

## HOUSEWORK: PRICELESS OR VALUELESS?

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Two ways of estimating the value of housework are currently used. One is the opportunity cost approach, which sets the value of work done at home equal to the income the person could earn in the labor market. The other is the market cost approach, which uses the cost of hiring someone to do the housework to determine its value. In this study we use data on earnings of female clerical workers with various patterns of labor force participation to obtain estimates of the opportunity cost of hometime for such women. We find that potential market earnings do not provide an acceptable estimate of the value of housework, and suggest that using the wages of general household workers is a better approach.

While a number of valiant efforts have been made by economists to estimate the dollar value of housework,<sup>1</sup> the value of home production still is not included in official calculations of GNP, nor is it taken into account when the income of individual households is under consideration. An important reason for this no doubt is that no generally agreed upon method for obtaining a reliable measure has as yet been found. At the same time it is undeniably true that if social scientists were not willing to use data which are short of perfection, a great deal of their work would never have seen the light of day. It may be that in the past some of the resistance to further work on this subject came from those who believed that the "invaluable" contribution of the homemaker would somehow be demeaned by being assigned a monetary value. It is likely, however, that our failure to assign a price for the services of the homemaker has tended to convey the impression that they are valueless rather than priceless.

The fact that any estimate of GNP which ignores the value of goods and services produced in the household seriously underestimates its magnitude and vitiates comparisons between economies with differences in the relative size of the household and market sectors is too well recognized today to need further emphasis here. Far less attention has been given to the micro aspects of this

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<sup>1</sup>Among the best known efforts by serious scholars are: Clark, Colin, *The Economics of Housework*, *Bulletin of the Oxford Institute of Statistics*, May 1958, pp. 205-211; Kuznets, S., *National Income and Its Composition*, Vol. II, pp. 431-433, NBER, 1944; Lindahl, E., Dahlgren, E. and Korb, K., *The National Income of Sweden, 1861-1930*, Part One and Part Two; Morgan, J. N., David, M. H., Cohen, W. J. and Brazer, H. E., *Income and Welfare in the United States*, 1962, Chapter 8, pp. 95-105; Murphy, M., *The Value of Nonmarket Household Production: Opportunity Cost Versus Market Cost Estimates*, *The Rev. of Income and Wealth*, Series 24, No. 3, Sept. 1978, pp. 243-255; Nordhaus, W. and Tobin, J., *Is Growth Obsolete?*, in *Economic Growth, Fiftieth Anniversary Colloquium V*, NBER, New York, 1972; Sirageldin, I. A. H., *Non-Market Components of National Income*, Survey Research Center, Institute for Social Research, University of Michigan, 1973, and Weinrobe, Maurice, *Household Production and National Production: An Improvement of the Record*, *Rev. of Income and Wealth*, Mar. 1974, pp. 89-102. All but the most recent of these are briefly described in Hawrylyshyn, O., *The Value of Household Services: A Survey of Empirical Estimates*, *Rev. of Income and Wealth*, Series 22, No. 2, June 1976, pp. 101-131.

question. If the value of household production varies more or less between individual households than does their other income, a measure of income distribution based only on the latter is obviously deficient. Ignoring the contribution of work done within the household to real income in setting the poverty line leads to the untenable proposition that two otherwise similar families with the same money income are equally needy when one has a full time homemaker and the other does not.<sup>2</sup> Collecting taxes on income earned in the market but not on income produced within the household leads to an unduly narrow tax base and hence to higher and discriminatory taxes on the former.<sup>3</sup> Failure to set a value on household work places the homemaker at a disadvantage with regard to inheritance taxes and property settlements in divorce cases. Reliable estimates of the value of housework are needed for injury cases, life insurance, etc. For all these reasons it is urgent that a reasonably realistic solution to this problem be adopted.

A major obstacle in the road to progress has been the existence of two competing and fundamentally different methods of valuation of housework.<sup>4</sup> One is the opportunity cost approach, which sets the value of work done at home equal to the income the person could earn in the labor market. The other is the market cost approach, which uses the cost of hiring someone to do the housework to determine its value. Each of these has some legitimate claim to its own advantages, but also has its own drawbacks. In this study we use data on earnings of female clerical workers with various patterns of labor force participation. We obtain estimates of the opportunity cost of hometime for these women over the life cycle, adjusted to their own level of education, work experience, etc. The results of this realistic view of the opportunity cost approach should be helpful in ending the stand-off between the two methods, by showing that the inherent difficulties of this approach are so fundamental and so serious that a market value approach is clearly preferable.<sup>5</sup>

The opportunity cost approach is naturally attractive to economists trained to think of the cost of one good as the loss of opportunity to produce another good.

<sup>2</sup>To some extent the services of the full-time homemaker may be provided by other members of the family when she enters the labor force. But even if they fully replace her (and time studies indicate this is generally not the case) they would be giving up leisure time. One author who addresses this question is Marilyn E. Manser in an unpublished paper, *Comparing Households with Different Structures: The Problem of Equity*. She argues that an acceptable measure of the well-being of a household must be independent of the labor-leisure choice.

<sup>3</sup>Questions may be raised how the family would get the money to pay taxes on income in kind. The answer is that in many cases the market earnings of the breadwinner would be sufficient, especially since the tax rate on market earnings would be considerably lower. In other cases families would find that they could not afford a full-time homemaker. Thus, while taxing only money income tends to inhibit labor force participation for women, taxing non-market income would encourage it.

<sup>4</sup>The same question arises with respect to valuation of volunteer work. Judith H. Hybels discusses this topic in *The Value of Volunteer Work: Market Value vs. Opportunity Cost*, presented at Chicago 1978, Association for the Study of the Grants Economy meeting.

<sup>5</sup>A recent article by H. J. Adler and Oli Hawrylyshyn, *Estimates of the Value of Household Work*, Canada, 1961 and 1971, *The Review of Income and Wealth*, Series 24, No. 4, Dec. 78, pp. 333-355, found that there was little difference between opportunity cost and market cost estimates of the value of housework for the whole economy. But even if this happened to be true under those particular circumstances, it need not be so in general. For instance, increased labor force participation would increase the opportunity cost of time, since earnings increase with experience, while not affecting the market cost of household work.

But two questions must be raised. Does the economists' model represent the way such decisions are made? Even if the model were accurate, would it offer a reasonable way to estimate the value of housework?

In a perfect market where people make free and informed choices, the opportunity cost approach would be useful in helping us understand whether and to what extent a woman participates in the labor force. But these conditions are not satisfied when decisions are made with respect to home- vs. market-work in the real world. Rational choice is frequently inhibited by tradition, people rarely have the option to work the precise number of hours they would prefer, and information on the potential wages of persons who have not been in the labor market for some time is woefully inadequate.<sup>6</sup>

First, when a woman stays home with her family because that is what her mother did, and that is what is expected of her, it cannot be taken for granted that the economic value of what she does at home is at least equal to her potential earnings. Similarly when a man does very little work at home because this is woman's work, it does not prove that the value of his contribution would be less than what he earns on the job. It has been argued that tradition is not an alternative to rational decision making, but is simply one of the factors taken into account in weighing the alternatives.<sup>7</sup> But, as has been suggested elsewhere (Ferber and Birnbaum, 1977), tradition is inherently incompatible with rational decision making. The latter involves weighing alternatives and making a choice, while the former means simply doing things the way they have always been done.

Second, the number of hours people work in the labor market is, to a considerable extent, determined by the jobs available, though a person's occupation influences the options s/he is likely to have. It is well known that many people who work part time would prefer to work more if they could. In this case the marginal value of their time at home (devoted either to work or leisure) is clearly less than their earnings for additional hours of work would be. On the other hand some people work full time, or even put in over-time, because their employer insists, even though they would prefer to work less. For such people the marginal value of home-time exceeds market earnings.

Third, a person who has been out of the labor market, especially when it has been a long time, will not have reliable information on how much s/he could earn, or even whether s/he could find a job. A person presently working knows current earnings, but still lacks knowledge of the effect of dropping out for various periods of time on future earnings. Until recently even economists had done so little work on this question that it was not unusual for them to use the earnings of women of the same age and level of education in the labor market as a proxy for the potential wages of full time homemakers, without regard to probable differences in work experience.<sup>8</sup> Sometimes they simply used average annual wages of full-time year-round female workers.<sup>9</sup> While recently some interesting work has been done

<sup>6</sup>There may also be limits on the range where market and home work can be substitutes. Some money income and some home time may be indispensable. If this is so, home time (market time) has no value until that minimum of income (household services) is achieved.

<sup>7</sup>G. J. Stigler and G. S. Becker, *De Gustibus Non Est Disputandum*, *American Economic Review*, Vol. 67, No. 2, March 1977, pp. 76-90.

<sup>8</sup>E.g., Weinrobe, 1974.

<sup>9</sup>E.g., Murphy, 1978.

on the effect of work experience and hometime on earnings, the results of these studies have so far been inconclusive,<sup>10</sup> and no effort has been made to use them for this purpose. In any case, the information has not been available to the lay public and hence presumably has had no influence on decision making.

Each of these three problems raises serious questions about the opportunity cost approach to estimating the worth of home time. But even if people made rational decisions, without constraints with respect to the number of hours spent on the job, and in full knowledge of potential earnings, we would still only know that those who do no market work value their time at home as much or more than the alternative foregone.<sup>11</sup> Thus their potential market earnings provide a lower limit but not a measure of the worth of hometime, which might clearly be higher and could fluctuate considerably while potential market earnings remain the same, or even change in the opposite direction.

Next it should be noted that a person is likely to decide on market or housework in part because of whatever psychic (dis)satisfaction they derive from each respectively. Thus a woman who has been raised to consider a career unacceptable for a good wife and mother may choose to forego a high salary to be a full time homemaker. This does not necessarily mean that her work at home is worth as much as her work in the market would be. For it is not customary to include the (dis)satisfaction people obtain from their work as part of market output.

An additional source of difficulty in determining the opportunity cost of a person who stays out of the labor market is that the loss of disposable income is not equal to total potential earnings, for it is necessary to subtract such job-related expenses as commuting and higher costs of food and clothing, as well as the taxes paid on the additional income. It is not always easy to determine the appropriate figure for the last item, since the rate will vary substantially depending on whether this person is assumed to be the marginal wage earner. The person relegated to this position will have a lower opportunity cost for housework, hence is likely to accumulate less experience, and will in truth become the marginal wage earner, even if his/her potential earnings were initially equal with his/her spouse.

Last, but not least, there is the problem that setting the total value of the homemaker's services as at least equal to the total earnings of the full time worker ignores the fact that the person who enters the labor market typically reduces time spent on housework, but continues to do some, or even a good deal of it. Thus we cannot assume that  $H_H \geq E_W$  ( $H_H$  = the value of housework of the homemaker;  $E_W$  = earnings of the market worker), but rather that  $H_H \geq E_W + H_W$  ( $H_W$  = the value of housework of the market worker). This equation is still unrealistic,

<sup>10</sup>See literature review in Ferber and Birnbaum (Forthcoming).

<sup>11</sup>By the same token, for someone who does no housework, it is clear that market earnings must be worth as much or more, and hence constitute an upper limit. This is universally recognized, and no one has ever suggested that the value of the housework foregone by a person who does only market work should be estimated on the basis of her/his earnings. Gronau (1977) raises one complication when he suggests that if women in the labor market are less productive at home than full time homemakers the value of the latter would be underestimated by the earnings of the former. If, on the other hand, women in the labor market are more productive in the labor market than full time homemakers, the opposite would be true. But since both may to some extent be the case, there is no presumption in either direction.

however. We know that the total number of hours worked, in the market and the home, of market workers is considerably greater than that of homemakers, so that the latter have more leisure. This can be taken into account by specifying that  $H_H + L_H \geq E_W + H_W + L_W$  ( $L_H$  = value of leisure of homemaker;  $L_W$  = value of leisure of market worker). It is now clear that the value of the housework of the homemaker may be larger than, equal to, or smaller than the earnings of the market worker. This problem does not arise if we deal with marginal concepts, so that  $H_H$  is the value of the last hour of housework, and measure the value of hours of housework, rather than total home-time, if it is assumed that there is always the choice of adding or subtracting an hour of market work.

One way of avoiding this difficulty is to value hours of housework, rather than total home-time, but in this case it is necessary to take into account that work-related time generally exceeds the number of hours spent on the job, mainly because of commuting. It may take, say 1.1 hours away from home for each hour of work, reducing the opportunity cost of housework by about 10 percent. This is so because for every hour of home-time given up, less than one hour of market work is gained.

No doubt reasonable people might disagree about the seriousness of some of the problems raised above. One might argue that tradition is no longer a serious constraint, that many jobs offer some flexibility for hours worked, that people are reasonably well informed and that disposable income for work-related time can be adequately estimated. All this still leaves us with the problem that the opportunity cost approach at best only provides us with a lower limit of value of housework, fails to take into account the value of housework of the market worker, and includes the value of the homemaker's additional leisure. Moreover, it permits factors which influence market earnings to determine the value of hometime, while ignoring those that directly influence the value of time at home. This incongruity is not shown in the studies which merely use average earnings, but becomes clear when comparing actual estimates of the value of housework of women with various lifetime patterns of labor force participation derived by the opportunity cost and the market cost methods.

In order to do this we selected a number of representative profiles of married women (husbands present) with a specified number of children, level of education and pattern of labor force participation. Since we wanted these cases to be representative of a large number of women, we consulted reports from the 1970 Census on mean age of first marriage, age of mother at first birth and intervals between births of successive children, cross-classified by level of education. The seven patterns chosen (see Table 1) are only examples of the infinite variety of possible ones, but should serve to illustrate the impact of changes of several variables on estimates of value of housework of women.

Next, we estimated the number of hours each would spend on housework (including child care) each year from age 18–65. This was done with the help of John Robinson's data in *How Americans Use Time*.<sup>12</sup> His work provides a multiple classification analysis of housework and child care time of people with

<sup>12</sup>John Robinson, *How Americans Use Time. A Social-Psychological Analysis of Behavior*, New York, Praeger Publishers, 1977.

TABLE 1  
ESTIMATED VALUE OF HOUSEWORK OF MARRIED WOMEN IN CLERICAL  
OCCUPATIONS, BETWEEN AGES 18-65, 1977 DOLLARS<sup>a</sup>

	Market Cost	Opportunity Cost
High School Graduate, <sup>b</sup>		
	2 Children	
I Worked all the time, changed jobs at ages 30 and 45	\$ 79,869	125,528
II Worked age 18-22, out age 23-32, changed jobs at age 40	92,041	130,642
III Worked age 18-22, out remainder	129,570	146,435
	4 Children	
IV Worked age 18-21, out remainder	142,444	165,187
College Graduate <sup>c</sup>		
	2 Children	
V In school age 18-21, worked remainder, changed jobs at ages 30 and 45	113,016	141,785
VI In school age 18-21, worked age 22-24, out age 25-34, worked remainder, changed jobs at age 52	123,260	132,021
VII In school age 18-21, worked age 22-24 out remainder	165,743	151,447

<sup>a</sup>Data are based on regressions with the following coefficients for ln of salary: Number of years since most recent job break = 0.00855; number of years with current employer = 0.02492; number of years of hometime = -0.00210; number of years of education 0.01799; number of times changed jobs (without dropping out of labor market) = 0.04744.

<sup>b</sup>In these profiles, the high school graduates are assumed to marry at age 21. In profiles I-III, the children are born at mother's ages 23 and 24. In profile IV, the children are born at mother's ages 22, 24, 27, and 29.

<sup>c</sup>In these profiles, the college graduates are assumed to marry at age 23. In profiles V-VII, the children are born at mothers ages 25 and 27.

varying characteristics, and shows the impact of each variable on time spent, after controlling for other predictor variables.

To obtain opportunity cost for time spent on housework, a regression based on data for a sample of women clerical workers was used.<sup>13</sup> The sample consisted of all female clerical employees age 35 or older employed by the University of Illinois, Urbana-Champaign, in the Spring of 1977. Of the total group, 238 were chosen by random process for telephone interviews and the remaining 697 were sent mail questionnaires.<sup>14</sup> Twenty-six members of the sample could not be located. Of the remainder 95.6 percent (220) telephone interviews were completed and 44.6 percent (296) of the mail questionnaires were returned.<sup>15</sup>

Information obtained included salary, years in the labor market before and after the most recent break, years with present employer, years at home before and after entering the labor market, number of years of education, and number of times left job to take another one.

<sup>13</sup>Detailed information on the sample is provided in Ferber and Birnbaum (Forthcoming).

<sup>14</sup>The larger number for mail questionnaires was chosen to reduce the cost of the study. A second questionnaire was sent to all those who failed to return the first.

<sup>15</sup>An investigation of possible non-response bias for the mail respondents showed no significant difference for education or age, but respondents had held fewer jobs and were earning a somewhat lower salary.

Using workers in a single establishment has the obvious drawback that they may not be representative of the larger population. On the other hand it enabled us to validate some of the self-reported data,<sup>16</sup> and automatically controlled for location and any other factors that may be peculiar to a single employer. Using clerical workers not only represents the occupation which employs by far the largest number of women, but provides a conservative estimate of the effect of home time and labor force participation on earnings. Had we, say, used professions, where earnings increase far more with experience, and where obsolescence is a far more serious problem for women who drop out of the labor market, there would be far more extreme variations for women with different amounts of work experience.

To examine the effect of various patterns of labor force participation a model was developed which, like others used in recent studies,<sup>17</sup> divides both home time and work experience into segments, but unlike them bases the segmentation entirely on considerations of labor force participation. The regression is shown in Table 2.

Using the coefficients from this regression we estimated the actual or potential earnings for each of the women in the seven different profiles, always on the assumption that she does clerical work whenever she is in the labor market.<sup>18</sup> To make the estimates more realistic we assumed that the earnings for women who graduated high school are subject to a 25 percent tax rate and those for college graduates subject to a 30 percent tax rate,<sup>19</sup> and increased "work time" by 12 percent over actual hours worked in order to account for the time spent commuting. Thus we were able to obtain estimates of earnings foregone for each year by individual women with particular characteristics and a stipulated pattern of labor force participation, unlike other studies which merely tend to use earnings of women of a specified level of education and age.

Market cost is simply based on 1977 earnings of household workers with the same level of education as the homemaker.<sup>20</sup> While one may quarrel with any or all the precise specifications, our conclusions are very robust to a wide range of changes.

As seen in Table 1, the market cost approach indicates that the lifetime value of housework of a woman<sup>21</sup> at a given level of education increases proportionately as she works more at home (and less in the labor market), as one would expect. The value of housework of the more highly educated woman is greater, in part

<sup>16</sup>The extent to which this was successful is reported in Ferber and Birnbaum, 1979.

<sup>17</sup>See, for instance, Corcoran (1978), Mincer and Polacheck (1974), and Sandell and Shapiro (1979).

<sup>18</sup>The number and timing of such changes is that most typical of women with the corresponding level of education and years of labor force participation in our sample.

<sup>19</sup>It should be noted that since the person who works in the labor market makes a contribution to the government in the form of taxes, this may be regarded as a positive externality associated with market work which does not exist for household work.

<sup>20</sup>Median earnings of year-round, full-time private household workers (virtually all of them female) from Current Population Reports were used, adjusted to level of education according to the differentials found for that group in the 1970 Census, Earnings by Occupation and Education. The earnings were translated to an hourly rate on the basis of a 40 hour week.

<sup>21</sup>Total lifetime value is used here rather than present discounted value of the future stream of earnings, because we are concerned with the value of housework when it is performed.

TABLE 2  
 SALARY FUNCTION OF FEMALE CLERICAL WORKERS AGE 35 AND OVER  
 DEPENDENT VARIABLE =  $\ln$  FULL-TIME-EQUIVALENT SALARY PER MONTH  
 ( $N = 400$ )

Variable	Unstandardized Regression Coefficient	Mean	Std. Dev.
Number of years worked before most recent break, $e_1$	0.00566	2.74	5.22
Number of years since most recent job break, before present employer $e_2^a$	0.00855**	4.85	5.92
Number of years with present employer, $e_3^b$ (Number of years worked) <sup>2</sup>	0.02492** -0.00009	11.40 389.94	7.46 352.83
Number of years between completing school and first job, $h_1$	-0.00348**	2.94	8.70
Number of years of other home time, $h_2$	-0.00210*	9.09	8.01
Percent time worked for years in labor market	0.00138	94.30	11.63
Percent time working on current job	0.00117	96.81	11.86
Number of years of education Spent time in occupation other than clerical 1 = yes, 0 = no	0.01799**	13.16	1.77
Professional	0.00738	0.10	0.30
Managerial	-0.06729	0.01	0.10
Sales	-0.05231	0.07	0.25
Blue collar	-0.12914**	0.04	0.21
Service	-0.11111**	0.09	0.29
Number of times left job because			
Laid off	-0.00538	0.10	0.32
To stay home with family/pregnancy	0.01367	0.22	0.42
Moved to different city/town	-0.01274	0.06	0.25
For personal health reasons	0.00000	0.01	0.10
To return to school	0.00000	0.012	0.05
To take another job	0.04744**	0.18	0.38
Constant	5.82988		
Adjusted $R^2$	0.43994		

<sup>a</sup>For those who never dropped out of the labor market,  $e_2$  is the total number of years of experience, before present employer.

<sup>b</sup>For those who never worked elsewhere,  $e_3$  equals the total number of years of experience.

\*Significant at the 5 percent level.

\*\*Significant at the 1 percent level.

because time study data show she spends more time on it (specifically on child care), and in part because the wages of the more educated household worker needed to replace her adequately are higher.

Using opportunity cost, on the other hand, we find the value of housework of the high school graduate who spends 10 years as a full-time homemaker is little higher than that of the woman who works full-time in the labor market throughout and spends considerably less time on housework than the former. For a college graduate, even the value of housework of the woman who remains at home permanently after her first child is born is only \$10,000 higher than one who remains in the labor market full time after leaving school. Only if we assume that experience in the labor market raises the value of housework and time spent as a full-time homemaker has, to some extent, the opposite effect, do these results



make sense.<sup>22</sup> In reality it is far more likely that the full-time homemaker acquires at least some valuable experience which should increase the value of her time spent on housework above that of the person who spends more time in the labor market.

Another puzzling fact that emerges is that a college education increases the value of housework very little when the opportunity cost approach is used. While according to Census data mean earnings of a household worker with a college education are about 25 percent greater than for one who is only a high school graduate, according to our estimates earnings of a clerical worker with a college degree are only about 3 percent higher than of a high school graduate, assuming as we do that the latter has 4 additional years of experience with the same employer. Only if education has less effect on the value of the housework done by the homemaker than of hired help, and labor market experience has a considerable positive effect on the value of her work at home do these results make sense. Again, these assumptions appear very unrealistic.

As can be seen from Charts I to IV,<sup>23</sup> there are other peculiarities caused by the opportunity cost approach. One is that the value of the housework of the woman in the labor market is directly and significantly influenced by what she does in the labor market. If she changes jobs (for instance in Charts I and III at age 45) and earns 10 percent less because of loss of job-specific experience, the value of her work at home declines correspondingly. Or again, while a woman always full time in the labor market spends about 35 percent less time on housework when she is 65 than she did when her children were young, the value of her housework is about 11 percent higher for a high school graduate and about 21 percent higher for a college graduate at that advanced age. It would be difficult to find anyone who would accept these estimates as realistic. The market cost approach, on the other hand, shows value of housework changing proportionally as hours worked change.<sup>24</sup>

Thus we conclude that while potential market earnings may well be important, or even crucial, in determining how much time a person will devote to market and housework, and while it is true that in a sense the cost of housework is market earnings foregone, they do not provide an acceptable estimate of the value of work done in the home. The incongruous results obtained when opportunity cost is carefully estimated for women with various patterns of labor force participation, rather than simply using average earnings of working women, make this clear. Table 1 and Charts I-IV suggest that the market cost approach is likely to be more promising. At the same time this alternative does present difficulties of its own, and it is possible to obtain unrealistic results by this method as well.

One way to get into considerable trouble is to attempt to determine how much time a homemaker spends on various individual tasks and how much it

<sup>22</sup>It is true, however, that the higher opportunity cost of the woman with greater potential earnings is likely to influence her decision between market work and housework.

<sup>23</sup>For illustrative purposes we have chosen to show only four of the seven profiles.

<sup>24</sup>The one exception to that is that valuation of housework per hour increases as the woman acquires additional education. It may also be that higher wages have to be paid by some households, say with a larger number of children, but no data on this are available.

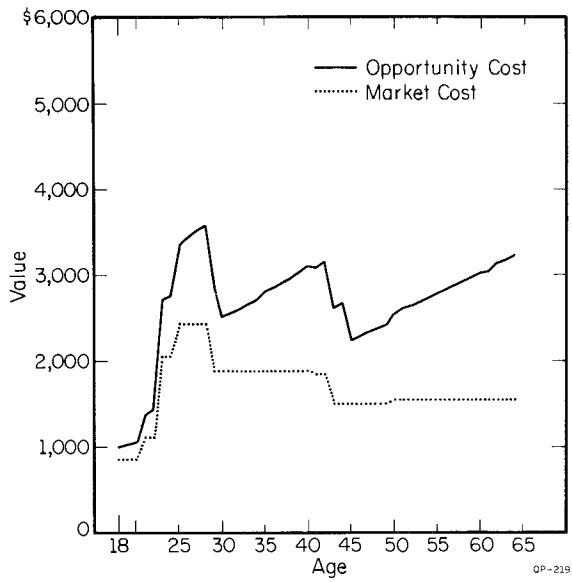


Chart I. Value of Housework of H.S. Graduate, 2 Children, Worked All the Time, Changed Jobs at Ages 30 and 45.

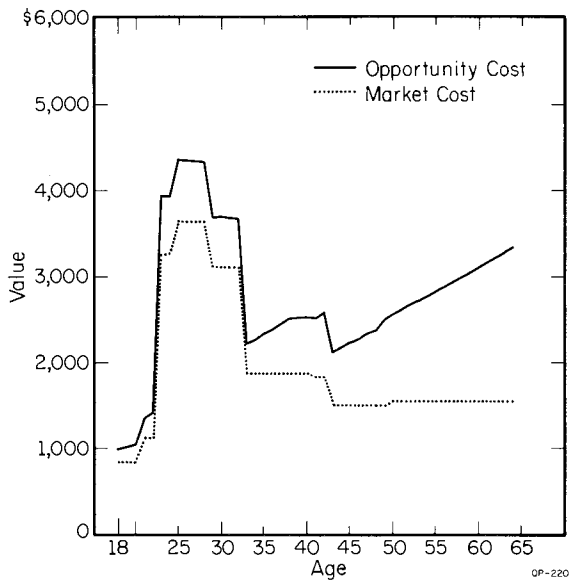


Chart II. Value of Housework of H.S. Graduate, 2 Children, Worked Age 18-22, Out Age 23-32, Worked Remainder, Changed Jobs at Age 40

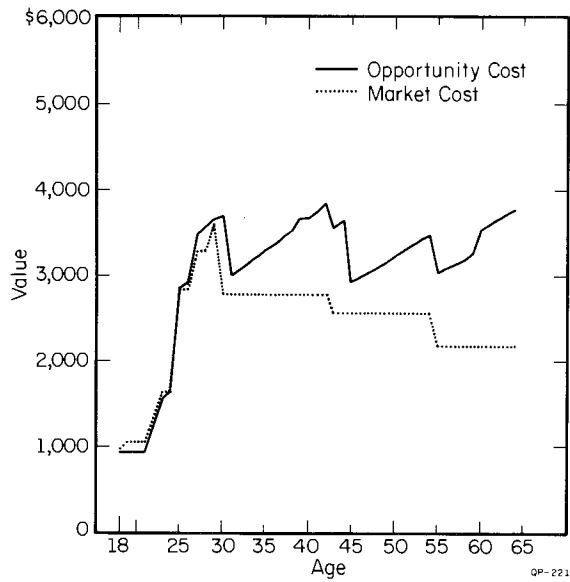


Chart III. Value of Housework of College Graduate, 2 Children, In School age 18-21, Worked Remainder, Changed Jobs at Ages 30 and 45

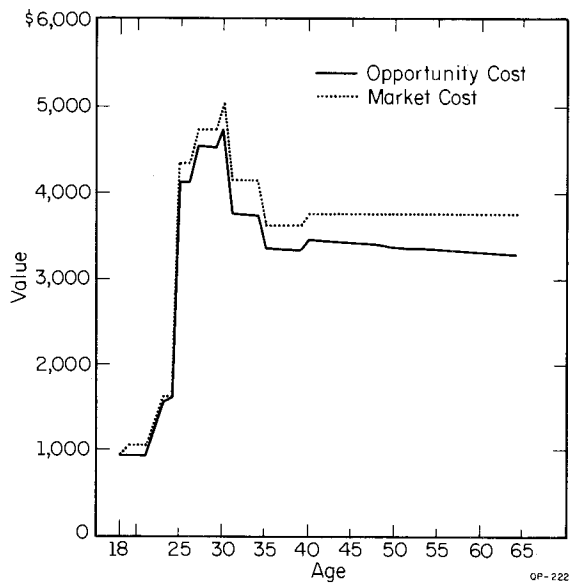


Chart IV. Value of Housework of College Graduate, 2 Children, In School age 18-21, Worked Age 22-24, Out Remainder

would cost to have a separate person do each of them. The first problem with this approach is that even someone who would keep track of the time s/he spends on each task would be confronted with the fact that very often two or more things are done simultaneously. For instance, a single adult at home with a pre-school child is always engaged in child care, no matter what else s/he may be doing. Or again, a homemaker may be waxing the floor while keeping an eye on a boiling pot.<sup>25</sup> The second difficulty arises when the cost of doing the various types of work is based on earnings of specialists in each field. Even when the average earnings of chefs and kitchen assistants are used as equivalent to the value of the time a homemaker spends cooking (Murphy, 1978), this is likely to impart a considerable upward bias for the work of a person who is clearly a generalist with little or no formal training for most or all of the tasks s/he performs.<sup>26</sup> S/he does, of course, learn on the job, but probably not as much as a person who does a particular type of work full time.<sup>27</sup>

Another peculiarity of this approach is that when wages of men and women respectively are used to calculate the value of work performed by men and women, the higher earnings of men result in inflated estimates of their work in the home (Murphy, 1978). This result is akin to the one encountered when using opportunity cost, where the valuation of housework is influenced not by its quality, but by market conditions.

For these reasons reliance on a method dependent on the designation and valuation of individual tasks is so beset by problems as to be quite unsatisfactory. Most of the difficulties can be avoided by using the wages of a housekeeper for all the housework performed. S/he may be assumed to perform the same assortment of tasks as the homemaker does during working time at home,<sup>28</sup> and if a person with the same amount of formal education is chosen, s/he may be assumed to perform the various tasks with about the same facility.

It is often argued that a homemaker will perform work in his/her own household with greater love and care than a hired worker, and that therefore the value of the tasks performed by the former is greater than indicated by the wages of the latter. Clearly this is likely to be so in some cases. On the other hand time study data indicate that men and, to a far greater extent, women who work in the labor market, nonetheless spend a great many hours working in the house. It is plausible to assume that to the extent that they hire help they do so for those chores for which they believe they have the greatest relative disadvantage. Furthermore, to the extent that people choose to enter the labor market because they prefer to work there rather than at home, and that workers hire themselves out for household work because they consider this their best option, it may be that

<sup>25</sup>Double counting contributed to the estimate of a 99.6 hour work-week of housewives of the widely popularized 1972 Chase Manhattan Bank study.

<sup>26</sup>Since people taking care of children for pay frequently have little or no special training, this method leads to an assignment of lower value to this important task than any other household chores (Murphy, 1978).

<sup>27</sup>Hawrylyshyn also points out the serious organizational complexities that would be involved in purchasing all the various services separately.

<sup>28</sup>This excludes volunteer work and leisure time activities, even when these result in utility for other members of the family, and avoids the absurdity of valuing, for instance, affection.

those who specialize in doing housework do it better than those who are in the labor market would if they were full-time homemakers.

It would be overly sanguine to suggest that in view of these conflicting considerations we can safely assume that, on balance, hired housekeepers do no better and no worse than homemakers. It would also be unrealistic not to recognize that there are great differences in quality of services performed among both hired workers and homemakers, even when level of education is held constant. We would, however, argue that there is at least no *a priori* reason to expect an upward or downward bias in this method of estimation, that the deviation in value of services performed by different people who are paid the same wage and hence counted to be of equal worth is certainly not unique to the household sector, and that the results obtained, unlike those based on the other methods, appear reasonable enough to be judiciously used for getting more complete estimates both of GNP and of total income of individual households. The fact that this approach is also a relatively simple one, avoiding the question whether people are or are not rational, to what extent they do or do not enjoy different types of work, the tax bracket the household is in, etc., is an additional major advantage.

There will be those who are bothered by the fact that the market cost method will, in individual cases, assign a value to housework far below the earnings the person foregoes in the labor market. This is not particularly troublesome. Goods and services sold in the market are always valued at the price the buyer pays even though we know that for all but the marginal unit there is a consumer surplus. Others will be bothered because they erroneously conclude that the market cost approach implies that a sensible person would never choose housework if its value is smaller than their market earnings would be. Again, this is not a real problem. If a person particularly enjoys one type of work over another, whether because of its inherent characteristics or because they have been socialized to believe that they should enjoy it, they may reasonably prefer the former even though it pays less.

We conclude after due consideration of the available alternatives that the market cost approach to the valuation of housework is preferable to the opportunity cost approach, and that using the wages of general household workers is clearly preferable to an attempt to value the services of a variety of specialists performing individual tasks. No useful purpose can be served either by trying to use methods which are riddled with problems in both theory and practice, or by continuing the vain pursuit of perfection in preference to using a relatively simple and workable method.

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