

Unbalanced growth and women's homework

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August 2001

Abstract

This paper provides an explanation for five stylised facts concerning growth and structural change in the developed economies: (i) the rising share of service employment; (ii) the increase in the female employment rate; (iii) the deceleration of this increase while approaching the male employment rate; (iv) the rising share of female employment within the service sector; (v) the slight and uncertain rise in the share of service output. To this end the paper distinguishes between market services and women's homework, and studies the effects of technical progress on the externalisation of home services, which takes place through the interaction between demand for market services and supply of female labour. Baumol's (1967) result that aggregate labour growth declines in a service dominated economy is challenged when homework is considered. Finally, a policy to increase the overall employment rate by subsidising market services appears to be effective, and can be welfare improving, even if financed by an income tax.