

CARE WORK AND THE ECONOMY

Advancing policy solutions with gender-aware macroeconomic models

POLICY BRIEF | 20 – 04

ESTIMATING THE ROLE OF SOCIAL REPRODUCTION IN ECONOMIC GROWTH

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POLICY HIGHLIGHTS

- Gendered structures of **care provisioning** are critical pathways for **development** and **economic growth**.
- If a society places **greater value** on **care provisioning** and higher female labor force participation is associated with increases in human capacities production, then **growth** and **social reproduction** may reinforce one another.
- Greater **gender wage equality** may **raise growth** by increasing human capacities investment and aggregate demand. **Strong public support** and **availability of care** may induce an increase in the production of **human capacities** in the context of higher incomes.
- Yet most countries demonstrate a **social reproduction regime** which results in both **lower** and **more volatile growth**.

The paper develops a conceptual macroeconomic model of growth and social reproduction. It emphasizes how norms and preferences around care provision interact with the structure of the macroeconomy to influence outcomes. Model predictions are tested to understand how distributions of production and reproduction among women, men, the state, and capital affect the dynamics of economic growth. These illustrate how gender inequality is both cause and consequence of these relationships. In considering labor as a resource that must be produced, the paper highlights how care and social reproduction can have macroeconomic consequences independent of their effects on women's work participation. Testing a cross-section of societies providing more/better care and those that invest less in care reveals that most countries maintain social reproduction regimes which result in both lower and more volatile growth.

CARE & SOCIAL REPRODUCTION

Care is counted as both a labor process and output. As a labor process, it involves close personal or emotional interaction with those receiving care. As an output, it contributes to the production and maintenance of the labor force. Meanwhile, social reproduction refers to the time and money necessary to produce, maintain, and invest in the labor force—it includes what occurs in the household as well as in the public and market sectors.

Societies vary widely in how they invest in care and social reproduction. While some allocate much more time and money to toward their labor force, others place much less emphasis on this aspect of production. This variance may be due to differing “caring spirits”—social norms, individual motivations, public preferences, or gendered ideals to provide care or support for one's self and others in ways that add to current aggregate demand and future productivity

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SOCIAL REPRODUCTION REGIMES

The model yields four stylized regime types. Countries are “scored” to identify their type and test the hypothesized relationships.

1. “TIME SQUEEZE” REGIME

In this regime, higher wages for women increase consumer demand and investments in human capacities, promoting growth. However, increasing output and women’s labor force participation “squeezes” time in the absence of a strong care sector, lowering human capacities production and ultimately profits, making growth potentially unstable. Countries belonging to this time-squeeze regime include the US, Canada, and Spain.

CHARACTERIZING LABOR

Labor is a produced means of production—women and men carry out this social reproduction process by doing both paid and unpaid work such as providing care. At the same time, labor is characterized by *human capacities*—these include both quantity (time) and quality (productivity of that time).

2. “MUTUAL” REGIME

Higher wages for women likewise promote growth, and the presence of a strong care sector promotes a reinforcing cycle between growth, social reproduction, and gender equality. This is the “win-win” scenario. Countries belonging to the mutual regime include the UK, France, Denmark, and Norway.

3. “EXPLOITATION” REGIME

Higher wages for women may hinder growth by depressing profits and business investment by more than they increase in human capacities investment. More women participating in the labor market may also lower human capacities production like what happens in the time-squeeze regime. Countries belonging to the exploitation regime include Lithuania, Poland, and Cypress.

4. “WAGE SQUEEZE” REGIME

Higher wages for women may enhance human capacities production, but not by enough to outweigh the negative effects on profits, investment, and growth, resulting in a “wage-squeeze”. In this regime, policies promoting gender equality actually may make growth unstable. Countries belonging to the wage-squeeze regime include Germany, Ireland, and the Netherlands.

IMPLICATIONS FOR GROWTH

Prospects for growth with increased gender equality in the labor market may be limited. Higher wages and/or more women participating in the labor market generally have positive implications for growth, but also put greater pressure on the care economy. Simply having the potential for a reinforcing relationship between growth, social reproduction, and gender equality in the labor market does not guarantee its presence. Additional, complementary policy such as care support may be necessary to do so.

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