includes state-mandated work like community service and unpaid work of prisoners and military or compulsory work required to receive social benefit (ILO 2018; Beneria et al Chap 5).
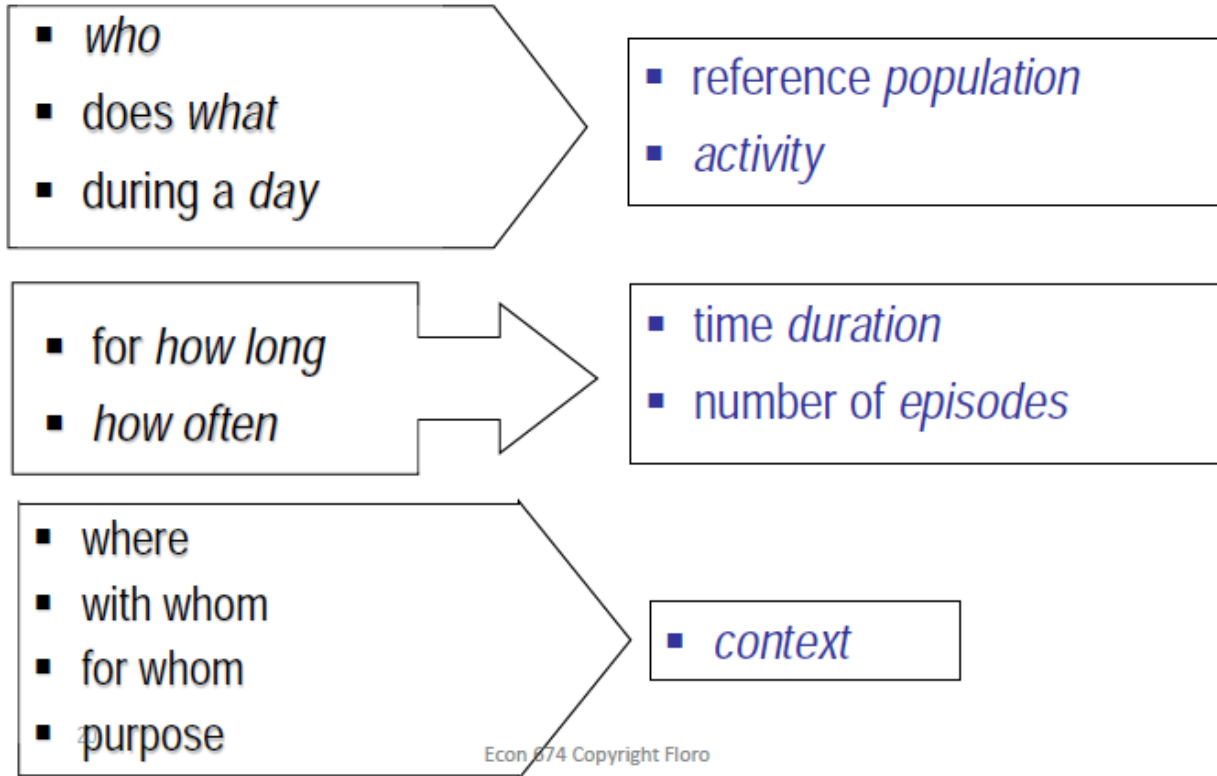
II. Measuring and Valuing Unpaid Care Work

- **Unpaid work** does not receive any direct remuneration, so it's not recognized as "important" in economic discourses
- Not considered as "work" in the economics discipline
- Generally not counted in System of National Accounts (outside GDP)
- Usually requires skills while still being considered as "low" skill since it's unpaid
- Can be repetitive, monotonous, and tedious, or it can be pleasant

Unpaid care work often remains invisible in
policy debates and economic discourse.

Main Data Source:
Time Use Surveys (Time Accounts)

- *who*
- does *what*
- during a *day*

→

- reference *population*
- *activity*

- for *how long*
- *how often*

→

- time *duration*
- number of *episodes*

- where
- with whom
- for whom
- purpose

→

- *context*

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- Now collected in more than 100 countries

- Primarily provide data on:
  - Unpaid informal work
  - Subsistence production
  - Volunteer work
  - Household and care work

What do Time Use Statistics Tell Us?

- Comprehensive information on how people spend their time on different activities: SNA, Non-SNA, personal activities ("individual disposable time")

- Time use statistics are **quantitative summaries of how individuals spend or allocate their time over a specified time period** – typically over the 24 hours of a day or over the 7 days of a week on different activities

- Three components:
    1. Background information on households & individuals,
    2. Context of activities: location, with whom, etc.
    3. Type of activity etc. and time use

Selection of Activities Considered Unpaid Care

- Activities in National Time Use Surveys are generally categorized using the detailed, comprehensive, systematic list called International Classification of Time Use Statistics (ICATUS):
  - Guides the design of survey instruments and selection of methods
  - Guides the interviewer in eliciting responses (level of detail required for the survey objectives
  - Basis for developing coding and entering data

ICATUS (2016)

Intended destination of production	for own final use			for use by others							
Forms of work	Own-use production work			Employment (work for pay or profit)			Unpaid trainee work	Other work activities	Volunteer work		
	of services		of goods						in market and non-market units	in households producing	
										goods	services
ICATUS 2016				1. Employment and related activities			5. Unpaid volunteer, trainee and other unpaid work				
	4. Unpaid caregiving services for household and family members	3. Unpaid domestic services for household and family members	2. Production of goods for own final use	11. Employment in corporations, government and non-profit institutions	12. Employment in household enterprises to produce goods	13. Employment in households and household enterprises to provide services	53. Unpaid trainee work and related activities	59. Other unpaid work activities	51. Unpaid direct volunteering for other households** 52. Unpaid community - and organization-based volunteering**		
Type of work	Unpaid work (unpaid care work, domestic work and production of goods for own final use*)						Unpaid work (community, volunteer, trainee work)				
Relation to 2008 SNA			Activities within the SNA production boundary								
		Activities inside the SNA General production boundary									

Other Data Sources

- Population Census - number of women and men aged 18 and older, by cities and provinces

Categories of Unpaid (Direct) Care Activities

Type of Unpaid Care	Activity Category	Detailed Activities
Interactive Care	Childcare	Physical care for young children (aged 0-9)
		Developmental care for young children (aged 0-9)
		Physical care for older children (aged 10-17)
		Developmental care for older children (aged 10-17)
	Adult care	Care for spouse
		Care for parents
		Care for other adults
		Travel related to care for children and adults
Supervisory Care	*Secondary child care*	This is not overlapped with primary child care activities
	Time with children	This is not overlapped with primary nor secondary child care activities
Support Care	Cooking and washing dishes	Cooking, washing dishes
	Laundry and alteration	Doing laundry, alteration
	Home cleaning and trash	House cleaning, taking out rash
	Home repairs and maintenance	Home repairs and maintenance
	Shopping	Shopping for food, groceries
	Organizing and managing	Telephone calls for support care related issues, paying bills
	Other household chores	Other household chores
	Travel related to unpaid work	Travel related to unpaid housework (excluding care work)

Methodological Issues

- Objectives, concepts, and methods not yet standardized (i.e. still in the experimental stages) in many countries
- Classification of time use activities not yet harmonized
- Underestimation of emotional/relational work performed as care
- Quality of data not always good
- Under-utilization of data
- Consideration of weekdays/weekends
- Accounting for seasonal variation (rural households)
- Relevance of school calendar for children
- Having a watch / conceptualization of time

Challenges in Measuring Unpaid Care Work

- Limitations of time use data:
    - Often only records primary activities in 10-30 minute increments
    - Inclusion of secondary activities still fails to capture "on call" responsibilities
    - Some unpaid care activities may not be reported as "caregiving"
    - Few time-use surveys include all household members
    - Unpaid care may be provided by non-household members
    - Time-use surveys often conducted in isolation from other household surveys

Methods for Valuing Unpaid Care Labor

1. Valuation of labor input

    A. Opportunity cost

    B. Replacement wage rate

        - Average wage

        - Generalist wage (e.g. skilled, unskilled)

        - Specialist wage (e.g. plumber, cook, babysitter)

2. Valuation of output generated by unpaid labor

    - Converting [labor time input + non-labor inputs] into output

1A. Opportunity Cost

- Value of household labor → given by how much income is foregone by the household member when performing a specific task
  - Ex: housewife is a doctor, earning $40.000(COP)/hr
  - Meal: 2 hours of cooking

- Cons: Often replicates any gender bias in earnings
  - Estimating wages is problematic: Difficult to calculate for housewives who have been out of the labor market for a while, discrimination in the labor market, etc.
  - People with different skill levels will have different opportunity costs for the same activity
  - Does not account for preferences for different activities

1B. Replacement Wage: Generalist Method

- Also known as the "Global Substitute" approach

- An unpaid activity is considered work as long as we can hire someone else in the market to perform it

- The monetary value then is equal to the cost of paying another person to do the work

1B. Replacement Wage: Specialist Method

- The monetary value is equal to the wage of a specialist for a specific task (e.g. a "specialist wage")

- Ex: How much will a cook **get paid**? This is then how the household cooking is valuated.

2. Output Value Method

- The monetary value = market prices of the inputs used

- Unpaid labor is used in "conjunction with household capital to add value to intermediate inputs of material and energy purchased"

- Method 1:
  - Value of labor = Output value – value of non-labor inputs.

- Method 2:
  - Value of labor = How much is saved

Challenges in Valuing Unpaid Care Labor

- Input-based replacement cost method:
  - Difficulty in finding adequate substitutes (lack of perfect substitutes)
  - Formation of relationships and person-specific knowledge and skills
  - Inability to adjust appropriately for quality

- Input-based opportunity cost method:
  - High degree of variability depending on skills and earnings level of the worker
  - Reproduces gender bias in earnings

- Output-based method:
  - Misses out on non-monetary dimensions of output (i.e. cooked meal at home)

Broader Implications of Unpaid Work

Highlights the roles of bargaining, property rights, and other forms of inequalities based on gender and age → *Serious implications for the macroeconomy!*

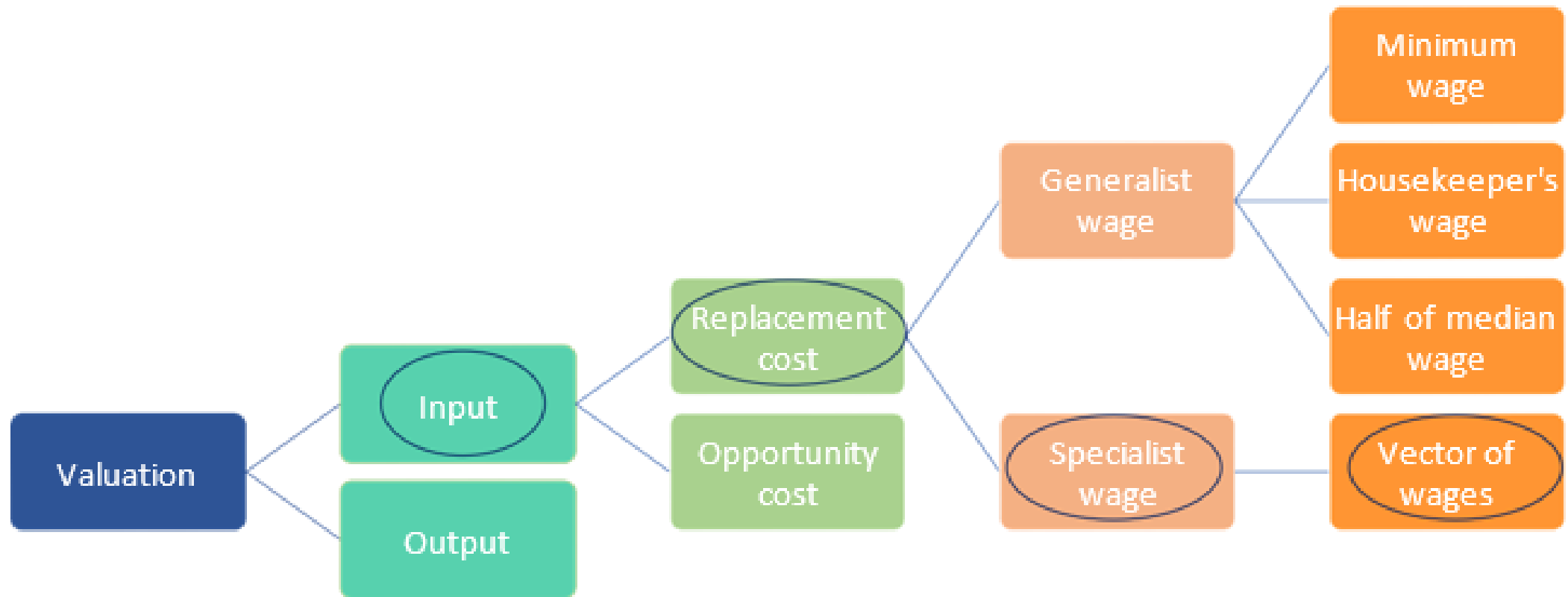Factors that make this an urgent one:

- SDGs (2016) on gender equality and women's empowerment
- Trends in women's labor force participation (increasing, then decreasing for some)
- Work-life balance issues
- Declining fertility and longer life expectancies
- Demand for state provisioning of social insurance

III. Case Study: South Korea

Drawn from Jooyeoun Suh 2019, "Methodology for Estimating the Paid Care Sector in South Korea," Care Work and the Economy Project, American University, forthcoming

- DATA SOURCE: Korean Time Use Survey (KTUS):
  - 2009: 8,400 households (21,000 individuals)
  - 2014: 11,986 households (53,976 individuals)
  - Recall interview method – day before and day of interview
  - Activity diary (ages 10+) – primary and secondary activities, 10-min intervals

Selecting the Method for Valuing Unpaid Care Work
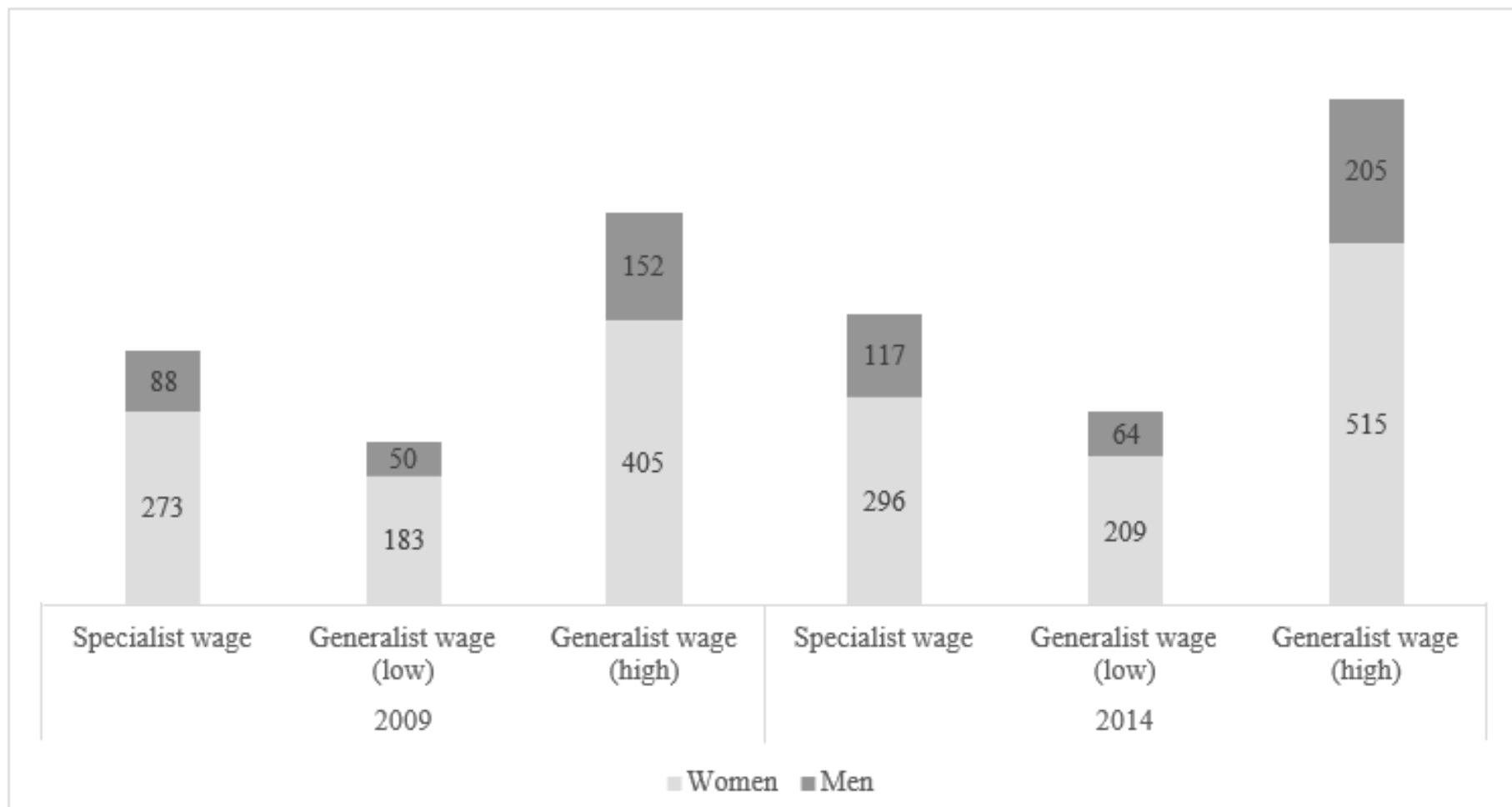
Wage Data Source

- Survey Report on Labor Conditions by Employment Type (2009, 2014)

- Annual survey on working days, hours, wages, and other employment-related information from 33,000 establishments

- Wages in 2009 are converted to 2014 dollars via the CPI

- For generalist-wage valuation: median hourly wages for domestic workers and helpers in infant rearing yield lower-bound estimates, those of professionals in education yield an upper bound estimate

Wage Data Summary: Median Specialist Wages for Interactive and Supervisory Care

	Care Category	Occupation code	2009						2014			
			Monthly Wage (in 2009 dollars)		Hourly Wage (in 2009 dollars)		CPI-adjusted (in 2014 dollars)		Monthly Wage (in 2014 dollars)		Hourly Wage (in 2014 dollars)	
			Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
			Generalist Wage									
Lower Bound	Unpaid Care Work	Domestic chores and infant rearing help (951)	1,940	1,210	7.81	6.32	8.77	7.09	1,419	1,084	9.5	8.4
Upper Bound	Unpaid Care Work	Professionals in education (25)	4,283	2,421	23.95	13.99	26.89	15.70	4,817	2,858	31.7	19.1
			Specialist Wage									
Child care	Physical care for children aged 0 - 9	Health, social welfare and religion related occupations (24)	3,762	2,032	19.84	10.75	22.27	12.07	4,150	2,250	24.0	13.3
	Developmental care for children aged 0 - 9	Professionals in education (25)	4,283	2,421	23.95	13.99	26.89	15.70	4,817	2,858	31.7	19.1
	Physical care for children aged 10 - 17	Health, social welfare and religion related occupations (24)	3,762	2,032	19.84	10.75	22.27	12.07	4,150	2,250	24.0	13.3

Source: Suh (2019)

Average Annual Amount and Value of Time Devoted to Unpaid Care Work in Korea

Value of Unpaid Care Work as a Share of GDP in Korea

Source: Suh (2019)

Highlights on the Korean Unpaid Care Sector for 2009 and 2014

- Value of unpaid care work by adults aged 18 and older ranges from 22% to 59% of GDP, depending on the market wage

- Adults provided about 87 million hours of unpaid care per day in 2009 and 92 million hours in 2014 (11 million workers assuming 8-hour shifts)

- Continued aging of the population and decline in fertility rates signal growth in care needs AND an increasing difficulty of households to meet these care demands