

# The caring economy: Well-being and the invisible heart <sup>[1]</sup>

The provision of care has often been marginalized in economic theory and policy, yet it remains basic to the well-being of current and future generations. Allen White, a Senior Fellow at Tellus Institute, explores the economics of caring and its role in f

**Author:** Allen White interviews Nancy Folbre

**Source:** Great Transition Initiative

**Format:** Article

**Publication Date:** 1 Feb 2017

## AVAILABILITY

Access online <sup>[2]</sup>

## EXCERPTS

**The “economics of caring” has been central to your research for more than two decades. How did you come to focus on this field of study?**

One can like being a woman, but notice that it is costly. One can see how gender differences both reflect and reproduce other polarities, parallel dialectics between self-interest and altruism, freedom and solidarity, conflict and cooperation. One can worry to death about the meanings of womanhood and manhood. In these respects, I am one of many.

Like the economics of caring, socialism has some decidedly girly aspects, which helps explain why many men are fearful of it. Sounds so soft. In contrast, feminism has some boyish qualities, which helps explain why some women veer away from it. Sounds so hard.

Now, imagine socialism and feminism having sex, reaching a climax, making a baby, sharing its care, watching it grow. This intersection of political economy, psychology, and feminism shaped the field of inquiry I call the economics of caring.

I am not a pioneer or a lone ranger. I am one of a few travelers hoping to persuade others to come my way.

**You have often spoken of “patriarchal capitalism.” Are patriarchy and capitalism inextricably linked?**

No, patriarchal systems gave birth to capitalist systems, which initially fed on the milk of exploited women but slowly expanded their diet to include the meat of men. It is possible to imagine a capitalist system that is non-patriarchal, but we don’t live in one and don’t know yet whether such a system could reproduce itself.

What would a non-patriarchal system look like? Responsibilities for the care of children, people suffering sickness or disability, and the frail elderly would be equally shared. The division of labor might continue to be somewhat gendered, but not in ways that put women at a disadvantage.

Whether such a system could emerge within capitalism depends on how you conceptualize capitalism. If all you mean is that a small group owns the means of production, and everyone else works for wages, then you could imagine a society with differences based on class, but no differences based on gender or other aspects of collective identity such as age, race, or citizenship.

But if you mean a system where no firm produces anything unless it can make a profit, and workers only earn enough to subsist, then it is not clear who would produce the next generation or take care of those unable to work. I describe patriarchal capitalism as a hybrid of hierarchical structures based on class, gender, and age, but I emphasize that it is overlaid with inequalities based on citizenship and race.

Feminist theory offers some good reasons why capitalism cannot be blamed for all forms of social conflict and dysfunction that plague human society because these patterns long predated the emergence of anything that could be called capitalism. Left-wing environmentalists often seem to embrace a kind of naïve golden-age-ism. They don’t seem to recognize that many pre-capitalist systems physically mutilated, battered, and exploited women and also promoted warfare, collective theft, and environmental destruction.

Feminist theory puts great emphasis on the concept of “intersectionality” to capture the concept of overlapping identities and systems of oppression. I bring this concept to political economy in ways that can explain hierarchical and exploitative systems that cannot be explained by class conflict alone.

**The title of your provocative book *The Invisible Heart: Economics and Family Values* challenges Adam Smith’s invisible hand of the market with the concept of the “invisible heart.” What is this “invisible heart,” and, if widely embraced, how would it transform contemporary economic relations?**

The invisible heart is a metaphor for the interpersonal affections and commitments that bind society. No economic system can function on the basis of pure self-interest or pure altruism. We need to develop systems of economic organization that successfully balance individual freedom with social obligation and environmental sustainability.

We have not yet figured out how to do this, but we can point to some pieces, fragments, shards of otherwise broken systems that we might piece together: cooperatives and worker-owned enterprises that are community-minded; social democratic policies that socialize many of the costs of producing and maintaining human capabilities; public enterprises that truly serve the public interest, without succumbing to bureaucratic dysfunction. I don't think the word "socialist" is specific enough to represent anything more than a general compass.

Defenders of the mainstream economic faith like to point to Adam Smith's Theory of Moral Sentiments. I describe Smith as a utopian capitalist (for a longer discussion, see my book *Greed, Lust, and Gender: A History of Economic Ideas*). If you agree with Adam Smith that people are basically moral creatures, then you don't have to worry about an economic system that urges everyone to pursue their own interests. If you think people resort to selfish actions when they fear others will do the same, then you need to design an economic system that discourages opportunism.

### **How should the field of economics change to better incorporate the values you advocate?**

Neoclassical economics can't really change, but economists can. They should stop assuming that perfect self-interest drives the market and perfect altruism beautifies the home. Both families and the larger economic systems of which they are a part must encourage and enforce equitable commitments to the care of others and our planetary ecosystem.

Economics should recognize that unpaid care work—e.g., caring for children, for elders, for the infirm—provides economically valuable services that contribute both to living standards and to the Gross Domestic Product. Like natural resources and ecosystem services, they are unpriced resources that can be depleted if not explicitly recognized.

Economics should also recognize that paid care work is undervalued because it provides services whose value cannot be directly measured, for people who can't directly pay for them, with positive spillovers for society as a whole.

GDP is a useful indicator of what it actually claims to indicate: the market value of goods and services that are bought and sold. Unfortunately, it is a terrible indicator of total value. Goods and services that are not priced play a crucial role in the global economy, and the expansion of market production is increasingly destabilizing their provision.

Many economists now recognize this point, and reports such as those published by the Stiglitz Commission, in which I participated, document the need for broader measures.<sup>1</sup> But not nearly enough is being done to develop, refine, or publicize measurement of non-market goods and services.

### **To what extent has this marginalization of care work and women's work been a factor in rising income inequality?**

A good answer to this question requires some thinking about how income inequality should be defined—in terms of market income or extended income (market income plus the value of non-market goods and services).

In the US, in the 1950s, many male wage earners were married to women who were full-time homemakers. The value of the unpaid services these homemakers provided was quite similar across households, exerting an equalizing effect on consumption and living standards. As more women entered the labor market, differences in their earnings based on class, race/ethnicity, and education, among other factors, began to escalate. Ironically, the very success of feminist efforts increased earnings inequality among women. Women with access to college educations and professional degrees were able to enter higher-paying jobs; women who lacked such access were left behind.

Other disequalizing forces have also come into play. In the US, changes in family structure and income flows between mothers and fathers have increased inequality between traditional two-parent households and other households with children. Between the 1950s and the late 1990s, women's earnings steadily increased relative to men's. But during the same period, both divorce and non-marriage increased, accompanied by a steady increase in the number of children raised by mothers alone. So women assumed a larger share of the financial costs of caring for children. And the costs of children relative to adults increased over this period, partly as a result of increased educational requirements and partly as a result of the need to pay for the external provision of services once performed in the home.

Improvement in women's earnings relative to men's has slowed in recent years. Women pay a significant "motherhood penalty" for time taken out of wage employment or for declining to work more than forty hours per week. Women are also overrepresented in the paid care sector of the economy (health, education, and social services), where even highly skilled work tends to be undervalued by the market.

These trends are not unique to the US, though they have been studied in more detail here. Divorce and non-marriage are less common in Asia, but increasingly common in Latin America. Motherhood penalties tend to be lower in the social democratic countries of Northwestern Europe. But occupational segregation by gender is a global phenomenon.

### **You have described children as a "public good." Please explain this characterization and how it would change economic and social relations if it were fully acknowledged.**

Children are public goods in three respects. The most concrete (and technical) respect is that most children grow up to pay taxes. Depending on the structure of public debt, and trends in labor market earnings, they are likely to pay more in taxes than is actually spent on them before they reach taxpaying age. The US Social Security system provides a specific example. It is called "pay-as-you-go" because payments by the current working age generation largely finance payments to retirees. Levels of Social Security benefits along with eligibility for Medicare (the US national health program for the elderly) are determined entirely by lifetime earnings and marital status. People who have devoted zero time or money to raising the next generation have a claim on the future tax payments of other people's children.

Children are also public goods in the larger sense of representing a stock of human capital—a set of capabilities for future innovation, work, and care. If parents didn't produce them at very low cost to others (parental expenditures far exceed social expenditures on children), employers would have to pay more for labor. This may not hold true in the future to the same degree if bullish projections of a robotic world materialize. But it has certainly been true in the past.

Finally, children are a more abstract form of public good: children are the future, and the future is a public good. If you love your species, you must love its children. If you hate your species, never mind.

None of these arguments imply that grown-ups (and the elderly) are not also public goods—they too offer both implicit and unpriced benefits that cannot be reduced to bilateral market exchange. And none of these arguments address the optimal rate of population growth. On a global level, however, we would do better to continue reducing fertility rates and improve the care provided to each child.

#### **How will aging populations in the US, Europe, Japan, and China affect the economics of caring?**

They will raise the costs of care and disrupt existing systems of intergenerational transfer, hence increasing distributional conflict on the national and international level. This is already happening. Many public pension systems were put in place when the size of the younger generation was increasing relative to the older. That trend has reversed itself.

Global fertility decline initially generated a kind of “demographic dividend” because time and money devoted to children could be reallocated to other purposes. Now, the burden of caring for a growing elder population prey to chronic health problems looms large.

#### **What would be the key attributes of a caring economy in full fruition? To what extent would it align with a Great Transition society rooted in solidarity, well-being, and ecological resilience?**

A well-designed social insurance system would reduce the private costs and risks of caring for dependents and distribute these more equitably between women and men, parents and non-parents, rich and poor, regardless of national citizenship. It would also encourage gender-egalitarian commitments to families and communities on a smaller scale.

Unfortunately, we don't have good models of international democracy or collaboration in either the social or the ecological arena. But surely any Great Transition must address huge global inequalities in life expectancy, living standards, and environmental degradation.

I can't even begin to describe the principal barriers or prospects for building such a system. What I do know is that it will require careful thinking about the political economy of gender and care.

**Region:** United States <sup>[3]</sup>

**Tags:** care work <sup>[4]</sup>

feminist <sup>[5]</sup>

economics <sup>[6]</sup>

---

**Source URL (modified on 26 May 2021):** <https://childcarecanada.org/documents/research-policy-practice/21/05/caring-economy-well-being-and-invisible-heart>

**Links**

[1] <https://childcarecanada.org/documents/research-policy-practice/21/05/caring-economy-well-being-and-invisible-heart> [2]

<https://greattransition.org/publication/the-caring-economy> [3] <https://childcarecanada.org/taxonomy/term/7865> [4]

<https://childcarecanada.org/taxonomy/term/9065> [5] <https://childcarecanada.org/taxonomy/term/9077> [6]

<https://childcarecanada.org/category/tags/economics>