



Valuing Children: Rethinking the Economics of the Family, by Nancy Folbre. Cambridge, MS: Harvard University Press, 2008. 248 pp. ISBN-13: 978-0674026322 (hbk.). US\$45.00

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Valuing Children: Rethinking the Economics of the Family, by Nancy Folbre. Cambridge, MA: Harvard University Press, 2008. 248 pp. ISBN-13: 978-0-674-02632-2 (hbk.). US\$45.

In *Valuing Children*, Nancy Folbre shows how and why children matter for economic life, provides estimates of the economic value of family (nonmarket) childcare and parental expenditures in the US, and raises critical questions about the size and kinds of public spending on children in the US. Folbre formulates four questions that she sets out to answer: First, why should we care about spending on children? Second, how much money and time do parents devote to children? Third, how much money do taxpayers spend on children? And finally, who should pay for the kids? In other words, which share of the costs of raising children should be borne by parents and which share by the government? The first part of the book, which includes Chapters 1 and 2, provides an answer to the first question. Part Two (Chapters 3 to 7) provides an answer to the second question. Part Three (Chapter 8 to 10) gives answers to the last two questions: Chapters 8 and 9 addresses the issue of taxpayers' contribution to parents and children, whereas Chapter 10 asks "Who should pay for the kids?"

In answering the first question, Folbre rightly points out that children do not fit well as a category in economic thinking. Economists have often described child rearing as an investment (expecting to generate a flow of future happiness) or similar to a pet or a durable consumer good. Yet unlike these other categories, children cannot be bought or sold. And, Folbre argues, children provide important benefits to future fellow workers and taxpayers. Parents thus provide not only services of great value to the children but also indirectly to those who will benefit from these children's future societal contributions. Acknowledging this crucial role of parents prompts us to reconceptualize households as producers of human capabilities rather than as consumers. Folbre argues that this creation and maintenance of human capabilities benefits the economy as a whole, and therefore including children in economic thinking raises questions of both efficiency and fairness. And thus we have a major reason why economists should care about spending on children.

Folbre knows that in this world one has to measure things to make them count. She spends a large part of the book developing estimates of the private and public costs of children (Parts Two and Three). I found this the most exciting part of the book – and a very valuable contribution to knowledge on parenthood, the economics of families, and public policies affecting families and children. Of course, claiming that Folbre's estimates are novel is not to deny that there have been estimates of the private costs of children in mainstream economics for quite a while. Yet these standard estimates have been plagued by serious problems, which can perhaps best be illuminated by looking at the standard construction of household

equivalence scales (factors used to compare the welfare of households with different compositions). Equivalence scales typically give children the same weight as adults or smaller weight than adults, following the assumption that children need less food and other such items. But this assumption ignores the large costs for childcare and education that children need. Either childcare has to be bought in the market, or else its costs are the forgone lifetime earnings of the person caring for the child. In either case these are considerable sums of money. The neglect of children's needs for care and education is important for several reasons, including the fact that these equivalence scales are used to calculate poverty statistics. All other things being equal, the number of children in poverty will be underestimated if equivalence scales assume that children have fewer needs than adults. Moreover, as feminist economists have been pointing out for a very long time, the neglect of family care and domestic work is pervasive throughout economic thinking and in the construction of key economic statistics. For example, ignoring family care in GDP calculations leads to the highly contestable conclusion that countries that have commodified childcare are, all other things equal, better off than those where parents and relatives are caring for children.

In Chapters 4 to 7 Folbre provides estimates of the costs of children in the US in the year 2000. These costs fall into two main categories: expenditures and family work. Annual per-child expenditures range from US\$6,700 per infant in families with three or more children to just over US\$12,000 for teenagers in one-child families. In a one-child family, the total cost of expenditures for a child during his/her entire childhood will amount to US\$205,383. For a child in a family with three or more children, this decreases to just under US\$128,000 (p. 74). High-income parents spend more than low-income parents, but whatever the family size and household income, parents spend large sums on raising their children.

Using time diaries administered by the Child Development Supplement of the US Panel Survey of Income Dynamics and the American Time Use Survey, Folbre estimates the time parents devote to family work (childcare and domestic work), and what this work would be worth in financial terms. The first hurdle is to sort out the conceptual questions: what counts as work, what counts as leisure, and what is a useful typology of family work? In Chapter 6, Folbre proposes distinguishing between a number of different conceptual categories for parental care: "participation with a child in a primary activity, participation in a secondary activity, supervisory responsibilities, being on call, and engaging in tasks that indirectly benefit the child (such as cooking, cleaning, washing clothes, or making appointments and arrangements for special activities)" (p. 106). Folbre produces a very interesting overview of the time spent on the different components of family care by parents and how it differs according to the age of the children (aged between 0 and 11) and the number of parents in the

household. These detailed statistics allow us to compare children and parents in different situations. For example, the younger the child, the more she is engaged in activities with her parents. A child with two parents present enjoys on average 32 hours a week of active parental care (with either or both of the parents present) whereas for children of single parents this number is 23 hours. Children spend much less time alone with their father than with their mother: in two-parent households children aged 0 to 2 spend 19.5 hours alone with their mother, and 7.9 hours alone with their father – and this parental gap remains substantial when they get older (for example, 11.4 versus 4.3 hours when they are aged 9–11). I would have been very interested in finding out if this parental inequality in family childcare is also present in gay couples, but the data did not allow for such analysis, nor for an analysis for different racial/ethnic groups, where fatherhood may be experienced differently.

How can these time allocations be translated into monetary values? In Chapter 7, Folbre argues that the replacement cost approach is the most appropriate way of valuing labor inputs: she recommends using the wage rate required to hire a replacement for the work done, rather than the actual or potential wage rate of the person doing the work. Folbre opts for a lower bound estimate. In her estimates she values the hours of active care by the hourly wages of an average childcare worker (US\$7.43 in 2000, which is low compared to the median for all workers at US\$13.74). For the passive care hours she uses the federal minimum wage. In both cases she assumes the presence of two children. She does not include sleeping time and overlapping parental time in these estimates. Under these assumptions (which are, in my opinion, very modest), the annual cost of parental family care in a two-parent two-child household would annually amount to US\$13,352; in a one-parent family US\$11,024 (p. 130). If we add to these the direct monetary expenditures, then the total parental expenditures annually average US\$23,243 in two-parent households and US\$17,125 in one-parent households. The time cost of parenting takes about 60 to 65 percent of this total cost (p. 133).

Having analyzed what parents spend on their children, Folbre moves on in part three to investigate what the government spends on children. She shows that in the US, federal policy provides better protection for the old than for the young, and that there are great inequalities in access to healthcare and education. Folbre also lays out the different US public policies that affect parenting and children; for readers not familiar with American family-related policies, this is a very useful overview.

Folbre's final question, which she addresses in the last chapter, moves from the positive to the normative realm: Who should pay for the kids? Which share of the large cost of raising children should be borne by parents and society? Folbre outlines three related but distinct reasons for public spending on children: social investment, intergenerational

reciprocity, and moral obligation. The social investments argument highlights that investments in children's health and early childhood development programs provide benefits that far exceed their costs. Concerning intergenerational reciprocity, Folbre argues that most of us are repaying the older generations for what they spent on us, or making equivalent gifts to the next generation, but "we do so unevenly, in an institutional structure that reproduces existing inequalities and rewards reproductive free riding" (p. 183). As for the moral obligations, "parental efforts should be rewarded in ways that both honor and reinforce the profound moral commitments they represent" (p. 183).

My concern with Folbre's answers to this fourth question is that these are huge questions in moral and political philosophy: scholars have been breaking their heads over these issues for years and are still struggling to find the answers (for example, Paula Casal and Andrew Williams [1995], Anne Alstott [2005], Robert Goodin [2005], Harry Brighouse and Adam Swift [2008]). If I put on my hat as a political philosopher (rather than my hat of being a parent or a feminist economist), then I would defend the claim that it is not at all straightforward what a just society owes to parents and children. If one looks at these normative questions in greater detail, many complications rise. For example, stressing the argument that children will provide future societal contributions may lead to the morally perverse effect that we will steer public resources to the most potentially productive children, and that we value children for what they will be, rather than worrying about their well-being right now independent of how that affects them as future adults. Should we socialize the costs of parenting that fall beyond those costs that can be justified based on child-centered reasons? Should we socialize the costs of stay-at-home parenthood, or is that rather a lifestyle choice for which people can (at least partially) be held responsible? And what does justice require if there are trade-offs to be made in policies aiming at children-as-children versus children-as-future-adults? If one wishes to develop a more pro-family argument relative to the current political arrangements, it needs to be developed carefully and confronted with all possible objections if it wants to stand the test of critical scrutiny.

Clearly, *Valuing Children* is a contribution to economics, not to normative political philosophy, and hence it would be unfair to criticize the book for not having done what it didn't set out to do. Yet it is important to be aware that the question "Who should pay for the kids?" is primarily a question belonging to normative political philosophy. I don't think this question can be answered without engaging with that scholarship in some depth.

Folbre has provided a very valuable contribution to knowledge in revealing the size of parental expenditures and family work and in arguing for their relevance in economics and public policies. Even though the analysis is limited to the US, *Valuing Children* will be useful for an

international audience, since the question of how to extend economic statistics to account for family work is a question that applies to every economy. It will be required reading for anyone working on care economics and useful reading for anyone struggling with any of the four questions that the book sets out to answer.

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Modern Couples Sharing Money, Sharing Life, edited by Janet Stocks, Capitolina Díaz, and Björn Halleröd. New York: Palgrave Macmillan, 2007. 200 pp. ISBN-13: 978-0230517028 (hbk.). US\$74.95.

The bulk of *Modern Couples Sharing Money, Sharing Life*, edited by Janet Stocks, Capitolina Díaz, and Björn Halleröd, consists of a series of case studies that explore the ways in which a small number of female/male, middle-class, dual-earner couples from industrialized, urban areas in Sweden, the United States, and Spain deal with money.¹ This study originated in a research project on "reflexive modernisation."² The book begins with an introduction by co-editor Stocks, who presents background material about the study and its methodology,³ followed by an overview by Charlott Nyman and Sandra Dema of existing literature on couples' management of money examined through the lens of gender. A chapter by Capitolina Díaz, Charlott Nyman, and Janet Stocks provides further details about the methods used by the researchers. This introductory material is then followed by three chapters devoted to an analysis of each of the individual country contexts and a conclusion that draws some of the key themes together.

Although the research project on "reflexive modernisation" did not ultimately play a very important role in the compilation of the book, one of