



# Valuation of Unpaid Work

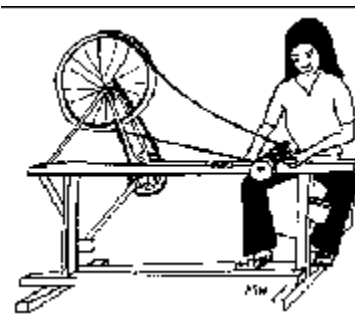
*"The economic statistics of work and production are used extensively in framing public policy and in business decisions. Thus it matters a very great deal what activities we understand, define and measure as "work" and "leisure" not only because this shapes everyday discourse but also because the reporting on the measured "variables" actually affects our lives through practical government and business decisions".*

*Ironmonaer. 1996*

## Did you know?

Using time budget surveys from a number of countries, the UNDP Human Development Report 1995 reveals clear differences in work patterns for women and men.

- Women spend more hours in unpaid and fewer hours in paid work than men.
- The total workday is longer for women than for men. As a result, women have less leisure than men.
- Although women do more total work, they have less access to money, measured in terms of either own income or assets, have less wealth, and less control over the economic processes they have contributed to.
- Comparisons of time allocation surveys over recent years in developed countries show that men now do more housework than they used to, but still less than women.
- In Norway in 1970-90, the number of hours women spent in unpaid household work declined considerably. Although the gender gap has been reduced, women still do more than men.
- In 1994, the Netherlands Government sought the advice of an Expert Committee on how to encourage a redistribution of unpaid work between men and women in order to give women better opportunities in paid work. The Government formulated four scenarios for a future in which unpaid work would equally divided between women and men by 2010.



**Early economists recognized the value of unpaid labour**

*"Awareness of the economic importance of unpaid household work, and of women's work in general, has led to the widespread acceptance that statistical measurements should be expanded to include unpaid work. Although this may seem to be a new perspective, it was developed long ago, particularly by the pioneering work of Charlotte Perkins Gilman (1898) and Margaret Reid (1934, 1947)."*

*Aslaksen and Koren, 1996*

The Scandinavian economic tradition of the 1930s was characterized by a clear distinction between the real economy (producing goods and services) and the monetized economy. Under this perspective, the goods and services produced by unpaid household work clearly belong within the production boundary. Similarly, early work in the US, especially by women economists trained in the Home Economics tradition, also recognized and theorized about the value of household work.

## Unpaid work in economic theory

By contrast, conventional neoclassical microeconomic theory has been concerned with the behaviour of individual units involved in the production and consumption of goods or services that have a scarcity or exchange value. Such goods and services are exchanged in the market for money. Production is generally defined and measured in terms of the creation of goods and services that have an exchange or market (monetary) value, resources are defined as goods or services that can be transformed into or used to produce things of monetary value, and consumption as the purchase of goods or services for money.

The different roles and working spheres of women and men has had a marked impact on the role of gender in economics. Men's primary role of breadwinner takes place outside the household, where transactions have become monetized, but women's primary roles as housewife and mother take place in the household, where monetized exchange is of less importance. As a result, the things that men produce and purchase in the market are considered as "economic", while the things that women produce and consume within the household are not.



Boundary blinkers arise from this partial coverage of economic analysis, which focuses almost exclusively on monetized activities and resources that occur in the market while ignoring non- monetized activities and transactions that take place in the household. This leads to misinterpretation. Movements of productive activities from the household to the market are interpreted as an increase in production because the basis for comparison is not the total universe of economic activity but only that part of it which is monetized.

While such movements occur routinely during the course of development, transfers in the reverse direction may occur during periods of economic recession. For example, poor households who are no longer able to afford public education or health services must provide non- monetized substitutes from household resources. Although the costs

involved may represent a heavy burden on the household (i.e. on women), they are not met by the market and thus not counted. These reverse movements across the household-market boundary are also incorrectly interpreted by economic theory as increasing the amount of resources available for alternative uses (Elson, 1989: 57).

By ignoring both non-monetised domestic activities within the household and transfers over time between the household and the market, economics presents an inaccurate and incomplete picture of the micro consequences of macro policies. The partial spatial coverage of economics inevitably results in a serious gender bias because the allocation of human resources between the non-monetised domestic sector and the monetised market sector in most societies is highly correlated with gender. Thus, the assumptions and predictions associated with particular policies are more accurate and complete with respect to men than women.

### The Norwegian example

Counting household work in the national accounts is also not new. In Norway, the first estimates of the value of unpaid household work were compiled by A.N. Kiær, Director of Statistics Norway, in 1912. Norway's national accounts for the period 1935-1943 and 1946-49 included estimates of the value of unpaid household work. Only unpaid housework by women was included, since housework done by men was insignificant at that time. National income estimates in other Scandinavian countries similarly included the value of housework. However, the introduction of the first international standard for national accounts by the United Nations (UNSNA) caused Norway to omit the value of unpaid labour from 1950 in the interests of internationally comparable national account figures.

The UNSNA were based on a market approach, in which only goods and services that were traded or could be traded should be included, thus excluding unpaid work. However, there is one major exception to this: the inclusion of an imputed value for owner-occupied housing.

### Satellite accounts for unpaid work

Following pressure from the women's movement, the UN Statistical Commission has recommended that national statistics offices prepare accounts for economic activities that are *outside* the current production boundary [Ironmonger, 1996: 38]. Accounts for the domestic sector are called "satellite" accounts. They should be separate from, but consistent with, the present SNA accounts, and could be used together with the SNA as a basis for public policy.

### The "third-person" criteria

The third-person criteria was first articulated by Margaret Reid [1934]. If a third person could be paid to do the unpaid activity of a household member, this it is "work". Thus, cooking, child care and gardening are all work, since others could be paid to perform these tasks while the benefit still accrued to the person who paid. However, reading a book or watching television is defined as "leisure" because if you paid someone to do these activities, they, not you, would enjoy the benefits.

## References and reading

Aslaksen, Iulie and Charlotte Koren. 1996. "Unpaid household work and the distribution of extended income: the Norwegian experience," **Feminist Economics**, 2 (3), 1996: 65-80.

Bruyn-Hundt, Marga. 1996. "Scenarios for a redistribution of unpaid work in the Netherlands," **Feminist Economics**, 2 (3), 1996: 129-133.

Cloud, Kathleen and Nancy Garrett. 1996. "A modest proposal for inclusion of women's household human capital production in analysis of structural transformation," **Feminist Economics**, 2 (3), 1996: 93-119.

Corner, Lorraine. 1996. **Women, Men and Economics. The Gender-Differentiated Impact of Macroeconomics**. Economic Empowerment Series UNIFEM Asia-Pacific Bangkok.

Folbre, Nancy. 1995. "Holding hands at midnight: the paradox of caring labor," **Feminist Economics**, 2 (3), 1995: 73-92.

Goldschmidt-Clermont, Luisella. 1994. "Monetary valuation of unpaid work," pp. 69-77 in **International Conference on the Measurement and Valuation of Unpaid Work, Proceedings** (Ottawa, April 1993), Ottawa: Statistics Canada.

Ironmonger, Duncan. 1996. "Counting outputs, capital inputs and caring labor: estimating Gross Household Product," **Feminist Economics**, 2 (3), 1996: 37-64.

UNDP. 1995. **Human Development Report 1995**.

Waring, Marilyn. 1988. **If Women Counted: A New Feminist Economics**. San Francisco: Harper & Row. (First published in New Zealand as **Counting for Nothing: What Men Value and What Women are Worth**. Wellington: Allen & Unwin.)