Valuing the Invaluables in South Korea

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AARP

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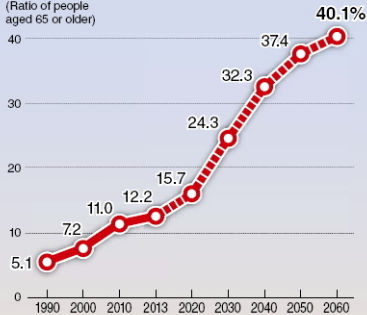If the birthrate remains at **1.19** children per woman, South Korea could face natural extinction by **2750**.
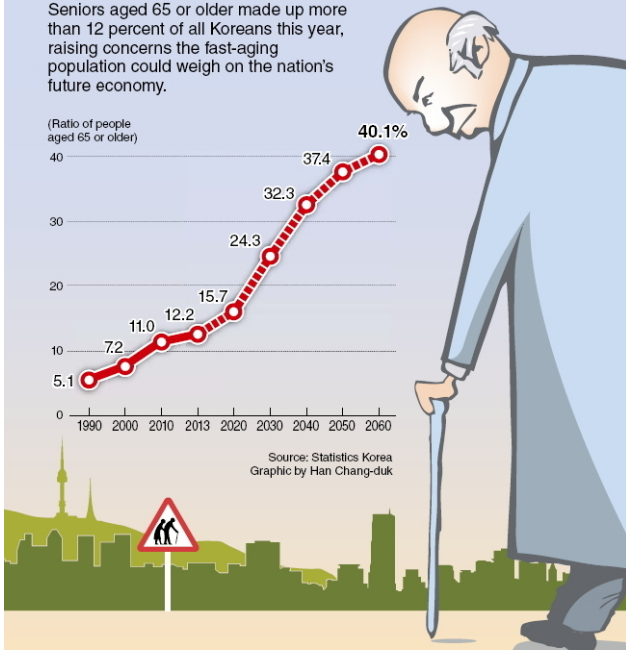
BROOKINGS

Korean population aging fast

Seniors aged 65 or older made up more than 12 percent of all Koreans this year, raising concerns the fast-aging population could weigh on the nation's future economy.

(Ratio of people aged 65 or older)

40.1%

Year	Value
1990	5.1
2000	7.2
2010	11.0
2013	12.2
2020	15.7
2030	24.3
2040	32.3
2050	37.4
2060	40.1

$$19.6 \ (1975) \implies 41.3 \ (2018)$$

Goal: the Visibility of Care

- To demonstrate the quantitative significance of unpaid care to the Korean economy and help develop better care policy.
- How to best measure unpaid care work?
- How to best value unpaid care work?
- What are the policy implications of these estimates?

Why Important to Value Unpaid Care Work?

- ▶ Failure to assign a value to this work results in profound mismeasurement of living standards and economic output.
  - ▶ Family A vs. Family B, same income but...
- ▶ Public policies continue to define economic welfare as well as eligibility for public assistance entirely in terms of family income.
- ▶ Unpaid work not adequately measured in the current national accounting system.

What's included in current GDP?

- Lots of things

What's included in current GDP?

- Lots of things
- Illicit activities - Drugs, prostitution, alcohol and tobacco smuggling, and tax evasion

National accounts

Sex, drugs and GDP

Italy's inclusion of illicit activities in its figures excites much interest

May 31st 2014 | MILAN | From the print edition

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Why Gross Domestic Product (or GDP) is Grossly Inaccurate

by **Samuel Rines** 🐦

$ Valued

No $ Valued
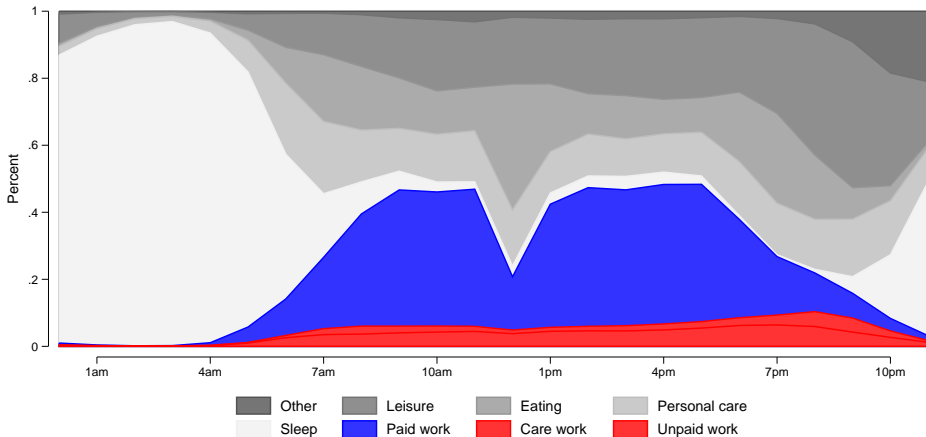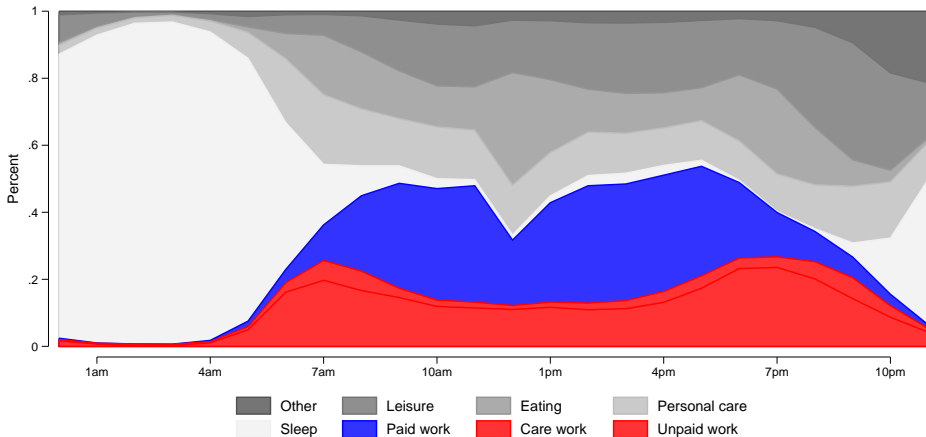
Data and Sample

- ▶ 2014 Korea Time Use Survey data
  - ▶ Cross-sectional since 1999 (every 5 years)
  - ▶ All household members aged 10 and older
  - ▶ Two consecutive days
- ▶ Survey Report on Labor Conditions by Employment Type
  - ▶ Cross-sectional annually
  - ▶ Sample 33,000 establishments
  - ▶ Information on wage, working hours, working days, (fairly) detailed occupation code
- ▶ Census Population Estimates

Men vs. Women

Men vs. Women

Time Diary Survey - Korea

《예시》 나리 엄마의 시간일지(저녁8시~밤11시)

	1. 주로 한 행동	2. 행위장소/이동수단	3. 함께 한 사람	4. 동시에 한 행동
	주된 행동을 10분 간격으로 기입합니다.	0.본인 집 1.직장·학교 2.남의 집 (부모님댁 등) 3.식당,주점 4.기타 장소 5.걸어서 6.자전거 7.개인교통 8.공공교통 9.기타교통	1. 혼자 2.배우자 3.만10세미만 (손)자녀 4.만10세이상 (손)자녀 5.부모 9.기타 아는 사람	주로 한 행동과 동시에 다른 행동을 한 경우 기입합니다.
121 저녁8시	집안 청소하기	0	2, 3	라디오 뉴스 청취	121
122 10	↓	↓	↓		122
123 20	나리 학원에 가기	5	1	커피 마시기	123
124 30	나리 학원가서 상담 및 결제	4	9		124
125 40	집으로 돌아옴	5	1		125
126 50	↓	↓	↓		126
127 9시	과일 먹기	0	2, 3		127
128 10	전화 통화(친구)		1		128
129 20	↓		↓		129

Definition of Unpaid Care Work

- Interactive vs. Supervisory vs. Support
- Interactive (direct) care work: *face-to-face* or *hands-on* interaction between care providers and care recipients.
- Supervisory care: responsible for supervising or being available to someone who needs assistance.
- Support care: housework, cooking and cleaning, may benefit other family members.

Valuation Method

- Within input methods, the National Academy of Science (NAS) recommends replacement cost, rather than opportunity cost.
- If the household produced its own goods and services, what would it cost to purchase comparable goods and services?
- Multiplying hours of unpaid care work by a generalist wage or a vector of specialist wages provides a reasonable lower bound estimate.

Wages to Consider

Health, social welfare, religion related occupations
Domestic chores and infant rearing help
Transport and leisure service occupations
Cooking and food service occupations
Textile, clothing and leather related trade occupations
Cleaners and sanitation workers
Manual workers
Household chores and cooking attendants
Administrative and business support management occupations

Value of Unpaid Labor in 2014

Child care (physical,
developmental, travel,
secondary, with whom)
Adult care
Cooking and cleaning
Doing laundry
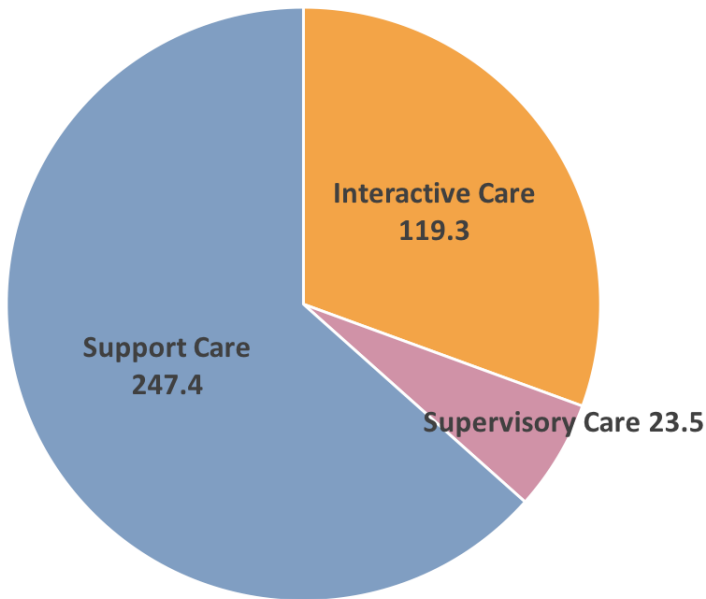Home repairs and
maintenance
Shopping
Organizing and managing
Other household chores
Travel

$$\approx \$390.2 Billion$$

2014 Value of Unpaid Labor ($ Billion)

Interactive Care 119.3

Support Care 247.4

Supervisory Care 23.5

How Unpaid Care Work Compares

- 11 million workers would be needed on a given day (working 8 hour shifts) to provide paid replacement for unpaid care work.
- But only little over 1 million workers in paid care industries.
- 28% of GDP.

Limitations/Extensions

- Adequate supervisory care?
- Quality-adjusted wages?
- Population 20 and older, what about contribution by younger population?

Thank you!

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