Chapter 6: Breaking the Nexus I: A Restricted Definition of Production

In previous chapters I have argued the need to recognise different types of labour and to break the neoclassical nexus between labour, production, welfare and the market in defining the economy. This nexus not only could not cope with an analysis of embodied labour, it obscured the existence of such embodiment. One way of breaking this nexus would be to refocus on production - to measure production without equating this with labour, welfare or "the economy". In this chapter I want to explore that possibility further by considering the alternative, more restricted definitions of production which begin to recognise different labours.

I noted in Chapter 1 that the classical definitions of production were very restricted and based largely on material goods. I am not arguing for a return to this material product definition, nor do I wish to enter the long and dogmatic debates in Marxism over what constitutes productive labour. My goal is less to outline a complete definition of production and/or the economy, so much as to explore any potential benefits of a move back in the direction of a more specific (narrower) definition as a way of recognising different types of labour - and thereby opening new possibilities for a feminist informed economics. In this chapter then I examine two different frameworks for doing this: the Marxian definition of production, principally as argued by Anwar Shaikh and E Ahmet Tonak; and the transaction costs approach developed by John Wallis, Douglas North and their followers.

Feminist Concerns

But before considering these approaches, it should be acknowledged that any move to a more restricted definition of production seems counter-intuitive, given the long struggle by feminists to extend the definition of production to include non-market production. Indeed such restricted definitions do not have a great history in terms of recognising the work women do. Glucksmann argues that from the beginning, classical economics took a view from within the exchange system. It ignored unpaid work precisely because it was unquantified, ie. not exchangeable. According to Glucksmann, unpaid work could not be considered as part of this quantified economy because economic theory had constructed a hermetically sealed

"economy" where everything that was not within the theory was deemed irrelevant or an exogenous variable. The result was that "the economy" meant the market and paid work: in other words, a classical equation of work = economy = market.

Similarly, Beasley critiques Marxian economics for *its* equation of economy/production/labour and the capitalist market. This, she argues following Linda Nicholson, is created by a constant slippage of terms from "production", meaning all activities necessary for human survival, to the narrower definition noted in Chapter 1 here. The result is that a trivial claim based on the first meaning (that the foundation of society is all activities necessary to survive) becomes tied to an analysis which posits production (from the point of view of capital - the second definition) as being the foundation or base of society. "The economy" and "the revolution" is then fundamentally about capitalism/class, (and not gender) - an analysis which, not surprisingly, has been regarded with suspicion by many feminists. ²

However, even if this slippage in definitions were true of Marx and many Marxists, and the subsequent theory of history unsustainable, I am not sure that the problematic equation is inherent in the classical or Marxian definitions of production. Indeed, what I am arguing is that, because the classical or restricted definition of production (which need not imply exactly Smith's or Marx's definition) recognises different types of labour at the conceptual level, it creates a space where we can talk about emotional labour as being a different type of labour. With space to recognise conceptually different labours, we might be able to retain some sense of the embodiment of emotional labour without having to squeeze it (as abstract tasks) into a third person criteria in order for it to count as 'production'. Similarly, as I have argued in earlier chapters, the space opened by this difference in labours offers the possibility of recognising that some labour is destructive, oppressive or wasteful, and/or that some activities simply repair the damage or protect the systems which cause them.

Crucial here is the notion of the economy as hologram, not least because a hologramatic view may not necessarily need a quantitative measure for each of its views. It may be that,

Miriam A Glucksmann (1995) "Why 'Work'? Gender and the 'Total Social Organization of Labour" Gender Work and Organization, Vol 2, No. 2, pp 66 - 67.

² Chris Beasley (1994) *Sexual Economyths: Conceiving a Feminist Economics*, Sydney: Allen & Unwin. pp 3 - 9.

recognising the difference (the embodiment) of emotional labour, we can conceive of an economy where commodity-like production is measured, but emotional labour and other labour isn't. In a hologram type measurement, this is not the same as simply ignoring whatever can't be quantified. Rather it is about recognising that some activities can not be measured or should not be valued, and then defining the economy in a way which includes, but does not measure or value them. The key here is to measure those aspects which are amenable to quantification in such a way that other views are seen and not excluded from view by the measurement. Or, to put it another way, the fact that emotional labour can not and sometimes should not be valued in money terms may mean changing the definitions and measures of what is measurable to reflect and incorporate the emotional labour analysis. For instance, if, as argued in the last chapter, emotional labour is not measurable, then a value for it should not be included in the measure of the economy (as it is in the case of professional psychologists, models etc) simply because that labour takes place in the market. To include such emotional labour only when it takes place in the market, as GDP and the extended accounts do, is to privilege the market perspective over the recognition of emotional labour.

Paradoxically then, what I am arguing is that the frameworks which Studenski implied were less than comprehensive definitions of production, which exclude considerable areas of concrete economic activity (social 'reproduction' activities, emotional labour), come closer to this hologramatic approach than the neoclassical definition (Studenski's 'comprehensive definition'). The recognition of conceptually different types of labour in the restricted definitions of itself indicates that there is more to the economy than commodity production something which necessitates a different angle of inquiry. Thus, while the restricted definitions of production might not measure these other types of labour (because they are not "production"), they at least indicate both the existence and the difference of other labours.

To be clear, I am not arguing that a more restrictive, classical definition of production automatically solves all the problems of accounting for emotional labour or of creating a feminist definition of the economy. However, I am arguing that the recognition of different categories of labour at the theoretical level (as well as at the obvious concrete level) does create a less compromised space to begin to define a measure of the economy.

Of course, the notion of different and unproductive labour can and has been used to delegitimise much of women's work. This was certainly the case in parts of the domestic

labour debate and in other Marxist and socialist writings.³ However, it should be recognised that the domestic labour debate was a discourse within Marxism and was about, in part, women's place in the socialist revolution. Reappropriated from that now no longer hegemonic discourse, it may be possible to re-think the notions of production and non-production labour. Emotional labour and other non-production labour may be viewed as important labour alongside Smith's intellectuals, lawyers and physicians (well, maybe not lawyers!) who enjoy a high social status in the general discourse (if not in the Marxian one).

Alternatively, given that I have argued that some emotional labour, (like other labours) *should* be considered as a negative (unproductive) it may be possible to see/include such activities *without* legitimising that activity as "productive". Just as Smith's churchmen, lawyers, physicians, etc were seen to work and be part of the economy without being "productive", so too we might be able to consider emotional labour (and other types of labour) as work and as part of the economy without necessarily legitimising that labour. Emotional labour itself might constitute both Smith's "gravest and most important" work, but also the most frivolous and wasteful.⁴

In this analysis it is also important to note that a narrow definition of production need not imply a binary category of productive/unproductive. We have seen that Christine Delphy, although committed to a Marxist methodology, avoids the notion of productive/unproductive labour with an analysis based around 5 forms of domestic labour: housework, emotional labour, cultural display, sex, and reproductive work. In Shaikh and Tonak's modern adaptation of the classical/Marxian definition of production, "labour" is divided into the three categories, production, distribution, and social maintenance. There is nothing in these terms which is normatively bad or devalued.

Thus, despite well-founded feminist criticisms and suspicions of Marxian and restricted definitions of production, I think the potential of those definitions is such that they can not

Again, my overall interpretation of the domestic labour debate here comes primarily from summaries in Janeen Baxter, Diane Gibson, and Mark Lynch-Blosse (1990) *Double Take: The Links Between Paid and Unpaid Work*, Canberra: AGPS Press.; Christine Delphy and Diana Leonard (1992) *Familiar Exploitation: A New Analysis of Marriage in Contemporary Societies*, Cambridge: Polity Press.

See Smith, quoted in last chapter, from Fyodor Kushnirsky and William Stull (1989) "Productive and Unproductive Labour: Smith, Marx, and the Soviets" in Donald Walker (ed), *Perspectives on the History of Economic Thought: Volume 1, Classical and Neoclassical Economic Thought*, Aldershot, Hants: Edward Elgar. p 86.

simply be dismissed *a priori*. Given that I have argued the need to break the neoclassical nexus in order to recognise different types of labour, then at a minimum, such restricted definitions, with their long histories, may open up space for different perspectives and provide useful empirical data toward a feminist informed definition and measure of the economy.

Whether these possibilities can be realised in practice is another question. In what follows then I want to examine concrete examples of restricted definitions of production to see whether they do open up or make operable new possibilities. In doing this, Shaikh and Tonak's *Measuring the Wealth of Nations* is a good place to start. This is not to suggest that their definition is perfect, and I will discuss the problems with such an approach later, but their work does provide perhaps the best developed definition and argument for an alternative, more restricted definition of production.

Marxian Definitions

Like the neoclassical definition, the definitive purpose of production is the satisfaction of human needs, but Shaikh and Tonak begin from the proposition that production utilises certain use values and creates new use values (ie. useful effects). These new use values represent more socially useful products in quantum, and/or a more socially useful product (ie. one of improved, greater value). But to be "new" and "socially useful" implies for Shaikh and Tonak that the use values created by production are distinct from materials (including the labour) which went into their production - less they not really be new. They are clearly then talking about exchangeable commodities, and not about embodied labour or the 'production' of subjectivities - a point to which I will return later.

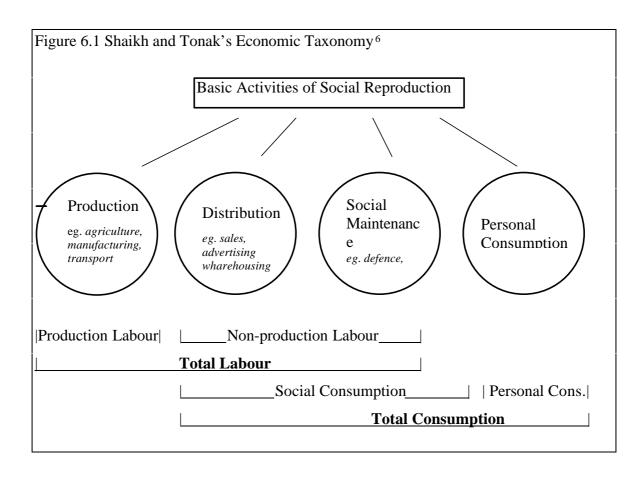
Apart from the obvious manufactures, in this definition a haircut, a song or the transport of an orange from field to market (but not the warehouse) is production. All these create new value - a haircut provides greater comfort than previously existed, a song greater enjoyment and the transport to market makes the orange more useful than it would have been if left in the field. By contrast, warehousing, and the transport to the warehouse does not make the end product more useful. No new use value has been created, and therefore that activity is not "production".

Based on this definition of production, Shaikh and Tonak specify four fields of economic activity: production, distribution (of ownership not of goods), social maintenance, and personal consumption. The first three constitute labour, but distribution and social maintenance are not production, they are a form of (social) consumption. According to Shaikh and Tonak this is not a moral judgement, simply a recognition that some labour creates new wealth while other

types of labor share a common property with the activity of consumption - namely that in their performance they use up a portion of existing wealth without directly resulting in the creation of new wealth.⁵

Again, "wealth" here appears to refer to the quantity of goods and services which can be exchanged, re-distributed, accumulated and/or consumed generally by whoever has the power to control such processes. Shaikh and Tonak are clear that even such labours that use up wealth may be necessary, and result indirectly in production, but this in itself does not constitute production. Labour does not necessarily equal production. Their taxonomy is summed up in the following diagram, with the lines at the bottom (referring to the activities represented in the circles above) showing the distinction between labour and production, and the overlaps of labour and consumption.

Anwar Shaikh and E. Ahmet Tonak (1994) *Measuring the Wealth of Nations: The Political Economy of National Accounts*, New York: Cambridge University Press. p 25.



From this base Shaikh and Tonak develop accounts to analyse the US economy in terms of total product, surplus value and appropriation. Their Gross Final Product (GFP) is about 15% smaller than the official GNP, while the rate of surplus value is almost four times as large as the ratio of profit income to employee income in the US national accounts⁷ - hence their criticism of using official figures as proxies of these Marxian categories.

However it should be stressed that this GFP is not a measure of the total production in the economy. While their definition of production is about the production of use values, their measure of Final Product is only of capitalist production. The distinction between production and the other economic activities says nothing about different relations of production. Production, distribution and social maintenance activities can all be undertaken for profit, for income (petty commodity) or for direct use.⁸ Shaikh and Tonak acknowledge that this non-

Adapted from Figures 2.1 and 2.2 in *ibid.*, p 22, 29.

⁷ *ibid.*, p 221.

It should also be stressed here that the categorisation of productive labour is not about questions of exploitation and class membership. Shaikh and Tonak maintain that all capitalistically employed labour, whether productive or not, is exploited as exploitation arises from the extraction of surplus labour (ie.

capitalist productive labour (including household production) is important to people's standard of living, but they do not include it in their measure because it is not productive *of capital*. It does not contribute to the pool of surplus value which Marxism posits as the limit of aggregate profit and wealth consumed in the other spheres of social reproduction. Shaikh and Tonak's accounts then define and measure not so much "the economy", but the capitalist economy - or more accurately, they define production and measure only capitalist production.

Apart from other political concerns with such capitalocentric constructions, ¹⁰ in the context of this thesis, where the concern is not limited to capitalist (or even market) production, clearly any such restricted production definition would need to be expanded to include non-capitalist and non-market production. Nonetheless, the definition could still be "restricted" in the sense of not including as production that labour which did not create new use values under Shaikh and Tonak's definition. There would remain the sense of different types of labour, although defined by purpose and outcome rather than by different production relations or by market and non-market locations.

Transaction Costs

Interestingly this taxonomy of different labours, and the particular categorisation of activities in the Marxian estimates, has echoes in another 'restricted' definition of production. This definition derives from a very different philosophical framework to Marxism (and indeed a very different politics), coming out of the literature on transaction costs. This literature takes its starting point not from any macroeconomic theory, but rather from Coase's understanding of the economy in terms of contract, and the efficiency of resource use brought about by the market exchange of legal/contract entitlements. This overall framework is less important (for this thesis) than the specific notion of transaction costs, broadly defined as,

from its employment in capitalist wage relations) not from its purpose. This move separates the question of productive/unproductive labour from questions of who is/is not part of the working class - a source of great tension and confusion in Marxian politics and debates. The debate is largely one from the 1970s and Ben Fine cites major contributors as Ian Gough, Nicos Poulantzas, Lawrence Harris with Fine himself. Ben Fine (1991) "Productive and Unproductive Labour" in Tom Bottomore (ed), *Dictionary of Marxist Thought*, Oxford: Blackwell. p 449.

- Shaikh and Tonak also allow for a "profit on alienation" which arises from unequal exchange between different capitalist and non-capitalist spheres. *op.cit.*, p 25. This is part of their solution to the transformation problem, but is not relevent to their definition of production discussed here.
- Gibson-Graham argue that such constructions ignore or subsume as dependent all non-capitalist productions a construction which is empirically dubious, epistemologically flawed, and politically

any use of resources required to negotiate and enforce agreements including the cost of information needed to formulate a bargaining strategy, the time spent higgling, and the cost of preventing cheating by the parties to the bargain. 11

While Coase's work dates from the 1920s and 1930s, it was not until the 1960s that the term transaction costs was coined. It was another twenty years before the first attempt to define and measure aggregate transaction costs. In 1986 John Wallis and Douglas North produced measures of transaction costs in the American economy from 1870 to 1970. 12

Wallis and North divide economic activity into "transformation functions" and "transaction functions", each representing a cost to producer and consumer. Transformation functions are those associated with transforming inputs (land, labour, capital and entrepreneurial skill) into outputs. By contrast, as noted above, transaction costs are the costs associated with making exchanges, the costs of performing the transaction functions in the economy. Despite the different philosophical frameworks, these definitions are not dissimilar to Shaikh and Tonak's distinction between production and distribution/social maintenance. And like Shaikh and Tonak, while they recognise the importance of non-market activities (or at least, non-market transaction costs), they ultimately only measure the transaction costs which result in the exchange of a marketed good or service. ¹³

To account for transaction services, the authors have two basic types of measures. First they identify certain types of industries as "transaction industries" where the entire output of the industry are transaction services. These are the official National Income and Product Accounts (ie. the national accounts) categories of Finance, Insurance, Real Estate; Wholesale Trade, and Retail Trade. Transportation is not considered a transaction service as it transforms the (usefulness of) items by moving them. Apart from the different categorisation of the retail sector, there are similarities here with Shaikh and Tonak's definitions of distribution labour.

disempowering. J K Gibson-Graham (1996) *The End of Capitalism (As We Knew It): A Feminist Critique of Political Economy*, Cambridge: Blackwell.

Robert D Cooter (1987) "Coase Theorem" in John Eatwell, Murray Milgate, and Peter Newman (ed), The New Palgrave: A Dictionary of Economics, London: MacMillan. p 457.

John Joseph Wallis and Douglas C North (1986) "Measuring the Transaction Sector in the American Economy, 1870-1970" in Stanley L Engerman and Robert E Gallman (ed), *Long Term Factors in American Economic Growth*, Chicago: University of Chicago Press.

In their case, this is based on the claim that only market transaction costs can be observed. *ibid.*, pp 97 - 99.

The second types of transaction services Wallis and North identify are those incurred within firms. This is based on Coase's notion of a firm as a "bundle of contracts" where the firm 'buys' output from the workers who actually transform inputs into outputs (ie. those who provide "transformation services"). Thus all the intermediate occupations (supervisors, clerks, managers) are transaction costs in much the same way as they are regarded as a claim against revenue produced by production workers in Marxian accounts. In both cases the extent of these transaction services is measured by dividing occupations into those that primarily provide transaction services (non-production labour) and those that primarily provide transformation services (production). The wages of the former provide the estimate of transaction costs (unproductive labour) within transformation/production industries.

In Wallis and North's measure a similar approach is adopted across public and private business sectors, although the government sector presents particular problems. The authors claim that a function of "governing" is to provide the sociopolitical assets which underlie all economic activity. Therefore all government costs might be considered as transactional. However, a more limited approach is taken to measuring public transaction costs by only including the costs of those activities which are about enforcing contracts (courts, police) and property rights on a larger scale (defence). Wallis and North admit the line here is somewhat arbitrary as a range of government services ("Social Overhead Capital") like education, health, sanitation, housing and urban services contain elements which are transaction related and other activities which are transformative.¹⁴

These and other government activities are excluded from the measure of transaction costs (ie. they are regarded as transformative/productive). This makes the measure empirically very different from Shaikh and Tonak's measure of production, but conceptually the transaction costs and the "Social Overhead Capital" which Wallis and North identify are similar to Shaikh and Tonak's social maintenance. What these conceptual similarities suggest is that the transaction cost approach may not be far from a (different) restricted definition of production. Indeed, Wallis and North's definition of *transformative* activity as being about transforming inputs into different outputs is very close to the official definition of production as being about "a physical process ... in which labour and assets are used to transform inputs of goods

Wallis and North, *op.cit.*, p 114 - 8.

and services [into outputs]".¹⁵ Yet unlike the official (neoclassical) definition, the transaction cost analysis recognises the difference between producing/transforming goods and services, and the transaction labour and costs of organising that production in a market economy. But the transformation/production nexus is important because it means that by simply deducting Wallis and North's estimates of transaction costs from GNP, we could get an empirical measure of "production" narrowly defined as transformation costs.

Unfortunately, Wallis and North themselves focused only on measuring transaction costs and not transformation/production. However, Scott M Fuess and Hendrik Van Den Berg have extended the analysis to a more holistic new definition and measure of the economy. They have adjusted GNP growth rates for the US for the years 1950 - 1989 to take account of *both* non-market production and transaction costs. The method of economic modelling they use to measure non-market production is not important here, other than to note that their statistics confirm that ignoring non-market production over a long period tends to overstate economic growth as measured by GNP (again, because GNP ignores the substitution of paid/counted labour for unpaid/uncounted work). Similarly, the adjustments for transaction costs also change economic growth rates where those costs have risen at a faster rate than GNP.

Fuess and Van Den Berg found that over the postwar period, actual annual output growth per capita in the United States was between 0.18 and 0.37 points lower than GNP figures suggested. Perhaps more importantly, the adjusted figures represent a significant challenge to the story of postwar economic growth told by the GNP figures. For the period 1950-60, the growth of Fuess and Van Den Berg's measured "actual output" was lower than GNP, but it was much the same as the official figures through the 1960s. For the 1970-73 period growth in actual output outstripped GNP growth, but the crisis that followed that boom was also of greater magnitude than GNP figures record. The latter suggest sluggish growth through the late 1970s, whereas Fuess and Van Den Berg's figures suggest that per capita output was not growing at all. The "recovery" of the 1980s was also exaggerated by GNP figures as increasing amounts of this growth was the result of the substitution of market for non-market

United Nations (1993) System of National Accounts 1993, New York: United Nations. p 4.

Rather than the extended accounts (generally time use based) estimates, Fuess and Van Den Berg use an econometric model based on extrapolations of factor productivity. Scott M Fuess and Hendrik Van Der Berg (1996) "Does GNP Exaggerate Growth in 'Actual' Output? The Case of the United States" *Review of Income and Wealth*, Vol 42, No. 1, pp 35 - 48.

work.17

Thus, Fuess and Van Den Berg argue (citing North) that,

If it costs more to exchange a given amount of output, then recorded GNP will rise although goods consumed will not increase. Therefore, the inclusion of transactional activities makes national product accounts misleading. ¹⁸

This phenomenon of the US economy having to "run to stand still" is also a theme in the economic welfare measures I examine in Chapter 7. More immediately though, the figures also show the possibility and the potential importance of including non-market production in a definition and measure of the economy based on a narrow definition of production. By breaking the neoclassical nexus not only are differences recognised between particular economic activities (in this case between market production, transaction costs and household production), but a different view of 'the economy' is gained.

Emotional Labour

Yet despite this importance and the fact that these restricted definitions of production are predicated on an analysis of different types of labour, it is unclear how such definitions relate to the issue of emotional labour - which I argued was a key reason to explore these restricted definitions. An analysis of emotional labour is noticeably absent from all of the restricted definitions of production considered above. Not only that, both Shaikh and Tonak's Marxian definition and the transaction cost literature appear to specifically preclude any interest in or visibility for emotional labour. Shaikh and Tonak's definition is explicitly about the production of exchangeable goods and services - a definition which precludes a consideration of the embodied nature of labour. Similarly Wallis and North are explicitly concerned only with measurable costs and services, which again precludes emotional labour.

However, despite these unpromising signs, I want to suggest that the broad framework of different types of labour (as opposed to the particular authors' analyses above) does create possibilities for the analysis of emotional labour. I have already argued that the restricted definitions of production may open the space to include emotional labour within the definition of the economy (as opposed to production) without requiring it to be measured. But the

ibid., pp 42 - 44.

restricted definition of production also gives us clues as to how such labour might be considered in relation to other labours. One of the feminist objections to market measurement of household labour was that it was different to paid labour - that it was particularly embodied and took place in an "emotional economy" (Beasley's term¹⁹) rather than in a market economy. But perhaps we could also argue that, to use Wallis and North's language, emotional labour is a transaction cost of the household economy - a labour which makes possible the organisation of exchange within the household and between people and households. Or in Shaikh and Tonak's terms, emotional labour may be seen as social maintenance - the reproduction of household and/or patriarchal production relations.

I would not want to push the analogy too far, but again, it does allow us to think differently about the activities of emotional labour, and to think in a way precluded by the neoclassical nexus where all work is productive (or it is not work). With a narrower definition of production, the subjectivity and inherent embodiment of emotional labour can be seen as important and necessary in the household economy (because of the [patriarchal] nature of the social system), but that labour does not represent new production, nor is it valued/legitimised as such. Rather the effort of emotional labour is seen as a form of social consumption of product.

The same argument applies to emotional labour which takes place in the paid workforce. This is best seen in Hochschild's analysis of airline stewardesses considered in the previous chapters. While the emotional labour Hochschild documented is essential for an airline to attract customers and stay in business, this of itself did not make it productive. In a sense, the emotional labour is similar to the advertising which promotes it. Both are transaction costs or non-productive labours. Both that labour, and managements efforts to extract it (through training and discipline), are costs of having to compete in the market, not a necessary part of travel by air per se.

More generally, and remembering that it is patriarchal production relations which define much emotional activity as "work", it could be argued that emotional labour is the transaction cost of production which takes place *in a patriarchal context* - in the same way as exchange

ibid., p 35.

¹⁹ Beasley, *op.cit.*, p 13.

labour is a transaction cost of capitalist production. But again I would not push the analogy too far. There remains Beasley's objection about the inappropriateness of the whole exchange/contract paradigm, and positing emotional labour as a transaction cost (or social maintenance labour) may imply that it is somehow measurable and alienable/exchangeable. This clearly contradicts the analysis of the previous chapters.

Emotional labour then might best be considered as a different category of labour rather than subsumed under the heading of transactions or social maintenance, particularly as it does not really fit into a schema where exchange labour or social maintenance are seen as social consumption - as in Shaikh and Tonak's schema. (See Figure 6.1 here) While in the examples above the emotional labour could be considered as a form of social consumption, this is not always the case. In the various analyses discussed in Chapters 4 and 5, emotional labour was seen to 'produce' subjectivities and to some extent cultural artefacts - gendered labourers and perhaps 'gender' itself. These are not always alienable product, and therefore (as we have seen) the emotional labour can not be subsumed under the heading of "production" (in the restricted sense) or transformation services even though it may 'produce' or 'transform' people. Nor is that labour "consumption". Again, a separate category may be needed.

Thus for instance, where Shaikh and Tonak propose a taxonomy of four types of economic activity, this might be extended to five: production, distribution, social maintenance, emotional labour and private consumption. The first four in this schema could be viewed as labour, but, only the first as production. The inclusion of a separate category of emotional labour which is neither production nor consumption would create the space to recognise its specificity, and it would also further break the production/consumption binary in the definition of economic activity - the binary which I have argued underpins the neoclassical nexus and the impasse in recognising women's work. However, this category of emotional labour would not impact on the category of production, narrowly defined as being explicitly about alienable goods and services. The analogy with transaction costs and/or social maintenance reinforces the notion that emotional labour is different and need not be included in a measure of production. But in contrast with the national accounts and the extended accounts, it is clear that what is being measured as production is *not* the totality of all labour, or of all socially useful labour in society.

However, even the notion of a separate 'category' is confusing. We have seen that much

emotional labour (eg. cultural display) is embodied and embedded in other labour and therefore exists as part of, rather than separate from, other categories of economic activity. In this sense, and in keeping with the epistemological approach outlined in Chapter 1, the restricted definition defines not a discrete set of activities, but an epistemological entry point into economic definition and measurement. Of course the same is true of the neoclassical definition, but I have argued that it is a less useful starting point because of the problematic nexus of its founding assumptions. Again, the key is that, as an entry or standpoint, the narrowness of the definition allows the other - the "not production" activities - also to be visible. Having said that though, there are specific problems with both transaction cost and Marxian definitions of production which need to be considered before any consideration of the usefulness of the restricted definition of production could be made.

Problems in Transaction Cost and Marxian Frameworks

While I have discussed the importance of the empirical data generated by the transaction cost analysis for understanding and measuring economic growth, it should be noted that doubts are raised in the literature over the validity of Coase's theorem, and over the usefulness and applicability of the measure of transaction services generally. ²⁰ But particularly relevant to this thesis, there are also problems with the definition of "production" operationalised in these estimates.

Firstly there appears to be considerable confusion over what constitutes production in the transaction cost framework. Davis sums up the approach as dividing economic activity between "production" and "transaction costs" - a not unreasonable comment given the similarity noted above between the definition of transformative activity and the SNA definition of production. However, Wallis and North emphasise that transaction services are not unproductive. They represent the cost of making exchanges which still, on net, made the parties better off, even with the transaction costs included - otherwise the parties would not have paid for the transaction services. ²² But this suggests that the transaction services measures have not broken the neoclassical nexus of work = production = welfare. And it is here that their definition becomes problematic. If transaction activities are productive, this

See for instance: Cooter, *op.cit.*; Lance Davis "Reply" in Wallis and North, *op.cit.*, pp 149 - 159.

Davis in Wallis and North, *ibid.*, p 151.

²² Wallis and North, *op.cit.*, pp 103 - 104.

would appear to suggest that the definition of what is production is both transformation and transaction costs: that is, GDP. But if transformation activities are defined as basically what is recognised as production (transforming inputs into outputs), and if transaction services are different and are not transformative, how can GDP (which includes transaction costs) also be the measure of production?²³

If this confusion is not problematic enough, it should also be recognised that the actual calculations of transaction costs include activities which are clearly transformative. For example producing a television commercial or a billboard transforms physical inputs into different, more 'valuable' outputs, but the cost of advertising is deducted from GDP (ie. not counted as a transformation function) because the entire content of advertising industries is counted as a transaction cost. This approach is in fact similar to Kushnirsky and Stull's description of the Soviet Material Product System which designated productive/non-productive labour on the basis of the type of product produced. All labour and capital used in producing that product was thereby classified as productive or unproductive.²⁴ Thus, the billboard manufacture would be viewed as unproductive. By contrast, in Shaikh and Tonak's accounting, the billboard would count as production, and only the cost of advertising would be distribution labour.

The approach of measuring all transaction expenditure as a transaction cost is problematic when simply deducting transaction costs from GDP to obtain a measure of transformation/production (narrowly defined). Again, the archetypal tank rolling off the assembly line is not production (it is a transaction cost), and nor are many other manufactures which end up in the transaction industries. This seems somewhat counter-intuitive when manufacture (production) is so obviously taking place.

But perhaps more importantly, I would also want to challenge the politics of the whole transaction cost framework. Coase's theorem has been characterised as arguing that "misallocation of legal entitlements by law will be cured in the market by free exchange"²⁵

The issue is further confused by Fuess and Van Den Berg's use of the term "actual output" to describe what it is that GNP exaggerates. "Actual output" is never explicitly defined, but appears to mean transformative activities or production. GDP presumably can not mean production because surely anything which is production is an output.

²⁴ Kushnirsky and Stull, *op.cit*.

²⁵ Cooter, *op.cit.*, p 457.

which sounds suspiciously like capitalist apologia. This suspicion is heightened when Wallis and North view transaction costs, in part, as an investment in the institution of the market and as a necessary part of realising the gains from trade. Such approaches not only take the market as a given, but they glorify the market and legitimise unequal property relations. This hardly sits well with either socialist economics or the need outlined in previous chapters for a feminist economics to decentre the market.

Because of the question as to the usefulness of the analysis at the micro level,²⁷ and the confusion over the meaning of "production" at the macro level, and also for these political reasons, in the following discussion of restricted definitions of production, I will refer mainly to definitions and measures associated with Marxian political economy. However the transaction costs literature will not be forgotten as its empirical work and the resonances of its taxonomy with the Marxian measures is important - a fact I will return to in my own empirical considerations in Chapter 6a.

Yet, while I wish to focus on Marxian definitions and measures, there are real questions as to whether these can be meaningfully or usefully separated from the analysis of capitalism and Marx's labour theory of value which I have already argued is problematic. In Chapter 1 I noted the transformation problem in Marx's labour theory of value, and in Chapter 3 I discussed the problems of applying that framework to non-market production, most notably in the domestic labour debate. Perhaps more importantly, I have also noted Carole Pateman's critique of the fiction of labour power as an exchangeable commodity - an exchangeability which implies an impossible separation of labour from the labourer. It is similarly clear that the whole notion of "abstract labour" as a generalisable form of labour (and measure of value) is also built on the theoretical disembodiment of labour - the very notion which takes the standpoint of capital and hides much emotional labour (and therefore much of the work women in particular do).²⁸

The problem then is not simply that there is no place for emotional labour in the labour theory

Wallis and North, op.cit.

Again, see Davis' comments in reply to Wallis and North, *op.cit*.

Even in the Sraffian Marxist focus on a concrete labour embodied in production, labour is still not embodied in the sense of the body of the labourer. In fact Steedman claims that his post-Sraffian critique of the labour theory of value leaves the Marxian concepts of labour power "quite untouched". Ian Steedman (1977) *Marx After Sraffa*, London: New Left Books. p 206.

of value, but rather that the fictions of labour power and abstract labour directly contradict the analysis of the embodiment of labour. This then does not fit with the approach to defining and measuring the economy as hologram. It closes down rather than opens up the view of the other. Indeed, it is hard to see how the labour theory of value fits with the epistemology underpinning this thesis at all. While Richard Wolff has used the notion of overdetermination to address the transformation problem, ²⁹ and Resnick and Wolff accept that the Marxian entry point is just one viewpoint, the whole notion of a labour theory of value as an explanation of some *underlying* dynamic of capitalism would seem to give epistemic primacy to a particular view. This is especially evident in the base superstructure model implicit in Shaikh and Tonak's accounts, where only capitalist production is measured because it is this production which creates the surplus which underpins all other activity.

Given all these problems with a labour theory of value, it is well to be suspicious of any definition and measure of the economy based on the principles of a labour theory of value. And more so given that I have argued, as a matter of epistemology, that any such principles must be reflected in the construction of definitions. Although Shaikh and Tonak seem to present their definition of production as prior to a consideration of the labour theory of value, that theory is implicit in the definition. Their point of defining production (the economy) is to understand the dynamic of capitalism. The question of what constitutes production for them is not a moral one (we must include women's work) or even a logical one (what is a rational definition of production which can be applied to all situations), but rather what creates value for capital. Marxism's definition of production is just as tied to the (problematic) labour theory of value as the official accounts' definition is to the neoclassical and Keynesian theories which created "the Economy" as we know it.

Thus I am forced to conclude that, if we were to argue for a return to a more restricted definition of production, we would need to do so outside of the Marxian value framework. This parallels my conclusion with regard to the Coasian transaction cost framework. While we can gain insights from the operationalising of a restricted definition of production, the theoretical frameworks offered by such malestream theories need to be abandoned. Yet, this then raises a major epistemological and practical question: if a narrow definition of

R Wolff, A Callari, and B Roberts (1993) "A Marxian Alternative to the Traditional Transformation Problem" in John Cunningham Wood (ed), *Karl Marx's Economics: Critical Assessments*, London:

production is stripped of its theoretical context, what does it mean?

It may be that the claim that economic activity which simply changes ownership or (indirectly) facilitates production is not production is important in its own right. As Shaikh and Tonak (and other Marxists) point out, the distinction between productive and unproductive investment and labour resonates with common sense understandings of production and the economy. The term "unproductive" survives in common usage, including among business economists, even if it is obfuscated by mainstream economic theory. ³⁰ But the question remains, how does the restricted definition help us understand "the economy"? Or to put the question more generally, what is the purpose of a national accounting built on such a definition of production?

What is the Purpose of Accounts?

Clearly given everything that has been said so far, the purpose of such an accounting is not to provide a new comprehensive definition and measure analogous to GDP. The definitions and measures envisaged here can not provide information for econometric modelling to assess, for instance, the impact of a particular tax rate on government revenue and national production (as the neoclassical/Keynesian accounts purport to do). Nor can this accounting carry the claim of helping to understand the development of capitalism (as the Marxian labour theory of value purports to). In this sense, utilising a narrow definition of production seems to have little purpose in terms of the traditional goals of national accounting.

Moreover, while I have critiqued the narrowness and gender blindness of neoclassical and Marxian accounts, the purpose of an accounting based on a restricted definition of production is not to provide some super new or 'objective' definition and measure which can make known all aspects of the economy. I have already argued that this is epistemologically impossible. To take just one example, the restricted definition of production is clearly problematic from the standpoint of the green critiques discussed earlier in this thesis. Such a definition and measure does not tell us anything about the sustainability or desirability of the production measured. It still includes as production such things as accidents, the manufacture

of tanks and guns, the clearfelling of old growth forests and the mining of uranium. All of these add to economic growth in the Marxian paradigm (as well as in neoclassical national accounting).

While Shaikh and Tonak note that some defensive expenditures are removed from their category of production (being social maintenance),³¹ by and large, they simply say that the environmental critiques are beyond the scope of their work. But more than a practical issue of a necessarily limited focus for a book, I want to suggest that there are different agendas and standpoints operating here. While they may be socially undesirable, the tank or the household burglar alarms are clearly commodities produced, even if their purpose is guard labour. Production of alienable goods and services need not (and does not) imply a social benefit, unless we wish to re-enter the neoclassical nexus (production=welfare). Again, production and social benefit should be measured separately.

So an accounting based on a restricted definition of production must be seen as one among many starting points and a one among a plurality of different measures - befitting the "economy as hologram". But the question still remains, what does this particular entry point tell us? Why do we want to measure the production of alienable goods and services?

Consistent Comparison

I have already suggested in a general way that the aim is to provide a view of the economy which incorporates non-market production and opens a vision of different ways to see the economy. In this sense, the purpose of such an accounting is a fairly traditional feminist one of making visible the nature and extent of non-market production, and therefore to make women and women's work visible in policy making and the distribution of benefits in society.³²

In this context the utilisation of a restricted concept of production is important because, unlike

Shaikh and Tonak, *op.cit.*, pp 4 - 5. See also John Ure (1994) "Productive-unproductive labour in Marxist economics" in Philip Arestis and Malclom Sawyer (ed), *The Elgar Companion to Radical Political Economy*, Aldershot: Edward Elgar. p 314.

Shaikh and Tonak, *op.cit.*, p 17.

Again, Waring most clearly articulates this agenda, although with considerable reservation. Marilyn Waring (1988) *Counting for Nothing: What Men Value and What Women Are Worth*, Wellington: Allen & Unwin. ch 11.

the more extended definitions and measures, it allows for a more consistent comparison between market and non-market production. Recall Ironmonger's concern that the measures of household labour as a percentage of GDP did not give an "apples to apples" comparison because the latter included not just labour, but also returns to capital - hence his efforts to account for household capital use.

The same type of imbalance is evident where some emotional labour is included in the national accounts - either directly (counsellors, psychologists etc) or indirectly because it is "part of the job" in other economic activities. There is an inconsistency between the extended accounts treatment of market production, and non-market production where such labour is not counted. In this context, the purpose of a definition of production restricted to alienable goods and services is to provide a consistent measure between market and non-market production. Where emotional labour is not (and I argue can not be) counted in the household, then nor should it be valued in market production. With the category of social maintenance in Marxian accounts (or defensive expenditure in the green accounts) being considered separately to 'production', the restricted definition of production does exclude much explicitly emotional labour in the market (eg. counselling).

More than that, it excludes other types of activities (social maintenance and distribution) which mirror some of the activities of emotional labour in the household. For instance, the "transaction cost" of negotiating and continuing a contract is not included as production, regardless of whether it is a business or a marriage contract, and nor is the cost of advertising - the market equivalent of Delphy and Leonard's cultural display. Again the analogies here are not direct comparisons because the household economy *is* different to the market. But household and market are much more comparable when simply dealing with the production of alienable goods and services than when dealing with their whole gamut of different economic activities and dynamics.

The greater consistency of comparison is also evident when we recall the feminist objection to valuations based on household time use studies which do not take account of household management. It is not simply that these surveys and valuations do not always record household management, but that such activities can not adequately be captured by time measures. This creates an imbalance in the extended accounts which (under the neoclassical definition) include management wages in the market sector. However, the restricted

definitions of production regard the management of market firms as either transaction services in Wallis and North's analysis, or as unproductive labour in the Marxian schema.³³ Thus again, by excluding from the category "production" management functions in both market and non-market spheres, it might be possible to provide a more consistent yardstick for comparison using a restricted definition of production than by using the neoclassical based definitions.

The claim that the restricted definition of production provides some form of consistent measure of what can be measured (commodified production) across economic space does have important political economic uses. It allows us to ask questions, not about macroeconomic aggregates, but about basic issues regarding what Julie Nelson calls the "provisioning of society."³⁴ What is the [market] value of production in society? What sectors (market, government, non-market) are they produced in, or in what proportion are the different sectors of the economy contributing to this production? And following from this, how reliant are we on the market (or any other sector) and where and how should resources be allocated to increase the production of goods and services?

These questions and this greater consistency of comparison is particularly important because it is likely (and the empirical estimates for Australia in the next chapter show) that, when defined in a restricted way, non-market production is statistically much more important relative to the market than is recognised in conventional extended accounting. While the Marxian and transaction cost estimates both show that social maintenance and distribution/transaction activities are an important and increasing percentage of measured production (GDP), such activities (and emotional labour) are proportionately less important in the household economy. Or more accurately, the activities which fill those functions are a smaller proportion of the activities which have been included in the estimates of household production.

The flip-side of Himmelweit's analysis that much of women's work is rendered invisible by

However, the accounting outcome is somewhat different here as management costs would not appear in the production/transformation services figures of Wallis and North, but would still appear as part of the final product [as surplus value] in Shaikh and Tonak's accounts.

Julie A Nelson (1993) "The Study of Choice or the Study of Provisioning? Gender and the Definition of Economics" in Marianne A Ferber and Julie A Nelson (ed), *Beyond Economic Man: Feminist Theory and Economics*, Chicago: University of Chicago Press.

the third party criteria of production, is that accounting for household production has always been based on an approximation of a restricted definition of production. Most of the household activities usually counted in the extended accounts are productive under Shaikh and Tonak's narrow definition. Consider again Ironmonger's list of productive activities in the household.³⁵ The categories of meal preparation, laundry and cleaning, repairs and maintenance, and much of the "community work" and "other domestic work" categories are clearly productive of new services. Perhaps more controversial are the transport and shopping categories, and that of childcare.

Shaikh and Tonak argued that transport may be either production or distribution depending on the purpose of the transport activities. While warehousing was unproductive, transport to the customer/retail outlet was productive because it created new useful effects (utilities), ie. the use value of the object was transformed by being transported to where it was more useful. In this definition then, much of the household transport could be regarded as an extension of the productive transport to the retail destination (ie. transport to where the good or service is more useful). Similarly, most shopping labour can be regarded as productive as it is about delivering products to their point of consumption, that is, changing the usefulness of the objects in space/time. Indeed O'Connor noted that this labour was productive when done by paid staff. The change in retail practice towards more self-service shopping (eg. supermarkets replacing stores where sales clerks formerly got the product and handed it to the customer), represented an attempt to replace the labour of those sales clerks with the unpaid labour of the customer.³⁶ The change from paid to unpaid work, while important, should not affect the categorisation of shopping as productive labour.³⁷

Childcare is perhaps more problematic. At one level it is straightforward that this is a service (a use-value) provided (to parents) which is clearly separable from the child-care worker

Duncan Ironmonger (1994) "The Value of Care and Nurture Provided by Unpaid Household Work" Family Matters, Vol No. 37, p 191.

James O'Connor (1975) "Productive and Unproductive Labor" *Politics and Society*, Vol 5, No. 3, pp 302 - 3, 315.

However, where O'Connor, and Shaikh and Tonak, distinguish between the presentation of goods to the customer (productive labour) and the labour associated with changing ownership (the unproductive actual receipt of money), then presumably, from the other side of the cash register, the proportion of household shopping time taken up by actually paying for items is not productive. In practice though, and notwithstanding long supermarket checkout queues, I suspect that this unproductive exchange work is not the majority of shopping time. That is, most shopping time is productive activity and the figures used by Ironmonger can be left as an estimation.

themselves and so is productive labour. Shaikh and Tonak exclude from their measure of total product the activities of "maids, chauffeurs, and baby-sitters" because it is not normally capitalistically employed (or if it is, it would appear elsewhere as a productive service in their accounts). However, they explicitly see those activities, including childcare, as production activities.³⁸ Thus any adaptation of their restricted definition to move away from their capital centred definition would clearly include childcare as a productive activity.

Yet the issue is complicated when education is considered as social maintenance rather than productive activity. It seems counter-intuitive, if not quite illogical, that minding children is viewed as productive, as long as the child carer does not teach them anything! This might simply be a recognition that teaching and child-minding are different activities, one productive, one not, somewhat similar to the distinction between the retailer's distributing (production) and selling (non-production) of goods noted above. But arguably, inherent in any adult-child relation is at least some degree of learning either by example or directed mental stimulation (eg. reading, questioning, talking, some games, etc). In this case the distinction between childcare and education is impossible to maintain. Even if the activities could be distinguished, then we would have also to admit that much formal education produces the use-value of childcare, so at least part of the labour provided in the formal education sector should be regarded as production rather than non-productive social maintenance.

While these are important problems, they are not terminal. At one level I suspect that it must simply be accepted that any system of classification will have some anomalies, and this one is no larger than the many which plague the official definitions. Again, we are back to the epistemological point that any abstraction of a process of production from other social processes is problematic. But if we want to talk about production at all, then (as I argued in Chapter 1, along lines suggested by McLennan) some generalisations and "lines of best fit" must be drawn. Of course this does not make Shaikh and Tonak's classification unproblematic, but the consideration of the narrower definition of production need not be limited to their model. Indeed, the argument I am making here could be made with a straight material product definition which excluded consumer services.

As noted above, the definitions of productive labour have been the subject of long debate, but

³⁸ Shaikh and Tonak, *op.cit.*, pp 70 - 73.

Shaikh and Tonak's model is useful as the best developed restricted market product alternative. However, as Gibson, Graham and Shakow note (and their methodology does draw heavily on Shaikh's)

In our view, no one transformation procedure should be seen as final or 'right'. For example, in this [Gibson, Graham and Shakow's] study the health sector is left out of the productive sub-matrix on the rather traditional grounds that this industry does not produce clearly defined commodities for exchange. If, however, we take the view that the health industry produces the use value of healthier bodies under increasingly capitalist conditions of production and exchange we must include it in our calculations.³⁹

Clearly the same argument could be made about education. In both cases though, I would argue against their inclusion as production - but not for (what Gibson-Graham would now recognise as) the capitalist-centric reasons of the above arguments. Rather than a concern with specifically capitalist production, I would argue that the 'use-value' of healthier or better educated bodies (however produced) is not an alienable product. To posit these healthy, skilful bodies as a product is again to take the standpoint of capital (labour power, human capital theory). And because this measured 'product' would include elements of embodied labour, it also undermines the restricted definition's claim not to be talking about emotional or embodied labour. Again, it is the narrow focus of measuring only alienable goods and services that leaves open space for a different analysis of emotional and embodied labour. The inclusion of embodied (non-alienable) 'product' then confuses definitional entry points and takes a step away from the notion of the economy as a hologram.

If activities like health and education are excluded from the definition of production, then major areas of GDP are excluded from the accounting for (restricted) production. Of course some activities recorded as household production in the time-use surveys and in Ironmonger's valuations would also not constitute production narrowly defined. Activities categorised as "care for sick or disabled children", "teaching children" and "helping/caring for sick or disabled" are closer to Marxian "social maintenance" activities and are outside the narrow definition of production. Similarly, "household paperwork, bills etc" should be excluded as a version of the market's "finance services". Yet notwithstanding these household activities and the reservations about grey areas and overlaps, the basic point remains that virtually all the

Katherine Gibson, Julie Graham, and Don Shakow (1989) "Calculating Economic Indicators in Value Terms: The Australian Economy and Industrial Sectors" *Journal of Australian Political Economy*, No. 25, pp 23 - 24.

activities recorded in household accounts are productive (narrowly defined), while not all those in the market are, thus producing a mismatch of data.

I have argued in this and the previous chapter against the attempt to include everything in a super-comprehensive (extended) definition of production. The narrow definition allows for a consistent measure across market and non-market production because it does not include in the measure of market production activities which are not counted as production in the household. Or put another way, it allows a feminist perspective on non-market production to shape the view of the market, rather than an implied add-on model where feminism leaves the market view intact and adds non-market production.

Making Women's Work Visible

Again I will save the empirical estimates of production (narrowly defined) until the next chapter, my purpose here being a more conceptual consideration of the problems and possibilities of employing a narrower definition of production. However, the fact that the household or non-market economy contributes relatively more to production than is represented in the extended GDP-style accounts provides a tempting reason for preferring the narrower definition. This increased importance relative to market production might make women's unpaid work more visible and more economically important. However, it should be stressed that this preference is not simply self-serving. It is the result of a more consistent comparison between market and non-market production.

Just as Ironmonger argued for the inclusion of capital expenditure flows in the household accounting to enable an "apples to apples" comparison between market and household sectors, so too the narrower definition of production allows an even better "apples to apples" comparison. It allows a comparison of Granny Smiths to Granny Smiths rather than Ironmonger's Grannys to Jonathons comparison. Importantly, it also allows us to see that we are comparing Granny's (ie. one type of apple[labour]), and that we are not talking about all apples or all fruit (ie. we are not talking about all labour or all economic activity). The vision of other fruit (other economic activities) is opened up rather than precluded by the narrow definition.

If then one of the primary purposes of defining and measuring the economy is to make visible

women's work, then an accounting based on a restricted definition of production takes an important step in this direction. It begins to open a vision of different labours simply by the obviousness of the other's (apples/labour) exclusion. Moreover, the recognition that non-market production is a bigger part of the economy than even the orthodox extended accounts suggest, may also make politically easier the project of decentring the market - a project which I have argued is necessary to breaking the neoclassical nexus and to recognising the nature, as well the extent, of women's work.

Conclusion

I return to the quantitative measurement of production in the next chapter. The focus of this chapter has largely been on the potential of the restricted definitions to open up possibilities for thinking about different types of labour in the economy, and the subsequent possibility of defining and measuring the economy in a way which incorporates not just non-market production, but also an understanding of emotional labour. While I have argued that the actual Marxian and transaction cost theoretical frameworks were ultimately flawed, their discussion and empirical estimates are important nonetheless. The distinction between production and other labour is important in creating the space and legitimacy to recognise activity like emotional labour not as production/the same, but as a different type of labour.

This of course is a long way from the traditional goals of national accounting in terms of managing the economy or understanding its dynamics, but this should not be an issue because that claim itself is problematic. To repeat the critique of earlier chapters, you can't manage an economy (as governments and economists claim to do), if you can't see half of it (for instance, because you don't include non-market production). Nor can you understand the economy if your definitions and measures construct sameness (labour = production) when there are different labours. The restricted definitions of production thus highlight the shortcomings of mainstream definitions and measures. But more importantly, in recognising different types of labour by decentring the market as the yardstick (for instance, in favour of more feminist concerns about emotional labour) the restricted definitions take the first step towards breaking the neoclassical nexus.