

March 2015

Unpaid Care and Economic Welfare

Abstract

This paper refers to the persistence of patriarchal structures in the advanced economies of the 21st century. When Adam Smith designed productive work as the starting point of gainful economic activity, women did not count as individual persons, but as the minor part of a married couple ('husband and wife are one, and the husband is that one'). Economically, females were regarded as consumers, their maintenance appeared to be a burden, the proceeds of their work as well as their children seemed to be a gift of nature. This attitude resulted in a rigorous focus by Smith and his successors on the production of vendible commodities, whereas the inner-household conditions and the contribution of unpaid work to the economic welfare of the population remained undisclosed. The omission resulted in the perennial incompetence of the economic discipline to deal with the tension between the rising productivity of productive labor and the growing shortage of the resources for social provisioning and care. The paper concentrates on the ongoing discussion among feminist economists to bridge the gap which in many respects is one of the main roots of the current economic and social crises.

Introduction

Although women enjoy equal rights everywhere in the modern world, there is no doubt that their economic status is far from attaining equality with their male counterparts. In order to remedy such imbalance, the new Social Agenda of the European Union mentions equal treatment between men and women among the priority fields of political action. The Agenda expects advancement notably through the promotion of access by women to the labor market and equal pay between men and women. While pregnancy and maternity are counted among the potential origins of discrimination, the Social Agenda of the EU pays no attention whatsoever to women's unpaid work within households and families.

In the Common Market, women and men act as independent economic agents on their own account. The principle of no difference between male and female labor was a cornerstone of the European Union right from the beginning of the unification process in 1957. Beforehand, France had insisted that the founding Treaty of Rome should take account of the uneven relationship between male and female workers. Dissimilar principles of remuneration, mainly derived from the imbalanced status of men and women in the family, would cause distortions of competition between regions and sectors in the new community. The inconsistent disparity threatened the economic targets of the Union as a whole.

To understand this argument, we have to look back into the history of modern industry and trade. Adam Smith had demonstrated that the division of labor, technical assistance by the

use of machines and the specialization of skills would steadily expand the capacities to produce material wealth. Everyone carrying on a trade or industry would be able to benefit of the rising productivity of human work. At the same time, he was well aware that these principles were not appropriate for personal services. He classified them as unproductive, perishing in the very instant of their performance.ⁱ

On the other hand, the produce of land and labor had to maintain productive and unproductive labor and even those who did not work at all. As the availability of consumable goods would always be limited, he considered the unproductive part of the population as some kind of a burden for any national economy. In order to secure a growing amount of the annual produce for the growth of a nation's wealth, Smith emphatically separated the categories of human activity and highlighted the importance of productive labor, which solely was able to procure, beside the revenue of the laborer, a surplus of goods for the stock of productive capital.

His yardstick was the capability of any amount of human work to procure an equal quantity of labor, embodied in any permanent subject or vendible commodity. Smith pursued the increase of material wealth as the foundation of a nation's welfare, but he never thought of a balance between the production of commodities and the provision of paid and unpaid services in the family, the education system, the sector of health care etc.

Perennial Pitfall: The Production Boundary

For Smith, initiator of modern economic thought and theory, production and consumption of vendible commodities represented the two poles of any nation's economy. Accordingly, he put productive labor, creating and safeguarding a nation's wealth, in the focus of his analysis and political advice. All those maintained without contributing to the national produce counted as consumers. Although Smith conceded that their activities might be of great importance, he shifted them to the outskirts of the economic territory or even beyond its border.

No need to say that the newly created economic framework did not provide any space for women and their children. Smith took it for granted that productive labor was male and children were the produce of their fathers. For him, the daily chores of the family had nothing to do with the categories of the economic sphere. Like everybody else, he was convinced that women and their work did not matter in any economic debate – the profile of the female species was in no way compatible with the shape of economic man.ⁱⁱ

In accord with the great majority of his contemporaries, he abstained from criticizing the traditional practice to put women under the care of a father, a husband or any other male guardian. He acknowledged that the education of women did not equip them with knowledge and skills for employment, but exclusively rendered them likely to become mistresses of a family.ⁱⁱⁱ Not either did he analyze and comment the maintenance of dependents, although the keep of the family certainly can be compared in many respects with the maintenance of unproductive hands.

Focusing on the increase of material wealth, the framework of the industrial era just forgot to safeguard the welfare of women and their children outside the custody of men. It is remarkable that Smith's book, cornerstone of the industrial mode of attaining prosperity and social welfare, overlooked the problems arising from such omission. Smith, who relentlessly

testified that the existence of unproductive hands diminished the revenue of productive labor, must have relied on the persistence of patriarchy regarding economic development and social change.

The breadwinner household, fallout of a model where economic man claimed responsibility for everything, still withstands the challenges of modern times. Indisputable nucleus and unbreakable black box, it continues to conceal the need to deal with the significance of unproductive care in the context of economic thought und social policy.

The Breadwinner Household and its Impact on the Status of Women

Smith himself was aware that his idea to put the productivity of human labor in the core of a new economic model must have different outcomes for different groups. Yet while he regarded productive and unproductive laborers, owners of stock, menial servants, artists, clergymen and others, he never thought of women as being concerned by the rising efficiency of productive work.

Withheld from education and academic discourse, Smith's female contemporaries were not capable to get involved in the professional debate. On the other hand, one of the main concerns of the first Women's Movement in the 19th century arose from the tension between the rapidly increasing efficiency of productive labor and the stagnating productivity of women's efforts for the inner house economy and the well-being of the family.

In Germany, speakers like the feminist Clara Zetkin stressed that the widening gap between the productivity of men and women meant in no way inferior achievements of the female part of humanity. Yet neither Zetkin nor anybody else dared to say that the problem was the bias of the economic model instead of assuming that women were inferior. From there on, women's debate explored how the female gender and her way of living could gain societal equality. How open the doors to intrude in the world of independence and opportunities? How enhance the status of women's work while the minor prestige of home production and menial services like family chores meant incurable disadvantage for women in the public?

Zetkin (1857-1933) had gained reputation and publicity as the editor of the Socialist women's paper *Die Gleichheit (Equality) (1892-1917)*. Her concern was not so much the status of the middle-class wife of a well-to-do husband but the improvement of the living conditions of the lower-class mother and her children. Married or not, these women often suffered from great poverty, bearing at the same time an enormous workload from factory work and family chores.

In the 19th Century, Trade Unions and Socialists advocated a family wage for the male worker in order to improve the situation of the working class. A higher wage for men would make it easier for women to stay home and take care of the family, instead of earning money of their own. Yet what about those who did not enjoy male support? What about divorcees, widows, spinsters and lone parents? The time had not come to think of women as individuals instead of the subordinate part of a couple.

Down the centuries of the industrial era, it was quite common to treat women either as being married, as well-off by descent or as left alone in poverty. Accordingly, the labor market regarded them as second earners or as low-pay hands for menial jobs. Social policy, destined to compensate the risks of productive labor, confirmed and consolidated the support of the industrial labor force.

Too bad for women in unproductive low-paid jobs, even worse for lone mothers and their children, who were reputed to be entirely illegitimate. There was very little support from any male voice to look at both sexes as if they were individual persons on their own account, enjoying equal status, equal rights and equal opportunities, deserving societal acknowledgement as well for productive work as for their unpaid care in the context of household and family.

Digging out the Roots

It was a long way until women economists dared to speak out that the Smithian premises and the theories of his successors reflected the code of the bourgeois family of the 18th and 19th centuries. Until late into modern times, the family represented a male genealogy passing on the system of life and life-support from fathers to sons, paying no attention to the contributions of women to sustaining life beyond giving birth to progeny.

The logical result of such atrophying was an outlook on the economy with an extremely limited scope of perception. Modern economics, although claiming to cover the total of human life, alienates the economy from its social context. While it withholds the inner-house labor invested in social provisioning and care, its driving force is the one-dimensional production of vendible commodities.

In the industrialized countries of Europe, but even more in the agrarian societies of the developing world, the restricted view of the homo oeconomicus soon provoked women's doubts, their dissent and their protest. In the run-up to the revision of 1993 of the United Nations System of National Accounts (UNSNA), the book *If Women Counted* of Marilyn Waring^{iv} has gained worldwide recognition and praise. Quite recently, a new book *Counting on Marilyn Waring*^v renewed the claim to revalue women's work and show its growing importance in a changing world.

Marilyn Waring stressed that if the household production of women were included in the national accounting systems, the value of a nation's produce and income would gain precision, furnishing an indication of total economic well-being. It was her belief that in the same time, by including unpaid work in the scope of economic reporting, there would emerge rooms for alternative perceptions, for change, for flexibility, for the human response to life. She argued that the conventional measures of GDP fail to reflect the real world just for the sake of statistical consistency.

Waring's book was on the way to a new model of handling the problems of the advanced economies of the expiring industrial era. Ailsa McKay, editor of the recent collection of feminist views on GDP, took up her ideas and developed new approaches to a more integrative society, treating its members as equals and their work and achievements as equivalent. McKay recommended a basic income that would not only alleviate the hardships of women's lives, but open unknown territories in the service of common welfare and everybody's well-being.

Taking up such efforts, there remains an urgent need to discuss the patriarchal roots of the economic shortcomings. It does not seem sufficient to point to the deficiencies of the economic concept, trying to add what is missing. Economic theories, building on the groundbreaking ideas of Adam Smith, pursue the aim of creating material wealth by enhancing the efficiency of human labor. In a very fundamental way, they are production

theories, looking at national economies as if they were large-scale production units.

National Accounting as Applied Patriarchy

Marilyn Waring appealed to her sisters to demystify the rhetoric of balance between input and output in the Systems of National Accounts. She accused statistics and statisticians of conspiracy against women's desire to gain recognition as individual contributors to the economy even when their work remains unpaid. Implicitly she thereby raised the question of the relationship between economic man as individual economic agent and his/**the household** as undisclosed foundation of the economic edifice.

If economic thinking ever refers to households, they count for the epitome of **reproduction** and unit of consumption, i.e. the location where **productive labor** recovers. Women's movements, in their search to find a dock for women's work, adapted the term for their own purpose, even though the economic discipline never admitted that there was a problem with unpaid work. Theories in succession of Adam Smith ever consider the family as a unit whose economic contribution consists in the produce of its male breadwinner.

While Marilyn Waring accused national accounting of sexual discrimination, her outlook focused on statistics as a lens for economic performance and a tool for economic growth. She complained that male statisticians always referred to the male head when talking about households. If she had interrogated male economists themselves, she would have realized that the sameness of **the household with a male individual** (employed, single earner, two children, invisible woman), still functioned as a core theorem when regarding the economic framework in the outgoing 20th century.

At the time of Waring's query, statisticians in Germany (and probably everywhere else) debated the overdue adjustment of their tools to gender equality and the rising participation of women in paid work. How to cope with the problem that a majority of women emerged from male custody, pursuing whatever occupations, earning money of their own? Who was the head of the household when family law demanded equality of the partners, acknowledging their equal contribution to welfare and well-being of everybody?^{vi}

Reviews^{vii} of Waring's book once blemished the author for having not sufficiently paid attention to the revision of UNSNA planned for 1993. The revised report would unconditionally meet many of her objections. Indeed, the UN Working Group on National Accounts recommended a satellite account for women's unpaid contribution to economic welfare. Yet, it focused on the unpaid 'productive' work of rural women in developing countries.

In the years after, there were quite a few feminist voices to remind that the approach was inappropriate for the advanced economies of the developed world.^{viii} Therefore, it is highly interesting to look at the European System of Accounts ESA^{ix} dealing with the necessity of progress beyond the UNSNA. How does the EU handle the production boundary in countries where paid services prevail over material production? How do EU statisticians depict **the household** as the undisclosed unit of solidarity between generations, where unpaid female services provide care for those in need of unconditional support like children and the old?

Does the production boundary pay attention to the fundamental gap between productive and unproductive (care-)work? Is it admissible to be content with monetary figures in accounting the value of a nation's product? Are female earnings more than a substitute for the homemaker's maintenance? Who replaces the head of the family when women no

longer count as the subordinate part of a couple portrayed by a male individual? The industrial economy, based on the breadwinner household in pursuing the growth of material wealth, relies on cost-free services provided by the unpaid work of its female members.

The ESA 2010 is worth to be studied in depth by anyone (male or female) who calls for a new economy and a renewed economic discipline. Although it provides a wealth of information, it raises more doubts than giving answers to the most urgent questions of the 21st century. On the other hand, while it helps to look more precisely at the cleavages of the old model, it can assist to find starting points for a new analysis leading to a better world.

One of these starting points is ESA's enumeration of activities that remain definitely on the outside of the production boundary. In a rather baffling way, ESA assembles the chores of the industrial homemaker (cleaning, cooking, caring for children, caring for sick, infirm or old people et cetera) in a satellite account for household production. As soon as these services are paid, they convert into production and move into the central economic framework.^x

Equally, the breadwinner household has undergone mutation. Households consist of 'small groups of persons who share the same living accommodation, who pool their income and wealth and who consume certain types of goods and services collectively'.^{xi} In line, the male individual who used to function as the head of the household has adapted to gender equality. He counts as reference person, i.e. the person with the largest income. If the appropriate information is not available, the reference person might be the person who states that he/she is the reference person.^{xii}

An Outlook on the Future

ESA, by illuminating the economic model of the European Union, does not support women's hope that the gap between the industrial economy and human life will narrow. In the contrary, the European System of Accounts confirms the old principles of exclusion of women's unpaid work. Also, it reveals that there are no categories permitting to look at paid services in an appropriate manner. At the time being, the official debate on re-embedding the economy in the context of human life seems to have come to a standstill.

Although the new shape of the patriarchal divide pretends to be gender neutral, the impacts of the discouraging state of affairs hurt mainly women and children. While the economic machine produces heaps of useless commodities, the resources (time and money) for bringing up children shrink. Nobody has less time for themselves than parents who combine caring for young children with demanding professional careers. Nobody is more at risk of poverty than the families of lone mothers. No sector of households grows faster than the section of middle-age men living alone without dependents. No households are better off than those investing their entire capacity in fulltime, well-paid work without sharing anything with anybody.

Remembering that the approach of Adam Smith and his successors regarded women, their subsistence and their work as a burden diminishing the assets destined to enrich the capital stock, stimulates the debates among feminist economists. There is an urgent need to reconcile the material equipment of human life with life itself – not to speak of common values like equity and equality in societies pursuing a good life for all.

Some notes and references

- ⁱ Adam Smith, *The Wealth of Nations*, Ed. The Modern Library, Random House 1937, p. 314 ff
Text available at: <http://www.gutenberg.org/files/3300/3300-h/3300-h.htm#link2HCH0030>
- ⁱⁱ At the time of Adam Smith, the individuality of a woman was extremely constrained. The Common Law of England stated 'Husband and Wife are one, and the Husband is that one'. A German proverb used the same allegory. Married women were supposed to be 'the better half of the husband', while the husband himself was pitied for losing half his revenue for their maintenance.
- ⁱⁱⁱ Smith S. 734
- ^{iv} Marilyn Waring, *If Women Counted*, Harper Collins Publishers, San Francisco, 1990
- ^v Margunn Bjornholt and Ailsa McKay (eds.), *Counting on Marilyn Waring – new advances in feminist economics*, Demeter Press 2014
- ^{vi} Elisabeth Stiefel, *Ehe und Sozialstaat*, *Informationen für die Frau*, Volume 10/1990, http://www.elisabeth-stiefel.de/pdf/Ehe_und_Sozialstaat_1990.pdf
- ^{vii} Harry H. Postner, Review of M. Waring, *If Women Counted*, in: *Review of Income and Wealth*, Series 38, Number 2, June 1992
- ^{viii} Cynthia A. Wood, *The First World/Third Party Criterion: A Feminist Critique of Production Boundaries in Economics*, in: *Feminist Economics*, Routledge Journals, Volume 3, Number 3, Fall 1997
- ^{ix} European System of Accounts ESA 2010: https://www.lb.lt/n22873/esa_2010-en_book.pdf
- ^x ESA p. 54
- ^{xi} ESA p. 45
- ^{xii} ESA p. 46