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**The household economy
in urgent need of
recognition**

<http://www.obsfin.ch/discussion-board-n5-09-06-20/>

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Thanks for those of our contributors who ventured to react to this question:

"In response to the crisis, the resilience of the "domestic/household economy" proved essential for many despite the fact that this activity is not monetized and remains "invisible" for official statistics. What economic policy recommendations should be drawn from this experience ?"



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EDITORIAL

Caring for care

All over the world, the pandemic is highlighting the resilience of the household economy and the “invisible economic functions of the families” acting as a key “shock absorber institution”. By shedding light on the vital importance of unpaid activities within the household economy, the pandemic is possibly an opportunity for a greater recognition and better policies in this field.

Above all, the pandemic is shedding light on the value of the household care work mainly carried out by women, which has historically remained invisible and unpaid, as well as “neglected in the measurement of the labour force and calculation of Gross Domestic Product”. Women were economically disadvantaged before the crisis and now they are bearing “the resulting brunt of additional childcare and housework and are losing more jobs than men.” The potential impact of the pandemic on gender equality may be “devastating”, in particular in developing countries.

A first step towards appropriate policies is to urgently gain information about the scope of the phenomenon and its regional and cultural peculiarities. This could be achieved through “national and multilateral initiatives to enhance official information on this subject” and “develop the appropriate measures and instruments”. Indeed, making household economy “a visible and measurable” will generate “stats” and “hard facts” and will put it on the political agenda. However the important question is how to measure and aggregate these activities while remaining faithful to their non-tradable nature. For sure, putting a price would make things easier: it “would not only make domestic and caring works visible and statistically accountable but also enhance the lives of women at several grounds.”

The pandemic also reveals the importance of key infrastructures, such as communication networks providing “enough broadband even in periphery regions”, or supportive measures for parents facing extended carrying burden while “working from home when schools are closed.” This points to the need to “redesign” work and imagine “new forms of work organisation” allowing for more flexibility between the labour market and household activities. Simultaneously, the “old welfare choices” may need to be supplemented with “new supportive instruments (conditional financial assistance, creation of a “social& cultural capital” supporting family life) etc.”

To make sure that the pandemic lesson is learnt and to avoid a go back to status quo ante, we need to “reconsider the myth of meritocracy as the first and main criterion for the distribution of the resources of power.” Indeed, we are reminded that care and merit are complements, not opposites.

“... families acted as a “shock absorber” ...”

The covid-19 pandemic caused severe socio-economic turbulences. **More than often the families acted as a “shock absorber” institution. In this perspective, what we need is to develop the appropriate measures and instruments in order to shed light to the “invisible” economic functions of the families. A visible and measurable household economy will generate “stats” and “hard facts” and policies’ legitimation needs facts to be based on.** Such a demanding task can only be achieved through international and interdisciplinary cooperation. In parallel, we should work on the discourse for a universal basic income (UBI) and to elaborate a mixture of old welfare choices (parental leave, access to health and social services) and new supportive instruments (conditional financial assistance, creation of a “social& cultural capital” supporting family life) etc..



Christos Tsironis

“... the difficulties in valuation of work ...”

Remuneration would not only make domestic and caring works visible and statistically accountable but also enhance the lives of women at several grounds. This has also been neglected in the measurement of the labour force and calculation of Gross Domestic Product. **This neglect is in part due to the difficulties in valuation of work, the products and services of which are not traded in the market, but mostly because it is considered ‘women’s work’.** Not only do significantly more women compared to men engage in unpaid work, they spend two to ten times more time on unpaid work. The new forms of work organisation may mark a disappearance from tough hierarchies in brighter sense because they value flexibility and at the same time no longer demand a lifelong commitment.



Archana Sinha

“... the potentially devastating effects of the pandemic on gender equality ...”

Central to this question is the treatment of “household production”. Driving national and multilateral initiatives to enhance official information on this subject is the belief that these will contribute to efforts to achieve greater gender equality. Progress is evident, though painfully slow. The initiatives must now be extended to include the impact on gender inequality of Covid-19 and consequent economic disruption. **Initial indications are that in advanced countries women are bearing the resulting brunt of additional childcare and housework and are losing more jobs than men.** The incidence of effects on women in developing countries, though differing in detail, is likely to be even more severe. **These dangers necessitate the development of background information that will enable pre-emption of the potentially devastating effects of the pandemic on gender equality.**



[Andrew Cornford](#)

“... developing the support infrastructure for parent ...”

The main lesson is that it is important to make sure that the required infrastructure is available. This includes first the communication networks, with enough access to broadband even in periphery regions. A second component is the availability of services making it feasible to work from home, in particular regarding childcare. **The experience has shown that, unsurprisingly, working from home when schools are closed is challenging. Developing the support infrastructure for parent, including the ability to scale it up in times of lockdowns, is important.**



[Cédric Tille](#)

“... need to redesign distance work ...”

Working from home during lockdown requires family resilience in a difficult conciliation effort, competing use of devices and conflicting videoconferences! Need to redesign distance work.

The worrying fact of young people who neither work nor study and who are dependent on their parents. Need for extensive vocational training programs (for unforeseen jobs).

Essential role of caretakers of the elderly with low remuneration and unstable status. Need for recognition and flexibilization of related immigration.

Many “autonomous” workers lost revenue with little protection. Better social security schemes needed.

Covid-19 has caused a spectacular increase in voluntary work and donations. To be continued!

Minimum family income provides a partial answer against poverty, although with heavy bureaucracy!.



[Domingo Sugranyes Bickel](#)

“... reconsider the myth of meritocracy ...”

The explosion of the crisis has reaffirmed the importance of ‘caring’ as that dimension that ensures the tightness of the system. In order to keep it, **we should reconsider the myth of meritocracy as the first and main criterion for the distribution of the resources of power.** Its overcoming passes from the ability to rethink, in a more holistic perspective, the definition of 1) merit and 2) value. The first one can no longer be reduced to the exclusive computational dimensions but it needs to be open up to more specific human spheres, such as solidarity, mercy, gratefulness. The second one necessarily implies to overcome the equation ‘value=market price’, in favor of a public debate aimed at affirming what type of value we want to encourage and promote, as a community.



[Andrea Roncella](#)

"... for the lower income class members of the society ..."

The household economy has an important role in this pandemic in the selling of goods and services for the lower income class members of the society.

To improve government services, they should be encouraged to register first by giving them incentives like: a) government stipends upon registration; and b) minimal (2% to 5%) or non-existent income tax. The government can go as far as registration or tax payment lottery to those who will register their household businesses. After the registration, the government can now provide them with: a) easy access to microfinance loans with minimal interest rates (ranging from 2.5% to 5% annually); b) free access to technical and vocational skills training; and c) incentivized access to supply chain by giving them discounts from public markets



[John Francis Diaz](#)

"... not peculiar to the last crisis ..."

The resilience of the domestic and underground economy is not peculiar to the last crisis.

Agricultural areas during the wars; in pre-war France, "family gardens" around industrial cities (Saint-Étienne, Amiens). In the nineteenth century, the Russian economist Shaganov noted that many peasants produced cash crops (i.e. sold on a market) only as much as they had to pay in money for supplies or taxes. All of these examples lead to promote landed laws, peri-urban territories restructuring and direct relations between urban residents and peasants in the region (like AMAP in France).



[Etienne Perrot](#)

“... the Achilles’ heel of Italy lied within its domestic economy ...”

In Italy at the beginning of March schools were closed, moving to a system of distance learning, with the process working surprisingly well, despite the Italian education system being unprepared to the situation. However, **the Covid-19 pandemic exhibited that the Achilles’ heel of Italy lied within its domestic economy: with children at home, parents could not attend their works regularly.** The Italian executive tried to fix the issue by (1) inducing employers to facilitate “smart-working” procedures, (2) extending paid and unpaid leaves for given periods and (3) providing a voucher/bonus to pay child-care workers. Unfortunately, it clearly emerged that only the re-opening of schools in Italy, which up to today remains unclear and controversial, will de facto fix the situation.



[Valerio Alfonso Bruno](#)

LIST OF CONTRIBUTORS

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Paul H. Dembinski is the initiator and Director of the Foundation of the Observatoire de la Finance. In parallel, he is partner and co-founder (with Alain Schoenenberger) of Eco'Diagnostic, an independent economic research institute working for both government and private clients in Switzerland and elsewhere. Paul H. Dembinski is also Professor at the University of Fribourg.



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Dr. **Virgile Perret** holds a Ph.D in Political Science from the University of Lausanne, for which he was awarded the Prize of the Faculty in 2013. He's specialized in the study of digital currencies and technological innovation from an interdisciplinary perspective. He collaborated with the European Commission, the International Labour Organization (ILO) and the State of Vaud.



P. Etienne Perrot, Jesuit, Doctor in Economics sciences, member of the editorial board of the magazine Choisir (Geneva), editorial adviser of the journal Études (Paris).



Andrea Roncella holds a PhD in Economics and Business at the University of Navarra (Pamplona, Spain). He previously worked as Research Fellow at the Markets, Culture and Ethics Research Centre at the Pontifical University of Santa Croce (Rome, Italy). Andrea holds an MSc in Economics and Finance and BSc in Economics and Management both from the LUISS University (Rome, Italy). He was appointed Visiting Scholar at the Mendoza College of Business (University of Notre Dame, IN, USA); he is member of the Virtue Ethics in Business Research Group of the University of Navarra and actively collaborates with the Fundación Civismo. His research focuses on economics, finance and society.



Dr. **Archana Sinha**, a doctorate in Agricultural Economics, currently is Head, of the Department of Women's Studies; and just before this she was Head, of the Department of Rural and Urban Development, Indian Social Institute, New Delhi, India for the past several years. Additionally, she holds responsibility of Academic Coordinator, Research, Indian Social Institute, New Delhi. She is responsible for implementing research on various women issues, rural and urban based issues on gender and development, agriculture related rural economy, livelihood, gender and social exclusion, food security, nutrition, health promotion, SDGs related issues, etc. She is also involved in research studies, proposals, plans and surveys. She worked for evaluation studies and impact assessment in several flagship development programmes of Government of India with experiences drawn from the field and research. Also involved in publications of research reports, designing and organizing research methodology, advocacy and capacity building programs, networking and collaborating with similar other organizations in research, capacity building and advocacy programs Archana Sinha.



Domingo Sugranyes Bickel, KCSG. Born 29 April 1945. Spanish national resident in Madrid. Graduated from the University of Fribourg, Switzerland. Secretary General of UNIAPAC (International Christian Union of Business Executives), Brussels, from 1974 to 1981. With MAPFRE international insurance group from 1981, Executive Vice-Chairman until 2008. From 2009 to 2019, Chairman of Vatican-based Foundation CENTESIMUS ANNUS PRO PONTIFICE. Knight Commander of the Pontifical Order of Saint Gregory the Great (April 2019)



Cédric Tille is Professor of macroeconomics at the Graduate Institute of International and Development Studies in Geneva. Before joining the Institute in 2007 he worked during nine years as an economist in the international research department of the Federal Reserve Bank of New York.



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“FROM VIRUS TO VITAMIN” – JOIN THE DISCUSSION

The Observatoire de la Finance intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society. In brief, we want to turn the virus into a vitamin for the future.

Our Discussion Board “From Virus to Vitamin” focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

Contributors ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <perret@obsfin.ch>.

OF Discussion Board – Questions addressed so far

- Question 5: [In response to the crisis, the resilience of the “domestic/ household economy” proved essential for many despite the fact that this activity is not monetized and remains “invisible” for official statistics. What economic policy recommendations should be drawn from this experience ?](#)
- Question 4 : [In pandemic times the world operates thanks to GAFAs and telecoms. These giant enterprises are becoming every day more clearly the backbone of our economic, social, and political lives, which makes them players of systemic and global importance. How will/should evolve their future regulation at national and global levels? What are the rationales behind?](#)

- Question 3 : What would you suggest as priority actions to reach out to the most exposed to the economic aftermath of the pandemic crisis in developing countries?
- Question 2 : What principles should guide us in striking the balance between « lives and livelihoods »? Or put differently, between health and GDP?
- Question 1 : How has the virus crisis affected your basic convictions about economy and society?

www.obsfin.ch/from-virus-to-vitamin/