

# Abstract

Mira Liepold, Daniel Posch, Severin Rapp

April 12, 2017

In defining GDP, the IMF states that GDP is the "monetary value of final goods and services... produced in a country in a given period of time" (Callen 2012). According to the IMF, not only products produced for the market sale, but also some non-market production such as defense or education constitute GDP. However, as highlighted by the IMF, other non-market production is not included, such as the unpaid work within the household. This is the result of these activities being "difficult to measure and value accurately". Likewise, the OECD's explanation for not taking into account the household's internal production is, that "inclusion would involve very bold estimates of market value" (Lequiller, Blades 2014).

As bold estimates are not uncommon in economics, various approaches have been employed by scholars in order to investigate the scale of unpaid labour (Goldschmidt-Clermond, Pagnossin-Aligisakis 1999) and even compare it across countries (Giannelli et al. 2011). What is more, other goods are included in GDP, which are not necessarily traded on the market and challenging as for appropriate valuing, such as research and development (Boyd et al. 2008).

Given the availability of approaches concerning measuring the activities of the sector in question, the question rises whether other than lack-of-data-related reasons that interfere the integration of unpaid domestic labour and GDP. Aiming at answering this question on a theoretical level, we discuss the features of unpaid domestic labour and contrast it with the labour creating value in terms of GDP after giving the definitions used in this treatment. On the one hand, this allows for discussing considerations concerning pricing and on the other hand we might discover differences between these types of labour which could rule out the integration of GDP and unpaid domestic labour. Subsequently, the history of the concept of GDP is traced back in economic thought. This approach should sketch the initial idea and further development of measuring the wealth of nations and set out the corresponding views on unpaid domestic labour. This is important for both the idea

of GDP and the role of unpaid domestic labour have changed over time. In the course of this, we end up with the present age and provide our answer on whether there are theoretical objections against including unpaid domestic labour in GDP. Next, we assess the economic and political implications of the answer we provide, since measuring unpaid domestic labour is not only a matter of statistical importance, especially when it comes to international comparisons of GDP, but also a matter of making unpaid domestic labour visible, which is a crucial concern of feminist economics (Gubitzer and Mader 2011). Eventually, a concluding section summarizes our discussion on unpaid domestic labour and GDP.

For the motto of this year's Momentum Kongress is *Vielfalt*, we chose to engage in a discussion which is mainly a phenomenon of feminist economics and barely covered by the economic mainstream. Moreover, our contribution aims at providing a theoretical assessment of questions in the economic realm, as opposed to the rather quantitative focus predominantly set in economics. Not at least due to the origins of the debate we attempt to enrich in feminist economics, we consider *Track#6: Ökonomische Pluralität in Forschung, Lehre und Praxis* as the most appropriate track for our contribution. However, we think it would also fit in *Track#7: Liebe, Wohnen, Arbeit: Vielfalt der Lebensformen*.

Boyd, C. M., Landefeld, C. S., Counsell, S. R., Palmer, R. M., Fortinsky, R. H., Kresevic, D., ... & Covinsky, K. E. (2008). Recovery of activities of daily living in older adults after hospitalization for acute medical illness. *Journal of the American Geriatrics Society*, 56(12), 2171-2179.

Callen, T. (2012). Gross Domestic Product: An Economy's All. <http://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm>

Giannelli, G. C., Mangiavacchi, L., & Piccoli, L. (2012). GDP and the value of family caretaking: how much does Europe care?. *Applied Economics*, 44(16), 2111-2131.

Goldschmidt-Clermont, L., & Pagnossin-Aligisakis, E. (1999). Households' non-SNA production: labour time, value of labour and of product, and contribution to extended private consumption. *Review of Income and wealth*, 45(4), 519-529.

Gubitzer, L., Mader, K. (2011). Care-Ökonomie. Ihre theoretische Verortung und Weiterentwicklung. *Kurswechsel*, 4, 7-21.

Lequiller, F., Blades D. (2014). *Understanding National Accounts: Second Edition*, OECD Publishing, Paris.