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New economy, care work and inequality

Why do the costs of care tend to rise and how is it possible to account for three relatively universal features of the labour market: low financial rewards, gender and migrant composition? By contrasting the economics of care with those of 'knowledge' goods this paper addresses this question in the context of widening global and enduring gender inequality | Diane Perrons*

Globalisation is a concept metaphor used to encapsulate the contemporary transformation of economic, social and political relations across the globe arising from the increased intensity, frequency and speed of interconnections between people and places through the organization of work, the flows of goods and services and the exchange of ideas. Even so contemporary inequality is stark and largely undisputed. Despite unparalleled wealth, advances in human ingenuity, and a vast array of policies to promote development and gender equality, poverty and gender inequality endure.

Globalisation has in part been made possible by new information and computing technologies which have generated ideas about a 'new' or knowledge economy. There are contrasting perspectives in this respect. Optimistic accounts stress the potential of the new digitised economy to overcome existing social and spatial divisions while pessimistic accounts stress deteriorating working conditions, increasing insecurity, and individualisation associated with the demise of traditional systems of social support. In this paper I draw on Danny Quah's (1996) analysis which suggests that inequality is inherent within the new economy owing to the economic properties of 'knowledge' goods. I take his analysis further considering how gender inequality endures in this changing context by analysing the economics of care work and its gendered distribution.

For Quah (1996) the hallmark of the new economy is the increasing significance of knowledge based, weightless or dematerialised goods the economic properties of which, paradoxically, lead to widening social divisions. Knowledge goods are infinitely expansible and non-rival. What this means is that having produced a first copy these goods are replicable at a very low cost and that consumption by one individual does not reduce availability to another. Being weightless means potentially that they have an infinite global reach. In theory these properties should lead to a more egalitarian world yet inequalities are increasing.
The paradox arises partly because knowledge goods

are subject to increasing economies of scale which tends towards monopoly as firms can always eliminate potential competitors by lowering prices. Consumers also often require specific kinds of equipment to use the products, locking them into particular networks, so while „dematerialised content is freely reproducible by the originating agent; it can be costly for the receiving one to use" (Quah 1996:7) thereby sustaining and reinforcing inequalities between firms and between individuals. Consumer preference for 'the best' also leads to increased inequality through the superstar effect. As geographical constraints on market size are less relevant for knowledge goods the 'best' product or superstar can capture a major share of the market (contrast the earnings of J.K. Rowling, author of the Harry Potter Books, with those of the average author). Thus income dispersion between producers of dematerialised products is greater than for products where such replication is not possible. As these products become more important, social inequalities correspondingly increase.

Quah (1996) suggests that people accept widening inequalities because of increasing social mobility and therefore the greater opportunity for becoming rich. However, it is important to recognise that there are specific structural features in the nature of work, it's coding by gender and ethnicity that create systematic differences in earnings.

Care work and personal services are highly labour intensive and in contrast to knowledge goods are intrinsically not infinitely expansible or non-rival. For example, although a professional childcare worker can care for more than one child simultaneously there is a fixed and relatively small limit, thereby constraining productivity, market share and earnings. Care is also a composite good, having a custodial aspect, making sure that no harm comes to the individuals being cared for, and a nurturing aspect; the emotional and psychological needs of the cared for (Folbre and Nelson 2000). Thus measuring the quality and effects of care work is inherently difficult owing to this composite character, its individualised performance, the fact that the cared for are not always able to express their preferences effectively and because the outcomes are associated with externalities, e.g. good quality care leads to positive benefits for society as a whole. These factors plus the view of caring as a natural talent of womanhood rather than a material skill help to explain why this work is feminised and why wages in these sectors are well below average even though costs tend to rise over time relative to other goods.

The demand for commoditised care is increasing in Europe owing to the feminisation of employment, and population aging. Increased demand together with rising costs has generated social concern over the care deficit. Different states respond in rather different ways, but there are three relatively universal labour market characteristics: its comparatively low financial rewards, gender and migrant composition. More optimistically the paper proposes that resources exist to provide care without exploitation and that a just and economically rational case exists for raising taxation to do so (Himmelweit 2007).

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