

NOTES AND MEMORANDA

NOTE ON MAURICE WEINROBE'S "HOUSEHOLD PRODUCTION: AN
IMPROVEMENT OF THE RECORD"

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The effort to estimate the value of services performed within the household is most commendable. Hence one is reluctant to criticize such an attempt. Yet, Maurice Weinrobe's "Household Production: An Improvement of the Record" contains several assumptions which should not be permitted to remain unchallenged.

One question that needs to be considered is why only the value of services rendered by housewives is to be counted. There are many households which do not include a married woman, and someone presumably takes care of many of the kinds of tasks housewives are generally expected to perform. Furthermore, even in households with housewives, other members do perform some tasks for themselves and for each other.

It might be argued that, to the extent that the author is primarily concerned with changes over time, he is justified in focussing only on the effect of the movement of married women from the household into the labor market. But in this case he should at least concern himself with the effect the woman's employment has on the amount of time the husband and, for that matter, the children, spend on household tasks. To the extent that other members of the family take over some of the work the wife would do if she did not have a job, the value of services rendered in the household decreases less than estimated by Weinrobe.

Another question that deserves attention is whether "the wife's decision to remain outside the market labor force reveals that she values her time at home at least as equal to what she could earn in the market place." Since the unemployment rate among married women has generally been fairly high in recent years it is reasonable to assume that a great many housewives fall into the category of those who are so discouraged about finding a job that they are not actively looking. This would be especially true for many women who have been out of the labor market for a long time. In such cases the value placed on the time at home may well be considerably less than what the earnings would be in the market place for those who can get a job.

Lastly, assigning to those who do not work at all an opportunity cost of the median full-time female earnings cannot be justified in the light of existing evidence. We know that women in the labor force are mostly highly educated and have more work-experience than full-time housewives. Hence the opportunity cost of not working is lower than the median income of those who are working,

even if we make the somewhat optimistic assumption that these women could find jobs.

It is clearly beyond the scope of this brief note to estimate the size of the bias introduced by these unrealistic assumptions, but there can be no doubt about the direction of the bias. Clearly the estimate of the value of household services lost when women accept jobs is too high. For the value of household services is likely to be less than the median income of fully employed women, and some of these services will still be performed, though by other members of the household, if the wife takes a job.

REPLY

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After eliminating one of her criticisms as not germane to the spirit of my 1974 paper [3], Marianne Ferber offers three additional criticisms as to why the estimates of household production are upward biased. Two of the criticisms deal with the valuation of a housewife's time at the prevailing median wage for all women workers, and the other deals with the possibility that other family members will take over some of the home work when a housewife begins and continues in market work.

As to how one should value a housewife's time, I fully agree with Ferber that there are good reasons for a housewife's time to merit a valuation less than the going wage. Not only for her reasons, but also because income from market work is taxable while an equivalent amount of work in the household earns no taxable income, and thus there is an incentive to work in the household. Put differently, even if one values one's own household work at less than one could earn in the market, one may still continue working at home simply because the income *after tax* of the market work would be less than the value of the household work. How much more true this is for women on public assistance where there prevails an enormous actual tax rate on earned income is obvious. But despite my agreement with Ferber on this point, it still makes considerable sense to assume (a wretched word that must carry the connotation of helplessness) the median wage value of time because (1) as Gronau showed there are also good arguments for the bias to go the other way for efficient homemakers [1], and (2) the data simply do not allow any sensible calculation of the overall extent of any bias.

As to the possibility that other family members will take over a working wife's domestic responsibilities to some degree, that sounds quite reasonable. In fact, carrying it to a moral plane, one would hope that 20th century families are mature enough to share domestic responsibilities when both adults in a family work. But again, the data on the subject are neither good nor convincing. The only numbers I have that are even remotely related are part of the 1966 Michigan Survey of Time Use [2], and the specific question of hours of household work by the husband of a

working wife is not covered. They do not report hours of housework performed by single and married men. For employed men, married report 0.6 hours per day, single report 0.5 hours per day. This could still allow for those married men with working wives to put in considerably more time at household work than either those with nonworking wives or those with no wives at all, but somehow it seems less likely than moral. In any case, the numbers are not those we need.

Ferber's comments are on the mark and perceptive. I would hope that she and others really will set about trying to measure much more precisely what I set about in a primitive way. It must be added in conclusion, nevertheless, that at least what I considered to be the really interesting aspect of [3] was not the actual measurement of the so-called H-gap, but the likelihood that after accounting for the H-gap the actual rate of growth of the U.S. economy might be less than has been claimed. One can change the numbers a little one way or another and that observation still seems to be true. So the last question is how much can one change the numbers, and on that I defer to further empirical work.

REFERENCES

- [1] Reuben Gronau. "The Intrafamily Allocation of Time: The Value of the Housewives' Time," *American Economic Review* (September, 1973), pp. 634-651.
- [2] John P. Robinson and Phillip E. Converse, "Summary of United States Time Use Survey," Survey Research Center, Institute for Social Research, The University of Michigan, Ann Arbor, May 30, 1966 (Mimeographed).
- [3] Maurice Weinrobe, "Household Production and National Production: An Improvement of the Record," *Review of Income and Wealth*, Series 20, Number 1 (1974), pp. 89-102.