



“Summary of article by Hilikka Pietila: The Triangle of the Human Economy: Household – Cultivation – Industrial Production: An Attempt at Making Visible the Human Economy in Toto” in Frontier Issues in Economic Thought, Volume 4: The Changing Nature of Work. Island Press: Washington DC, 1998. pp. 336-338

Social Science Library: Frontier Thinking in Sustainable Development and Human Well-being

“Summary of article by Hilikka Pietila: The Triangle of the Human Economy: Household – Cultivation – Industrial Production: An Attempt at Making Visible the Human Economy in Toto”

In the processes of modernization and industrialization many functions that had once been performed within the family are transferred to the monetized realm, produced either as public services or as commodities to be purchased on the market. These include the production of food, clothing and furniture, child and health care, education and entertainment. Nevertheless, no society has achieved "the extreme form of market utopia" in which work and skills are totally abolished from the private, family realm -- in which, "as all labour and skills are absorbed in the market economy, time outside the economic system is reduced to pure unskilled leisure-time." [115]

Instead, there remains a household economy, only part of whose activities have been monetized, but which is, from the human point of view, the primary economy. Here is the locus for the maintenance of human health, mental and physical, as well as for the nurturing and education of future generations. When these essential functions are performed within families they cost time and effort; when they are put into the public sphere they cost money. In traditional economic accounts there is an appearance of economic growth if the same work is shifted from voluntary to paid status; however, it is evident that economic growth is not synonymous with the satisfaction of essential human needs.

ACTING AS THE BACKGROUND FOR THEORY

This paper is based on both studies and activist movements in which the author was involved.

Our point of departure was to find ways of reducing the need for economic growth in a well-off industrialized country like Finland, with a view to decreasing international disparity and extensive exploitation of natural resources. We suggested that revival of the self-reliant, nonmonetary, local as well as household-based production of goods and services makes economic growth unnecessary in small industrialized countries, without unnecessarily jeopardizing the quality of life. [118]

The Nordic women's research group for the "New Everyday Life" focuses on the interplay between private and public spheres. Their vision was of "a society organized in small, well-planned units with a high degree of local self-management." A major problem is that women are working separately "to find individual solutions to collective problems." Thus there is "a need to

recreate a functional geographic and organizational level, something that the traditional villages must have been at one time." [121] The main functions to be performed at this intermediary level are local household work, local care of dependents, and local management and production. Much of this work could be organized carried out by a group of households, rather than on an individual household basis.

Coincidentally, while the women's research group was formulating these visions a village action movement emerged spontaneously in the Finnish countryside. Consisting of 3,000 village committees and affecting the lives of about a half a million people since the 1970s, this movement has revived the structure of country villages, organizing services such as schools, banking and postal services, to replace public services that had been withdrawn. At the core of these successes has been the concept of voluntary teamwork that has proven to be "an effective way of implementing even major projects without money." [122]

QUANTITATIVE MEASURES OF HOUSEHOLD WORK

If the central economic impotence of such activities is to be recognized and integrated into national-level policy, they must cease to be invisible within national accounts. The 1995 Human Development Report of the UNDP estimated that of all the work performed by all the women in the world, one-third is paid and two-thirds is unpaid. By contrast, men receive pay for three-quarters of their working time. In part because it has not been paid for, much of women's work has been invisible in formal economic accounts. This invisible work can be divided into three areas: production, caring, and community management. The most progress has been made in accounting for the first of these. As an example, studies in Finland attempted to evaluate the worth of unpaid work and production in households in the years 1980 and 1990. The total value was found to be between 42-49 percent of GDP in both years (depending on the method of estimation). In 1990 women were reported as spending an average of 4 hours a day on such unpaid work, while men spent about 2 hours, 20 minutes. (As compared with a decade earlier, this represented an 18 percent reduction in time for women, and an 18.6 percent increase for men.)

In 1993 the Statistical Division of the UN recommended that the difficult issue of accounting for production in households within the System of National Accounts should be resolved by the creation of a two-tier system. The traditional accounting system remains as a "central framework," to be accompanied by "looser satellite accounts which are separate from but consistent with the core national accounts and can measure areas of interest that are difficult to describe within the central framework." [118] It is now recommended by the UN that each nation's central framework define production to include goods that are produced in the home, even if they are not paid for. However, services such as cleaning, cooking, and care of children and the elderly, remain in the satellite accounts – unless they are purchased through the market (i.e., by hiring domestic servants).

While these changes do represent progress, there still has been no formal attention to the third role of women, as community managers. This includes "collective voluntary work for the common good in the neighborhood or in tending the environment, participation in the activities of voluntary organizations, etc." [118]

THE TRIANGLE OF THE HUMAN ECONOMY

A comprehensive framework for the human economy defines it as "all work, production, actions and transactions needed to provide for the livelihood, welfare and survival of all people and families, irrespective of whether they appear in statistics or are counted in monetary terms." [114] The basic components are household, cultivation, and industrial production. The weakness of the traditional approach is that it only perceives the last of these. Nevertheless, industrial production is dependent upon the caring, comfort and health which are produced through the unpaid work of households, but which it cannot produce itself. Similarly, industrial production cannot make, but is dependent upon, the living potential of nature.

Each of these components operates by its own logic. One of these logics has been extensively studied, and the theory resulting from the economic logic of industrial production is too often imposed upon the other two. It is time for a balanced perception of the human economy as a whole, paying equal attention to each of the three components, as well as to their interlinkages.