

WIDE

NETWORK WOMEN IN DEVELOPMENT EUROPE

WIDE is a European network of individuals and representatives from European NGOs and academic institutions, who share an active interest and commitment to promoting the integration of a gender perspective into European Union and Member State development cooperation and external policies.

WIDE's structure is based on a network of national women's platforms in 12 European countries, 11 of which are in the European Union, with a coordination office in Brussels (established in 1993). The coordination office is responsible for the implementation of the WIDE programme of activities as a whole, with support from the national platforms, who in their turn select the focus for their WIDE-related activities at national level.

WIDE is responding to some of the major, global challenges at the end of the twentieth century, contributing with specific actions, networking and lobbying on concrete issues, jointly with women living in the South. Also, recent political developments in Europe make it more important to act on a European level, and to coordinate efforts on development issues from a gender perspective.

The overall aims of WIDE are:

- ❖ To contribute with WIDE's analysis on gender and development issues and global view on North/South relations to the ongoing policy debates of the European Union institutions and European Member States' governments, with a specific focus on development cooperation and trade policies.
- ❖ To raise awareness on women, gender and development issues, in general and the impact of trade and aid policies of the European Union institutions, in particular, amongst European civil society (eg NGOs, women's organisations, and migrants' organisations) and the general public.
- ❖ Continuation of the work in progress on contributing to a rethinking of economics from a gender, feminist, European and development perspective, in collaboration with other networks.
- ❖ To focus WIDE's networking activities on deepening co-operation with other European NGO and NGO networks and organisations including the Eastern European region, and also with women NGOs and networks from Southern regions.

WIDE asbl

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PRODUCTION

How the Cake is Cut: Production and Economic Well-Being

by *Hilikka Pietilä*

About the Author

Hilikka Pietilä, M.Sc. (Nutrition, Household Economics) is an independent researcher and writer who has been actively involved in women's issues for many years. She was the Secretary General of the Finnish UN Association from 1963 to 1990.

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WIDE

Introduction: Background and Genesis

The Network Women in Development Europe (WIDE) has been working for several years on economic issues from a gender perspective, rethinking some of the questions and assumptions that the neo-liberal model has been proposing, and critically examining such concepts as structural adjustment, debt, and the free market. Over time, there has been a gradual and subtle shift in both our perception and in the reality of the political economy of trade, aid and development towards a broader emphasis on the issues of transparency and accountability in economic and social life at all levels and, in particular, the stark contrast between the lack of accountability to citizens (especially women) of global economic structures. This has forced us to try to delve deeper into the complex dynamics of, on the one hand, gender and macroeconomic policy and gender and trade policy and, on the other, macroeconomics and trade and its impact on economic development.

At our 1996 Annual Conference and General Assembly, members of the WIDE network indicated a strong desire to better understand economic analysis in order to work more effectively for the empowerment of women.

This need derives from the growing awareness that the reality of European development co-operation policies towards the South is becoming more mystifying every day. In fact much of the debate on this issue is occurring in another arena altogether - trade policy. Further muddying the waters is the fact that on the domestic front of both the European Union and the Southern economies, the re-structuring of the global economy is engendering broad and deep changes in the

way the nation state operates, in terms of social welfare and labour market policies. It is also creating new directional shifts in aid, trade and macroeconomic policy; the currents of which are slowly (for some and rapidly for others) tearing away the social safety net and creating hardship for poor women and men in accessing basic necessities for survival, as well as access to the resources and the tools needed for human development.

Since WIDE's Annual Conferences in Germany (1996) and in Finland (1997), members of the WIDE network and our sister organizations in the South have expressed a great deal of interest in extending their economic knowledge as a way of increasing the effectiveness of their organising and solidarity work.

As a network, WIDE is also seeking to engage in more effective, strategic and proactive advocacy.

This involves building confidence on economic issues, on human rights and the link between the two, especially with regard to women's enjoyment of their economic and social rights. At this stage of development of the global political economy and international solidarity work, economic literacy and comprehensive human rights are not optional approaches but are rather essential infrastructure tools.

This series of readers is just one part of WIDE's response to this call for economic awareness building. It is part of a broader comprehensive programme of enhancing our capacity by increasing economic literacy that is being created by WIDE's Working Group on Alternative Economics and Trade. The programme aims at transcending the border between leading edge feminist economic

analysis and policy prescriptions and the creative alternatives that are emerging at the level of the community. We see great opportunities as well as challenges in building a bridge between the two. These readers, although all written by economists, are not intended as economics texts. What they are intended to do is to address some of the assumptions that underpin contemporary economic theory and show how those theories perpetuate a particular world-view. We are brought up with the notion that certain disciplines like economics have a purity which removes them from the influences of such things as gender, race or class. They are presented as technical and neutral subjects. By identifying and analysing these assumptions, it is hoped that women will become both better informed and better able to challenge them; both in their personal and working lives. For those who want to pursue particular ideas further or find out more about specific initiatives, further information and resource lists are included at the end of each paper.

There are four readers in this series. Reader no. 1, *The Mystery of Market Worship*, by Lois Woestman explores the Market both as a (macro) concept and as a (micro) process. Ms. Woestman distances herself and us from our everyday influences by taking on the persona of a Venetian earth-based observer. By looking at how 'the markets' work and what influences them, she is able to unravel eight market myths ranging from assumptions about the inherent selfishness of people, to the (un)gendered division of labour.

Reader no. 2, *How the Cake is Cut: Production and Economic Well-Being* by Hilika Pietilä looks in some depth at the quintessential black box called 'production'. What is production, how is it defined and who does it? Traditional views of production tend to have a very narrow perspective

and she illustrates how the monetized sector, officially measured as GNP (gross national product), is built on and only survives because of the non-monetized sectors, which include reproduction, care giving, community enterprises and the resources of nature. Ms. Pietilä also presents us with lifestyle options and ways in which we can become more independent of market influences.

Both Nicky Pouw and Irene van Stavoren, authors of Readers no. 3 and no. 4, respectively, employ the technique of literary metaphors. Ms. Pouw's work, entitled *Home Economics: Developing an Alternative Perspective*, examines 'Home Economics' and discusses how different assumptions and concepts about the household and its functions have influenced economic analysis and policy. To illustrate different types of households, Ms. Pouw draws on Louise M. Alcott's novel 'Little Women' where the household consists of a family group of four sisters and their mother and contrasts this with a fictional presentation of the nuclear family, which is frequently used as a prototype of the household in classical home economics theory.

Ms. Van Stavoren's work, entitled, *Robinson Crusoe and Sillas Marner, or Two Sorts on the Gendered Monetary Economy*, tackles two of the most popular but at the same time most mystifying concepts: money and capital. Since the money supply and interest rates are the primary mechanisms for stabilising the macroeconomy this brings us back to the macro-level. Drawing on two well known fictional male characters: Robinson Crusoe and Sillas Marner, Ms. Van Stavoren takes these fictional settings and uses them to show how the monetary economy works and the effects of the exclusion of care and community.

Commonalities and Differences

Though all four authors of the readers are members of WDE's Working Group on Alternative Economics and Trade, they each reflect and present different and unique approaches to thinking and re-thinking certain economic concepts. No attempt has been made to create a uniform style so each author is able to use her own style and creativity to express her point of view.

However, there are certain commonalities that are shared by members of the working group and which serve as the basic starting points for each reader. Each author works from a framework which places the work of the household sector and community as central to the overall well-being and general economic performance of the economy. All of the authors reject the reigning assumption that the market and activities that occur in the market are the sole criteria for determining economic performance and hence economic policies. Figure 1 depicts the common views of all the authors about what the economy is, what it is for and how it operates.

Use of Language

While considerable efforts have been made to make the language of these papers as accessible as possible and jargon free, in some instances it has been impossible not to use words which have very specific meanings within economics. We also recognise that familiarity with key concepts and the language usually used to describe them can be empowering as it gives us the tools to address the issues on their own terms. Each paper however, does include a glossary which provides more detailed explanations than are sometimes included in the main body of the text.

How to Use these Readers

These readers have been developed to complement, and further develop, the awareness of individuals or groups who have participated in some form of economic awareness (literacy) workshop and/or who work on economic issues and therefore have some familiarity with the concepts being discussed but who do not feel they have a strong grip on the subject matter. Each of the four readers is designed to provide deeper insights into the economic analysis and arguments underlying policy issues in discussions about economic development, trade, aid, budget deficit reduction, structural adjustment, trade liberalisation and social welfare restructuring. It is hoped that as activists, lobbyist or policy maker you will be able to develop your confidence with economic arguments and think creatively about policy alternatives. The material in these readers can be used in a variety of ways:

Plenary and Discussion Starters

The discussion or plenary starters at the end of each reader raise specific questions and policy related points that can form the basis for your workshops or meetings.

Economic Literacy Methodologies

Ideally, we recommend study groups of two to five individuals. But individual study is also fine. You are welcome to reproduce the text and glossary of the readers for your group, but please acknowledge the author(s) and source. You can use the questions in the discussion starters as the basis for role play and they can be complemented by information on your local community. They may also be transformed into five illustrations, poems, or dramas.

We also recommend that you purchase one of the many easy to understand economic dictionaries now readily available in bookshops.

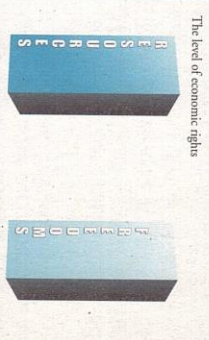
KEY CONCEPTS

Figure 1 and this accompanying text is an attempt to model our approach to alternative economics which is grounded in gender analysis and human rights. Though it still requires considerable development, we offer it as a window into our thinking process.

We start from the perspective that men and women are engaged in the process of creating well-being by managing the available resources, caring for each other and providing welfare. It is the result of this process, which we refer to as "provisioning" that creates the economy; thus the economy is in constant motion with new processes and activities emerging over time. The process of provisioning occurs simultaneously within three interconnecting and interdependent spheres: the care economy (C), the market economy (M) and the state (S). The dominant type of activities are identified as care/gift, monetary transactions and exchange.

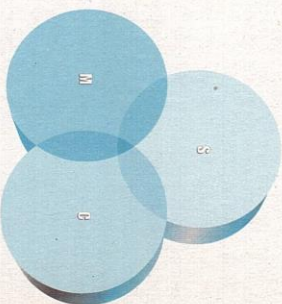
The Care Economy performs a crucial and fundamental role for the development of and the growth of the other spheres because it is here that human beings are produced, re-produced, nurtured and socialised. Within these spheres the fundamental and basic needs of the actors: men and women, are met via household and community production of food clothing and shelter. However, this sphere is not self sufficient as there are needs that it cannot meet without the functioning of the other two spheres. In the most simple case, it needs the state sphere which performs a redistribution function; provides security from external threats and establishes the rules and the institutional framework for stability. It also needs the market sphere which is able to provide and produce goods and services which it would be otherwise difficult for the Care Economy to pro-

Figure 1

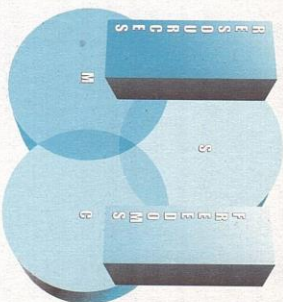


The level of economic rights

The level of economic structure



Economic rights in the economic structure



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vide. Hence there is a crucial interdependence between these three spheres.

The spheres also overlap as shown (in the second picture). This overlap we identify in terms of the set of entitlements: the economic and social rights of access to the provisions of the market and the state in order to lead a dignified life.

The ability of men and women to navigate and negotiate within and between the spheres depends on their access to resources and freedoms, which are the pillars of the entire edifice. We argue that the interaction between resources and freedom are inextricably linked and form the basis for individual and group claims for political, civil, economic and social rights.

The exercise of freedom (and free choice) is fundamentally dependent on access to and ownership of the available resources (time, natural capital, physical capital (including money), human capital (including creativity) and social capital. Men and women, individually and as a group, therefore, have different degrees of freedom in terms of the ability to move within and across the spheres, both in time and over time. These degrees of freedom are conditioned by and negotiated through power relations which themselves are mediated by class, gender and race inequalities and biases.

Since the spheres are not fixed but are flexible, over time the dynamics of dominance and dependence of one sphere over another becomes increasingly complicated. For instance the growth of the market and its predominance in economic thinking and policy formulation creates a certain amount of vulnerability and threats for both the care and the state spheres. It will also have an impact on the underlying class and gender

dynamics and thus has implications for altering the degrees of freedom and entitlements of men and women in the economy.

For example, today there is push on the state to reduce its involvement in the economy, to shift from a redistributive and regulatory function to take on the role of "night watchman". At the same time, many of the provisioning processes of the care sector have been made invisible and marginal while others are been taken over by the market.

In this struggle between spheres, some actors gain more degrees of freedom while other lose. This is certainly the case with the current trends of economic reform which aim to make the market not just larger, but "freer". Clearly, this means a smaller and different role for the state. But it also means that there is less emphasis on entitlements which may impact strongly on the vulnerable members of society, most of whom are poor women and their families. They will face great difficulties and added burdens in carrying out their provisioning in a dignified and self-f fulfilling way.

*By Mariama Williams, WIDE Programme
Officer on Economics & Trade,
with contributions from Sue Davies.*

PRODUCTION

How the Cake is Cut: Production and Economic Well-Being

by Hilkka Pietila

When we speak about *production*, what do we mean? Production of what and why? Who is producing what for whom and for what purpose? How much production do we have? What methods and means are used for that production?

Production is usually understood as production of goods, material commodities which have a price-tag and which can be purchased, paid for with money and used. When consumed, obsolete, or simply out of fashion, they are discarded and end up in the rubbish heap.

Services are also recognised as production, when they are produced on a commercial basis and bought and sold in the market. Such services as education, health care, child care, care of the elderly, sick and disabled people may be provided by the state. These so-called public goods are often provided free of charge or at subsidised prices to the end-users but because they are produced by paid labour (financed by public funds) they are nonetheless calculated in national statistics as production.

But is this all that production means? What about well-being, health, responsibility, happiness and love? Who, how and what produces them? What are the raw materials? What tools or machinery are utilized in their production? Can they be purchased with money from the market? What about the 'production' of children - is this production, reproduction, procreation or propagation?

In this paper we will take a broad and compre-

hensive look at what is usually meant by the term production. We will discuss how it happens that a major part of production is never seen in official statistics and the calculations of ministries of finance and industries. We will also explore the implications of this invisible production which is usually noticed only when it remains undone.

1. Official Definitions of Production

In her book "If Women Counted" Marilyn Wa-ling explains why it became necessary for states to develop national income accounts. Originally, they were started in order to justify paying for wars, to prove that the country could afford to start a war. Therefore it was necessary to take into account only cash generating activities, thereby ensuring that countries could determine balance of payments and loan requirements.

The current state of the world is the result of a system that attributes little or no "value" to peace. On the contrary, the destruction of war is very 'productive'. It promotes the arms industry, creates a lot of paid jobs both in the war machinery and in reconstruction of war damages for years afterwards. All of this is seen as growth in national accounts. "But the system pays no heed to the preservation of natural resources or to the unpaid work of the reproduction of human life itself - not to mention its maintenance and care. The system cannot respond to values it refuses to recognise" (Marilyn Wa-ling 1989).

In a study carried out by the United Nations International Research and Training Institute for

the Advancement of Women (INSTRAW) the term production is defined as an activity in which an enterprise or household produces outputs that can be delivered or provided to other institutional units (INSTRAW, 1995). In the System of National Accounts (SNA) production in general is defined as an activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital, goods and services to produce outputs of goods and services.

- The SNA statistics use a definition of production which does not include household activities that produce services for consumption within the same household. As a result, the following activities for example, are not included in production:
- cleaning, decoration and maintenance of the home,
 - cleaning, servicing, and repair of household durable or other goods,
 - cooking,
 - child care, instruction and guidance,
 - care of the sick and the elderly,
 - transport of household members and their goods.

The SNA affirms that these services require a considerable amount of labour and that their production is a source of well-being for the household. It affirms also that these activities would be included in production statistics, if they were provided by paid domestic staff. But they are not counted when provided by the members of the household who are not remunerated.

In the SNA study it is underlined that the role of national accounts is much wider than simply to produce indicators of well-being. National accounts serve a variety of purposes, such as policy formulations and analytical investigations. This argument is used as an explanation for why household production cannot be included in the SNA (Ruuskanen, 1995).

This argument is particularly astonishing. Is it not the case that labour and production in households should be included into the SNA because national accounts are used for policy formulations and analytical investigations? Would not the policies become much more pertinent and the analytical investigations more reliable, if the direct production of well-being in the households was calculated and counted?

- The INSTRAW study also gives interesting definitions for non-monetary activities and non-productive activities:
- Non-monetary activities are unremunerated activities that contribute to output in agriculture, food production, reproduction and household activities.
 - Non-productive activities are not productive in an economic sense; they include basic human activities such as eating, drinking, sleeping, exercising, etc. These personal activities may be identified by the fact that they cannot be performed by a third person.
 - Non-market activities are productive and non-productive household activities that satisfy human needs, without requiring monetary transactions.

Ruuskanen makes an interesting observation by stating that one of the most important differences between non-market work and market work is that the former is not carried out under competitive conditions and is thus not subject to any efficiency requirement. If a firm is inefficient, it will disappear from the market. Households, however, may vary in efficiency and some inefficient households may go on forever.

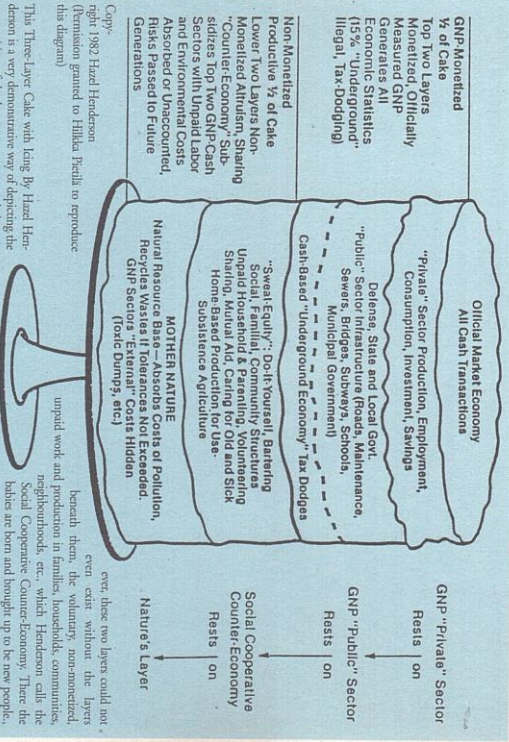
2. Three-layer cake with icing

The well known American futurist and alternative economist Hazel Henderson invented in 1982 the Three-Layer Cake with Icing as a pic-

ture of the total productive system of an industrial society. It illustrates beautifully that the production needed for sustenance and well-being of human society is much more than industrial production (Henderson, 1984/85).

With this picture Henderson demonstrates clearly, how all the production and other activities,

Figure 2. Three-Layer Cake with Icing. Total Productive System of an Industrial Society.



The market economy (The Market) is, only the icing on the cake although it is taken as the main thing by the prevailing economics. However, from the human and social point of view the other part of the monetized economy, the public sector under the icing, is already much more important because it provides safety and people with the infrastructure and most of the public and social services. It contains one of the foundations of the public and communication structures, education and training of employees, etc.

These two layers constitute the monetary economy, which is the whole focus of conventional economics and measured by statistics. In fact, how-

which are counted in the calculations and statistics of mainstream economics, are only the upper part of the cake. However, this much counted and recognised layer stands on the foundations of two other layers, the "Social Cooperative Counter-Economy" - as she calls it - and the economy of Mother Nature which remain invisible in economic theories and statistics.

Hazel Henderson also brings into the picture "Mother Earth", the foundation of resources for humanity, and the biosphere, which are necessary for human survival. It is the part of the human economy connection, which economists has been totally incapable to conceive of and take into account.

This cake illustrates clearly, what are the self-evident components of the human economy and in which order they are constructed, one above the other. The whole monetary economy lies upon the other two layers, the non-market work and production in households and communities and the living and "dead" resources provided by the "Mother Earth". There would not exist any other economy without these two!

The mainstream (malestream) economics recognises and studies only the top of the cake. Even though the private business layer of official market economy and cash transactions is only the icing on the cake, it is still given all the attention and importance in the economic policies of today's governments and economists. This takes place even to the detriment of the actual top layer, the public sector, which in developed countries is providing a major part of real welfare, in the form of a multitude of social and cultural services to the people.

However, the whole top layer, the private and public monetary economy stands on the bottom two layers. These are the non-monetized work and production in families, neighbourhoods and small communities which are responsible for the well-being of people, the protection of nature, the culture and social life of communities. There is also the base layer of natural resources and mother nature's productivity. These two layers are the basis for everything else in the human economy, without them no other life and economy would be possible.

Hazel Henderson calls the non-market middle layer the "counter-economy", but she warns us not to confuse this with the "underground economy" of tax-dodging, moonlighting, the grey sector and all other kinds of illegal cash-based transactions. These are very much in focus today in all societies due to the ever growing amount of transactions and exchanges.

"The 'Counter-Economy' is based on very different principles than those which operate in the underground economy: altruism, volunteering, community and family cohesiveness, cooperation, sharing, respect for the environment and the rights of future generations, and conservation of

all resources - human and natural" (Hazel Henderson.) Therefore it would be tragic to mix the "underground economy" of greed and illegality with the "counter economy" of altruism and care. We will take a closer look at the type of production which takes place in the two bottom layers of Henderson's cake.

3 Production in the Households and Communities (the Counter Economy or Free Economy).

In mainstream economics households are usually taken just as consumption units, whose task is to consume what industry is producing or persuading people to buy by way of advertising and marketing. Only one aspect of production in families is recognised: they are seen as "units for reproduction of labour". This expression is an example of dehumanisation of language and is common in economics terminology. This notion reduces the family or household to "a unit". Then people - children, men and women, are reduced to "labour" as if our only purpose was to provide industrial labour.

In reality families/households are sites of extensive production. (Families/households need not be related. They can be any group of people, who have decided to have a joint household.)

They produce basic care in various forms every day for all members living in the same household. They produce education, learning, health and comfort, even entertainment, joy and happiness in forms which are not available in the market at any price. Whether production in the household is bigger or smaller than consumption is difficult to assess as there are so many components in household/family production, which are not usually measured in monetary terms. The proportions of production and consumption also depend

on the decisions of households - collectively or separately - which still have a choice, as to how much they would like to produce by themselves and how much they will buy from the market.

This choice is an important lever of power in the hands of people themselves. In many ways we do still have the choice between producing goods and services by ourselves or buying them from the market. However, the scope of these choices depends on several, very important and decisive conditions. It depends at least on the following (Pullianen & Pietilä, 1983):

- the level of skills of the members of the household, i.e., how many of the skills needed are available.
- the time available, i.e., to what extent can the members of the household decide on their use of time.
- the production forces, i.e. how much and

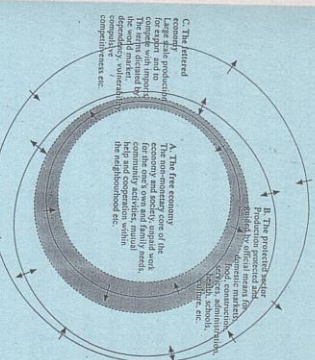
what kind of production forces are there available to the members of the household? (Remembering that know-how, skills, creativeness, initiative, memories and traditions are production forces as well as capital, land, space, forest and fishing waters!)

- the external conditions, i.e. obliged monetary contributions to the public economy such as direct or indirect taxes, and public insurances.

Today production within households and altogether outside the markets is much more than we realise. However, it remains unseen by all of us because it is not counted in economic statistics and therefore not recognised in ordinary public debates on economic policies and priorities.

Finland calculations on the value of the 'Free Economy' or unpaid housework in 1980 and 1990 gives an idea of the amount and value of

Figure 3. Another picture of the national economy (Pullianen & Pietilä, 1983)



the history of the human economy. It is the centre of the human economy, whenever the picture is seen from the perspective of families and individuals.

We counted how much the GNP in Finland would be in 1980 and 1990, if the non-monetized work and production was included. The figures below are then counted as proportions of this 'greater' GNP.

	1980		1990	
	Time	Money	Time	Money
A. The 'free economy'	54%	35%	48%	37,5%
B. The protected sector	36%	46%	40%	49,5%
C. The free sector	10%	19%	12%	13,0%

The proportions of different sectors have changed surprisingly little in ten years, 1980-1990. In 1992-1995 the free economy would be likely to be much larger, since about 14-15% of the labour force were unemployed and then the non-market work in the families may well have increased significantly as people would be substituting their declining incomes with increasing work in households. The surveys have indicated that the standard of living (i.e., the quality of life) has not declined in the same proportions as the purchasing power of people.

The membership of Finland in the European Union from the beginning of 1995 has, however, gradually changed the whole picture of the Finnish national economy, since the protective measures and customs have been eliminated from the internal borders between the EU countries. This allowed for greater impact of the 'freeing' effects of the international economy on the domestic economy.

non-market work in an industrialised/highly commercialised country. At that time it was about 42-60% of gross domestic production (GDP), depending on the method of estimation. The lower estimates were based on the then current salary of municipal home helps and the higher figures were based on the average wages on the labour market for all employees. (Housework Study, 1981; Vahavainen, 1995). Irrespective of which way it was counted, it was much higher than the whole state budget of Finland over the same period.

Even in a post-industrial, highly monetized country like Finland the amount of non-market work in households is enormous. However, in developing countries or countries in transition it is much higher.

The UNDP/Human Development Report 1995 gives an estimate for the first time at a global level of the amount of non-market, unpaid labour. "A rough order of magnitude comes to a staggering 16 trillion (dollars) which would make it about 70% of the officially estimated 23 trillion of global output. Of this 16 trillion, 11 trillion is the non-monetized, invisible contribution of women" (United Nations, 1995).

This shows how much production there is in the human economy outside of the markets and public provisioning. Clearly, there is no reason to talk about families only as consumption units.

There is a lot of dynamism between the non-market economy of unpaid work and production and the public and market economies. The more unemployment there is in the labour market, the more work is done in families and private households. The greater flexibility appears by necessity in households. In times of recession and structural adjustment people have been 'forced' to work more

at home due to declining salaries, lack of paid jobs and dismantling of public services. This flexibility and importance of the household sector prompted one observer to pose the following questions: But we should consider to what extent we could turn around the wheel? Whether we could transform this situation into an asset instead of scourge? Whether this situation would lead us to take more control on our lives? What would happen, if we ourselves make our own plan for our household economy and decide to do more at home in order to be less dependent on the supply of markets and money-income? (Robert Jungk, 1983).

Henderson's term 'Counter-Economy' leads us to think that the home-based, non-market production could be a counter-force to market forces. This could be manifested for example, in more people deciding to produce their own goods and services instead of relying solely on the markets. Thus people can re-assess a certain amount of independence from the market. We can then make our own decisions against the aims and intentions of the markets.

Non-market Production

It is possible for the whole community to be committed to work for common aims without money. Voluntary team-work by people in a community is collective non-market production. A powerful economic tool in the hands of people. Working together for a common cause or helping each other by team-work is an old tradition in villages all over the world. It is a way of achieving things when no financial support or cash is available. It is the strength of the poor.

The people in a unique movement in Finland, the Village Action Movement, have successfully reactivated this kind of tradition as their 'secret weapon' in their campaigns for keeping villages

alive in the age of urbanisation, commercialisation, economic centralisation and industrialisation. People have devoted millions of hours of work for production of roads and bridges, buildings for housing and community needs, repairing and restoring the environment, etc. in order to maintain their villages (Pretilli, 1993).

This kind of commitment and ability to provide non-market work and production is in fact, more important than people themselves may realise. "If they are able, because of strong community ties, to begin producing locally for local needs, they may be able to remove themselves from the global trading system, at least in part", states Canadian feminist ecological economist Ellie Perkins. They can "reduce dependence on large corporations for jobs and basic goods... (viewed broadly) it limits the power and influence of the globalized economy" (Perkins, 1996).

According to Italian economist Mario Cogo, the dogma of industrial society is that economic progress consists of a continual shift of labour and skills from household-based production to the commodity-based economy. In the extreme form it implies total abolition of work and skills in families or private life. "All labour and skills being absorbed in the economy... consumers do not perform labour outside the market, but only obtain access to consumption goods by selling their labour resources (or other resources) on the market. In this utopia the consumer is delivered with integrated consumption packages sold on the market, and time outside the economic system is reduced to pure unskilled leisure-time" (Cogo, 1995).

In Finland this process has already begun. For example, people now increasingly buy ready-made 'Isant' Christmas packages with full board (tra-

ditional menu) in fancy hotels in Lapland or the Canary Islands- Christmas tree and gospel included. Similar packages have long been available for summer and winter ski-ing holidays.

Market ideology would like to reduce people to mere consumers: dependent pawns of the market, with no power to influence either their own life or the running of society. This would legitimate the continuity of the global market and use people as fuel to keep them running forever - or at least until available natural resources dry up.

The benefits of production at home and in communities is a story with its own merits. According to Hazel Henderson it "fosters individual responsibility, mutual aid, local self-reliance, small-scale enterprises, renewable-resource technologies and the decentralisation of economic and political power". Experiencing commonality, belonging, happiness, joy and living and doing things together are once again becoming more important in life than money.

4 The Production of Mother Nature

For thousands of years humanity has taken living nature as an inexhaustible reserve of resources and raw materials. Through hard work, people have been able to earn their livelihood from nature. But now the relationship of humanity with nature has crucially changed. The technological capacity of humanity has reached such a strength and efficiency in this century that it overrides the potential of nature. Therefore, now the responsibility for preserving the prerequisites of life on Earth falls upon humanity itself.

But is there a difference between the relationships of men and women with nature?

It is easy and logical to assume that women invented agriculture and animal husbandry at the dawn of history when men were out hunting. Around the dwellings they started to cultivate the plants, which had been found tasty and edible.

Thus women invented more reliable means to provide food for their families even when men did not succeed in fishing and hunting. This indicates two different ways of relating with nature: fishing and hunting; exploitation of nature, taking without giving; cultivating and feeding, nurturing when utilising, mutually giving and receiving (Pretella, 1990 a & b). These differences may be conditioned by the prerequisites of life and the early distribution of tasks between men and women.

American, feminist theologian Rosemary Radford Ruether points out that the foundation of all life on Earth is photosynthesis in plants. "The more complex forms of life... are radically dependent on all the stages of life that go before them and that continue to underlie their own existence. The plant can happily carry out its processes of photosynthesis without human beings, but we cannot exist without the photosynthesis of the plants. Human beings cannot live without the whole ecological community that supports and makes possible our existence" (Radford Ruether, 1983).

The most fatal shortcoming of prevailing economics is that it does not distinguish production based on living nature, the cultivation economy from industrial production, extraction and manufacturing. The survival of the human species, however, as the most complex life form in the universe depends ultimately and decisively on living nature rather than minerals and fossils.

Cultivation Economy versus Industrial Production.

The cultivation economy produces basic commodities in co-operation with living nature. It is the interface between the human economy and ecology; interaction between human beings and nature, where the human economy should profoundly know and understand the terms of ecology, and take them carefully into consideration.

Agriculture, forestry, animal husbandry, fishing and all indigenous livelihoods belong to this type of economy, which operates with living things like plants, trees, animals and micro-organisms (e.g. microbes, yeast and rhizobium), the renewable resources of nature.

Living processes are vital to the human economy, since without them humanity is not sustainable. Therefore it is essential for the fate of humanity that we understand the particular nature and terms of this economy and conduct our handling of it accordingly. The essential precondition for sustainable cultivation is successful interplay between the human economy and the economy of nature.

Industrial production was originally based on manufacturing of non-renewable natural resources; minerals and fossils which are extracted from the earth. Today raw materials produced by the cultivation economy are processed by industry. This economy is not directly dependent on living nature, thus its productivity and efficiency can be improved as long as the raw materials are available. Its driving force is profitability.

Economics as a science is based on the logic of industrial production, extraction and manufacturing of 'dead elements', non-renewable energy and resources. When this logic is applied to the cultivation economy, the same demands of efficiency and productivity are imposed on agriculture and husbandry as on industry, therefore the system is bound to run into difficulties.

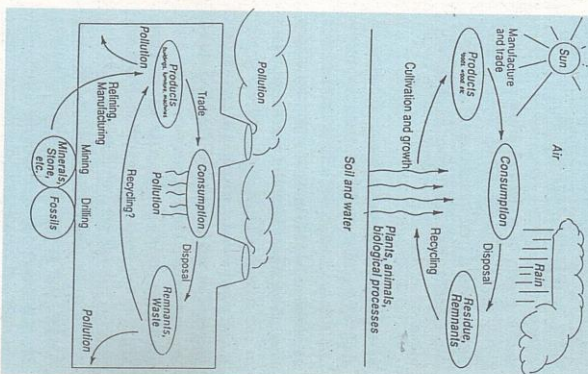
Trade has been considered to be mutually beneficial and profitable on the basis of different countries having different resources and capabilities. Competing with each other through trade the countries will optimise their capabilities and the profitable exchange will benefit everybody. This can continue as long as the non-renewable minerals and fossils do and while competitiveness depends only on the productive skills and competence of people and the productivity and effectiveness of technical machinery.

But it is absurd to apply the demand of international competitiveness to agriculture, animal husbandry, fishing and forestry. Natural conditions vary enormously from place to place on the earth's surface and the breeding of more productive animals and seeds have very definite limits. The human competence does not hold good for adjusting the length of winter or the warmth of summer to the needs of competitiveness. Mother Nature is not a negotiating partner at the World Trade Organization (WTO) table, her terms are not negotiable.

Nevertheless, national and international economies have been run this way for as long as any intentional economic policies have been exercised. This misperception and mishandling of the cultivation economy is the reason why agriculture has become such a problem both in national and world economies. This is also the reason why no solution has been found for food problems, and

Figure 4 A and B.

An Illustration and Comparison of the Cultivation Economy and Industrial Production (Pretella, 1991).



now, when we are reaching the limits of the arable potential of the planet, these problems are having fatal consequences.

The existing cultivation economies - both the basic commodity production and food production - are in insurmountable trouble. Developing countries have fallen into enormous debt and regression due to the deterioration of the terms of trade of their agricultural products. Agriculture in

industrialised countries, in spite of the application of the most advanced technology and significant subsidies, is about to collapse under the burden of debts and the effects of insane cultivation practices.

The problems of agriculture constitute a major reason for the rapid migration from rural areas around the world, which have led to the unmanageable growth of slums and urban problems. Finally, the consequences fall upon the environment and destroy the foundations of the cultivation economy and the human economy as a whole.

In order to allow the cultivation economy to apply ecologically sustainable means and methods in its production, it should be understood as an authentically different component of the human economy and handled with due regard for its own nature. Food production should be protected in each country according to climatic conditions. This will be a must in the near future if we want to save viable agriculture, animal husbandry and forestry in various parts of the globe, and feed the increasing population. Food self-sufficiency should be an ultimate goal and policy where ever the natural conditions are realistically feasible. (For example in the Nordic countries, where people have developed during the centuries the skills and knowledge to provide the necessities for the inhabitants in spite of stingy nature!)

5. The Triangle of Production for Human Needs.

Prevailing economic theories are inadequate for explaining and understanding the totality of the human economy: production, work and the various activities needed for the livelihood, health and well-being of humanity. There is need for a more comprehensive picture of the economy.

The necessary production for human maintenance and well-being takes place in all three economies: household, cultivation and industrial. They are the distinct basic components of the human economy and they each operate, on their own basic terms and logic.

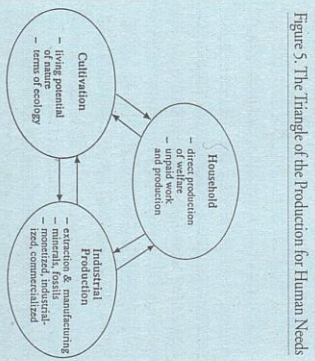


Figure 5: The Triangle of the Production for Human Needs

The basic pillars of the human economy which have to collaborate in order to bring about sustainable human welfare and livelihood. Each one of these components has different foundations and terms of operations. Therefore they also have to be taken into account according to their respective terms. The recognition of the dynamics and interdependencies within and between these components is the prerequisite of understanding the totality of provisioning human needs in a sustainable manner.

The household and cultivation economies cannot be accommodated into the narrow physical-mathematical framework of the industrial economy. Caring, comfort and health as products of unpaid work do not fit in, neither do sunshine, rain and fresh air or the life processes of microbes and worms in the soil as inputs to the production of the cultivation economy. They cannot be translated into mathematics, or cost benefit analysis, the predominant language in which present economies operate.

The crucial issue is to understand that each of

these components of production operates by its own logic. Today only the logic and terms of industrial production are well known. The other components need to be further analysed and defined, as does the dynamics between them.

The picture of the triangle of the production for human needs (Figure 5) illustrates these three components, each in its own right and helps us to see the links and dynamism within and between the three. There are links between the macro, meso and micro, monetary and non-monetary, visible and invisible, living and non-living, private and public, in the reality of human subsistence. Some of these links are within the components, some are in between them (Pretella, 1996).

6. What now - how does this help?

What do we gain, if we learn to see production differently, if we learn to see the whole human economy in a new way? Can we then find ways and means to decrease our dependence on money and markets, to gain more control over our own livelihoods, personal and family economies?

In all Western economies we are brought up to believe that everything in life depends on money and can be solved by money. We automatically learn to plan and organise our personal lives and livelihoods through the intermediation of money and monetary calculations. We literally don't see how much work and production is done in every home without money.

In most countries schools do not provide education and training to help us plan our personal lives. We do get some education and training to become knowledgeable and selective consumers in schools, voluntary organizations, magazines and adult education institutions. This is useful

and important. But it is not enough. It only advises us how to use our money in meaningful and economical ways. The point of departure is money, how to get money first and then to plan how to use it. The message is, the more money we earn the better. That is the way to solve our problems and be happy. This seems to be the basic happiness philosophy of Western market cultures!

But does it work? Doesn't it mean a desperate, fatal dependency on money and markets, both labour and commodity markets? Is that the whole picture of life's economy?

This paper is an attempt to inspire us to find out what are the possibilities for planning our daily lives differently. This brings us to realise, that there is a lot of production which never turns into money, but which still creates livelihood and welfare. There are possibilities, options in life to obtain many things without spending money. Some of us still have, irrespective of where we live, options to either go and buy food, clothes, presents, entertainment, etc. or to produce them by ourselves.

As we showed above, we are producers as well as consumers, irrespective of where we live. Like statisticians we forget to count this production. We cook, clean and prepare things at home. We may even make clothes, pullovers, blouses, skirts and socks for ourselves or for children, curtains, cushions and carpets for the house and if we have the space and opportunity, we can grow greens and flowers in the courtyard if we have one.

All this is production. According to economic thinking this is not profitable, it does not pay. From the personal point of view it does. First of all, it produces pleasure and satisfaction, it is fun to be able to do things by oneself, with one's own

hands. The pleasure of doing can only be achieved by doing! The more one does, the more one learns and our competence to manage our own lives improves.

We are brought up to sell our work to labour markets and then spend the money in commodity markets. That is how markets want us to operate, to serve their purposes. But let's serve ourselves instead! The less we sell our time, skills and labour to the markets, the more we can use these precious personal gifts for the things, which we really love to do. That is quality of life!

In this paper we have made visible, how much production takes place outside the markets. Hopefully this can encourage everybody to start thinking about their own life from a new perspective. How much I can produce myself? What is the minimum of money I need and what is the maximum of time and energy I need to sell to the labour markets? This is the beginning of liberating oneself from dependence on money and markets and minimising that dependence.

A new theory and understanding of the operation of the triangle of production for human needs is necessary. It would lay a foundation for the kind of "policy" formulations and analytical investigations, for economic planning and policy-making at the macro level, in states and communities. These would promote sustainable and dignified livelihood for all people in the South and North, instead of mere constant growth and accumulation of capital and power in the hands of the rich and the strong in the North.

Classify:

INSTRAW: United Nations International Research and Training Institute for the Advancement of Women
SNA: System of National Accounts

UNDP: United Nations Development Program,

Counter Economy: term used by Hazel Henderson for unpaid household and parenting work, caring for old and sick, home-based production, volunteering, sharing mutual aid, use-subsistence agriculture etc.

Calibration: Economy: an old ordinary term for work and production in cooperation with living nature, an interface between the human economy and ecology.

Free Economy: term used by Pullainen-Pietilä in their work in 1983 with about the same meaning as Henderson's Counter Economy. "Free" since people do it voluntarily out of their own will and initiative and without pay.

Household Economy: the work and production by the members of the household primarily for the use in the same household without being paid.

Underground Economy: term used by Hazel Henderson for the economy which implies cash-based transactions outside taxation and public bookkeeping and are therefore considered illegal in many countries. Called also tax-dodging, moonlighting, shadow economy, etc.

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