



Intellectual Challenges



Short Term vs Long Term

- Only short term economic impacts are measured by input-output models
- Long term impacts are important too. Other studies measure these:
 - » Perry PreSchool, Abecedarian, Rolnick and Grunewald of MN Federal Reserve
 - » Cleveland and Krashinsky
- Economic development policy is primarily short term.



Conceptual Challenges: Regions

Short Term/Regional Economic Impacts

- Local Services vs Exports and Regional Economic Growth
 - » Is it legitimate to use multipliers on local service sectors that do not export?
 - » Does household demand matter?
- What part of the sector to count?
 - » Formal vs informal, paid vs unpaid, market vs nonmarket

Long term human development impacts

- » Importance of context



Are Exports all that Matter?

- What drives the regional economy?
 - » External demand – exports
 - Exports comprise 9 % of US Final Demand
 - » What about the service sector, and child care in particular?
 - Services comprise 80 % of employment nationally
 - » What about consumer demand?
 - 63% of US Final Demand is consumer/household demand

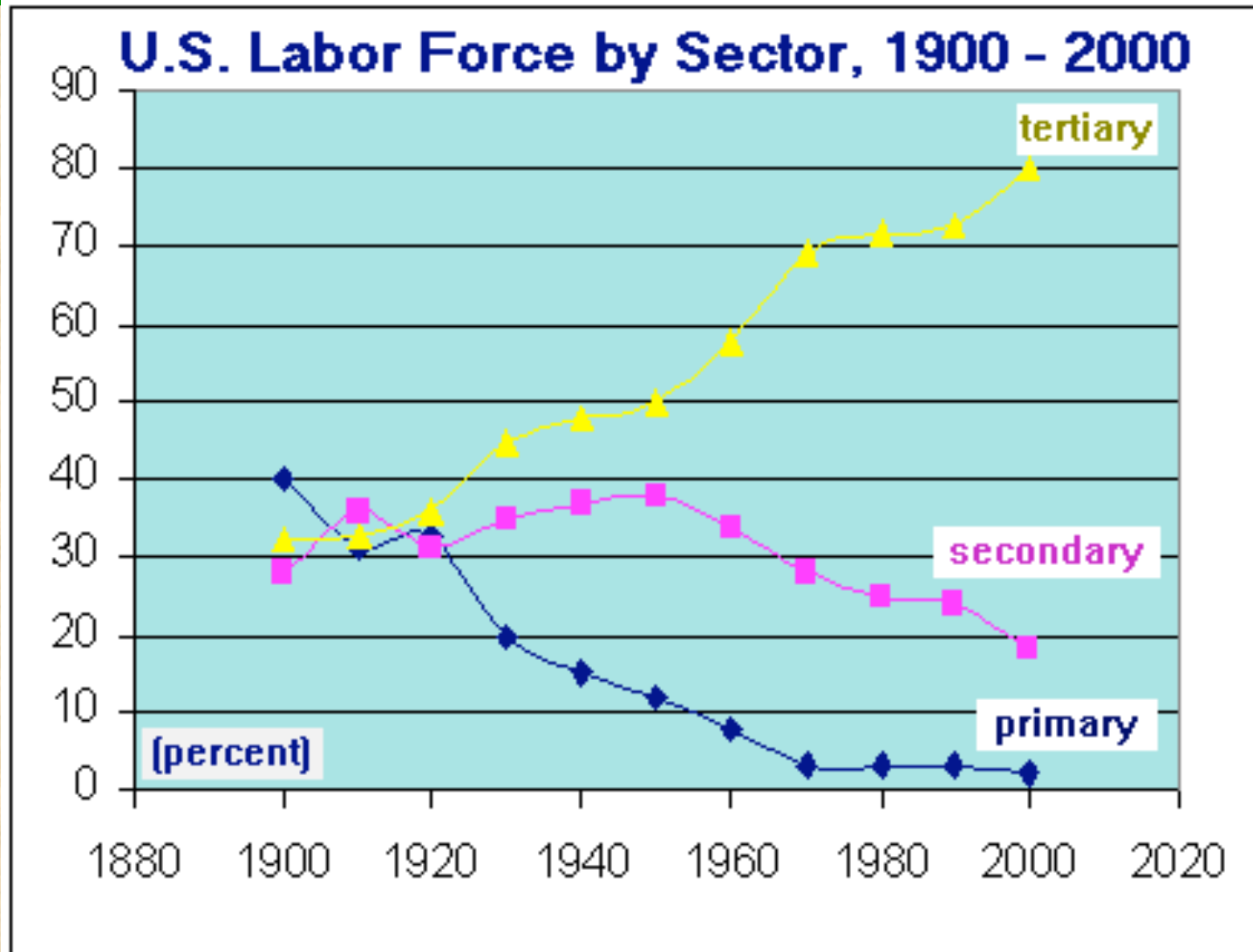


Economic Development Policy: Role of Services

- Local services are an increasingly important part of the post-industrial economy.
- Local services account for most employment growth
- Local services can not be off-shored. Need proximity, human touch.
- Economic development policy should acknowledge the role of local services as social infrastructure for economic development.



Service Sector Employment Dominant





Regional Economic Models

- Need new economic models that do not privilege exports.
- Must account for forward, enabling linkages, not just backward supply linkages.
- Household serving sectors are important. They do not spontaneously appear as economic theory predicts. They require investment.
- When a total linkage measure is used, local services such as child care rank higher than many traditional manufacturing services.



Linking Market and Family Care

- We need to understand the interactions between formal market care (both paid and unpaid), informal family friend and neighbor care, and parental care.
- Most children are in each system at some point of the day or week.
- Strengthen market care without undermining family care



Importance of Household Production to the Economy

- Need to look at both household and market care in combination to get a picture of the real economy.
- BEA satellite accounts show GDP would have been 48% larger in 1946 if household production had been included.
- Rise in GDP accompanied by decline in household production
- In 2004 household satellite accounts for only 25% of GDP
- Rising returns to market work relative to household production cause shift to market
(Abraham and Mackie 2005, Landefield and McCulla 2000)



Parents' Time Use

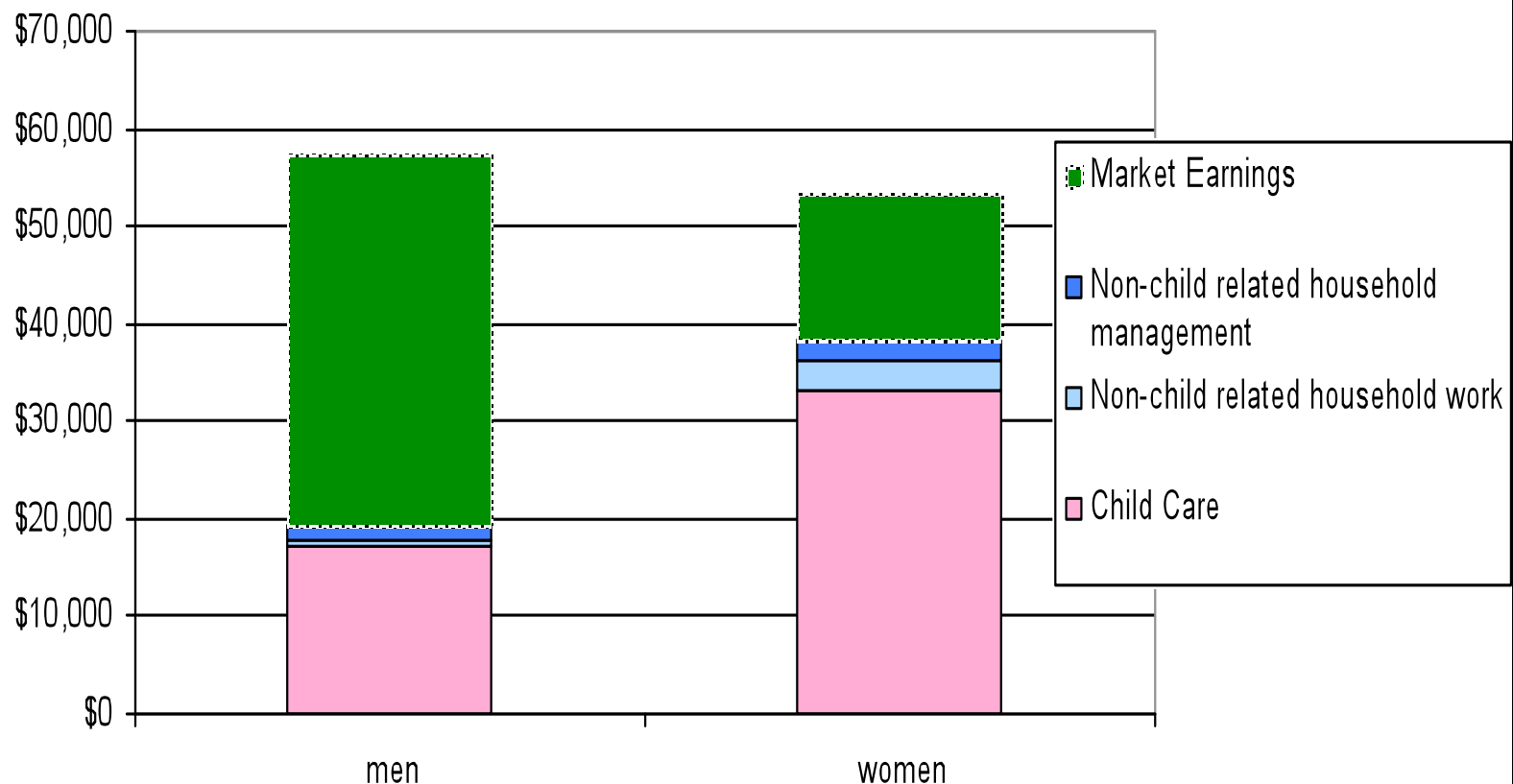
- Look at parents' allocation of time between market and family work
- American Time Use Survey shows with increased market work parents reluctant to reduce primary developmental care (2.6 hours vs 3.2 hours)
- Value of unpaid parental care is 60% of the cost of raising a child.
- Value of women's child care exceeds their earnings.

Folbre 2006, based on ATUS



The Value of Women's Child Care Services Exceeds their Earnings

Relative Value of Child Care, Other Non-Market Work and Market Earnings in 2003 (adults living in households with children 12 or under, no older children)



Folbre, 2006 based on ATUS 2003 using replacement cost approach



Implications for Economic Development Policy

- Recognize parents need flexibility in three domains: work, child care and family responsibilities (Emlen 1998)
- Choices are too constrained
- Attention to parents' needs must be part of workforce policy
- Economic development policy **MUST** focus on local services, look at forward linkages, move beyond the export bias.



Conceptual Challenges: Child Development – Long Term

- Huge range in cost/benefit ratios due to differences in person, place and context
 - » Perry Preschool 17 to 1
 - » Chicago Parent Child 7 to 1
 - » Abecedarian 4 to 1
- Don't expect model program returns when you take this to scale. Cost:Benefit ratio 1 to 1 for universal preschool.



Place Children in Context

- Look at children in context, provide comprehensive supports to children and parents.
- Preschool is not enough
- Need comprehensive ECE and support for parent workers
- Recognize dual role parents play
- Look at child care from a comprehensive view including:
 - » Planning Policy
 - » Economic Development Policy
 - » Workplace Policy and
 - » Child Development Policy



To Gender or Not to Gender?

- An economic development frame makes child care everyone's issue - part of the social infrastructure for economic development.
 - » This broadens support for public investment
- But this deemphasizes the special burden faced by women.
 - » US does not take a gender mainstreaming approach to policy.
- Bringing child care into economic development debates challenges notions of what counts, who counts and what we model and measure.
 - » This requires attention to feminist economic concerns