

# Counting for something!

## Recognising women's contribution to the global economy through alternative accounting systems

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*As a political economist, the focus of my research and activism has always been how economic data can be used to influence public policy. I am very familiar with the technical, logistical and measurement arguments traditionally raised by statisticians or economists in the debates on the collection, presentation and imputations related to gender disaggregated statistics. I also have very little patience with them. This article explains why, in the context of a critique of the United Nations System of National Accounts (UNSNA). It also surveys some alternative methods of accounting, which better capture the realities of women's contribution to the global economy.<sup>1</sup> The new feminist challenge is to identify and use these models in public policy making and in advocacy for change.*

Since the Second United Nations Women's Conference in Copenhagen in 1980,<sup>2</sup> feminists have strategised to force global and national accounting bodies to make women's economic contribution visible in their data. A main focus for attention has been the United Nations System of National Accounts (UNSNA). UNSNA was instigated in 1953, with the aim of enabling comparisons to be made between national economies, and serving as a guide to countries developing their own accounting systems. In the UNSNA, national economies are defined in terms of market transactions; consumption, investment, and saving measures are given in addition to income and production totals. A vast amount of work performed by women is for household consumption or unpaid work in the informal economy. This work is not counted in UNSNA. The lack of visibility of women's contribution to the economy results in policies which perpetuate economic, social and political inequality between women and men. There is a very

simple equation operating here: if you are invisible as a producer in a nation's economy, you are invisible in the distribution of benefits (unless they label you a welfare 'problem' or 'burden').

In 1993, the rules of the UNSNA (United Nations 1993) were changed. This was an opportunity to address feminist concerns, and incorporate essential work performed for home consumption into the accounting system. However, this chance was missed. Paragraph 1.25 of the 1993 UNSNA establishes the 'consumption boundary', enumerating the many domestic and personal services which do not 'count' when they are produced and consumed within the same household. Women all over the planet perform the bulk of these tasks. They are the cleaning, decoration and maintenance of the dwelling occupied by the household; cleaning, servicing and repair of household goods; the preparation and serving of meals; the care, training and instruction of children; the care of the sick, infirm or old people; and the transportation

of members of the household or their goods. These services do count in the UNSNA when they are supplied by government or voluntary agencies, and when they are paid for. The 'unaccounted' tasks are termed 'indicators of welfare'.

Out of a breathtaking conceptual ignorance, and undoubted Western bias, the UNSNA fails to grasp there is no demarcation for women in the subsistence household between production inside or outside the consumption boundaries. Just picture the following. A woman wakes; she breastfeeds her four-month-old child (unproductive inactive primary production, consumed by a member of the household). There is no accurate way of ascribing value to this activity, even in the proposed 'satellite accounts'. (The satellite accounts are the 'add on' compromise that will include unpaid work. They have to be separate so as not to disturb what the experts call the 'internal integrity and international comparability of the current accounting framework'.) There is no market price for breast milk, so the satellite accounts will price that food at its nearest replacement equivalent. But infant formula, whatever cost is ascribed to it, cannot compete with the quality of breast milk, which means that its use will have a cost impact on the future health and education of the child.

Let's continue with the picture. The woman goes to collect water. She uses some to wash dishes from the family evening meal (unproductive work) and the pots in which she previously cooked a little food for sale (informal work). Next, she goes to the nearby grove to collect bark for dye for materials to be woven for sale (informal work), which she mixes with half a bucket of water (informal work). She also collects some roots and leaves to make a herbal medicine for her child (inactivity). She uses the other half of the bucket of water to make this concoction (inactivity). She will also collect some dry wood to build the fire to boil the water to make both the medicine

and the dye (active and inactive labour). All this time she will carry the baby on her back (inactive work).

Of particular importance to feminists is paragraph 1.22 of the 1993 UNSNA, which describes the UNSNA as a 'multi-purpose system ... designed to meet a wide range of analytical and policy needs'. It states that 'a balance has to be struck between the desire for the accounts to be as comprehensive as possible', and their being swamped with non-monetary values. The revised system excludes all 'production of services for own final consumption within households ... The location of the production boundary ... is a compromise, but a deliberate one that takes account of most users [my emphasis - it is difficult to make extensive use of statistics in which you are invisible] ... If the production boundary were extended to include production of personal and domestic services by members of households for their own final consumption, all persons engaged in such activities would become self-employed, making unemployment virtually impossible by definition.' Rather than justifying leaving most of the work done by most women out of the equation, this statement surely demonstrates that the current definition of unemployment is inappropriate.

The International Labour Organisation (ILO) specifies that the production of economic goods and services includes all production and processing of primary products, including that for home consumption, with the proviso that such production must be 'an important contribution' to the total consumption of the household (ILO 1982). In a 1993 resolution concerning the international classification of status in employment, the International Conference of Labour Statisticians defined subsistence workers as those 'who hold a self-employment' job and in this capacity 'produce goods and services which are predominantly consumed by their own household and constitute an important basis for its livelihood.' (ILO 1993).

Compare the concepts of 'an important basis for livelihood', and 'an important contribution' to the total consumption of the household, with the specific exclusions from production in the 1993 UNSNA.

The distinctions made in terms of the boundary of production and consumption, and the definitions of the informal sector worked on so earnestly for the last ten years, are in these few sentences revealed as a load of patriarchal nonsense. As the example above shows, women's lives are not so meaninglessly divided. All tasks of survival in such circumstances are related. The Statistical Commission reported: 'As far as household production is concerned, the central framework includes for the first time all production of goods in households, whether sold or not, and services *if they are supplied to units other than their producers*' (my emphasis) (UN Statistical Commission, [www.un.org/Depts/unsd/sna/sna2-en.htm](http://www.un.org/Depts/unsd/sna/sna2-en.htm)). As concerned as they have been with conceptual and measurement difficulties, and boundaries of consumption or production, the designers of the new UNSNA just miss the point, and in so doing fail to reflect the reality of the majority of women on the planet.

The problem is systemic, and encompasses issues other than gender inequality. There are other significant measurement problems in the current UNSNA framework. Among the research topics of the Inter-Secretarial Working Group on national accounts, co-ordinated by the UN Statistical Commission, have been the indirect measurement of financial intermediation services; services in the informal sector; the classification of the purposes of non-profit institutions serving households; a workshop on intangible assets; the issue of measuring e-commerce; and more on counting the hidden economy. All of these pose significant technical, measurement and valuation problems. Wild, speculative abstractions regarding these concerns have resulted in the figures produced being absolutely meaningless for the purposes of

public policy, yet the framework of the UNSNA remains intact. However far removed from reality the UNSNA becomes, governments, business and multilaterals are committed to it, in the misguided conception that it accurately measures the thing which matters most: economic 'growth'.

John Ralston Saul opined in his CBC Massey Lecture Series: 'I would suggest that we are in desperate need of a reformulation of the idea of growth...It is difficult to imagine how we might escape our ongoing economic crisis unless we can reconsider [its] nature... By reconsideration, I mean that we must attempt to draw back far enough to see where value lies in society' (Ralston Saul 1997, 156-7). In the next section, I look at some work which has resulted from such attempts.

### **Information on real life: alternative models**

In the past 12 years, some very fine work has resulted from the consideration of such issues. The figures feminists needed, to ensure that the realities of women's and children's lives are made visible to economists and politicians, are finally starting to be produced. Data on the ways in which we survive in a context of resource exploitation and environmental degradation are emerging. What alternative models have been developed which yield such material, and render it useful for public policy purposes? The new feminist challenge is to identify and use these models.

#### ***The Index of Sustainable Welfare (ISEW)***

The authors of this model, Herman Daly and John Cobb, share a concern that 'what is needed is *a* new measure.' (Daly and Cobb 1994, 378). They are particularly concerned that 'costs' should be registered as deficits or depletions, not as 'goods' or 'benefits' in production and consumption, as in the UNSNA.

Daly and Cobb propose the Index of Sustainable Economic Welfare (ISEW).

In this method of data collection and analysis, growth is no longer God; the emphasis is now on sustainability. The characteristics used in the ISEW are personal consumption, distributional inequality, household labour services, consumer durables, services provided by highways and streets, improvement in health and education by way of public expenditures, expenditures on consumer durables and defensive private expenditures on health and education. Costs included are the costs of commuting, the costs of personal pollution control, costs of automobile accidents, costs of water pollution, air pollution, noise pollution, losses of wetlands, losses of farm land, depletion of non-renewable resources, long-term environmental damage, cost of ozone depletion, net capital growth, (that is, the growth in the stock of goods used to produce other goods) and a change in net international position (indebtedness).

Attempts to ascribe a value to leisure were omitted from the ISEW, because 'the rather arbitrary assumptions upon which such a calculation is based ... are particularly problematic' (ibid., 455). However, Daly and Cobb include 'a rather speculative estimate of long-term environmental damage, particularly from climate modification' (ibid.). They admit to being forced to make 'heroic assumptions' in compiling the ISEW, such as the cost imposed on future generations by the depletion of natural resources (ibid.).

The ISEW falls down on the issue of unpaid work. While it shows evidence of new thinking, it remains patronising. 'Which of the activities within the household should be classified as work as opposed to leisure or an intrinsically satisfying activity?' (ibid., 457), they ask. There is an easy response to this point: members of the paid workforce also take time for leisure in paid time, and find elements of their employment intrinsically satisfying. We still count all their activities as work.

In addition, Daly and Cobb's valuations are based on old inequalities. In ascribing a value to unpaid work, they adopt Robert Eisner's method of estimating the value of time spent on unpaid household work on the basis of the average wage rate for household domestic workers (Eisner 1989). This, they say, avoids the problem of using differential market wage rates for men and women. However, this does not avoid the problems thrown up by using traditional low wage rates from a female occupation to estimate the value of the work of domestic workers, especially when much of that work is in the management of a small business, even if there is no market exchange!

The results of the ISEW are measured in per capita dollars. They have been calculated in the USA for the years 1950–1990, and show variations when measured against the GDP in each of the four decades, and a decline in the 1980s. In retrospect, these studies can demonstrate that improvements in car safety and reductions in air pollution have made contributions to raising the level of economic welfare. So have social policies to reduce income inequality (ibid., 507). The categories included in the ISEW make this method of data collection yield a far more recognisable picture of reality. But the ISEW still remains one conglomerate, a single new measure, and the dollar is the measurement tool.

### *The Human Development Index (HDI)*

Since its inception in 1990, the United Nations Human Development Report series has been dedicated to ending the mis-measurement of human progress by economic growth alone. 'To be valuable and legitimate, development progress, both nationally and internationally, must be people-centred, equitably distributed and environmentally and socially sustainable ... If present trends continue economic disparities between the industrial and developing nations will move from inequitable to inhumane' (United Nations 1996, iii).

To make the HDI capture gender-related inequalities, life expectancy, adult literacy and education are disaggregated by sex, as are data on share of earned income. A 'Gender Empowerment Measure' (GEM) includes data on the proportion of seats in parliament occupied by women, data on women as a percentage of administrators and managers, professional and technical workers, and women's percentage of earned income. The Human Development Reports are augmented with other data relevant to gender-based poverty and inequality. Despite the data limitations of timeliness and availability, the problems of currency conversions to the USD baseline, differing concepts, classifications and methods, and charges that there are too many data with too many different indicators, the HDI begins to approach approximate accurate input for the purpose of policy making.

#### *Genuine Progress Indicators*

One key indicator that is missing from the UN HDI is time-use. Time-use has figured prominently in the work to establish Genuine Progress Indicators (GPI) in Nova Scotia. Prepared by Dr Ronald Coleman, the Nova Scotia GPI project has been designated as a pilot with Statistics Canada, which is providing ongoing assistance in data collection and analysis, and staff support. In addition to the national census, the GPI uses data from the Canadian System of Environmental and Resource Accounts. The index consists of twenty components with a sectoral approach and an emphasis on policy relevance.

The GPI indices distinguish direct contributions to economic welfare from defensive and intermediate expenditures, and from activities that produce an actual decline in well-being. Natural resource accounts include fisheries, soil and agriculture, forestry, wildlife, and greenhouse gas emissions. There are data on the costs of crime, income distribution, and transportation cost analysis. Monetary values

are estimated where possible, but in the GPI it is not necessary that all components should have a financial value attributed to them.

The indicators of the GPI include statistics on unpaid work, divided into voluntary and community work, unpaid housework and parenting, and the value of unpaid overtime and underemployment. These figures can be gender-disaggregated. The monetary valuation method used in this study for calculating the economic value of unpaid work is the replacement cost (specialist) method. This reflects the hourly wage rate that would be paid in Nova Scotia to replace existing activities at market prices for the same kind of work. While this financial valuation is used to demonstrate linkages between the market and non-market sectors of the economy, a clear focus of the analysis is on time. In 1997 Nova Scotians contributed an estimated 134 million hours of their time to civic and voluntary work, and more than 940 million hours to unpaid household work. Their unpaid work in these two categories was the equivalent of 571,000 full-year full-time jobs!

The GPI work in Nova Scotia is the most sophisticated measurement work for policy outcomes anywhere. I recommend it to you. Of particular use are the cross-cutting sectoral work in the forestry accounts, the water accounts, and the unpaid work accounts in both the household, and voluntary and community sectors. Only the key points and press statements in each area appear on the website at [www.gpiatlantic.org](http://www.gpiatlantic.org), but full reports can be purchased.

The original aim of the GPI for Nova Scotia was to create an economic data set in which all activities had an estimated monetary value – obviously, the involvement of Stats Canada and the Nova Scotia Provincial Government had to be appeased. But it is the ground-breaking work in the policy field that has saved this from being

just another data set, and moved it on inestimably from Cobb and Daly's work, which continued to 'Redefine Progress'.<sup>3</sup> Rather than producing pages of retrospective alternative data sets with alternative explanations for policy outcomes, GPI Nova Scotia's publications look forward to raising the key questions for policy decisions today and tomorrow, and with cross-sectoral trade-offs explicit in the equations. It is superb work. It is also written in totally accessible language, for non-economists. The ongoing engagement of the Nova Scotia community in the analysis of the GPI has also been a breakthrough in all the projects on alternative indicator sets of which I am aware.

### **Key challenges remaining**

The process in Nova Scotia partially solves two of the key problems that remained (at that point) with the GPI approach (which was originally Daly and Cobb's successor to the ISEW).

#### *Asking people to set their own indicators of well-being*

The first of these partial solutions is that while the indices seek to measure the well-being or development of a people or peoples, community, nation state or region, it is not usual for anyone to ask people themselves what indicators they would use to describe their well-being, and how they would measure outcomes of policies based on this data. Instead, the indicator sets are either what the authorities determine as being the figures they will collect (because the World Bank or IMF says so; because you can get a lot of software and hardware and vehicles if you collect particular data in a development assistance programme; because they support a corrupt government and can be easily manipulated; or just because they are the ones that have always been collected and there is comparability over time), or the figures that can be collected, from a logistical and technical standpoint, with a

so-called reasonable degree of accuracy. Sometimes the choice of what data to collect depends simply on what is on the UN agenda for that year.

#### *Presenting and interpreting data in non-monetary terms*

The fine policy work in Nova Scotia also mitigates the second problem of data which cannot be presented and interpreted other than in monetary terms. This means that all sections of the population – not just academic statisticians and economists, can participate in debates about the research. It is expressed in the way that people might talk about it in a community meeting, in 'real world' terms. It is also important that data can be debated in terms of its own integrity, instead of the somewhat far-fetched abstractions that result when everything is given a monetary value. For example, if we think of gender inequality and the potential users and objectives of time-use data relating to women's and men's workloads, we know that it is not necessary for policy discussions to ascribe monetary values to that work. For example, awareness of unequal time-use may spark off discussions about the need for day nurseries to offer more flexible services so that women's need for child-care can be met. These discussions do not require information about the value of the work which women are undertaking for such long hours. Nor do debates about policy regarding assistance to private businesses, or the planning and production of goods and services for home care. The need for monetary values to be ascribed occasionally is not a reason to abstract all time-use data to the economic model. Far more rigorous planning can be achieved by retaining the time-use framework, and it makes much more sense.

Ascribing monetary values to labour results in a loss of detail and specificity in policy analysis. Nowhere can the consequences of this be more starkly seen than in the case of children who work. Stories in

the *State of the World's Children 1997* illustrate this. The ILO Minimum Age Convention allows light work at age 12 or 13, but prohibits hazardous work before 18. It also establishes a general minimum age of 15 years for paid work, provided 15 is not less than the age of completion of compulsory schooling. Yet, of the projected 190 million working children in the 10–14 age group in the developing world, three-quarters work six days a week or more, and one half work nine hours a day or more (UNICEF 1997, 25). In a 1993 study in Malawi, 78 per cent of the 10–14 year olds, and 55 per cent of the 7–9 year olds living on tobacco estates were working full- or part-time (*ibid.*, 38). One quarter of the work force – around 50,000 – in the glass bangle industry of Firozabad in India are children under 14, working in indescribably unsafe and inhumane conditions (*ibid.*, 37). Haiti has an estimated 25,000 child domestics, 20 per cent of whom are 7–10 years old (*ibid.*, 30). In the United States, at least 100,000 children are believed to be involved in child prostitution (*ibid.*, 26). As many as 3 million children aged 10–14 are estimated to work in Brazil's sisal, tea, sugar cane and tobacco plantations (*ibid.*, 38). The most reliable estimates available for the United Kingdom show that between 15–26 per cent of 11 year olds are working (*ibid.*, 20).

Do we want to lose the detail of what we do to children by ascribing monetary values to their production? I certainly do not, but that would be the result of including their labour and its outcome under a generic 'producer' category. Similarly, I do not want to lose the complexity of the impact of human activity on our ecosystem behind dollar signs. Yet that is the direction being pursued to give 'visibility' to environmental issues. To establish the United Nations satellite system of integrated economic and environmental accounting, the first step for each country is to draw up a comprehensive balance sheet of natural resources, measured in physical quantities.

That ought to be sufficient for effective policy planning. Different units yes, but with judgement exercised. But the economists want one baseline, so that depletion of capital could include not just depreciation of physical capital, but depletion of natural resources along with deterioration of environmental quality. The problem is, they say, that so much expenditure for environmental protection compensates for the negative impact of economic growth, so it should be a cost to be deducted from national income.

There's an attractive logic here, and it parallels the 'costs' component of Daly and Cobb's ISEW system. The UN satellite system has been tested in several countries. For Mexico between 1986 and 1990, it was found that the environmentally-adjusted domestic product was 13 per cent less than the conventionally measured net domestic product. The new accounting measures also showed that net investment, which conventional measures showed as positive at 4.6 billion pesos, was a negative 700 million pesos. Net savings, also assumed to be positives, were actually close to zero. A case study for Papua New Guinea over the same period produced similar results. There consumption exceeded output so net savings were negative (UN 1996, 63).

But there had to be a better way.

### *Alberta GPI*

The latest work in which I have been involved as an adviser appears to have addressed both these major impediments to using the GPI in a major tool for policy planning. My challenge to the Alberta GPI Project Director, Mark Anielski at the Pembina Institute, was that the characteristics of well-being to be utilised in the Alberta GPI should reflect the values seen as indicative of well-being by Albertans themselves. The values held by Albertans should also determine how a characteristic in the GPI approach is treated. For example, in some communities, divorce is seen as a

negative social cost. We know it usually leads to the economic downward mobility of women. Most governments focus on single-parent-headed households as a negative phenomenon. Yet we all know cases where the separation or divorce brings about an end to prolonged violence, and the well-being of children and mothers improves substantially. Divorce can therefore, in some contexts, be seen as positive. Similarly, some communities would see the rate of oil extraction in Alberta as a positive contribution to well-being; others might see such extraction as a cost, particularly in terms of inter-generational equity.

In the time available, the Alberta GPI team was not able to conduct new research, but it was able to undertake a meta-data analysis of the Canadian and Albertan research on community values as reflected in the past five to ten years. This had the immediate effect of increasing the characteristics to be included to over 50, as opposed to the 26 in the original GPI or the 20 used in Nova Scotia.

The next challenge was to find a way of presenting all the data without ascribing notional monetary values, in such a way that all characteristics were measured in terms of their own integrity. It would obviously be useful if the system or model could also make trade-offs visible, and could be accessible for communities to understand and to participate in the analysis and planning that flows from the presentation of data. It would also be a vast improvement if the system could have 'open architecture' – that is, when a community or nation state demonstrated that a particular characteristic was no longer important to them, it could drop out of the system. Similarly, whenever a new measurement deemed important presented itself, it too could be introduced, without the tedium of 'not disturbing the comparability of the model over time', which is the outdated approach of the UNSNA and its policy of satellites.

I believe there is now this model. It is based on the healing circle used by the First Nations People of North America. It requires no expensive software: it is a simple radar diagram in an Excel Programme. The work can be downloaded from [www.pembina.org](http://www.pembina.org).

I believe this approach offers enormous possibilities, but it must not be abused. (I dread to think of it as a tool in the hands of unethical postgraduate students who need a thesis.) In the first place, users should know the origins of opposition to the UNSNA approach, and how and why this alternative approach evolved. It must come as a whole piece of work, which is initiated by the communities whose well-being (or level of poverty, or development indicators) is or are being determined. These people themselves should determine the indicators to be included, and this list should be revisited with them every five to ten years. You can see immediately that the open architecture could deal with all the following: inflation rate, daily caloric intake, maternal mortality, the cost of a litre of water, last year's rainfall, notifiable and contagious disease levels, levels of education or literacy or school attendance, access to and use of family planning, agricultural extension programmes, micro credit schemes, the retention of indigenous languages, natural disasters, pollution of air and water, deforestation – the list can be as long as a community determines. They should also be party to the interpretation of the radar diagram, which would determine the policy inputs required for desired outcomes, with trade-offs being very explicit.

I believe this model can be rigorous, ethical and accessible in our hands as a real breakthrough for policy work, with and for women and their communities.

## Conclusion

The UNSNA is still the most influential model being used universally, but it is failing women miserably as a policy instrument, regardless of all its other

problems. The feminist agenda in reinventing globalisation sees the removal of this pathological arbiter of 'well-being' as a critical focus. The satellite alternative is a co-option. The Alberta model is the most exciting alternative development in my lifetime – and one we can begin to use in our own nations and communities.

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## Notes

- 1 This article includes material from the introduction of the second edition of my book, *Counting for Nothing – What Men Value and What Women are Worth* (1999), University of Toronto Press, Toronto.
- 2 The United Nations Decade for Women ran from 1975 to 1985.
- 3 The organisation Redefining Progress carries on Cobb and Daly's work. [www.rprogress.org](http://www.rprogress.org)

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