

Incorporating Gender in Keynes's Monetary Theory of Production: an Institutional Perspective

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- Here the focus is on unpaid household work entering the production of labor inputs, but the analysis can be extended beyond unpaid work. Unpaid household work is just one part of gender studies. Unpaid Household Work ≠ Gender ≠ Women
- Theory of Monetary Production. There are various focuses. Here the focus is on *The General Theory*, Ch. 17 interpretation, and on Keynes' liquidity preference theory. Deals with western capitalist production.
 - Production starts and ends with money. No tendency towards full employment. The function of money as a store of value is a fundamental distinctive characteristic of a monetary production economy. The creation of money is determined by conditions expected to prevail at future dates. Liquidity preference is a measure of the confidence about these expectations. High liquidity preference corresponds to negative expectations about economic activity. Changing views about future income streams impact the level of economic activity. The question of the determinants of the level of output and employment is posed in terms of the expected returns from the decision to produce capital assets relative to the expected returns from holding money as a store of value.
- What is the significance of this "incorporation" of gender?
 - One reason is allowing a dialogue among Institutional, Post Keynesian, and Feminist economics on theoretical and policy levels (Ann Jennings; William Waller)
- How can we use Institutional economic theory as a bridge between Post Keynesian and feminist economics?
 - Opposition to Dualistic Thinking (methodological basis for dialogue)
 - Veblenian Dichotomy (business vs. industry) and Sabotage of Production
 - Theory of Institutional Adjustment (social transformation in hierarchical gender division of labor through alteration of the composition of government expenditures; a level of government expenditures consistent with full employment is a prerequisite).
- Dualism vs. Dichotomy – Methodological Basis for Collaboration
 - Dualism – contradistinction; different roots; one of the element is subordinate/inferior to the other
 - Dichotomy – analytical distinction; common roots; equal weight.
 - Institutional critique of dualisms: mind-body; human – nature; Veblenian Dichotomy.
 - Feminist Theory objections to dualisms: public – private; production – reproduction; market – non-market. A market-non-market dualism hides the monetary production relations that can be revealed via the Veblenian dichotomy.

➤ Post Keynesian objection to “real” vs. “monetary” variables. Keynes considered money a “real” variable, thus in effect annulling the distinction between “real” and “monetary.” But the Veblenian dichotomy (industrial-pecuniary; production-business; workmanship – predatory institutions) is manifested by Keynes’s liquidity preference theory as a center for his monetary theory of production.

▪ Real vs. Monetary as a dualism – connections to gender

➤ The dualism between “real” and “monetary” puts forward money as neutral, and productivity and thriftiness as the “real” variables responsible for determination of the interest rate and consequently of investment. (In Keynes’s analysis the degree of liquidity preference determines the rate of interest, which sets the standard for comparing the decision to hold money with the marginal efficiency of capital; hence the importance of liquidity preference theory in explaining production, and the level of investment in a monetary production economy, and scarcity in livelihood; Consistent with Veblen’s sabotage of production).

➤ **Keynes objected to productivity as an explanation via his liquidity preference theory; and to thriftiness via the multiplier. Keynes’s objections can be linked to gender analysis. Neither productivity nor thriftiness are gender-neutral concepts.** (We focus on unpaid household labor). What are the gender-biases behind “productivity” and “thriftiness” as supposed “real” variables that determine the interest rate.

- 1) Does unpaid household work contribute to “productivity”? (Feminist economists have objected to the concept of marginal productivity of labor – concerned with the labor market; Keynes dealt with the level of output and employment.
- 2) Thriftiness within the household assumes a certain level of unpaid household work, given a biological minimum subsistence. If consumption expenditures on goods and services is to be restricted and needs still need to be met, unpaid household work must increase. There are two **unstated assumptions** behind the “quest” for thriftiness:
 - Presumes an unlimited ability of households to offer unpaid domestic work. Eliminates the possibility for households’ “crisis” in sustaining their livelihoods. Unpaid labor power also needs to be sustained.
 - Presumption that unpaid household work can completely substitute paid goods and services, and thus there is no need for money – this is not a monetary production economy (in such case full employment of resources?). Hence, the importance of going beyond the dualisms market-non-market and production – reproduction.

▪ What does “incorporating gender” mean?

➤ Unpaid Household Work is an input entering the production of capital assets. Labor power is a produced input. It includes the labor power of unpaid domestic work, which also needs inputs obtained with money. See chart: (2).

➤ The ability of money to function as a store of value is connected to its capacity to pose threats for livelihood, and further to the difficulty of replenishing humans once they have been subjected to deficiencies in livelihood. (4)

➤ How do the business enterprises decisions to produce capital assets affect households’ financial positions and their burden to engage in unpaid household work?

Does the altruistic provision of unpaid household work have affect on the supply prices of capital assets? (5).

- Unpaid work – a manifestation of effective demand below full employment. The conditions that make unpaid household work available are related to the institution of gender and ideological perceptions of proper “private” - “public” domains.
- **Business enterprises undertake short term loans to pay the wage bill. These loans would increase if unpaid household work is substituted by paid services. In the case of western-industrialized economies – mostly child-care. This would increase effective demand through the multiplier which means that there is effect on expectations and liquidity preference.**

- Government expenditures and Unpaid Household Work

- With the explanation of monetary production through liquidity preference theory, socialization of investment is necessary in order to achieve full employment.
- Government expenditures increase bank reserves. Generally, government deficits (depending on the composition of expenditures) would tend to alleviate unpaid work. But, we need to be cautious of considering unpaid household work as buffer for insufficient government expenditures, because of the presumptions delineated under the above bullet (unlimited ability of households to offer unpaid domestic work; presumption that unpaid household work can completely substitute paid goods and services).
- Attention to the composition of government expenditures and how it reinforces or transforms gender relations.

- Socialization of Investment, Theory of the State and Institutional Adjustment

- Public service employment is an avenue. How is it going to be designed so that it does not reinforce hierarchical valuation in gender division of labor?
- **Public Service Employment** is a manifestation of Keynes’ *socialization of investment*, but also is a part of institutional adjustment process with regards to changing notions such as “private” responsibility of raising children; work vs. leisure – qualifying all household activities as leisure and not as work.
- Business enterprises undertake short term loans to pay the wage bill. These loans would increase if unpaid household work is substituted by paid services. In the case of western-industrialized economies – mostly child-care. Public Service employment program could incorporate the provision of such services and makes them accessible to all households.
- What theory of the State can address the question of necessity for socialization of investment and social transformation of hierarchical gender relations? (extending the work of Ann Jennings)
- Future discussion: How does the theory of Institutional Adjustment help to address this issue?