

## Chapter 2: The In/visibility of Women's Work in "The Economy"

We have seen in the previous chapters that in the official national accounts "the economy" is delineated by a production boundary which is largely defined by market exchanges. I have also argued that this definition is a product of particular economic theory, but that it is only one possible way to define and measure the economy. Those whose standpoint and political commitment is different from neoclassical and Keynesian theory might well find their politics compromised by this official definition and measure. This chapter begins to consider these issues by drawing on feminist critiques of that definition.

### ***Feminist Arguments***

The feminist challenge to the national accounts definition and measure of the economy springs originally from the fact that the production boundary excludes, and thus renders invisible, much of the work and production done in subsistence production and the household. Because the goods and services produced there do not find their way into the market they are not included in contemporary national accounts, a fact of particular concern for feminists because the majority of work in those spheres is done by women.

It has not always been the case that non-market activities have been excluded from the definition of the economy. While classical political economy did not consider non-market production, wives and mothers were at least regarded as productive workers in official English censuses at the beginning of the nineteenth century. Nancy Folbre has traced the evolution of census categories in England and the US during that century showing how wives and mothers (sometimes as a separate category, at other times included with paid domestic workers) became first "unoccupied" and eventually "dependent". While this process reflects Victorian family ideology, Folbre argued that the reasons were "a mélange of theoretical, political, and practical concerns".<sup>1</sup> She concluded that,

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<sup>1</sup> Nancy Folbre (1991) "The Unproductive Housewife: Her Evolution in Nineteenth-Century Economic Thought" *Signs*, Vol No. 16, p 482.

The concept of the unproductive housewife was a by-product of a new definition of productive labour that valorised participation in the market and devalorised the non-market work central to many women's lives.<sup>2</sup>

Crucial among this "mélange" then was economics' neoclassical moment described in the previous chapter. Indeed Folbre notes that Alfred Marshall had been a crucial player in seeing that the British census followed the German model in shifting wives to "dependents". We saw in the last chapter the significance of Marshall in national accounting history. Following Marshall, Timothy Coghlan also used the distinction between market and non-market production, between the labour of "breadwinners" and "dependents", in his pioneering work on the Australian national accounts in the late 1890s.<sup>3</sup>

There were of course some objections to this neoclassical market-centrism and the early years of the twentieth century saw the growth of "home economics". Much of this study was politically conservative, rationalising the confinement of working class women to the house and placating the 'new' bourgeois women who were trying to combine home duties and a restricted career.<sup>4</sup> However, there were also more progressive strands, leading to some attempts to measure the value of the household economy, most notably the work of Ilena Bailey (1915), Wesley Mitchell (1921) William King and L. Epstein (1930) as well as the work of Margaret Reid.<sup>5</sup>

It was Margaret Reid's work which provided a major conceptual breakthrough. In 1934 she published *The Economics of Household Production* articulating the "third person" criteria which provided a consistent basis for distinguishing productive activity from other non-economic activity in economies not organised for the market. The test was simply whether a given activity could be performed by a person other than the person receiving the benefit.<sup>6</sup> Thus cooking was a productive activity, eating was not.

Logically, if an activity can be performed by someone else, then it is theoretically possible to

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<sup>2</sup> *ibid.*, p 481.

<sup>3</sup> Lois Bryson (1996) "Revaluing the Household Economy" *Women's Studies International Forum*, Vol 19, No. 3, p 208.

<sup>4</sup> R.W. Connell and T.H. Irving (1980) *Class Structure in Australian History*, Melbourne: Longmann Cheshire. p 204.

<sup>5</sup> Yun-Ae Yi (1996) "Margaret G Reid: Life and Achievements" *Feminist Economics*, Vol 2, No. 3, p 18.

pay them for it: that is, there is a potential market for that good or service. For instance, it makes little sense to pay someone to watch TV for you because you will not receive the benefit. However, it is possible to pay someone to prepare food for you, or more controversially, to have sex with you. Thus these services are at least potentially marketable. This “third person” criteria has been adopted as standard in most studies which seeks to value non-market production.

However, as we saw in the previous chapter, any such consideration of non-market production was irrelevant as the “Keynesian moment” cemented the market focus of the national accounts. Nonetheless, some problems were recognised. In 1947 Simon Kuznets, who had helped design and implement national accounts in the United States, argued the need for the international system to incorporate subsistence non-market production.<sup>7</sup> Attempts were made to include subsistence production in the national accounts of some countries in the 1950s and 1960s, but it was the push by the women's movement in the 1970s which really focused on the importance of non-market production.

Ester Boserup's foundational 1970 work, *Women's Role in Economic Development* clearly showed the key role of subsistence production in Third World economies and the pivotal role of women in those economies. She noted the inadequacy of market based accounts, stating that

the present system of under-reporting subsistence activities not only makes the under-developed countries seem poorer than they really are ... it also makes their economic growth rate appear in a more favourable light than the facts warrant.<sup>8</sup>

This represented an important challenge to Western notions of development, and it was a feminist challenge in as much as Boserup showed that it was women who did most of the subsistence work. Yet her case for counting many of these women's activities was that they were part of subsistence production, not that women's household labour was productive.<sup>9</sup> However, this latter argument was taken up by the feminist movement. Ann Oakley's foundational work in the early 1970s was followed by a series of studies which clearly saw

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<sup>6</sup> Marilyn Waring (1988) *Counting for Nothing: What Men Value and What Women Are Worth*, Wellington: Allen & Unwin. p 21. (See also footnote reference on p 272).

<sup>7</sup> L Benería (1992) “Accounting for Women's Work: The Progress of Two Decades” *World Development*, Vol 20, No. 11, p 1548.

<sup>8</sup> Cited by Benería, *ibid.*, p 1548.

<sup>9</sup> *ibid.*, p 1549.

housework as work, as productive and as done mainly by women.<sup>10</sup> Nearly thirty years later, the figures still show that women do about twice as much unpaid household work as men.<sup>11</sup>

The arguments for including subsistence production in the measurement of the national economy had a different context to arguments about including domestic production in industrialised countries. Ultimately though, they were both about making women's work visible in the economy. Yet they have met with very different responses. National governments and international statistical agencies have been more open to including subsistence production in their national accounts than to including household production. By 1975 OECD statistician Derek Blades was able to survey some 70 countries' attempts to incorporate subsistence agricultural production into GDP. He found great variations in method and data and in the concept of production, but despite this, he supported an extension of the production boundary to include more non-market production. However, while noting that women's traditional domestic role made the division between domestic and subsistence activities unclear, he found the case for including women's domestic labour "considerably weaker" than for subsistence production.<sup>12</sup>

Yet, despite Blades' comments, it seems to me that the case for inclusion of household production in the official definition is just as strong as for subsistence production. Much household production, like cooking meals, washing clothes, childcare (and traditionally male household jobs like car maintenance) could be purchased on the market. As such, household production fits within the third person criteria and the SNA definition of production. The fact that this production is not exchanged in the market should not of itself exclude it. As noted in the Introduction here, values are imputed for some other non-market production. According to the ANA, these imputations are confined to,

a small number of cases where a reasonably satisfactory basis for the valuation of the implied transaction is available, and where their exclusion could result in distortions to the accounts.<sup>13</sup>

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<sup>10</sup> Baxter provides a good summary of the development of this literature. J. Baxter (1990) "Domestic Labour: Issues and Studies" *Labour and Industry*, Vol 3, No. 1.

<sup>11</sup> Australian Bureau of Statistics (1998) *How Australians Use Their Time, 1997*, ABS. Cat No. 4153.0. p 1.

<sup>12</sup> D Blades (1975) *Non-monetary Activities in the National Accounts of Developing Countries*, Paris: OECD.

<sup>13</sup> Australian Bureau of Statistics (1990) *Australian National Accounts: Concepts, Sources and Methods*, Cat No. 5216.0. Canberra: ABS. s2.13, p 5.

However this claim is questionable. Take for instance, the imputation of a value for the production of shelter of owner-occupied houses (ie. rent). There is nothing inherent in such 'rent' to suggest that it should be imputed as production when the value of meals produced in the home is not imputed. The market value of the meal is no more or less determinable than the rental value of the house. Products similar to both could be purchased in the market, but neither *is* actually produced in the market economy. And similar distortions also arise in both cases. Rent imputations are made in the ANA because:

if a large number of rented houses were sold to their occupiers and if estimates of imputed rent were not calculated for owner-occupied dwellings, then there would be an apparent decrease in gross domestic product without any decrease in the provision of household services.<sup>14</sup>

Surely the same could be said of other household services like cooking meals. If a large number of people cooked their own meals instead of eating out, then there would be an apparent decrease in Gross Domestic Product without a decrease in the provision of services. The production boundary thus begins to look somewhat arbitrary. In terms of the consistent application of the stated definition of production, this household production should be included. Yet there has been no "feminist moment" in national accounting; no moment when the accounts were reshaped in the light of feminist concerns about the critique of the exclusion of non-market production.

The feminist critique of national accounts has been carried in various international fora, most notably with the recommendation from the UN Conference on Women in 1985, reaffirmed at Beijing in 1995, to measure and value unpaid work.<sup>15</sup> But it was Marilyn Waring who popularised the feminist critique of the SNA with her landmark book, *Counting for Nothing* (1988).<sup>16</sup> Using examples from all over the world, Waring ridiculed the system which classified as "economically inactive" women who worked long hours providing the basic necessities of life, while valuing as (welfare enhancing) 'growth' the 'work' of the men in the missile silos with their fingers on the nuclear button. The book is now in its 8th reprint and Waring has toured the world arguing her case. The central ideas and examples of the book have also been made into a video and shown on television (not a usual occurrence when

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<sup>14</sup> *ibid.*, s2.13, p 6.

<sup>15</sup> Meg Luxton (1997) "The UN, Women, and Household Labour: Measuring and Valuing Unpaid Work" *Women's International Studies Forum*, Vol 20, No. 3. p 431.

<sup>16</sup> Waring, *op. cit.*

talking about the national accounts!).<sup>17</sup>

Apart from popularising this feminist critique of national accounts, Waring's work also exposed the myths of objectivity and the 'scientific nature' of national accounts statistics. Drawing on her experience as a New Zealand parliamentarian in exchanges with national politicians and national statisticians, Waring demonstrated that the methodological and data difficulties, which were held up as being barriers to non-market accounting, were not insurmountable. Indeed, they were no more extreme than the problems which existed in cases where estimates of non-market production had been made - often by the same statisticians and agencies who argued that it was too hard.<sup>18</sup> Rather, Waring claimed, the problem was male power which was blind to women's work. If economics was about empirical observation, as mainstream positivist economics argued, then its failure to reflect women's reality was a damning criticism.

Yet for all Waring's importance in popularising the feminist critique and in critiquing the claimed apolitical, 'objective' nature of the national accounts, her analysis is limited by its essentialism and its conspiratorial basis. For Waring,

two things remain constant. Those who are making the decisions are men, and those values which are excluded from this definition are those of our environment, and of women and children.<sup>19</sup>

These "men" (a "patriarchal conspiracy" of economists, statisticians and politicians) value war and money, as opposed to the values of women, which are apparently peace, family, community, and environment, and which appear to have little to do with concerns about money, economic stability or political power.<sup>20</sup> Apart from this problematic essentialism, by labelling the exclusion of non-market production simply as "patriarchal", Waring fails to consider the more specific theoretical basis of the national accounts.

Consider again the official response to the feminist critique as outlined in the SNA. The reluctance of national accountants to impute values for household production is explained by a combination of factors, namely the relative isolation and independence

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<sup>17</sup> Terre (Director) Nash (1995) *Who's Counting: Marilyn Waring on Sex, Lies and Global Economics*, National Film Board of Canada.

<sup>18</sup> Waring, *op. cit.*, ch 4.

<sup>19</sup> Waring, *op.cit.*, p 3.

<sup>20</sup> Waring, *op.cit.*, p 3, 77.

of these [household] activities from markets, the extreme difficulty of making economically meaningful estimates of their values, and the adverse effects it would have on the usefulness of the accounts for policy purposes and the analysis of markets and market disequilibria - the analysis of inflation, unemployment, etc.<sup>21</sup>

Elsewhere in the SNA, the concern is expressed to “prevent flows used for the analysis of market behaviour and disequilibria from being *swamped* by non-monetary values”.<sup>22</sup> Again, as we saw in Chapter 1, the accounts are developed for use in particular market economic theories. As a consequence they tend to exclude non-market production. This is not to say that Keynesian or neoclassical economics are not patriarchal - clearly those theories are based on assumptions of what is productive which do devalue or ignore the work that women do. It is to say, however, that the picture is more complicated than Waring's analysis suggests. Indeed, by making national accountants justify their focus and the boundaries they draw, the feminist challenge has made the theoretical basis of the accounts and the definition of the economy more transparent.

Nonetheless, while the theoretical base and econometric uses of the national accounts continue to present an obstacle to the recognition of non-market production, there have been some important changes in response to the feminist critique. While the SNA has been resistant to the changes suggested by the feminist critique, it does now at least explicitly recognise household production activities as being “productive in the economic sense” and that the production boundary it draws is a compromise.<sup>23</sup> Balancing this against the perceived need to maintain the integrity of the market based figures, the 1993 SNA recommended that the definition of economic activity *not* be revised to include household production. Rather the recommendation was that household production should be recorded in separate satellite accounts. However, in the Australian case, the ABS did not include the development of such satellite accounts in the timetable for implementation of the 1993 SNA changes. Satellite accounts for Australia will be produced “as data and resources permit”.<sup>24</sup>

The failure to allocate the necessary resources suggests certain political priorities which do not hold women's work as central. But even if/where satellite accounts are developed, it

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<sup>21</sup> United Nations (1993) *System of National Accounts 1993*, New York: United Nations. s6.22, p 125.

<sup>22</sup> My emphasis. *ibid.*, s1.22, p 5.

<sup>23</sup> *ibid.*, s1.21, p 4.

<sup>24</sup> Australian Bureau of Statistics (1997) *Implementation of Revised International Standards in the Australian National Accounts*, ABS. Information Paper Cat 5251.0. p 70.

should be recognised that the goal is precisely that: *satellite* accounts, which by definition are separate and peripheral. The main (Keynesian) accounts would remain intact and central to the management of the economy. Women's work would continue to be marginalised so that the historical continuity and the integrity of the accounts is preserved for economic analysis and policy making based on neoclassical and Keynesian theories.

Nonetheless, the ABS has conducted time-use surveys and made some estimates of the value of household production,<sup>25</sup> as have other national and multinational agencies. Most notable is the United Nations Human Development Program which found that unwaged work contributes some US\$16 trillion worth of production to the world economy each year.<sup>26</sup> Steps have also been taken in data collection. In 1997 internationally comparable time-use surveys were conducted in a number of countries (including Australia).

Thus, while there has been no feminist moment in national accounting, these estimates and surveys (and perhaps even the 1993 SNA recommendations) do at least represent some progress in response to the feminist critique. Indeed, surveying twenty years of progress internationally in 1992, Lourdes Benería claimed that,

conceptually at least, the battle against the invisibility of women's work has largely been won, at least among those working on the issues, the remaining difficulties appear to be mostly of a practical nature.<sup>27</sup>

While I suspect that this conclusion is overly optimistic with regard to the SNA, in what follows I wish to analyse some government and private attempts to measure non-market production, both in Australia and overseas. Consideration of these measures will shed light on both the magnitude of the production which is left out of official accounts, as well as the practical difficulties of measuring and valuing work which is not valued in the market.

However, while feminist concerns have incorporated a critique of the exclusion of both subsistence and household production from national accounting, for the remainder of the discussion in this thesis I wish to focus only on household production. Because of the very different contexts of the critiques, it would be difficult and confusing to deal with both

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<sup>25</sup> Australian Bureau of Statistics (1990) *Measuring Unpaid Household Work: Issues and Experimental Estimates*, Australian Bureau of Statistics. Cat 5236.0.; Australian Bureau of Statistics (1994) *Unpaid Work and the Australian Economy*, ABS. Occasional Paper, Cat No. 5240.0.

<sup>26</sup> UNDP (1995) *Human Development Report*, United Nations Development Program.



subsistence and household production at once. The latter is clearly more relevant to Australia. Arguably, it is also more illuminating because the critique has had less effect. There have been many more official measures of subsistence production in national accounts than of household production. The focus on household production is also important because, as Waring notes, many of the measures of non-market subsistence production in non-Western countries still exclude much of the labour women do in those countries, because some 'subsistence' work is deemed as "housework" and therefore outside the production boundary.<sup>28</sup>

Thus a focus on household production will also have ramifications for the understanding of other non-market production. Indeed, for this reason (and also for stylistic ease) I tend to use the terms household production and non-market production interchangeably in this thesis, although clearly the former is only a subset of the latter - even in industrialised countries. This conflation of household and non-market production also echoes a number (though not all) of the empirical estimates discussed below.<sup>29</sup>

### **Valuing Women's Work**

Luisella Goldschmidt-Clermont surveyed some 120 assessments of non-market household production carried out in various countries between 1921 and 1986.<sup>30</sup> She classified the methods under broad headings of measurement by inputs and measurement based on outputs.

Outputs of domestic non-market production can be valued by:

- the expenditure on material inputs;
- the market value of the output; or by
- the value added, measured by
- the price of equivalent market goods and services,
- market enterprises producing equivalent services, or
- an average of value added per worker in the economy or in that particular sector.<sup>31</sup>

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<sup>27</sup> Benería, *op.cit.*, p 1551.

<sup>28</sup> Waring, *op.cit.*, p 67.

<sup>29</sup> See for instance, Graeme D Snooks (1994) *Portrait of the Family Within the Total Economy: A Study in Long Run Dynamics, Australia 1788-1990*, Cambridge: Cambridge University Press.

<sup>30</sup> Goldschmidt-Clermont (1990) "Economic Measurement of Non-Market Household Activities: Is It Useful and Feasible?" *International Labour Review*, Vol 129, No. 3, pp 279 - 299.

<sup>31</sup> Goldschmidt-Clermont's preferred valuation is the value-added method starting from the prices of market goods and services equivalent to those produced in the household. *ibid.*, p 290.

In practice valuing household outputs has proved difficult and most measurements have focused on valuing the inputs into that production, especially labour. Household labour can be valued by imputing a wage for the productive work undertaken in household production. But the question then is what level of wage is to be imputed? Estimates have been made on the basis of:

- wages which would be paid to a substitute domestic worker;
- wages for a specialist substitute worker for each task undertaken;
- the wage applying in a market enterprise for performing equivalent tasks;
- the average wage for all workers in the economy generally;
- the average wage for all women workers; and
- the minimum wage.<sup>32</sup>

The first three of these methods are what might be called replacement cost approaches. The value is derived from what it would take to pay someone to perform the labour. The last three are opportunity cost approaches, where value is determined by the income which could be earned if the person was not engaged in non-market production. In terms of neoclassical microeconomic theory the opportunity cost is the market equilibrium price because it is the price at which market labour will be substituted for non-market labour.

Meredith Edwards notes that different methods of measurement reflect alternative purposes (and standpoints):

From the point of view of the home manager, the most appropriate measure is what could be earned in paid employment [opportunity cost approach]... From the point of view of the family, the replacement cost approach would be more appropriate since this reflects what it would cost the family to replace those services.... If the purpose is to measure national income, it is most appropriate to estimate the contribution of home managers by use of the market cost approach.<sup>33</sup>

By market cost approach Edwards means summing the market price of household services/output produced. Yet there are further issues and choices to be considered. If the purpose is to measure household production in terms of the market, then labour inputs should be measured by wages based on average women's wages or the wages applying in the underpaid, largely feminised sectors of the market economy which approximate household labour. However, if the purpose of the measurement is to treat women's contribution to the economy equally with men's contribution, then what should be imputed is wages based on average or male wages, otherwise household labour would be devalued by the gender

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<sup>32</sup> *ibid.*

<sup>33</sup> Meredith Edwards "Comments on ch 2" in Duncan Ironmonger, ed (1989) *Households Work*:

segregation and inequality of the market economy - a point to which I will return later.

There remains considerable dispute as to which measure is best for which purpose, but Edwards' point remains valid. The choice of valuation will depend on what questions are being asked and for what purpose. Again though, it should be emphasised that the plethora of methods and valuations which have intimidated national accountants do not represent insurmountable practical difficulties in valuing the household economy. Quite clearly, it can be valued, and if you accept the general validity of the argument for including non-market production in the measurement of the economy, then it would seem that any of the measures being debated would give a better measurement than the zero value currently placed on non-market production.<sup>34</sup>

### **Australian Estimates**

The three most notable attempts to produce measurements of non-market production in Australia are the ABS estimates, Duncan Ironmonger's Input-Output model and Graeme Snooks' attempt to create a set of historical national accounts which include non-market income. Each of these will be considered in turn as they are important both in terms of their methodology and findings, and also for their assumptions and limitations.

In 1987 the ABS undertook a pilot survey of time use in Sydney and calculated experimental estimates of the value of household production.<sup>35</sup> By comparison with later ABS surveys in 1992 and 1997, the 1987 pilot was limited in terms of its geographical and numerical base (covering 1000 households in Sydney) and its coverage of seasonal variations (the survey was conducted in a two week block in mid year).<sup>36</sup> However, the 1987 survey established the fundamental methods and principles for later work by the ABS and others. The activities of the household were divided into a number of categories, distinguishing between activities which were "economic production" and those which were "other" (primarily leisure, education, sleeping, eating and personal care).

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*Productive Activities, Women and Income in the Household Economy*, Sydney: Allen & Unwin, p 34.

<sup>34</sup> As we will see in later chapters, the same arguments are made by environmentalists. See for instance, Clifford Cobb, Ted Halstead, and Jonathon Rowe (1995) "If the GDP is Up, Why is America Down?" *The Atlantic Monthly*, October, pp 59 - 77.

<sup>35</sup> ABS, 1994, *op.cit.*

<sup>36</sup> The 1997 survey was designed to cover about 3,000 households with 4 survey periods throughout the year. Australian Bureau of Statistics (1996) "In Tune: Time Use and Events" No. 1.

The 1997 time-use survey departed from this categorisation and divided time use into four categories: necessary time (ie. necessary for physiological needs); contracted time; committed time; and free time. Contracted time broadly equates to paid work and education, while household and voluntary work is “committed” - by virtue of social or community obligations and interactions. However, as the results of the 1997 time-use survey were not published until December 1998 and little secondary work on market valuation has been published, the earlier taxonomy and estimates are more important to this thesis.

In the 1992 survey, “economic production” consisted of the following activities:

#### Domestic Activities

- Housework - including food and drink preparation and clean up, laundry, and other housework;
- Other Domestic Activities - including gardening, lawn and pool care, pet/animal care, home and car maintenance and improvement, household paperwork (bills etc), providing transport for other household members, and associated travel;

#### Child care/minding

- Of Own Children - including physical care and minding, care for sick, teaching, helping, reprimanding, playing, reading to, talking to;
- Of Other Children - including physical care and minding, care for sick, teaching, helping, reprimanding, playing, reading to, talking to, and associated travel;

#### Purchasing of goods and services (and associated travel)

#### Volunteer and Community Work, including

- Helping/caring for sick, frail or disabled relatives;
- Helping/caring for sick, frail or disabled other people;
- Community activities;
- Helping/doing favours for others;
- Associated travel.<sup>37</sup>

The 1987 and subsequent ABS estimates use both replacement cost and opportunity cost methods in valuing household labour. Replacement cost of household labour was estimated using the individual household function replacement method (ie. different/specialist wages for

each task), and also using the cost for one housekeeper doing all productive work.

Opportunity cost estimates of the value of the forgone earnings was calculated based on both award rates and average wage rates. The variety of estimates is justified by the absence of a universally accepted methodology, but the opportunity cost approaches in particular have been criticised. The ABS acknowledges the unreality of the opportunity cost assumption because in practice there is little ability to substitute paid and unpaid work at the margin. Snooks also argues that the ABS figures overestimate the value of household production by imputing a value for household labour much above the wage level which would be attained for that type of work in the market.<sup>38</sup> Yet, as we will see below, Snooks' own methodology which attempts to redress this 'overestimation' is also problematic.

The ABS's estimates are summarised in Table 2.1 below.<sup>39</sup> Clearly from the ABS figures, the size of non-market production in Australia is enormous, ranging up to 69% of GDP. However, as Ironmonger has noted, this comparison of unpaid work to GDP is not an "apples to apples" comparison. GDP includes estimates of the value of capital services in production while the ABS statistics value only household *labour*. These household labour statistics should then be compared not to GDP, but to the figure for "wages, salaries and supplements" in the national accounts. By this comparison, for 1992 the value of household *work* is 40% more than the value of paid work.<sup>40</sup> Thus while the ABS statistics provide valuable data and some official recognition of the value of unpaid work, their use is limited because they remain stand alone estimates of labour only - a simple case of adding x amount of labour value to GDP.

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<sup>37</sup> ABS, 1994, *op.cit.*, p 3.

<sup>38</sup> Snooks, *op.cit.*, p 197.

<sup>39</sup> Australian Bureau of Statistics (1994) *Unpaid Work and the Australian Economy*, ABS. Occasional Paper, Cat No. 5240.0. p 24. These values of unpaid work as a proportion of GDP were higher than most surveys in other countries for each method of valuation.

<sup>40</sup> Duncan Ironmonger (1994) "The Value of Care and Nurture Provided by Unpaid Household Work" *Family Matters*, Vol No. 37, p 192.

**Table 2.1: Value of Unpaid Work in the Household Sector 1987, 1992**

Estimation Method	Wage Rate	Value of Unpaid Household Work (\$billion)	Value of Volunteer and Comm'ty Work (\$billion)	Total Value of Unpaid Work (\$billion)	Value of Unpaid Work as % of GDP
Opportunity Cost 1987	Award Wage	143.3	8.2	<b>151.5</b>	58%
Opportunity Cost 1987	Average Wage	153.9	8.9	<b>162.8</b>	62%
Opportunity Cost 1992	Average Wage (Gross)	251.0	21.3	<b>272.3</b>	69%
Individual Function Replacement Cost 1987	Award Wage	129.0	8.3	<b>137.3</b>	52%
Individual Function Replacement Cost 1992	Person - market	209.7	18.1	<b>227.8</b>	58%
Housekeeper Replacement Cost 1987	Market Rate	123.1	8.3	<b>131.4</b>	50%
Housekeeper Replacement Cost 1992	Person - market	195.5	18.1	<b>213.6</b>	54%

Ironmonger's estimates of Gross Household Product (GHP) use a more integrated approach which treats household production similarly to market production and includes values for the contribution of household capital - the services obtained from the use of equipment, vehicles, land and dwellings.<sup>41</sup> This allows for a more "apples to apples" comparison with market production. But rather than a standard production account, Ironmonger's methodology derives from his earlier work with Evelyn Sonius and uses Input-Output tables for household production.<sup>42</sup> Like other input-output tables, these are based on value-added output measures structured around industry groups. The household is treated as an aggregate of eight different industry groups: cooking/washing up, housework, childcare, shopping, education/civic duties, gardening, other repairs and maintenance, other domestic work.

Using data from ABS household expenditure surveys Ironmonger and Sonius allocate these household purchases to various activities where those "intermediate" goods and services are necessary to produce a particular household good or service. For instance, the value of

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<sup>41</sup> Duncan Ironmonger (1996) "Counting Outputs, Capital Inputs and Caring Labour: Estimating Gross Household Product" *Feminist Economics*, Vol 2, No. 3, pp 37 - 64.

<sup>42</sup> Duncan Ironmonger and Evelyn Sonius, "Household Productive Activities" in Ironmonger (1989), *op.cit.*, ch 2. In the ANA, Input-Output accounts are in effect a disaggregation of the production accounts (although methodology and data sources also vary). Input-Output accounts show not just value added final production (as in GDP), but also the intermediate flows of goods and services between

cooking/washing up is given by the sum of the household labour involved, plus a share of expenditure on kitchenware, household appliances, non-durables (including raw food), electricity, gas, furniture, textiles, clothing, insurance and housing costs - all the material costs which went into the production of the food in the household. Thus the value of each productive household activity is made up of all inputs, not just the value of labour.<sup>43</sup>

In his early estimates, Ironmonger valued household labour by opportunity cost, using the average hourly wages: women's household labour was valued by the average female wage in the market economy, men's household labour was valued using average male wages.<sup>44</sup> In his more recent work household labour is a residual value derived indirectly by deducting from the final market value of household production the costs of material and imputed capital inputs. The residual value of unpaid labour in 1992 was \$283 billion; meaning that the average rate was \$14.25 per hour. This was above the ABS estimates using replacement costs but was close to the highest ABS figure based on opportunity costs. The value of household capital was an estimated \$58 billion, consisting of \$25 billion from household equipment and \$33 billion from owner-occupied housing. As this \$33 billion was already imputed in the official GDP, Ironmonger deducts it from GDP to give a Gross Market Product (GMP). In 1992 GMP was \$362 billion and GHP was \$341 billion. The Gross Economic Product (the size of the economy) was \$703 billion, almost twice as much as GDP.<sup>45</sup>

The Input-Output approach has been used in a number of overseas estimates including in Canada, Finland, Sweden and Norway,<sup>46</sup> and Ironmonger's work remains one of the main efforts at an integrated valuation of the "total economy" in Australia.

Graeme Snooks has taken a very different approach in constructing historical accounts which include the household economy. In a Herculean effort he developed national accounts measuring Gross Community Income for the years 1788 to 1990. These accounts are built around a division of the economy into three sectors: the market, government and household

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sectors. Australian Bureau of Statistics (1990) *Australian National Accounts: Concepts, Sources and Methods*, Cat No. 5216.0. Canberra: ABS, p 10.

<sup>43</sup> Ironmonger, 1989, *op.cit.* pp 28 - 29.

<sup>44</sup> *ibid.*, p 28.

<sup>45</sup> Ironmonger, 1996, *op.cit.*

<sup>46</sup> *ibid.*, p 51.

sectors,<sup>47</sup> with household labour valued by an opportunity cost approach - on the grounds that this best reflects the basis of economic decision making.<sup>48</sup>

In estimating this opportunity cost, household work is divided into the labour of primary household workers (ie. full time household workers and women with paid jobs) and secondary household labourers whose services consist of “the part-time work done in the household by males (net of those who have retired) and single people.” Because primary household labourers are largely female this labour is valued by the average wage for adult females. Secondary household labour (approximately 30% of all unpaid household work) is valued by the market wage rates for adult males.<sup>49</sup> Finally, Snooks assumes a ‘lesser efficiency’ in full time household workers due to a lack of “market discipline”. He thus takes the market average working week as the standard hours of primary household labour.<sup>50</sup>

Like Ironmonger, and following traditional neoclassical economics, Snooks sees production as a combination of labour, capital and land, and so adds value not just for household labour, but also for returns to land and household capital. These are valued using government bond rates to estimate the opportunity cost of expenditure on this household capital.<sup>51</sup> The result is a set of extended national accounts where the household sector contributed an average of 35.8% of Gross Community Income (GCI). The government accounted for an average of 32.4% while the market made up 31.8%. Of course the relative size of these sectors changed over time. The household sector for instance contributed only 20% in 1788, but reached a high point during the Great Depression contributing 45% of GCI in 1931. It is precisely these long run dynamics which Snooks wishes to analyse.<sup>52</sup>

These figures for household production are lower than Ironmonger's measures (relative to the

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<sup>47</sup> These sectors are defined functionally rather than by location of production. Thus paid activities which take place in the household are counted as part of the market sector. All non-market (and non-government) production, including volunteer and community work which takes place outside the household, is included as part of household production. Snooks, *op.cit.*, p 162.

<sup>48</sup> *ibid.*, p 159.

<sup>49</sup> *ibid.*, pp 188 - 197.

<sup>50</sup> This adjustment is not made for workers who work in both the market and the household as the time pressure this creates “must be regarded as at least as effective as market discipline”. *ibid.*, p 189.

<sup>51</sup> Sharp and Donath have argued that these historical estimates of household capital are one of the most useful contributions of Snooks' research. Rhonda Sharp and Susan Donath (1995) “Book Review of Graeme D Snooks, *Portrait of the Family Within the Total Economy*” *Feminist Economics*, Vol 1, No. 3, pp 128 - 134.

<sup>52</sup> Snooks, *op.cit.*, p 18, 166-7.



rest of the economy) in part because Snooks' imputations for returns to household capital apply only to fixed capital (white goods, lawn mowers, kitchen utensils, etc),<sup>53</sup> and not to "variable capital" like household fuels, cleaning agents and the like which are incorporated into Ironmonger's household expenditure based estimates.<sup>54</sup> The specific assumptions Snooks makes about household labour also decrease his estimate of household production. Indeed, while the historical scope of these accounts is impressive and some of the data useful, the value of the estimates for a feminist informed economics is undermined by these assumptions. For instance, the assumption of the relative inefficiency of household work which leads to Snooks cutting the length of the household working week to match the market, is never fully argued. The primary/secondary household worker distinction also leads to some bizarre conclusions, as Sharp and Donath point out:

According to this [Snooks'] reasoning, an hour's ironing done by a married woman (even if it yields a higher output) is less valuable than an hour's ironing done by a married man. National income would increase if men took over some of the housework.<sup>55</sup>

Snooks' justification for his methodology is an attempt to avoid what he sees as the overestimations in other valuations which "include allowances for human capital that the average married woman does not possess".<sup>56</sup> While this market centred approach shows no appreciation of the training and skills (human capital) which married women bring to household labour and which are not recognised by the market (eg. emotional labour - see Chapters 4 and 5 here), it is nonetheless instructive. Snooks' assumptions may be problematic from a feminist perspective, but using different wage rates which recognise the gendered inequality of the paid labour and unpaid labour may well provide a closer approximation of the *market* value of household production, precisely because there is a gender wage gap and systemic sexism in the market. I will return to this contradiction in the next chapter. However, Snooks' uncritical acceptance of neoclassical economic explanations, the looseness of his assumptions about time use, and the subsequent underestimation of non-market production all make his accounts less useful than Ironmonger's survey-based accounts.

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<sup>53</sup> The items are listed in Snooks, *op.cit.*, p 225.

<sup>54</sup> Ironmonger, 1989, *op.cit.*, pp 28 - 29.

<sup>55</sup> Sharp, *op.cit.*, p 133.

<sup>56</sup> Snooks, *op.cit.*, p 199.

## Market Centrism

These Australian estimates have their counterparts overseas. Robert Eisner provides a survey of six attempts to integrate non-market production into “extended” national accounts for the United States.<sup>57</sup> The aggregate measures of “the economy” in these accounts ranged from Ruggles and Ruggles’ Integrated Economic Accounts which hovered between 1.12 (1969) and 1.15 (1980) times the size of official GNP, to Jorgenson and Fraumeni’s estimates (including imputations for leisure) which went up to 4.74 times the size of GNP in 1981. Eisner’s own production estimates from the Total Income System of Accounts was 1.5 times the official figure.<sup>58</sup>

The details of these accounts are well summarised by Eisner and need not be commented on here, except to say that, like the Australian estimates discussed above, this accounting is clearly an integration of non-market production *into* the market economy and accounting. These extended accounts all share the neoclassical definition of production, and rather than present alternative definitions and measures of the economy, these authors seek simply to extend the coverage of the orthodox accounts beyond their market limitations.<sup>59</sup> They do not measure non-market production on its own terms, or attempt to measure the total economy by a combination of non-market and market standards.

Having made the market the yardstick of the whole economy, it is not surprising that when these authors go on to model this total economy, they find that the market provides its central dynamic. Ironmonger hypothesises a counter-cyclical interaction between the household and market economy:

When the market is booming with a strong demand for labour, the household will do less work at home. When the market is recessed the household will do more work.<sup>60</sup>

Similarly Snooks concludes,

rapid long run growth requires market leadership, but ... [d]uring these periods of slower [market] growth, therefore, the household sector plays a compensating role by expanding more rapidly than the market sector.<sup>61</sup>

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<sup>57</sup> Robert Eisner (1988) “Extended Accounts for National Income and Product” *Journal of Economic Literature*, Vol 26, No. December, pp 1611 - 84.

<sup>58</sup> *ibid.*, p 1664, 1673.

<sup>59</sup> Anwar Shaikh and E. Ahmet Tonak (1994) *Measuring the Wealth of Nations: The Political Economy of National Accounts*, New York: Cambridge University Press. pp 9-18.

<sup>60</sup> Ironmonger, *op.cit.*, p 10.

<sup>61</sup> Snooks, *op.cit.*, p 30.

In both cases household production reacts to or compensates for market changes. But, given the relative size of the household and government sectors, particularly in Snooks' analysis, it is not evident *a priori* that the market should be the dominant sector. Certainly, postmodern political economists like Resnick and Wolff argue against an analysis of any one central dynamic,<sup>62</sup> while Elson points out that the assumption that the "reproductive economy" (non-market production in this case) accommodates changes introduced by macroeconomic market forces is equivalent to assuming an unlimited supply of female labour (because women do most of this accommodating work).<sup>63</sup> Such an analysis takes for granted rather than values women's work.

Positing the market as *the* dynamic sector to which the household sector adapts is thus a limited and gender-blind analysis. This is further evident in the empirical work of Janeen Baxter and her co-authors which shows that many women choose part-time work or no paid work because of a priority for childcare. Rather than the market determining their non-market production, for these women the market economy (or at least participation in or exchange with it) is adapted to the household economy (and to a gender division of labour).<sup>64</sup> Further, Gibson-Graham's description of changes in the Australian coal industry in the 1980s shows how the labour market positioning of male workers (coalminers) can also be conditioned by domestic arrangements, in that case by the (sometimes) successful resistance of household production relations to market forced changes.<sup>65</sup> At the macro-level too, feminist scholarship has pointed to the impact of gendered employment patterns on cycles of economic growth.<sup>66</sup> Diane Elson, for instance, has argued that structural adjustment programs not only have gendered effects, but that gender relations also variously constitute either prerequisites of, or barriers to, the achievement of macroeconomic stabilisation policies.<sup>67</sup>

In all these feminist economic analyses gender becomes both a causal factor and a category of

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<sup>62</sup> Stephen Resnick and Richard Wolff (1987) *Economics: Marxian Versus Neoclassical*, Baltimore: John Hopkins University Press.

<sup>63</sup> Cited in Niliüfer Çagatay, Diane Elson, and Caren Grown (1995) "Introduction" *World Development*, Vol 23, No. 11, p 1829.

<sup>64</sup> Baxter, *op.cit.*

<sup>65</sup> Gibson-Graham, *op.cit.*, ch 9.

<sup>66</sup> Çagatay, *op.cit.*

<sup>67</sup> Diane Elson (1995) "Male Bias in Macro-economics: The Case of Structural Adjustment" in Diane Elson (ed), *Male Bias in the Development Process*, Manchester: Manchester University Press.

analysis. By contrast, the extended accounts discussed above are focused on the production of the household as a unit and its contribution and relation to the economy as a whole. They are not focused on gender, or work processes within the home. This is not simply a matter of focus with these valuations of non-market production being about macroeconomic relationships and gender relations being about microeconomic relations. We saw in the previous chapter that the definition of production and “the Economy” rests on neoclassical (microeconomic) notions of utility. Also we have seen above that the methodology of valuation of household production using opportunity costs and returns to capital rests on traditional microeconomic assumptions about economic behaviour. These microeconomic assumptions are thus embedded in the macroeconomic analysis, and the extended accounts are thus about market dynamics at *both* levels and *not* specifically about gender or work relations at all.

In this context the fact that most of the writers developing these extended accounts are men becomes more notable, and we begin to see that while valuing the household economy fits with the broad agenda of feminist economics,<sup>68</sup> it may not necessarily be “feminist” - in the sense of being about recognising women’s work and putting it at the centre of the analysis.<sup>69</sup> While all the authors of the extended accounts discussed here recognise that women do the majority of non-market production, their agendas are primarily about improving mainstream economic analysis. For instance, Eisner argues for consideration of the total economy on the grounds that it gives a better basis for international comparisons and allows for an analysis of the substitution of non-market production by market production (and vice-versa) in cyclical fluctuations and long term structural change.<sup>70</sup> Similarly Snooks is primarily concerned with the interactions between the three sectors of the economy and particularly between the market and household sectors. Again, the stated purpose of including the household economy is to understand better the long term dynamics of the whole economy.<sup>71</sup>

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<sup>68</sup> Martha MacDonald defines three central areas of interest to feminist economics, the first of which is the measurement and valuation of women’s unpaid work. The other two are intra-household issues (distribution and power relations) and gendered processes in the paid labour market. Martha MacDonald (1995) “Feminist Economics: From Theory to Research” *Canadian Journal of Economics*, Vol 28, No. 1, pp 159 - 176.

<sup>69</sup> Again, (as noted in Chapter 1) the definition of “feminist” here is about making women the object of analysis. Çagatay *et al* argue “Gender is the primary category of analysis used by feminist economics, as the individual is the primary category used by neoclassical economists, and class is the one used by classical/Marxian economists.” Çagatay, *op.cit.*, pp 1827 - 8.

<sup>70</sup> Eisner, *op.cit.*, p 1613.

<sup>71</sup> Snooks, *op.cit.*, p 20.

Of course these are not necessarily contradictory to feminist aims. Lourdes Benería, for instance, cites the recognition of the market/non-market substitution effect and the potential for a more rigorous analysis of cyclical changes among the uses of accounting for non-market production.<sup>72</sup> But in her feminist reading these are coupled with a gender analysis which can also use new statistics to look at things like productivity changes in unpaid labour, the effects of cyclical change on household production and on men's and women's work, and the social costs of shifts of production from one sector to another particularly in structural adjustment. In summary, a (gender-sensitive) measuring of unpaid work could,

provide more systematic and accurate information for family and welfare policy and it should prepare the terrain for gender-sensitive macroeconomic models and policy making.<sup>73</sup>

Along with making women's work more visible, it is this potential for economic modelling and policy making which is the attraction for feminists like Benería who have pushed for such extended accounting. Thus, just as I argued in Chapter 1 that the development of the national accounts was driven by their usefulness for neoclassical and Keynesian economic management, so too a feminist economics, playing the same game, requires statistics which reflect its concern with women's work and therefore non-market production.

## **Conclusion**

This chapter has highlighted the most basic feminist critique of the national accounts definition and measure of the economy, namely, that it ignores and renders invisible non-market production (which is predominantly done by women). I have also argued that the third person criteria can be used to define production beyond the market, and that the existence of a number of imputations in the national accounts make problematic the claim that valuations for non-market transactions cannot be made. Yet despite more than two decades of feminist activism to have women's economic contribution made visible, and despite some changes at the official level, the national accounts remain bounded by the market (or more accurately, by market economic theory). The accounts continue to ignore something which has been estimated as half of the total production in the economy.

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<sup>72</sup> Benería, *op.cit.*

Given this, it seems clear that any feminist informed definition and measure of the economy should, at a minimum, incorporate non-market production. This seems to me to be a bottom line for any such definition and measure, and the extended accounts discussed here provide a methodology for doing this. But, as we have seen, to create extended accounts and build feminist informed macroeconomic models requires a considerable degree of market centrism, both in methodology, and most obviously, in the goal of placing dollar values on non-market production. However, such market-centrism comes at a price. The next chapter will consider a range of problems with the extended accounts and market based measures discussed here.