**Assessing the Cost of Children and Understanding Welfare Adaptations in Changing Economies:   
Comparing Norway and China.**

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The ambition of this paper is to contribute to the ongoing international development of empirical founded methodologies for measuring cost of living, in particular more appropriate weights for the cost of children. While most of the traditional measures used to compare welfare between households of different sizes and composition across countries with different welfare levels use fixed ratios, do we argue for the necessity of developing national scales. The traditional scales are not sensitive to historical time, social change and distribution of welfare. To illustrate, in the modified OECD scale the relative cost of children is defined as 30 percent of the first adult, irrespective of which countries are compared. The lack of empirical evidence to support the scale is also a convincing argument against this type of equivalence scales. The paper introduces the modern budget approach as an alternative approach developing scales that are based on national welfare ambitions. A comparison between budget standards in Norway and some preliminary efforts to create budget standards in China will be used as an illustration of the advantages as well as the major challenges in such research. China is a very suitable case for two obvious reasons; China’s economy is changing very rapidly and is substantially different from that of Norway. Hence, the case of China illustrates the problems of using fixed scales as well as the problems involved in developing comparable budget models and the serious scientific challenges of constructing budget scales. The paper will address all of these three issues with an emphasis on scientific challenges; including the combination of expert assessments, the population’s attitude to possible standards and the chances to establishing a reasonable welfare levels.