OFF THE VANIER BOOKSHELF

Valuing Children: Rethinking the Economics of the Family

Nancy Folbre. Cambridge, MA: Harvard University Press, 2008.

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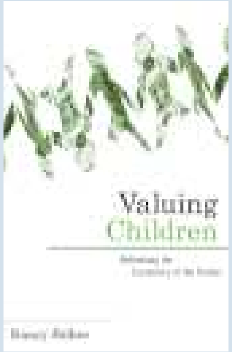
The cost of raising children is a hotly debated topic, not only because it touches on people's beliefs about parenting, but also because it can have implications for public policy and the relationships families have with the state and society at large. Nancy Folbre's *Valuing Children: Rethinking the Economics of the Family* provides a reconceptualization of family economics, taking a holistic economic approach to provide a clearer picture of the cost and value of children.

Folbre argues that children and child rearing – non-market factors that are traditionally overlooked in economic analyses – should be included in economic discussions. She says that children also have a high economic value for society due to their later societal contributions. Yet, despite their value, parents (particularly women) incur most of the costs of raising children while society reaps the gains. *Valuing Children* demonstrates that both children and child rearing are essential elements of a society's economic vitality.

Folbre describes children as investments – but investments that fundamentally differ from regular market investments, which do not necessarily contribute to the well-being of society. Parenting investments, after all, cultivate capabilities in children that benefit society (employers, taxpayers, etc.) in the future.

In addressing private expenditures on children, *Valuing Children* focuses not only on the cost of essentials, but also on the *time* spent on child rearing, which is rarely examined through a monetary lens. Folbre provides estimates of the value of parental time by assessing how much it would cost to purchase a substitute through the market, concluding that the economic value of parental time is much higher than the value of cash expenditures on children.

Folbre then examines how much the public spends on children, by scrutinizing direct expenditures on education and health care as well as the relative contribution of social insurance and tax policies. While she finds that the overall level of tax subsidy through deductions and credits is actually similar to the level of family allowances found in some European countries, there are notable shortcomings and inequalities in the system – shortcomings that have negative consequences for children and therefore for society.



Valuing Children takes a holistic economic approach to provide a clearer picture of the cost *and* value of children.

Valuing Children closes by discussing a final question: who *should* pay for the cost of children? Folbre makes a case for public spending based on three basic rationales: children as valuable social investments, intergenerational reciprocity and moral obligations. She argues for institutional reform to mitigate the "disjuncture" between the private costs and public benefits of successful child rearing. She also argues for better methods for national income accounting and government budget development to help facilitate institutional reform.

Valuing Children brings children and parenting into traditional economic frameworks by quantifying and monetizing children and child rearing. While her estimates are limited by available data, they do provide a sense of the magnitude of the contribution that parenting and children make to the economy and society. While her focus is on the United States, the underlying idea of conceptualizing children as a *social good* is every bit as relevant in the Canadian context. *Valuing Children* is a noteworthy contribution to the discussion of family economics.

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To order: Harvard University Press, http://bit.ly/1hiQR0Q