



# The First World/Third Party Criterion: A Feminist Critique of Production Boundaries in Economics

By: Cynthia A. Wood

## Abstract

This paper examines definitions of production boundaries in economics, explores the limitations of these definitions with respect to the inclusion of unpaid domestic labor, and considers the significance of such an exploration for feminist economic analysis. Margaret Reid's "third party criterion," a definition of economic activity advocated by many feminists and one used to set the production boundary for most household production models, sets an implicit market standard for defining nonmarket economic activity and therefore contributes to the marginalization of such production. Similarly, production boundaries considered appropriate in third world contexts, such as those defined in the recently revised System of National Accounts, also use implicit market standards for defining nonmarket economic activity. A "first world" criterion implicit in such production boundaries defines nonmarket activity as work only if it would have been dealt with on the market in the first world; this results in the inclusion of some of the unpaid domestic activity of rural women on grounds which reinforce the exclusion of work such as child care and the preparation of meals in theory and policy. Feminist economists should beware the danger of recreating implicit assumptions and definitions which result in the exclusion of unpaid domestic labor.

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# The First World/Third Party Criterion: A Feminist Critique of Production Boundaries in Economics

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## ABSTRACT

This paper examines definitions of production boundaries in economics, explores the limitations of these definitions with respect to the inclusion of unpaid domestic labor, and considers the significance of such an exploration for feminist economic analysis. Margaret Reid's "third party criterion," a definition of economic activity advocated by many feminists and one used to set the production boundary for most household production models, sets an implicit market standard for defining nonmarket economic activity and therefore contributes to the marginalization of such production. Similarly, production boundaries considered appropriate in third world contexts, such as those defined in the recently revised System of National Accounts, also use implicit market standards for defining nonmarket economic activity. A "first world" criterion implicit in such production boundaries defines nonmarket activity as work only if it would have been dealt with on the market in the first world; this results in the inclusion of some of the unpaid domestic activity of rural women on grounds which reinforce the exclusion of work such as child care and the preparation of meals in theory and policy. Feminist economists should beware the danger of recreating implicit assumptions and definitions which result in the exclusion of unpaid domestic labor.

## ARTICLE

### I. Introduction

It is by now a central tenet of feminist economics that unpaid domestic labor (housework or household production) is not accorded the status of an economic activity in mainstream economic theory, nor is it incorporated in any meaningful way into mainstream economic analysis. Recent work addressing this issue by feminist critics of mainstream economics such as Marilyn Waring, Lourdes Benería and Susan Himmelweit has concentrated on how traditional definitions of economic activity exclude some or all unpaid domestic labor. The implications of this work are as significant for feminist theory as for policy, since they suggest that incorporating unpaid domestic labor into new definitions of economic activity does not necessarily achieve feminist goals; *how* such labor is incorporated must be examined closely for implicit masculinist assumptions and categories of analysis.

In this article, I analyze the exclusion of unpaid domestic labor through an examination of the “third party criterion,” a widely accepted definition of economic activity in household production models as well as in the System of National Accounts (SNA). I find that the third party criterion not only relies on market standards for defining unpaid domestic activity as work, but also requires that it be possible for nonmarket work to be delegated. This supports Susan Himmelweit’s recent analysis of “separability” in her discussion of unpaid work (Himmelweit 1995). It also suggests that, while Regenia Gagnier and John Dupré are right to argue that we should explore the many diverse conceptions of work, it is still vital to analyze the “restricted” definitions underlying economic theory if we are to understand the limitations of national income accounts, the measurement of household production, and policy based on the imputation of unpaid work (see Gagnier and Dupré 1995: 103). Using the current version of the System of National Accounts, I show that existing definitions of work and housework in such restricted contexts are modeled on first world economies, with interesting (if problematic) results for the treatment of third world women’s labor in both mainstream and feminist economics. Overall, I find an overriding exclusion of the personal, which operates even when inconsistent with the proposed definition of economic activity.

Just as Marilyn Waring did in *If Women Counted* (1988), I base my analysis of the exclusion of unpaid domestic labor on an examination of “production boundaries.” Production boundaries are most familiar to economists and statisticians working with national income accounts and other surveys of economic activity – they specify exactly what will be counted and what will be excluded in such surveys (see Derek Blades 1975: 45). Broadly understood, however, the term refers to the conceptual distinction between “economic” and “noneconomic” which defines the legitimate terrain of economic analysis. As Gagnier and Dupré suggest, there are richer conceptions of work than those allowed by definitions of production boundaries, especially those positing work as the opposite of ease and self-fulfillment (Gagnier and Dupré 1995). Nevertheless, most policy is based on such definitions, as are household production models which dominate theoretical discussions of women’s unpaid work in economics.

Waring’s book criticizes mainstream treatments of unpaid domestic labor in the context of analyzing national income accounts and the theoretical assumptions on which they are based. Like most feminist critics of mainstream economics, Waring focuses on the centering of the market and market-oriented activities as the major determinant of the exclusion of housework from definitions of economic activity. Using the 1968 United Nations System of National Accounts, she argues that mainstream economics in general assumes a strict market criterion for determining what is economic: the discipline “excludes the household from its system of valuation because it is not part of the market” (Waring 1988: 37). Production boundaries defined by this strict market standard necessarily exclude unpaid domestic labor.

But what about production boundaries that incorporate nonmarket forms of work? Waring herself suggests Margaret Reid’s third party criterion as an alternative definition of economic activity which incorporates unpaid domestic labor, a position recently reiterated by Lourdes Benería (Waring 1988: 26; Benería 1992: 1552). The newly revised System of National Accounts (SNA 1993) now incorporates a broad range of nonmarket activities, suggesting the need to revisit terrain Waring has already explored. As I will show, each of these production boundaries does away with strict market criteria for defining economic activity, but nevertheless continues to exclude all or some unpaid domestic labor.

Susan Himmelweit recently complicated the theoretical analysis of unpaid work in this journal (1995), by arguing that feminist analysis must not be based on an uncritical acceptance of existing definitions of work if masculinist biases implicit in such definitions are not to be reproduced. Himmelweit identifies the implicit requirement that an activity be separable from the worker for it to qualify as work. This requirement results in the exclusion of certain forms of caring and self-fulfilling activities feminists are likely to want included. That traditional definitions of work assumed in economics are modeled on the wage-earning production of commodities, as Himmelweit suggests, implies that the centering of the market can occur in more subtle forms than the explicit exclusion of nonmarket activities. This implication is central to the following analysis of production boundaries in discussions of household labor.

## II. THE THIRD PARTY CRITERION

Since strict market definitions of economic activity necessarily exclude unpaid domestic labor, as Waring and others have pointed out, the incorporation of such labor into economic analysis cannot occur without developing alternative production boundaries that distinguish economic from noneconomic activity on some basis other than whether or not the activity is performed for money. But this is not an easy task, even in the context of the household. Of all the activities which occur there, from sex to child care to washing dishes, which should be considered economic in function and which not?

This question has been addressed to some degree in discussions of household production and alternatives to conventional national income accounts (Oli Hawrylyshyn 1976, 1977; Luisella Goldschmidt-Clermont 1982, 1987; Robert Eisner 1989; F. Thomas Juster and Frank Stafford 1991: 504-10).<sup>1</sup> The definition of economic activity in the household most commonly offered in this literature is based (implicitly or explicitly) on some variation of the third party criterion, first suggested by Margaret Reid in *Economics of Household Production* (Goldschmidt-Clermont 1987: 5; Juster and Stafford 1991: 505). According to Reid,

[i]f an activity is of such character that it might be delegated to a paid worker, then that activity shall be deemed productive. . . . [H]ousehold production . . . consists of those unpaid activities which are carried on, by and for the members, which activities might be replaced by market goods, or paid services, if circumstances such as income, market conditions, and personal inclinations permit the service being delegated to someone outside the household group.  
(Reid 1934: 11, italics omitted)

The use of the third party criterion to define economic activity is unquestioned in economic evaluations of unpaid household work, including those developed by feminists; its wide acceptance is considered justification enough for its continued use (for example, see Goldschmidt-Clermont 1987: 5). Both Marilyn Waring and Lourdes Benería offer the third party criterion as a positive alternative to production boundaries defined in the System of National Accounts (see Waring 1988: 26; Benería 1992: 1552). But there are serious theoretical concerns for a feminist practice of economics which are raised by defining the production boundary in these terms.

The primary problem with the third party criterion from a feminist perspective is that, while it does not rely on a *strict* market definition of economic activity, it nevertheless assumes the market as the model of economic activity. According to this criterion, if and only if an activity in the household has some commodity equivalent will it be considered economic. The commodity thus becomes the norm or standard for defining economic activity, and the “economicness” of a given household activity is determined by the degree to which it reflects characteristics of activities or products on the market. But if a household activity is economic only to the degree it resembles a commodity, then to the degree it does not resemble a commodity (e.g. it is not bought, it is not paid), it is somehow less economic, even when it has some market equivalent. Incorporated into economic analysis in these terms, unpaid domestic labor can only be marginalized.<sup>2</sup>

The third party criterion’s market-based definition of the production boundary also precludes the existence of economic activity unique to the household, since anything which does not, or does not yet, have a commodity equivalent cannot be considered economic.<sup>3</sup> While this may primarily be a conceptual problem in highly-commoditized economies, it is one which contributes to the theoretical marginalization of unpaid domestic labor, again because it requires us to look first to the market before we define household economic activity. A market criterion for defining the economic, however indirect, also leads to shifting production boundaries as the economy becomes more commoditized. Before the introduction of paid surrogate motherhood, for example, pregnancy and childbirth would not be considered economic according to the third party criterion. However, the day surrogate motherhood became a commodity, *unpaid* pregnancy and childbirth should also have been considered economic.

As Waring has pointed out, unpaid childbirth is rarely considered an economic activity (Waring 1988: 27–8). That this is true even in feminist attempts to evaluate unpaid domestic labor suggests another difficulty

with the third party criterion, at least in how it has been applied: it is almost always used inconsistently, so that certain “private” activities which in fact have market equivalents are excluded. Almost all economic analyses or evaluations of unpaid domestic labor will include such activities as washing clothes, preparing meals and child care since, if the household had the income or the inclination, it could pay a housekeeper or daycare center to do them. By the same token, emotional caretaking, sex and childbirth should also be defined as economic, since there are paid workers who engage in similar activities – therapist, prostitute, surrogate mother. Yet such activities are uniformly excluded from economic analyses of the household, even those which explicitly use the third party criterion to define the production boundary (see Goldschmidt-Clermont 1982, 1987; John Devereux and Luis Locay 1992). Even though the exclusion of such “personal” activities from definitions of the production boundary violates the logic of the third party criterion, they are nevertheless excluded, and no substantive basis for this exclusion is offered in the contemporary literature (in those few cases when it is remarked upon at all).

It is useful to return to Margaret Reid at this point, since her analysis illustrates simultaneously the subtlety possible in a discussion of production boundaries and the frailty of arguments for excluding the personal from conceptualizations of the economic. Reid devotes an entire chapter of *Economics of Household Production* to defining household production. Central to her argument for the third party criterion is the assertion that it must be possible for an activity to be delegated for it to be defined as economic. It is the possibility of delegation which distinguishes production from consumption, she argues; an activity which must be performed by the person herself in order to create satisfaction or utility for herself (such as “playing the piano as a means of self-expression, or swimming to satisfy one’s desire for activity”) is not an economic activity (Reid 1934: 10).<sup>4</sup> This concept is equivalent to the “separability” requirement which Himmelweit argues is implicit in traditional definitions of work and results in the exclusion of caring and self-fulfilling activities in the home (see Himmelweit 1995: 8). Reid’s discussion provides insight and confirmation of much of Himmelweit’s discussion, but suggests some need for revision.

In addition to self-fulfilling activities such as swimming and playing the piano, Reid suggests that there is another category of unpaid activity in the home which cannot be delegated, in this case because the utility it produces derives in part from personal relationships:

An activity is considered personal if it must be performed by a particular person not because of special ability but because of a personal relationship between the performer and the one whose want is satisfied. The relationships of husband and wife, of brother and sister, and of friends call for certain activities and result in satisfactions that do not arise from the performance alone but from the fact that the service is rendered by a particular person.  
(Reid 1934: 11)

Here the activity cannot be delegated, not because it cannot be performed by one person for another, but because it must be performed by a *particular* person for another, with this particularity defined in terms of the personal.

Reid makes an important distinction here which is relevant to Himmelweit’s analysis. A personal relationship between the performer of an unpaid household activity and its beneficiary does not necessarily mean that the activity in its entirety is noneconomic (Reid 1934: 11–16). All tasks performed by a mother for her child, for example, are not in Reid’s view unproductive because the mother does them. The child derives a certain amount of utility simply from having a clean diaper or a full stomach, regardless of who changed or fed her. What Reid wants to define as separate from household production and therefore noneconomic is that excess or surplus utility the child gains from the mother herself performing such chores.

Even if we accept Reid’s argument, a consistent application of her approach should not require the exclusion of personal activities such as emotional caretaking, sex and childbirth from definitions of the economic. That people can and do buy any one of these as a commodity is evidence that not all aspects of utility deriving from those activities depend on who does them. A production boundary that excludes

those aspects of such activities which are productive of “impersonal utility” thus remains problematic even in the context of Reid’s analysis.

Ultimately, however, Reid’s justification for the exclusion of the personal aspects of these activities is suspect as well. She offers no argument for this exclusion other than that they *are* personal: “It seems that production is something apart from activities having to do with purely personal relationships” (Reid 1934: 11). Feminist theory has problematized public/private distinctions enough that we clearly should question this move. Considering the possibility that the personal should be included in our definition of the economic allows for alternative analyses. For example, the “personal utility” a child derives from her mother’s care could be seen as the product of a highly specialized and skilled worker.<sup>5</sup>

In any case, as Himmelweit points out, there are certainly market exchanges which depend upon personal relationships, relationships which may translate into higher prices for the product sold (Himmelweit 1995: 9). This could be an argument for the inclusion of personal aspects of some household activities which would be consistent with variations of the third party criterion with less stringent delegability requirements. However, if there is anything about a mother’s care for her child (or any other personal service in the household) which cannot be marketed but which nevertheless results in utility, this would seem to be an argument against a third party criterion for defining the economic rather than a justification for the exclusion of the personal aspects of unpaid domestic activity from economic analysis. There may be other arguments for excluding certain household activities or aspects of those activities from our conceptualization of the economic, but they will have to be made on some stronger basis than that they are “personal” or “private.” Nor can these arguments rely on the market to define economic activity, even indirectly, if they are not to beg the question of why the market should be used for such a purpose.

In Himmelweit’s terms, we must transform the definition of work such that the delegability (or separability) requirement is eliminated if we want to include caring labor. Feminists must take care in the process of redefinition that they do not recreate problematic categories. Reid’s analysis highlights what is implicit in Himmelweit’s argument that to be included in traditional definitions of work “there must be *sufficient* separation between the worker and her work” (Himmelweit 1995: 6, my emphasis). The question of separability does not have to be posited in either/or terms. Reid accepts diaper-changing as an economic activity even when the mother does it because it is *close* to being separable. Similarly, feminists who “discovered” unpaid work did so by stretching the traditional definition so that it included labor that was almost if not completely separable. Activities which were “less” separable, which produce a higher degree of “personal utility,” such as sex or emotional caretaking, could not be incorporated in this stretched definition, especially when reinforced by the conception of work articulated by Gagnier and Dupré as the opposite of ease and self-fulfillment (1995). In redefining work, then, feminists should be careful not to produce a diluted separability requirement if it is not their intention to suggest that we should dispense with the whole idea of defining activities themselves as work or nonwork, and discuss instead aspects of those activities, e.g. aspects of sex are economic in that they reproduce workers, even while they are also self-fulfilling; or, as Gagnier and Dupré argue, we should tease out the positive strands already existing in traditional definitions of work (as self-fulfilling, etc.) in developing alternatives.

Restatements of the third party criterion do not differ substantively from Reid’s, but their variations further illustrate themes I have discussed above. According to Oli Hawrylyshyn, for example:

An economic service (or Z activity) is one which may be done by someone other than the person benefiting therefrom. The question can be asked; can one hire labour to achieve the same results? If yes, then the activity is one which produces Z-goods; if not, the activity is a direct utility one and cannot be measured in any meaningful way.

(Hawrylyshyn 1977: 87, italics omitted)

The delegability requirement reappears here but is quickly superseded by a market criterion for defining the production boundary, one which precludes the existence of economic activity unique to the household and which marginalizes unpaid domestic labor by situating market activity as the exemplar of the economic. Although Hawrylyshyn notices the inconsistency of excluding sex from production boundaries

based on this criterion, he raises this concern only to dismiss it:

To respond immediately to the inevitable jokes about market replaceability for conjugal relations, let it be said that of course one can find a market alternative price for sex in dollar terms, but this has little relation to, and does not change the fact that the price of love is, well, love.

(Hawrylyshyn 1977: 87)

Like Reid, Hawrylyshyn perceives his invocation of the personal as sufficient condition for the exclusion of a household activity from definitions of the economic, despite the implicit requirement of his own criterion that it be included. A production boundary excluding the personal is therefore posited as prior to the boundary defined by the third party criterion; in the event of conflict, exclusion of the personal dominates.

F. Thomas Juster and Frank Stafford also repeat Reid's definition of production, with leisure occupying the position of consumption:

A household production activity is defined as one where a third party could be paid to produce the output, while a leisure time activity is defined as one in which third-party production is conceptually impossible – e.g. attending the theater, playing sports, watching television, or sleep.

(Juster and Stafford 1991: 505)

Again, the possibility of economic activity unique to the household is precluded by this definition, and while sex, childbirth and emotional caretaking should not be excluded by it, these activities are never mentioned in Juster and Stafford's discussions of unpaid domestic labor. The priority of excluding the personal is implicit in their analysis, but it is there nevertheless. The delegability requirement only reinforces this exclusion.

In summary, the third party criterion for defining economic activity in the household marginalizes unpaid domestic labor not only in setting forth an indirect market standard for defining economic activity but also in the assertion of a delegability requirement. Both these criteria privilege public over private to some degree, but the pattern of their inconsistent use reveals that there is another household production boundary which requires exclusion of the personal. This implicit criterion takes precedence in cases where consistency should require the inclusion of certain private marketable activities. Combined with the delegability requirement, such a production boundary does not allow for the definition of any personal activity as economic.

### **III. THIRD WORLD PRODUCTION BOUNDARIES**

#### **a. The third party criterion revisited**

The production boundary considered applicable in third world contexts has been debated in terms similar to those used to define household production.<sup>6</sup> While "development" is still used in mainstream analysis to refer to an overall enlargement of the market in third world economies, defining the production boundary strictly in market terms is no longer considered adequate, particularly for national income accounts. It is generally not unpaid domestic labor which is the focus of concern in these debates when framed by mainstream economists, but rather noncommodity subsistence activities such as agriculture for household consumption or the construction of homes. However, expanding the production boundary to include subsistence activities requires a nonmarket definition of the economic; discussions of what this definition should be are thus directly relevant to my own exploration of the production boundary, particularly since official analysis of the problem explicitly rejects the inclusion of unpaid domestic labor.

To review material discussed in Waring, official analysis of the production boundary is articulated most clearly in the System of National Accounts (SNA), a product of the United Nations with recent contributions by international agencies such as the World Bank and the International Monetary Fund. Originally formulated in 1953, the SNA "has become the standard, or universal, system used with little or no modification by most countries of the world for their own national purposes" (Inter-Secretariat Working

Group on National Accounts 1993: 8). That is, national income accounts throughout the world, including now those of Eastern Europe and the former Soviet Union, are or will be based on the guidelines set forth by the System. The SNA thus determines what statistics are gathered for purposes of opinion among mainstream economists on how the production boundary should be defined, and this definition must be stated very explicitly if the SNA is to serve its function. It is useful for my analysis, as it was for Waring, not only because it is representative and explicit but also because over the years the appropriateness of the SNA to third world economies has been a matter of serious debate and a major motivation for revision of the System. In its most recent revision, SNA 1993, it also addresses at some length the exclusion of unpaid domestic labor. This revision of the SNA supplants the 1968 version that Waring analyzes in *If Women Counted*.

SNA 1993 defines a “general” production boundary which is in effect a variation of the third party criterion, with both an indirect market standard for defining economic activity and a delegability requirement:

In the System, production is understood to be a physical process, carried out under the responsibility, control and management of an institutional unit, in which labour and assets are used to transform inputs of goods and services into outputs of other goods and services.

All goods and services produced as outputs must be such that they can be sold on markets or at least be capable of being provided by one unit to another, with or without charge. . . . The main problem for defining the range of activities recorded in the production accounts . . . is to decide upon the treatment of activities that produce goods and services that could have been supplied to others on the market but are actually retained by their producers for their own use.

(Inter-Secretariat Working Group on National Accounts 1993: 4) Later the SNA states that there is a “need to confine the production boundary . . . to market activities or fairly close substitutes for market activities”

(Inter-Secretariat Working Group on National Accounts 1993: 5).

Just as in Reid's third party criterion, the SNA's assertion of direct and indirect market standards for defining economic activity necessarily marginalizes noncommodity activities such as unpaid domestic labor or subsistence agriculture even as it revises the production boundary to include them. Only because of their close resemblance to market labor or production are such activities defined as economic; they have no independent status. Again, this criterion does not allow for economic activities unique to nonmarket settings such as households.

At the same time, the delegability requirement, meant to exclude activities such as eating and sleeping, also serves to exclude personal aspects of activities newly defined as economic. According to the SNA, “activities such as washing, preparing meals, caring for children, the sick or aged are all activities that can be provided by other units and, therefore, fall within the general production boundary” (Inter-Secretariat Working Group on National Accounts 1993: 124). By extension, if there are aspects of these services which cannot be delegated because they are dependent on the person doing them, then such activities will not be considered economic. And activities such as childbirth, sex and emotional caretaking are not included in the list of domestic work which falls within the general production boundary, despite the fact that each could be performed by one unit for the benefit of another. The SNA's delegability requirement, like Reid's, thus precludes the possibility of personal economic activity.

Because it is based on a third party criterion very similar to Reid's, the general production boundary defined by SNA 1993 is similarly problematic with respect to unpaid domestic labor. Despite this, a consistent application of the SNA's criterion would define the majority of such labor as economic. There is room for optimism, perhaps, in the explicit acknowledgment of this by the authors of the current System, who include activities such as child care and meal preparation in their definition of the general production boundary (Inter-Secretariat Working Group on National Accounts 1993: 124, quoted above).

Unfortunately, this general production boundary is revised somewhat for purposes of the SNA itself:

The production boundary in the System is more restricted than the general production boundary. .

. . . [P]roduction accounts are not compiled for household activities that produce domestic or personal services for own final consumption within the same household, except for services produced by employing paid domestic staff. Otherwise, the production boundary in the System is the same as the more general one. . . .

(Inter-Secretariat Working Group on National Accounts 1993: 124)

In other words, activities such as washing, preparing meals, etc., are excluded in the actual SNA guidelines for gathering statistics, even though these activities are defined as economic in the general production boundary. They are also the *only* nonmarket activities to be so excluded. The justification for this exclusion is revealing:

[T]he reluctance of national accountants to impute values for the outputs, incomes and expenditures associated with the production and consumption of domestic and personal services within households is explained by a combination of factors, namely the relative isolation and independence of these activities from markets, the extreme difficulty of making economically meaningful estimates of their values, and the adverse effects it would have on the usefulness of the accounts for policy purposes and the analysis of markets and market disequilibria – the analysis of inflation, unemployment, etc. . . .

(Inter-Secretariat Working Group on National Accounts 1993: 125)

A strong reassertion of market criteria for defining the legitimate terrain of economic analysis dominates this statement. Isolation and independence of unpaid domestic labor from markets is only reason for its exclusion if economic activity is defined strictly in market terms. Measurement difficulties are not insurmountable unless, as is the case here, “economically meaningful” refers to actual market prices. Prices are currently imputed for the value of subsistence production and for the rental value of owner-occupied property, and similar imputations for unpaid domestic labor are certainly possible, once controversy over what conventions to apply are dealt with.<sup>7</sup> Finally, including such labor in the accounts can only have “adverse effects” on policy if policy and policy evaluation are confined to markets.

Considerable evidence exists that domestic activities are in fact not independent or isolated from markets; the literature on gender and policies for structural adjustment, for example, suggests both that unpaid domestic labor is affected by market changes, sometimes dramatically, and that changes in such labor are at least partially responsible for the “success” of such policies as measured by traditional market indicators (see Commonwealth Secretariat 1989; Diane Elson 1989, 1991, 1992; UNICEF 1989). In any case, since such labor has never been measured or analyzed in any consistent way, on what basis do the SNA’s authors assert its relationship to markets?

Even if all of the concerns stated in the SNA with respect to the measurement of unpaid domestic labor were valid, such measurement would not be problematic if separate statistics were kept for the purpose of analyzing markets. But the arguments explored above are used to justify the complete exclusion of such labor from the System’s production boundary; market criteria for defining economic activity are thus reinforced, despite the SNA’s positive statements on the economic status of unpaid activity in the home.

Analysis of SNA 1993 suggests that Lourdes Benería is optimistic in her recent assertion that “[c]onceptually at least, the battle against the invisibility of women’s work seems to have largely been won” (Benería 1992: 1551). It is true that branches of the United Nations system and other development agencies have actively promoted the revision of national accounts to better measure all aspects of women’s work, including unpaid domestic labor. But the new definition of economic activity resulting from such efforts is, as Benería herself points out, still very much market-centered, and is in fact another version of the third party criterion: production, in these terms, is “the creation of goods and services which are exchanged on the market, are capable of being marketed or are produced with factors of production bought in the market” (quoted in Benería 1992: 1552). While Benería argues that “the predominance of market-related rather than welfare-related criteria tends to place domestic production in a special category of work” (Benería 1992: 1552), the analysis I have presented here suggests that market criteria, even when indirect, bring about the exclusion of unpaid domestic activity from definitions of work. That Benería explicitly approves of the third party criterion as a principle for defining household economic

activity, and does so *because* it “makes clear that market-related criteria are also applicable to the accounting of domestic work” (Benería 1992: 1552) shows that she does not fully recognize this mechanism of exclusion.

Just as in household production models, the exclusion of unpaid domestic labor in the SNA results most directly from an inconsistent application of the third party criterion in defining the production boundary relevant to third world economies. An implicit market criterion as well as a delegability requirement is used to justify the inclusion of nonmarket subsistence activities such as agriculture for own use and home construction in the actual production boundary used by the System while simultaneously excluding unpaid domestic labor – most of which has some market equivalent. Though the “general production boundary” described by the SNA is more consistent, it would nevertheless exclude personal activities and aspects of such activities on the basis of the delegability requirement and what I have described above as an implicit and dominant criterion for defining economic activity that requires the exclusion of the personal.

### **b. The first world/third party criterion**

Many third world women perform a broader range of work as part of their unpaid household responsibilities than is generally the case for women in the first world. In rural areas of the third world, for example, women may travel long distances to and from their homes in order to haul water or collect fuel; building houses may also be women’s work. In addition, work such as processing and cooking food or washing clothes may be much more time-consuming than a similar activity would be in the first world. Having tortillas for dinner may involve grinding grain for hours a day. To get a chicken to the table for a special occasion, a third world woman might have to raise the chicken, kill it and pluck it in addition to whatever preparation a first world woman would undertake.

It is important to consider these differences in women’s unpaid work in a discussion of production boundaries because not all such work is excluded even from those definitions of economic activity which explicitly exclude domestic labor. The basis for distinguishing economic from noneconomic in this case is revealing: production boundaries developed for third world economies exclude only those aspects of women’s household activities which mirror unpaid domestic labor in the first world. According to the SNA, for example, “[t]he following types of production by households are . . . included whether intended for own final consumption or not”:

- (a) The production of agricultural products and their subsequent storage; the gathering of berries or other uncultivated crops; forestry; wood-cutting and the collection of firewood; hunting and fishing;
  - (b) The production of other primary products such as mining salt, cutting peat, the supply of water, etc.;
  - (c) The processing of agricultural products; the production of grain by threshing; the production of flour by milling; the curing of skins and the production of leather; the production and preservation of meat and fish products; the preservation of fruit by drying, bottling, etc.; the production of dairy products such as butter or cheese; the production of beer, wine, or spirits; the production of baskets or mats; etc.;
  - (d) Other kinds of processing such as weaving cloth; dress making and tailoring; the production of footwear; the production of pottery, utensils or durables; making furniture or furnishings, etc.
- (Inter-Secretariat Working Group on National Accounts 1993: 125)

Especially when unpaid and done for the household’s “own consumption,” most of these activities are women’s work in a significant number of third world contexts, but are rarely performed by first world women.

Compare this with the SNA’s list of “those domestic and personal services for which no entries are recorded in the accounts when they are produced and consumed within the same household”:

- (a) The cleaning, decoration and maintenance of the dwelling occupied by the household, including small repairs . . . ;
- (b) The cleaning, servicing and repair of household durables or other goods . . . ;
- (c) The preparation and serving of meals;
- (d) The care, training and instruction of children;
- (e) The care of sick, in.rn or old people;
- (f) The transportation of members of the household or their goods.

(Inter-Secretariat Working Group on National Accounts 1993: 124)

These activities make up the bulk of women's unpaid domestic labor in the first world; of the unpaid work first world women do which is not on the list (shopping, for example), almost all would surely be added or considered part of one of the excluded categories if presented to the authors of the SNA. Such activities are also part of the unpaid domestic labor of third world women, and for some may comprise all of the unpaid work they do. For many, however, this work makes up only part of their unpaid household labor, but only this part is excluded from definitions of economic activity.

The SNA argues that the distinction is one of goods vs. services:

The System . . . includes all production of goods for own use within its production boundary, as goods can be switched between market and non-market use even after they have been produced, but it excludes all production of services for own final consumption within households. . . . These services are consumed as they are produced and the links between their production and market activities are more tenuous than for goods production, such as agricultural goods which households may produce partly for own final consumption and partly for sale, or barter, on the market.

(Inter-Secretariat Working Group on National Accounts 1993: 5)

There is an obvious reimposition of market criteria for defining economic activity here; it must be possible for the product to be sold for it to be considered economic. The privileging of goods over services also exemplified in the SNA's remarks is another tendency in mainstream economic theory which contributes to the marginalization of unpaid domestic labor since so much of the product of such labor is nonmaterial and "consumed as it is produced" (see Cynthia Wood 1994: 41–4). And because a service in the home is generally done for a known person, the exclusion of services "for own final consumption" by the household is intertwined with the exclusion of the personal.

The SNA's explanation of the exclusion of services is also problematic because the basis for distinguishing goods and services remains unclear and arbitrary. Why is hauling water the production of a good, but cooking a meal is a service? There are many meals prepared in third world contexts which are meant partly for the market and partly for home consumption. Is the distinction to be made based on whether the meal is primarily intended for the market so that "leftovers" are consumed at home, or it is primarily meant for home consumption, and leftovers are for sale? If a meal is cooked with some idea of how much will be marketed and how much will be consumed, is only part of the labor involved in producing that meal excluded? How much? There is surely a large percentage of water hauled which is meant exclusively for home consumption, with the "possibility" of selling the water no more important to the person doing the work than its use in washing clothes or caring for children. Why is this process considered a good rather than the transportation of a good, which is explicitly excluded?

These questions suggest that the SNA's distinction between good and service and the exclusion of the latter are based on something other than the argument presented. That something is an implicit "first world" third party criterion, market-based but defined by first world experience. In *Non-Monetary (Subsistence) Activities in the National Accounts of Developing Countries*, Derek Blades summarizes his discussion of how to draw the nonmonetary production boundary as follows:

[T]he production boundary should encompass non-monetary activities which are likely to be replaced by monetary activities as an economy becomes more specialized.

(Blades 1975: 54)8

Indirectly, Blades is setting first world economies as models for defining the nonmonetary production boundary since they are the most monetized at this time. How else are we to know what is “most likely” to be replaced by monetary activities without looking at historical precedent? Other national accountants are more explicit. Marilyn Waring summarizes the views of the statistician responsible for setting up the national income accounts in Nepal on this issue:

[I]n industrial countries, the major part of food processing, fuel and water collection, and home construction is performed outside the household and, hence, are considered income-generating activities. The fact that these same activities are performed within the household in Nepal and other developing countries is not sufficient reason for excluding them from the definition of economic activities.

(Waring 1988: 113)

In defining a production boundary to include certain nonmonetary activities in the third world as economic because they are monetary activities in the first world, the first world/third party criterion also *excludes* certain aspects of women’s unpaid household labor. Since women’s unpaid domestic labor in the first world lies outside the production boundary defined by national income accounts, and since the first world is constructed as the model for development, household work in the third world which looks like unpaid domestic labor in the first world cannot be considered economic or counted as part of the nonmarket subsistence sector of the economy. According to the first world/third party criterion, what makes noncommodity or subsistence activities (marginally) “economic” is that they would have been dealt with on the market had the economy in question been a fully developed (i.e. first world) economy. Certain aspects of women’s unpaid household labor in the third world fulfill this requirement, such as house-building and gathering fuel, and are therefore counted. But those aspects of household labor in the third world which would have been performed as unpaid work by women in the first world are excluded by this production boundary. Of course, the third party criterion is as always applied inconsistently since it is certainly possible to find monetary examples of these activities.

The fact that many of the labors of poor rural women in the third world arbitrary nature of distinctions used to situate one as economic and another as noneconomic. Such a woman’s household duties might include producing food, processing it for consumption, hauling water, collecting firewood and caring for her children. According to the first world/third party criterion, the work of growing crops or raising animals for household consumption is an economic activity. Yet only certain aspects of the processing of this food are economic. Grinding corn or plucking chickens are market activities in the first world; in third world economies, this work with development. But cooking the food for the evening meal is something women in the first world generally do as part of their unpaid domestic labor. It would not, therefore, be considered an economic activity when performed by a woman in the third world, nor should its existence or conditions surrounding its performance be considered signs of an economy’s underdevelopment.

It is important to recognize that there are women in the first world who perform the kinds of subsistence activities I have described here, and that there are many third world women who perform none at all. This does not obviate the theoretical point I am making that definitions of economic activity are based on first world experience, but it does mean that care should be taken in analyzing the practical implications of this point.

Production boundaries based on what I have called the “first world/third party” criterion are not universally applied, in any case. Poor rural women in the third world are likely to see even the growing of crops as part of their domestic responsibilities. Development agencies will generally consider subsistence agriculture an economic activity, as the SNA and definitions of the “economically active population” by the International Conference of Labor Statisticians demonstrate. The status of activities such as carrying water, building a house, grinding grain and collecting firewood, is much more tentative in practice; as Lourdes Benería points out, many countries do not consider such activities economic for purposes of their national accounts (1992: 1551). There is, however, little ambiguity about the exclusion of domestic

activities mirroring the unpaid labor of women in the first world; such work remains explicitly excluded from all official definitions of economic activity.<sup>9</sup>

#### IV. IMPLICATIONS

As many feminist critics of economics have pointed out, excluding unpaid domestic labor from the production boundary means that it will not be measured in surveys of economic activities, nor will it be considered in policy design and evaluation (see Elson 1989, 1991, 1992). The analysis presented above suggests that this critique must be developed further to address first world as well as masculinist bias in policy. If, as I argue, a first world/third party criterion operates to define economic activity for policy makers, then it is not surprising that policy targeting women's nonmarket work in the third world tends to focus only on domestic labor which is performed on the market on the first world, e.g. fuel or water collection, gardens or the raising of animals for home consumption. This is especially true when such policy is promulgated by international agencies such as the World Bank which are explicitly directed to address only "productive" or economic activities.<sup>10</sup> While these activities are certainly worthy of attention and policies directed at them are likely to contribute to the improvement of women's well-being, such exclusive attention suggests that their inclusion is premised on the continued marginalization of other domestic activities such as child care and cooking from policy consideration.

This analysis supports Himmelweit's point that nonmarket definitions of economic activity can effectively marginalize unpaid domestic labor even when they are developed for the purpose of inclusion. The third party criterion does this by asserting an indirect market standard for defining the production boundary, thereby marginalizing all forms of nonmarket work. The first world/third party criterion defines nonmarket activity in the third world as work only if it would have been dealt with on the market in the first world. This results in the inclusion of some of the unpaid domestic activity of rural women on grounds which reinforce the exclusion of work such as child care and the preparation of meals. The pattern of inconsistent use of nonmarket definitions of economic activity also shows that activities or aspects of activities deemed "personal" are likely to be excluded even when the logic of the definition requires their inclusion.

It follows from this analysis that the danger of replicating the conditions of exclusion is always present, even among feminists working to develop alternatives to mainstream economics. For example, in her book *Woman's Role in Economic Development* (often credited with launching the field of women and development), Ester Boserup analyzes at length women's market and subsistence activity, yet never includes unpaid domestic labor among women's productive activities. Boserup does discuss work such as food and fuel collection, the making of clothing and baskets for home use, and grinding grain (Boserup 1970: 162-3), revealing an implicit first world/third party criterion for defining economic activity; according to Lourdes Benería, "[Boserup] saw these activities . . . mostly as subsistence production, not as domestic work" (Benería 1992: 1549). More recent work in the field is not exempt from this bias. Lise Østergaard's *Gender and Development: A Practical Guide* (1992) has no substantive analysis of unpaid domestic labor as an economic activity; the discussion of women's work is limited to employment in the market economy. While other overviews, such as Janet Momsen's *Women and Development in the Third World* (1991), incorporate such labor as a matter of course in their analyses of women's work, this is by no means a universal tendency. My analysis suggests the need to focus our attention on personal and third world experiences and how they are dealt with in economic theory in developing alternatives, while also guarding against essentialism.

This is not easy to do and will probably require radical change in how we think about the economic. The concept "unpaid domestic labor," for example, is itself a theoretical abstraction which excludes much of the work performed by third world women as part of their unpaid domestic responsibilities, largely because it is a concept constructed in opposition to "work" as experienced and defined in the first world. This concept requires us to treat subsistence and domestic labor as separate categories in third world contexts, even when they occur in the same household, are both unpaid, and are done by the same woman simultaneously. I have chosen to maintain the distinction between subsistence and domestic labor in order to emphasize the marginalization of the latter at all levels of economic analysis.

This is a strategic, if problematic, move. By persisting in naming the domestic in the context of the third world, I call attention to the blank space which is currently its place in economics.

## NOTES

1 Waring considers some of the limitations of these alternatives, but not how they define economic activity.

2 While it may seem obvious that a criterion for defining economic activity which is based on an *indirect* market standard marginalizes unpaid domestic labor nearly as effectively as a strict market criterion, it is not a point that has been incorporated widely in feminist analysis of economic theory and practice.

3 This is a problem that Himmelweit considers also, though in another context (see Himmelweit 1995).

4 It is not at all obvious to me that certain aspects of watching television, reading or other recreation should not be considered economic, but since unpaid domestic labor would not generally be understood to include such activities I will not pursue this argument here. Note that while Reid discusses at length her reasons for defining production as something which it must be possible to delegate, she moves directly from that argument to the third party criterion, with no comment at all on why it must be conceptually possible for the *market* to mediate the delegation (see Reid 1934: 6–11). Both aspects of this argument are problematic, but Reid is not alone in failing to recognize that they are two distinct assertions.

5 The complaint that joint production is a problem in considering unpaid domestic labor an economic activity can lead to the exclusion of the personal on grounds similar to those Reid uses. In John Devereux and Luis Locay's evaluation childcare, such as playing with children, were . . . excluded" (Devereux and Locay 1992: 401), presumably because a major product of this activity is deemed the enjoyment the parent gains from such play. Nancy Folbre has pointed out that the issue of joint production is as relevant to market work as it is to unpaid domestic labor (see Folbre 1986). In any case, the joint production involved in such labor is certainly exaggerated in many cases – playing tea party or ball with a child may be torturous rather than pleasurable for the parent at least some of the time but cannot always be avoided.

6 The Cold War origin of the terms "first" and "third" worlds, as well as the hierarchy implied and the homogeneity imposed on extremely diverse experiences, makes their use highly problematic. Nevertheless, I use them, primarily because the opposition between "third" and "first" world experiences shapes categories of analysis in development economics so completely that my deconstruction of production boundaries requires a highlighting of this opposition. At the same time, political resistance to domination by the North has been and, at least for now, continues to be organized on the basis of an "imagined community" of Southern peoples, as Chandra Mohanty has suggested (Mohanty 1991a: 4). I use the lower-case in preference to the more common upper-case to avoid transforming these terms into proper names which even further homogenize the diverse experiences of people in the South, a danger which has been pointed out repeatedly. For further discussion of the theoretical and political concerns at issue here, see Mohanty (1991a, 1991b).

7 As Waring has argued, imputing a value to unpaid domestic labor in terms of prices contributes to the marginalization of such labor in economic analysis by legitimizing the market as the appropriate criterion for defining production boundaries, but this does not obviate its usefulness as a political strategy (Waring 1988: 285–7).

8 Quoted in Benería (1992: 1549).

9 Note that the first world/third party criterion can also be imposed through the definition of household production. For example, in her survey of studies of homemakers' use of time, Reid points out that "[h]omemaking as defined in these studies excludes all tasks connected with the home which are not

commonly carried out by town women. Vegetable gardening, dairying, care of chickens have not been included even though the products were used by the family. Flower gardening is homemaking, but vegetable gardening is not. Picking peas is farm work but shelling peas is homemaking" (Reid 1934: 81, 83).

10 See Nüket Kardam's excellent analysis of the incorporation of women's issues in international agencies such as the World Bank and the Ford Foundation in *Bringing Women In* (1991).

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