Toward a Feminist Post Keynesian Approach to Monetary Production and Social Provisioning

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Introduction

William Waller (1999) and Colin Danby (2004) have pointed to microfoundational and methodological routes for creation of gendered Post Keynesian approach focusing on the foundations of human behavior. The present paper offers avenues for advancing toward creating and building bridges between Keynes’ theory of monetary production and feminist economics through macroeconomic routes following the *General Theory*. The end-in-view is a Feminist Post Keynesian macroeconomic theory to which the present discussion is a preliminary.

In her article “Toward Feminist Expansion of Macroeconomics” Ann Jennings (1994, 560) argues that even though monetary production theories recognize the social power of money, they have not yet considered gender hierarchical relationships. Focusing on Thorstein Veblen’s and Hyman Minsky’s work, Jennings (1994) reveals a number of linkages between gender and the role of money in capitalist economies, and calls for the development and incorporation of feminist insights into monetary theories of production. In her article “Social Provisioning as a Starting Point for Feminist Economics,” Marilyn Power (2004) identifies components that would allow analyzing economic activities as interdependent social processes, the organization of which reflects relations of power. The concept of social provisioning illuminates the ways in which people provide for themselves through both paid and unpaid activities, as well as the importance of social norms in affecting both the economic processes and their outcomes (Power 2004, 7). Jennings’s (1994) and Power’s (2004) discussions open avenues for construction of a unified Feminist Post Keynesian approach to monetary production and social provisioning.

The notion of monetary production economy serves as the core of the Post Keynesian approach (De Carvalho 1992, 11). Keynes developed the concept of entrepreneurial
(monetary production) economy as an alternative to the real-wage system\(^2\) in which money does not enter the production process in any significant manner. Keynes believed that The *General Theory of Employment, Interest and Money* (1936), which the author based on his lectures *The Monetary Theory of Production*,\(^3\) provided a new paradigm, better suited for understanding production in an entrepreneurial economy. As Kregel (1980, 115) points out: “Keynes defines a monetary production economy in contrast to a neutral (Say’s law) economy, as one in which there exists no natural market force tending to eliminate unemployment.” Keynes demonstrated that money, with its special properties (low or zero elasticity of production and substitution) affects decisions about production and is crucial for understanding the changes and direction of output and employment at the macroeconomic level. The money interest rate competes with the expected return from employing capital in production (the marginal efficiency of capital).

In a monetary production system money is a unit of account designating pecuniary valuation of activities and assets and a store of value — a link between the present and the future.

Keynes’s theory of monetary production could be fruitfully extended to incorporate concerns about social provisioning through linking the main characteristics of a monetary production economy (money is a unit of account and a store of value; and there is no market mechanism that eliminates unemployment and secures livelihood) to the concepts of unpaid work and gender division of labor. For this purpose, the paper critiques the divide between productive and reproductive activities in the context of historical time and money as a link between the present and the future. The activities contrasted as productive vs. reproductive can be unified through the concept of “social provisioning.” The concept of “social provisioning” not only encapsulates the unity of production and reproduction, but also opens doors for further explorations in race, ethnicity, aging, ecosystems, education, community relations, innovation and human creativity as part of analysis of monetary production.

The paper delineates the real/monetary split critiqued by Keynes and the Post Keynesians in the context of a more general concern about dualisms voiced by feminist economists and delineates how theories based on real-wage system, without serious consideration of money as a social institution, obscure the power of “monetary standards of worth” (Jennings 1993, 121) and the role it plays in social provisioning. Although “[s]ocial provisioning is a phrase that draws attention away from images of pecuniary pursuits and individual competition, and toward notions of sustenance, cooperation, and support” (Power 2004, 6) it would be emphasized that in a monetary production economy the circumstances under which social provisioning takes place are conditioned by pecuniary valuation designated by the institutionalization of money as a unit of account.

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\(^2\) As John King (2002, 15) notes what Marx termed “simple” or “petty”, John M. Keynes called “real-wage” or “cooperative” economy. Later, Hyman Minsky (1980) called such system a “village-market-place” and contrasted it to Keynes’s “Wall-Street economy.”

\(^3\) Dudley Dillard (1980, 257) points out: “While the [General Theory] does not carry the same title as the lectures from which the ideals emerged, the notion of a Monetary Theory of Production pervades the General Theory. In the title of the book, Employment is the surrogate for production, and the noun Money replaces the adjective Monetary of the lectures.”
Working toward a Feminist Post Keynesian theory would offer a unified approach to monetary production and social provisioning that does not juxtapose productive and reproductive processes and that disposes of the real vs. monetary dualism. The goal of the paper is to contribute to a continuous dialogue between feminist and Post Keynesian economists on theory, methodology and policy formulation.

1. Shifting the Focus from Exchange to Production and Provisioning

A distinguishing feature of the various streams within Post Keynesian economics is the focus on production rather than on exchange. Marc Lavoie (2003, 191) notes that a similar point is made by feminist economists such as Julie Nelson who calls for a focus on provisioning instead of on individual choice. As Nelson (1993, 2003) argues, defining the subject of economics is neither value-free nor gender neutral. She (1993, 34) emphasizes that “the choice-theoretic-approach” and “the economic approach” are two different things. Similarly, Keynes distinguished between looking for conditions of equilibrium in the “labor market” and understanding the determination of income-creating occupations (the level of employment). He argued that analysis of equilibrium in the labor market is not the same as the analysis of the conditions for full employment and drew the attention of his colleagues to the danger of using a very narrow theory valid for a special and unrealistic case to understand real world entrepreneurial economies (Keynes 1936 [1964], 3). In The General Theory, Keynes (1973, 372) offered “…a new piece of analysis, namely the theory of what governs effective demand” that focused on production and distribution, and shifted the focus of economic analysis from exchange to production. Building on Keynes’s contribution, a Feminist Post Keynesian approach would emphasize the produced nature of labor power and would consider a broader definition of production that incorporates the non-paid activities that are contributing to the reproduction of the labor force.

I will briefly delineate Keynes’s objection to the orthodox real-wage system and the narrowness of its questions. Then I will point out several ways in which Keynes’s critique pertains to social provisioning and gender.

Keynes objected to the real-wage system based on a mechanism which continuously brings the exchange value of the money incomes of the factors of production to equality with the proportion of currently produced aggregate output. In reaction to the Great Depression, Keynes argued that economists should not assume a mechanism which secures the recoupment of money invested in production. Keynes argued that such mechanism restricts the orthodox theory to a limiting case. He offered a more general theory which would discard this axiom and would be “… prepared to handle a more

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4 According to Mark Lavoie (1992) one of the main juxtapositions that divide neoclassical from heterodox theories is exchange versus production. The present paper will focus on this distinction and will leave aside the rest of Lavoie’s suggestions, namely: rationality versus procedural or reasonable rationality; methodological individualism vs. organicism or holism; instrumentalist/idealist ontology vs. realism. As Irene Van Stavern (2005, 19) correctly notes some Post Keynesians and Feminist economists dispute these points.
general problem, of which the classical problem can be regarded as a special case…” (1973, 372) – a theory that relied on less axioms and was applicable to a monetary production economy (1936 [1964], vii). Effectively Keynes (1973, 372) disputed the relevance of Say’s law - “… the demand price of output as a whole is equal to its supply price for all volumes of output…” - for a monetary production economy. Following this “axiom of parallels” (374), Keynes argued, was “… equivalent to the position that there is no obstacle to full employment” (Keynes 1973, 371).

The real-wages framework assumes that income is given at the level corresponding to the employment of all the available resources. For this reason Keynes deemed the orthodox theory incapable of dealing with the “general case where employment is liable to fluctuate” (Keynes 1937, 123). How does this deficiency of the real-wage framework pertain to social provisioning and gender?

First, when income is assumed as given, unemployment could only be explained by workers demanding too high wages, which as Kregel (1973, 8) notes “yielded the twofold benefit of absolving the capitalists from the blame for unemployment and the slump” and, at the same time provided “a stick with which to beat the trade unions”. Such explanation also comfortably fits the common explanation of discrimination based on sex at the time of the writing of the General Theory: unions are responsible for restriction of women’s labor market participation and for their “crowding” into few occupations (see Pujol 1992 for a detailed discussion). An argument of this sort suggests disposing of unions all together, and not altering particular practices and habits of thought within them. Moreover, the role of the hierarchical gender division of labor is neglected. When the aggregate level of income is taken as given there is no discussion of the relation among the level of employment, general wages, the gendered wage gap and occupational segregation.

Second, when income is given, scarcity becomes naturalized. Models which focus on the study of optimal allocation of scarce resources “…variants or extensions of the exchange economy” (Lavoie 2003, 191). On the other hand, adopting the framework of monetary production leads to the recognition that scarcity is not natural, but rather it is organized by the system (De Carvalho 1992, 45) - a point also made by feminist economists. Post Keynesian and feminist analysis are complimentary in their going beyond the question of allocating scarce resources. Instead they study the conditions for creation of new resources and the employment of existing resources so that that living circumstances of people are not inhibited but are improved.

Finally, with a given income and naturalized scarcity the focus is on individual outcomes. The General Theory went beyond labor market analysis at the level of individuals and dealt with the conditions for full employment at the macro level. Post Keynesian theory can “… be represented as a rejection of the possibility of expressing Keynes’s theory in

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5 This line of discussion could be enriched by a critique of marginal product of labor as a determinant of wages and could be extended to discussion of value and the theory of distribution.
the ‘language’ of conventional theory” (Kregel 1983, 35). Rather, Post Keynesianism pursues the study of the forces which determine changes in the level of output, employment, growth, and distribution. Post Keynesians are concerned about the effects of pessimistic expectations on macroeconomic results and not about the individual entrepreneurial success in guessing the future. In a similar way, Power (2004, 6) notes that concerns about caring and provisioning in feminist economics should not result in a study solely of individual acts and choices. Social provisioning as a concept emphasizes the importance of both outcomes and economic processes (Power 2004, 7) and is a way to go beyond narrow concerns about individual results, and towards a broader understanding of economic activity. A framework which takes income as given cannot facilitate such analysis. On the other hand, a unified approach to monetary production and social provisioning secures that both expectations and unpaid work are to be analyzed in the context of social embeddedness of economic processes and that the scope of inquiry is not reduced to narrow concerns about individual outcomes which would leave out the essential power relations of capitalist systems.

2. Historical Time and Production/Reproduction Process

In a framework in which goods are exchanged through barter in spot markets with no forward contracts analytical time is long enough for whatever logically needs to happen for the system to adjust (Henry and Wray 1998), including the reproduction of the labor force. Historical time analysis is a precondition for the Post Keynesian argument that money permits the transfer of purchasing power from the future to the present and from the present to the future – a central element of Keynes’s theory of the determination of the level of output and employment in a monetary production economy. How can we conceptualize reproductive activities such as unpaid care work within this theory that embodies historical time?

Charusheela and Danby (2005, 6) outline the main points for-market production: 1) there is typically time between buying inputs and being able to sell output; 2) sales, or realization, may not be assured; 3) since production takes time, market transactions typically have time dimensions – they are forward, not spot; and 4) social institutions structure market sales. These points are also amplified by Post Keynesian analysis, but Charusheela and Danby (2005) go a step further and argue that they can be applied also to reproduction activities. Namely, they find that: there are time gaps between feeding a wage-earner and receiving the worker’s wage; procurement of future wages is not assured; households may borrow to obtain reproductive inputs; and that social institutions may structure both the sale of labor power and the households’ borrowing. Thus, Charusheela and Danby (2005, 10) argue against a split between household and market institutions. They find that the points about time, uncertainty and sociality identified in

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6 This is another point of commonality with feminist economists who study the gender content and consequences of economic concepts formulated in a gender-blind manner.

7 Danby (2004, 67) points out that the Post Keynesian concept of uncertainty “…need not be limited to the kinds of questions that preoccupy captains of industry.” He (2004, 59) recognizes the importance of being liquid which allow agents to become “… more robustly able to face unexpected events” but argues that “… other means, such as cultivating kin ties, may achieve similar ends.”
both productive and reproductive activities need “… a common analytical space for a range of activities, in which we can dispense with the reproductive/productive divide” (Charusheela and Danby 2005, 10).

In the General Theory the capability of money to transfer purchasing power from the future to the present is manifested by the concept of the “animal spirits” (related to speculation). On the other hand, liquidity preference (related to hoarding money) is a manifestation of the ability of money to transfer purchasing power from the present to the future. If we establish connections between reproductive (usually labeled as “non-market”) activities that are assumed to be taking place in “the private domain of the household” to both animal spirits and liquidity preference theory, we will be able to delineate the unity of production/reproduction process. This will open avenues for analysis of social provisioning in the context of money functioning as a link between the present and the future.

Since raring children, like the production undertaken by entrepreneurs, takes place in historical time, people who perform the unpaid component of the raring would need to gain sustenance to maintain their own labor power and as well as those of the cared children. In the analysis of this process money cannot be left out. The “not explicitly-for-profit transactions … are not barter; they are enmeshed in pecuniary logic and cannot be dismissed as outside the market” (Jennings 1994, 563). To discuss unpaid labor activities as barter (or as non-market) would presume that households are not affected negatively by liquidity problems to the extent that they can engage in barter within their communities. Instead of relying on market/non-market dualism, a Feminist Post Keynesian approach would recognize that unpaid household and community work is intertwined with monetary production. Thus, the question of how reproductive activities are financed is eminent just as that question must be raised about for-market production (Charusheela and Danby 2005, 8). Within a monetary production system if households are to maintain their labor power and to reproduce the future labor force - an input for future production - they need to obtain money to purchase the produced goods and services.

A monetary production system is organized on a forward money-contracting basis that specifies future dates for delivery and payment - hiring and purchase of inputs precedes the time when products will be finished and sold (Davidson 1990, 291). On the contrary, if all payments are made at the initial instant (no historical time) there will be no need for meeting contractual payment obligations after that instant – thus the neoclassical version of the Say’s law will be in place and a self-adjusting mechanism will be secured. In such a framework: “… it is assumed that all goods are traded simultaneously in spot markets and all payments are also made simultaneously on the spot, while each person’s expenditures are assumed to equal the value of these simultaneous sales (Davidson 1990, 291). Such a system of analytical time has an automatic mechanism that guarantees full employment. In this case the reproductive activates of households cannot suffer from liquidity constrains because: “There is never a liquidity problem, for neoclassical models are actually barter systems where, in essence, goods pay for goods at equilibrium prices.
on the spot (Davidson 1990, 291). This will be a real-wage system, where the ability of money to transfer purchasing power from the present to the future and from the future to the present would be meaningless. There is no place for animal spirits and liquidity preference – concepts that illuminate the arbitrarily distribution and determination of the level of output based on entrepreneurial expectations in a theory of monetary production. “In such a world there is no logical niche for the institution of money, a money price level, or future events that are not already ‘fully anticipated’ and dealt with on the spot” (Davidson 1990, 291).

Under real-wage spot exchange and no money, human conflicts and power relations are non-existent, which implies that livelihood is secured. This means that non-interrupted reproduction of the labor force and endless provision of unpaid work must be assumed. The automatic mechanism in a real-wage system must depend on the smooth “production” of labor power inputs. Alternatively, the labor force must consist of ever-functioning bodies subject to no harm and depreciation through time and space, and indeed that there is no birth and no death. In such case, in spot market real-wage framework there is no place for some of the main points made by feminist economists: 1) labor power is a produced input; 2) the social reproductive process is based on unpaid work; and 3) this type of work is mostly performed by women, and is usually devalued due to a hierarchical gendered division of labor, which itself is a historical social product.

While in Post Keynesian economics one can identify a market/non-market dualism that ignores unpaid household work (Danby 2004, 61), to the contrary of a real-wage barter framework, Post Keynesian theory does not depend on assuming smoothness in the labor power reproduction because it is a forward contracting system adopting historical time. A forward money contracting framework has the potential to account for the produced and non-storable character of labor power and provides space for unified analysis of production/reproduction activities. Thus, A Feminist Post Keynesian approach, by unifying monetary production and social provisioning could provide an analytical space where production in a forward-contracting economy is intertwined with reproduction in historical time analysis.

We can conclude then that precisely because the Post Keynesian element of money being a link between the present and the future necessitates historical time analysis, the theory of monetary production can be integrated with feminist social provisioning analysis. In Post Keynesian theory there is no logical obstacle to treating labor power as produced and to recognize the gendered character of the unpaid component of the labor inputs. As we have seen. Post Keynesian monetary analysis can offer an additional way to dispose of the habitual productive/reproductive divide in economic analysis.

3. Real/Monetary Dualism vs. Industrial/Pecuniary Dichotomy

Points for collaboration between Feminists and Post Keynesians could be brought up by a discussion about the incompatibility of real/monetary dualism with a theory of monetary

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8 This point will be discussed in more detail below in section 5.
production. Drawing on feminist critiques of dualisms, we can extend Keynes’ and the Post Keynesians’ objection to neutrality of money in the light of social provisioning. A real/monetary dualism in economic theory is neither value-free nor gender-neutral. On the other hand, an analytical dichotomy between industrial and pecuniary valuation is necessary for analysis of monetary production and social provisioning. Thus, I will emphasize the distinction between real/monetary dualism and industrial-pecuniary dichotomy.

Dualisms “… rest on the basic belief that phenomena are separable into two mutually exclusive categories or principles” (Jennings 1999, 142). Examples of neoclassical dualisms criticized by feminist economists are those of public/private (e.g. Jennings 1999) and science/value (e.g. Nelson 1999). Elsewhere, I have argued (Todorova, 2005) that a mind/body dualism facilitates a breach between ecological and financial aspects of provisioning.

A useful way to think about dualisms is to contrast them with dichotomies. James Sturgeon (1991, 133-135) explains: while a dichotomy is a division into two separate but related parts which are tied together by a common root, the two parts in a dualism are presented to be independent from each other. A dichotomy is an analytical tool which “… breaks social structures into pieces with the goal to find out how the pieces work. Then the pieces are put back together” (Sturgeon 1992, 138). An example is the Veblenian dichotomy between instrumental and ceremonial aspects of culture, or Veblen’s distinction between industrial and pecuniary valuation in economic activity (or between workmanship and predatory institutions). The instrumental, industrial, workmanship aspect deals with the technical specification of production. The ceremonial, pecuniary, predatory aspect deals with the monetary valuation that enters entrepreneurial decisions about production. In this dichotomy, production is the common root - industrial and pecuniary valuations are not independent processes. One aspect of the dichotomy does not carry more importance than the other. A dualism, on the other hand, results in a contradistinction and hierarchy.

A real/monetary dualism is a contradistinction that obscures monetary variables in production and distribution similarly to the way market/non-market dualism obscures the economic provisioning roles of households. Under market/non-market dualism, market activities are independent of, and opposed to non-market activities and the latter and their presumed realm - households - are deemed unimportant for analysis of production.

Economic analyses grounded in dualisms have social consequences when they become the basis for construction of economic indicators and formulation of public policy (Jennings 1999, 150 – 151). Jennings (1993) relates the private/public conceptual split to the habitual identification of both state and the family as outside of the economy, which in turn, she argues is connected to a dismissal of their provisioning roles. Thus, a private/public dualism facilitates culturally and ideologically both laissez-faire and patriarchy (see also Waller and Jennings 1990, 619). Further, the ideological distinction between the domains of “private (reproductive activities taking place within households) and “public” (for-market-production and policy) are related to juxtaposing gender roles -
women as consumers vs. men as producers; and care work as leisure vs. paid work as livelihood. As Jennings argues:

Women are … not outside of the pecuniary logic; instead firm gender distinctions based on the social partitioning of market/economy from home/noneconomy are a primary anchor of pecuniary legitimation. Furthermore, pecuniary logic is more readily defensible when women’s domestic roles are opposed to the roles of men in the markets” (Jennings 1994, 559).

Thus, similarly to private/public dualism, a real/monetary dualism also supports laissez-faire and patriarchy in two ways. First, the focus on voluntary harmonious exchange goes hand in hand with the automatic mechanism of the Say’s law, and hence the role of the state for achieving full employment is deemed obsolete. Second, by disposing of power relations, the neutrality of money does not allow formulations of questions about gendered hierarchies, and thus naturalizes patriarchy.

Keynes’s fundamental critique of the real-wage framework concerned precisely the treatment of monetary variables as unimportant for the determination of “real” economic activity. Keynes showed that the real and the monetary phenomena were inextricably linked in an economy with uncertainty over the possible outcomes of future events, i.e. in what he called a monetary economy (Kregel 1983, 7). Similarly to Marx’s M-C-M’ framework (money – commodity – more money) in Keynes’s analysis money is not a veil; instead it is what Jennings (1994, 558) called “… a social prerogative.” But as Kregel (1983, 6) points out, the introduction of the Quantity Theory of Money has lead to the theoretical separation between “monetary” and “real” spheres and to the adoption of the famous “veil of money” approach where money does not influence the determination of the real exchange ratios and thus is of no significance to production. In a monetary production model, money is a “real factor” in the sense that it enters both paid and unpaid activities through investment decisions, consumption, and the reproduction of the labor force. Money prices are nominal and are the result of social power relations.

A real/monetary dualism is only consistent with a real-wage exchange economy, where money is treated as a special commodity - a neutral link between transactions in

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9 As Dorothy Hodgson (2000, 98) points out the term “patriarchy” may be ambiguous. What is important to note is that “… patriarchy like gender, is produced, maintained, and transformed through the cultural and social relations of power between women and men, but also among women and among men. These relations are therefore historically produced at the intersection and through the interplay of local and translocal cultural cultural, social, and political-economic forces, including cross-cutting relationships of age, race, nationality, ethnicity and class.” (Hodgson 2000, 98).

10 QTM dealt with the excess supply and demand for money and gave money values of the relative physical exchange ratios. QTM is complimentary to the neoclassical version of the Say’s law, which held that if there was an excess supply of a factor the price of that factor will fall, which will make it cheaper relative to other factors and will lead to its substitution for the factors that were relatively more expensive. Factor prices are taken as relative physical exchange ratios, and money is neutral and separated from “real” economic activity.

11 Prices are administered by the decision-makers in business enterprises with various goals in mind, such as market share, that are embedded in culture (see Lee, 1998).
commodities - and does not enter into motives and decision-making. A dualism between real and monetary makes analysis of social provisioning within monetary production relations impossible. As noted by Jennings (1994, 559) “… models which treat the economy as a system of barter go hand in hand with notions that money and wages are a veil of real activities.”

A real/monetary dualism is inconsistent with the framework outlined by Power (2004) because it eliminates the power relations, including those based on gender, which are supposed to be illuminated by analysis of social provisioning. The consequence of constructing a theory based on real/monetary dualism that neutralizes money is the elimination of conflict and power relations. In a real-wage where money simply facilitates exchange “… there is not conflict between humans because relations between humans are ignored, and harmonious order is automatically achieved by trading commodities with a specific commodity called money…” (Glen Atkinson 2002, 6).

Thus, by securing neutrality of money, real/monetary dualism ignores the pecuniary logic of monetary production altogether, and it obscures the gendered power relations in capitalist economies. On the other hand, an analytical dichotomy between industrial and pecuniary valuation illuminates the features of a monetary production economy and the conflicts of social provisioning revealing the essentiality of the institution of money.

4. Money as a Unit of Account and Hierarchical Gender Division of Labor

Pecuniary valuation attached to gender division of labor is an expression of hierarchical relations and is linked to the evolution of habitual juxtaposition of “private and “public” domains. Once it is recognized that tasks which evolved as ‘women’s house-work’ involved the same activities before the emergence of monetized debtor-creditor relations, but were not valued in a subordinate way, it will be possible to elaborate the link between hierarchical gender division of labor and money-unit of account as an expression of power relations. For the purpose we need to underscore the difference between gender division of labor based on complementarity vs. hierarchical division of tasks manifested by differences in monetary remunerations. The transformation of gender division of labor from complementary to hierarchical will be discussed in the context of the relations of inequality evolving with the institution of monetary based debt12.

12 The rule of hospitality should be contrasted to the analytical asocial and ahistorical notion of exchange which makes “… the central institution in a capitalist economy (i.e. money)” (Bell and Henry 2001, 222) neutral and separates it from economic activity. As noted by Wray (1998, 49) the debts in societies based on hospitality (or reciprocal provisioning) were not monetary debts, but rather a collective will of the community designed to increase social cohesion (1998, 46). Bell and Henry (2001, 220) warn that it is problematic to apply terms like ‘debt’ and ‘payment’ which signify monetary relations to non-monetary economies. Instead, “a plea for forgiveness” or an “expression of shame or remorse,” more accurately describe tribal obligations and “… it may be more suitable to refer to them as ‘social obligation’ or ‘an obligation to society’” (Bell and Henry 2001, 220). Henry and Bell (2001, 212) criticize the casting of hospitality relations characterizing tribal societies
As Dorothy Hodgson (2000, 115) warns an analytical distinction between public as political and private as domestic assumes that such distinctive spheres are universally present, and unchanging through history. She shows that in the Maasai (Tanzania) pre-colonial pastoral societies “… the public/private distinction was not equivalent to a domestic/political distinction of power, nor was it clearly gendered and hierarchical.”

The category of “housework” perceived as separated from for-market production and associated with lower status with regard to its importance and contribution to the economic process is a feature of capitalist mode production (Benholdt-Thomsen 1991, 161) where money is a unit of account (and as discussed in the next section, a store of value). *The housewife* did not emerge spontaneously (Veronkika Benholdt-Thomsen 1991, 159); and unpaid domestic work is a historical product (Davis 1983[1981]). In the same token, money is a recent social institution emerging with the development of societies with property relations where some portion of the population becomes indebted to others (Bell and Henry 2001) Bell and Henry emphasize the role of money as a unit of account not only for measuring debts and duties in monetary terms, but also for transcribing power relations through signifying social values. There always has been some division of labor mainly on gender basis (Bell and Henry 2001, 211), but it is only with the origins of monetized debt that reciprocity was replaced with propertied relations (2001, 216) and hierarchical valuation of specialized work came to existence.

In a study of the transformation of the Maasai (Kenya) pastoral society to a peripheral capitalist system13, Mathew Forstater (2002) illustrates the linkages between money, property and gender division of labor. Forstater describes the traditional Maasai method of resource utilization and provisioning, and documents the active colonial “development” policy that transformed the reciprocal relations into commercial livestock ranching which required the formation of individualized settled homesteads. He explains how the reproduction of the individually owned herd relied on private appropriation of communal pastures, water and minerals; and how it was related to the creation of displaced people, and wage laborers (Forstater 2002, 62). In this process milk became commoditized and “… the production, distribution and consumption of milk which traditionally was controlled by women was overtaken by men” (Forstater 2002, 61). Forstater (2002, 61) links these process to the modification of the traditional division of labor based on complementarity and explains how with money as a unit of account and property entering human relations new conditions for social provisioning evolve.

Imposition of monetary tax liabilities have conditioned development of market relations since when taxes are imposed in a money unit of account, goods and services must be produced and sold in order to obtain the means necessary to offset the obligations to the

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13 “… with little extended accumulation or generalized commodity production and much subservience to the national and international ‘centers’” (Forstater 2002, 65)
The role of state taxation in ensuring market participation and demand for a particular unit of account in colonized territories is discussed by Forstater (2002; 2003; 2004), Hodgson (2000); Kettel (1986); Wray (1998).

The studies by Dorothy Hodgson (2000) and Bonnie Kettel (1986) reveal the role of taxation in the transformation of complementary division of labor and the introduction of patriarchic elements in pastoral societies - Maasai (Tanzania) and Tugan (Kenya) respectively. Kettel (1986, 61) finds that the patriarchal characteristics of Tugen social organization today are not a direct consequence of pastoralism but a consequence of history and of the commoditization of productive resources in class-based relations of production. Hodgson (2000, 98) also traces the emergence of patriarchy among Maasai to the colonial state formation. She points to two interrelated processes: 1) the division of the complementary, interconnected responsibilities of men and women into the spatially separated, hierarchically gendered domains of ‘domestic’ and ‘public’/‘political’; and 2) the consolidation of male control over cattle through the commodification of livestock, the monetization of the Maasai economy, and the targeting of men for development interventions. According to Hodgson (2000, 98) both processes were central to the colonial state formation and introduced patriarchal relations into Maasai society. This is exemplified by the words of the Masai District Officer in early 1930s:

The Masai must learn to use money and learn soon. His need of money to pay tax is a main incentive at the moment to induce him to bring his cattle in person to an auction where he sells for cash and is introduced to the mysteries of competition in prices… (The Masai District Officer, 1933 quoted in Hodgson (2000, 108), emphasis mine).

The formation of a “male taxpayer” liable to pay a “poll tax” for themselves and a “hut tax,” or “plural wives tax” for dependent women (Hodgson 2000, 1108) shows how the colonizers imposed their own model of gender relationships on the Maasai culture: “the male domains of public and political in opposition and superior to the female domains of private and domestic” (Hodgson 2000, 106-7).

Hodgson finds that the perspective of the colonial administrators was based on the assumptions that distinct and spatially segregated ‘domestic’ and ‘political’ domains existed in Maasai culture, and that these distinctions reflected and expressed qualitative differences between the types of power exercised in each domain. Another assumption based in Victorian ideology expressed by the colonial tax system is that given the designated public and private spheres, ‘political’ authority was primarily exercised in the public domain, and conversely that the domestic sphere entailed primarily ‘private’ affairs. As a result men were aligned with the public and political sphere, and women with the domestic and private (Hodgson 2000, 107-8). Thus, men were targeted as potential taxpayers, and women were automatically categorized as dependents.

The imposed through taxation necessity for men to sell and buy cattle denominated into shillings as a unit of account, eventually precluded Maasai women from direct involvement with cash and changed the complementary gender division of labor with a
hierarchical – one that is grounded in a dualistic contradistinction between public and private domains of work. That is how according to Hodgson (2000, 107) the formation of the colonial state facilitated expansion of male power among the Maasai. This process is a manifestation of institutionalization of pecuniary valuation.

The created need for cash eroded the community relations by undermining traditional reciprocity entrenching unequal distribution of livestock (Forstater 2002, 61). The policies that triggered the transformation focused on the protection of private property and not on people’s subsistence (2002, 63). Indeed, in a monetary production economy (the end-in-view in the colonial and post-colonial development), the creation of livelihoods is incidental to entrepreneurship - human survival is incidental to making money. In this context the dichotomy between industrial and pecuniary valuation emphasized by Veblen (see also Dillard 1980, 255-273; and Hutchinson, et al 2002) illuminates the distinction between pecuniary market activity and production for subsistence. The dichotomy also underscores the difference between entrepreneurship which is based on pecuniary valuation and development evaluated by industrial (instrumental) outcomes that can secure livelihood.

In the context of social provisioning it is important to acknowledge that debtor-creditor relations that connote inequality can restrain livelihood. The provided historical examples underscore how the institutionalization of money as a unit of account is related to provisioning organized around individual - not communal efforts and outcomes, and furthermore around hierarchical, not complementary, division of labor.

These examples also show how the orthodox story of barter-based markets leading to the establishment of relative prices, numeraire money, and the determination of nominal prices is actually reversed. As Wray (1998) argues: first money and prices are imposed, then markets develop; spontaneous impulses to “truck and barter” are substituted with debtor-creditor relations of power. This Neo-Chartalist insight not only enriches Post Keynesian monetary and financial theories, and shakes the grounds of the barter-based premises of neutrality of money, but also opens ways to incorporate hierarchical relations of gender division of labor into Post Keynesian analysis.

5. Linking Money as a Store of Value to Social Provisioning

In the above discussion the focus was on the efforts of colonial states to commodify cattle production for subsistence by establishing money as a unit of account through taxation in a gender-biased manner. One’s money as a unit of account enters debtor-creditor propertied relations, the importance of money as a store of value also needs to be assessed. In the General Theory Keynes, through his liquidity preference theory emphasized the ability of money to function as a store of value as the fundamental distinctive characteristic of a monetary production economy.

Liquidity preference theory focused on the dual nature of capital as a product of labor power and as an asset that can generate monetary returns through time (Wray 1998, 297).
If we go one step further and acknowledge that labor power is itself produced, Keynes’s liquidity preference theory can be linked to the concept of unpaid labor, which will connect production with reproduction and will advance our unified discussion of social provisioning and money as a store of value.

Following the discussion in the previous section we will note that the introduction of money as a unity of account through colonial taxation did not only introduce wage labor, for-market production, and altered the pre-colonial gender relations, but was also related to a more general change in mindset – that money can transfer value from the present to the future and from the future to the present. The words of the Maasai District Officer in the early 1930s describing how the campaigns designed to “educate” men about the use and benefit of money and market production illustrate this.

He was to be told that his cattle were subject to numerous diseases, suffered from lack of grass and water, were victim to the lion – while the shilling knew none of these drawbacks. He might contend that the shilling could not produce its kind, but the reply is that neither does the ox or queen cow, moreover money did multiply; the name of its product was ‘faida’, the profit of the trader… the Masai were eventually to learn – the sooner the better for them – that the wiser plan was to retain only a moderate herd of productive stock and to convert all their unproductive beasts into ready money (Maasai District Officer in the early 1933, cited in Hodgson 2000, 119-10, emphasis mine)

This is a manifestation of the lack of understanding that pastoral societies did not view their cattle as capital; cattle carried cultural meaning and were used for subsistence. Kettle (1986, 58) suggests that it was the restrictions on access to livestock and the introduction of money through taxation that led to the explicit recognition in Tugen society of livestock as capital - profitable assets owned by individual Tugen men. The above quote demonstrates also the colonizers’ mindset about money as a store of value and about liquidity, which they carried over from their experience with monetary production relations.

To use something as a store of value means that something can be relied upon to give easy to retrieve entitlements in a predictable manner in the future. We call this an asset – an entitlement which persists through historical time. Each asset has an expected total return (an own-rate of interest) composed of: $q - c + l + a$; where $q$ is the expected income from employing the asset in production; $c$ is the carrying cost; $l$ is the liquidity premium; and $a$ is the expected capital gains (appreciation or depreciation). Physical capital will have a return comprised mainly of the yield it is expected to generate from employing it in production. Carrying costs are insignificant for liquid assets, while they would be large for physical capital that depreciates over time. The liquidity premium has two roles: first, protection from future uncertain conditions (expressed through increased liquidity preference); and second, opportunity for profiting from future uncertain conditions (expressed through animal spirits). Both are manifestation of money as a link between the future and the present.
In the analytical time real-wage system advanced by the orthodox theory money does not, need not, and cannot serve as a store of value. If inputs are rewarded with goods – a real-wage system: “… it is a recognized characteristic of money as a store of wealth that it is barren; whereas practically every other form of storing wealth yields some interest or profit” (Keynes 1937, 115-116). However, in a monetary production economy money is an asset - it stores value through historical time. Keynes emphasized that the essential difference between money and most other assets is that the return from holding money comes from its liquidity-premium (Keynes 1964 [1936], 227) and that money is “… something which cannot be produced and the demand for which cannot be readily choked off.”

Thus, Keynes ([1936] 1964, 235) came to the conclusion that unemployment develops “…because people want the moon…” - the object of their desire is money as a store of value, but money cannot be produced. Because the demand for a store of value in the form of money does not generate forward commitments of resources, in a monetary production economy there is no market mechanism that secures realization of output. To the extent that reproduction of the labor force is intertwined with the forward commitments for “productive” assets, there is also no mechanism that secures livelihood, and eliminates conflict. The arrangements of production in a monetary economy lead to the problem that output cannot increase where returns from production are expected to grow at a rate below the rate of interest on money. New investment competes with existing capital, financial assets and money. A situation when the expected returns of assets are equal, so “that there is nothing to choose in the way of advantage between the alternative” (Keynes 1964 [1936], 228) is defined in Keynes’s analysis as equilibrium – a state of rest, not market clearing. In equilibrium the interest rate on money would be equal to the marginal efficiency of capital. But Keynes notes that “…this does not tell us at what level the equality will be effective” (Keynes 1937, 122). In other words, the expected return from holding money as a store of value could be in equilibrium with the expected returns from all existing assets at less than full employment. With the liquidity preference theory of asset prices at hand, the question of the determinants of the level of employment is posed in terms of the expected returns from the decision to produce output relative to the expected returns from the alternatives, especially holding money as a store of value. “[T]he higher the interest rate, the faster any purchased asset must ‘pay for itself,’ recovering costs (M) and generating profits (M'-M). When the (simple) interest rate is 10%, a $100 investment must pay for itself in 10 years, while at an interest rate of 20%, it must pay for itself in five years” (Henry and Wray, 1998, 7). For this reason Keynes found that only socialization of investment can address the problem of unemployment resulting from the function of money as a store of value.

The ability of money to function as a store of value through time and to act as a constraint on output and income (Kregel 1983, 41) has direct effects on livelihoods of households’

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14 It is important to note that Keynes and most Post Keynesians distinguish between money demand and liquidity preference. The term money demand signifies a desire to finance a purchase. Liquidity preference refers to hoarding money, and an increase in liquidity preference is associated with a decrease in money demand (Wray 1990, 18).
members not only through the effects on employment and wages. Money is not produced by labor power, but it can be stored in the sense that it is a link between the present and the future. The decrease of demand for paid labor power as input (increase in unemployment) results in an increased “demand” for unpaid work in the households and communities (both services and commodities). Capital assets are produced by hiring labor power and other assets the production of which also requires labor inputs. A decrease of the demand for capital assets due to a money rate of interest that is higher than the marginal efficiency of capital would then decrease the demand for capital assets and paid labor power. Then, if it is recognized that labor power is itself produced through commodities and services purchased with money and through unpaid work - care services and production of commodities, one would expect that there will be an increase in the demand for these activities as they need to compensate for the decreased demand for paid labor power that depresses households’ purchasing ability.

However, unpaid labor power cannot be assumed readily available to expand and shrink with changes in the level of output and employment as determined by investment decisions. Unpaid labor power itself needs to be produced and maintained. Labor power is produced but cannot be stored in the sense that people have needs that have to be met at all time (labor power has a high carrying cost, or fast depreciation if you will). Satisfaction of these needs require the purchase of commodities and services or more unpaid work. Recognition that labor power cannot be stored incorporates both Post Keynesian insights of time irreversibility and feminist insights about unpaid work.

The state is the institution which can regulate the adjustment between the process of accumulation and the process of social reproduction thus being able together with unwaged domestic work to supplement the gap between business enterprises’ labor costs and the historically formed workers’ labor standards (Antonella Picchio 1992, 112). Furthermore government deficits (depending on the composition of expenditures) would tend to alleviate unpaid work. A unified analysis of monetary production and social provisioning which discards productive/reproductive dualism can facilitate explorations in a theory of the state.

As Robert Prasch (2004, 149) points out “[a]s it is unlikely that labor power will ever experience zero storage costs, a reasonable alternative in a market-oriented society is a policy of full employment.” A gender-aware discussion of full employment policy and the various program proposals will be left for another occasion. Here it will be just noted that a number of economists have advocated a program of buffer stock employment that would fix a living wage with an adequate benefit package and would hire “off the bottom” securing an opportunity for employment and upward mobility to anybody ready, willing and able to work, together with price stability within capitalist economies (for

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15 Storage of the physical thing money is not what I emphasize here – rather it is the ability of money – a debtor-creditor relation to function as a store of value.
16 We should be reminded that the extent and composition of the unpaid work varies in different societies.
17 “A day of work missed cannot be readily recovered since the temporal dimension of life means that our past is – well, in the past” (Prasch 2004, 148).
example: Forstater (2001) and Wray (1998)). Such a policy would be a manifestation of Keynes’s socialization of investment and is designed to put an adequate floor for wages. Alternatively, under conditions of less than full employment the effective wage floor is zero, a situation when labor power could be sustained only through unpaid work, but not indefinitely. It can be argued that such program proposals are addressing the problem stemming from money as a store of value pointed out in the General Theory, and the problem of the non-storable character of labor power.

As Keynes ([1936] 1964, 269) argued, if wages were flexible as the orthodox analysis advocated (so that wages go down when there is unemployment), this would not restore full employment but make things worse for entrepreneurs by contributing to price instability that will be impinging on business enterprises’ planning. With respect to the overall level of output and employment, flexible wages have negative impact because this instability leads to a depressed marginal efficiency of capital. Arguments for flexible wages neglect that wages are simultaneously a cost to business enterprises and income to households, and eventually through household purchases, and are the basis of profits for the business enterprises.

Arguments for flexible wages assume also that labor power can be stored (Prasch 2005, 147). Picchio (1992) argues that “…economic analysis has to take wages into consideration not only as costs or as a major part of effective demand, but also as means of subsistence” (119). As Charuseela and Danby argue (2005, 17-18) attention should be given to the possibility for crisis in the households affecting firms, and not solely to the affect of crisis in production on households through falling wages and unemployment. An example that comes to mind is the HIV/AIDS pandemic causing crises in households and communities which further translate in instable labor force for business enterprises and public agencies. Drugs canrelieve this instability, but there is a created scarcity at the global level, which as discussed by Veblen can be traced back to an entrepreneurial “sabotage of production” and desire for vendibility (the majority of those who need the drugs do not have the purchasing ability). More generally, this household crisis can be traced back to entrepreneurs’ “desire for the moon” (holding money as a store of value, or high liquidity preference) as discussed by Keynes, or a deflationary tendency in the global economy.

The gender effects of restriction of investment is discussed by feminist economists, but here we have situated them in the context of money as a store of value for the purpose of showing the complementarily of Keynes’s liquidity preference theory and feminists.

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18 The question of socially created scarcity of capital and output could be analyzed in the context of a feminist epistemology and bringing forward a recognition of the value-driven determination of research questions that are the basis of innovation bringing questions about the composition of the undertaken investment. In such way the discussion can be linked to Lee Levine’s (1995) insights about the social and emotional content of agent knowledge as a component of investment.

19 For discussion of the deflationary-bias in the global economy in the context of gender see Elson (2001).

20 The structure of industrial development needs to be considered in the context of international trade and production. For example, Seguino (2005, 5) discusses the gendered character of low cost exports as a feminization of foreign exchange earnings.
emphasis on the produced character of labor. Collaboration between Keynes’s liquidity preference theory and feminist concerns with human development illuminates the non-storable character of labor power in the context of monetary production.

Labor power that incorporates unpaid labor work enters into the production of capital assets, which are employed in the production process competing with the money rate of interest. The ability of money to function as a store of value has been explicitly linked to its capacity to pose threats for livelihood, and further to the difficulty of replenishing humans once they have been subject to deficiencies in livelihood.

6. Questioning Thriftiness

Keynes (1937, 116) found that due to overlooking the function of money as a store of value “… the essential nature of the phenomenon has been misdescribed” and the focus has been on the “quantity” of money and the presumed determination of the interest rate through the interaction between saving and investment flows. In the orthodox real-wage system disputed by Keynes, investment depends on increase of individual savings. This is in contrast to the Post Keynesian system of endogenous money which emphasizes that loans create deposits and that savings are indeed the result of investment. In loanable funds theory productivity and thriftiness determine the interest rate, so that a rise in saving out of a given income leads to a decrease of the interest rate on money. Loanable funds theory effectively assumes that saving is the same thing as demand for capital inputs for production. Such reasoning leads to conclusions about a self-regulating economy. There is one interest rate that adjusts until the supply of savings is brought into equality with the demand for savings. With lower cost of borrowing there is a presumption that business enterprises would want to produce more investment goods; which is supposed to result in an increase in the demand for labor power and to secure full employment. Thriftiness enters the determination of the interest rate and translates into investment.

Keynes questioned the mechanism that is supposed to compensate the fall of demand in the consumption goods sector with an increase in demand in the investment goods sector. He showed that there is no guarantee that business enterprises would employ more workers and that depressed expenditure on consumption goods would only bring output further below full employment. At a given level of income, thriftiness can increase only if consumption decreases, which will result in a decrease in the demand for consumption goods.

An act of individual saving means – so to speak – is a decision not to have dinner to-day. But it does not necessitate a decision to have dinner or to buy a pair of boots a week hence or a year hence or to consume any specified thing at any specified date. Thus it depresses the business of preparing to-day’s dinner without stimulating the business of making ready for some future act of consumption (Keynes [1936] 1964, p. 210).
That is, today’s depressed consumption of market output will affect the expectations for tomorrow’s receipts from sales and will translate into restriction of forward commitments to hire and purchase inputs. This process need not be analytically separated from the problem of reproduction of the labor force. Abstaining from purchases of goods and services today does not mean that the needs of the laborers, retirees, and children are met. To a certain extent, they may be taken care of through unpaid work in the form of care and home-based production for subsistence - subject to the varieties of needs and cultures. Unpaid work “…serves to close the gap between wages, public services and historically given standards of living…” (Pichio 1992, 121). In a monetary production economy the unwaged housework, enables the system to count on the continuity of the process of production and reproduction under the endemic insecurity of wages (Pichio 1992, 112)21.

As Pichio (1992, 121) notes, an increase in housework guarantees relatively higher living standards than if unpaid work was not provided and hence a higher quality of laborers while the wage costs to business enterprises may be the same or even reduced. However, even with an increased unpaid work, the pessimistic expectations of entrepreneurs will still translate into restriction of investment, and/or into lower wages. In this case the unpaid work will just lower the cost of the labor input for investment, thus effectively subsidizing the profits of business enterprise22.

If abstaining from present consumption actually was accompanied by a simultaneous placing of a specific order for future consumption:

… the effect might indeed be different. For in this case the expectation of some future yield from investment would be improved and the resources released from preparing for present consumption could be turned over to preparing for the future consumption” (Keynes [1936] 1964, 210).

However, the act of saving today represents “… a desire for ‘wealth’ such, that is for a potentiality of consuming an unspecified article at an unspecified time” (Keynes [1936] 1964, p. 211). Keynes ([1936] 1964, 373) wanted to convince the public to dispose of “… the belief that the growth of capital depends upon the strength of the motive towards individual saving and that for a large proportion of this growth we are dependent on the savings of the rich out of their superfluity.” 23 Keynes ([1936] 1964. 373) showed that such a belief presupposes a low propensity to consume which actually holds back the growth of capital and thus measures need to be taken for redistribution towards income

21 See also Philip O’Hara (1995).
22 It should be noted however, that within a Post Keynesian monetary production model, at the macro-level the size of profits on the macroeconomic level is determined by effective demand, so the introduction of unpaid work will not lead to expansion of the total size of profits in the economy. With endogenous money profits can increase only if loans increase. But under a depressed effective demand, pessimistic expectations, and high liquidity preference (including that of banks) this is not likely to happen (see Wray 1988).
23 A look at contemporary debates such as that on Social Security would identify pre-Keynesian arguments for the praised “benefits” of individual savings that are supposed to be boosting productivity and investment.
groups with higher propensity to consume. It also presupposes a readily existing unpaid work if abstinence from purchases of consumption goods and services is to take place. Keynes argued that investment cannot increase through abstinence from consumption. Households’ wages are potential income for business enterprises through household purchases. Kalecki’s ([1954] 1956) suggestion that business enterprises also illustrates this point.

The belief that thriftiness contributes to lowering the cost of borrowing and increases the level of investment informs macroeconomic, bankruptcy, and welfare policies, which as feminist economists have argued are not gender-neutral. For example, the virtue of thriftiness underpins the argument both at the domestic and the international level that in-kind aid is more efficient than money that gives flexibility in spending decisions. Viviana Zelizer (1994) documents the opposition of cash aid by nineteen century western charitable institutions. The practice of providing relief in kind or restricted tokens such as food orders was associated with a perception of the poor as immoral and incompetent spenders, which clearly can be linked to patriarchic control and dependence. Zelizer (1994, 123, 144) also discusses the view of home economists who argued that discretionary freedom of money allowance was a necessary training tool for consumers, and thus promoted cash aid. Indeed, the 1935 Social Security Act gave way to money payments which could be spent as the recipient wished without direction or control as suggested by early neoclassical economists (Zelizer 1994, 123, 189).

The advocacy for in-kind, or restricted tokens, as well as the advocacy of money payments as a training tool for consumers (rather than as entitlements to livelihood as provided by the Social Security Act) are grounded in particular notions of efficiency and waste that are connected to the advocacy of thriftiness and productivity—both factors in the determination of the interest rate in the orthodox theory. For example, Michele Pujol (1992, 131) points out that Alfred Marshall advocated a nuclear family household with a gender division of labor as the most efficient basic reproductive unit in capitalist society; and discusses how in his theory of wages, labor is considered to be used efficiently if its cost does not exceed the exact wage required to maintain its optimum productivity and that consumption by workers beyond subsistence levels is considered wasteful (Pujol 1992, 131).

Through liquidity preference theory Keynes (1973, 80) showed that the interest rate is a monetary phenomenon independent from the physical productivity of capital. Keynes “… denied the importance of either productivity or thrift in the determination of the rate of interest” (Kregel 1983, 41). In the loanable funds theory, the presumed causation from saving to investment serves as a justification for high interest rate of money as an inducement to save (Keynes [1936] 1964), and excludes the produced and non-storable character of labor power. Keynes argued that a low interest rate policy would be insufficient to stimulate investment. Instead, he ([1936] 1964, 378) identified the need for socialization of investment (a way to address the constraints set by the rate of interest as a

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24 Such view can be mapped to the evolution of mass production and “consumer society” and to anti-feminist notions of women as consumers and homemakers, rather than as producers.
25 Perhaps, this can add to the explanations for the historical opposition to Social Security program.
return on hoarding money as a store of value, and the fetish for liquidity) as “the only means of securing an approximation of full employment.”

Keynes used liquidity preference along with the income multiplier to show the determination of investment and saving. As Jan Kregel (1988, 239) argues these two elements must be taken together to capture Keynes’s theory of effective demand. The liquidity preference theory of money prices is an integral part of the explanation of the changes in the demand for investment goods which is necessary to bring about the adjusting action of income and saving via the multiplier (Kregel 1988, 239). As we have seen, Keynes’s liquidity preference theory can also be connected to the unpaid work that underpins the labor inputs going into capital assets.

The lack of savings is at the core of the loanable funds theory that serves a real-wage system based in analytical time. The ability of agents to decrease their consumption is presumed to be infinite - unpaid work is implicitly treated as abundant. Thus, in a real-wage framework labor power is not produced, but money is. This is exactly the opposite in the Post Keynesian system where money is not produced as a commodity and in feminist economics where labor power is produced. Therefore, a Feminist Post Keynesian approach that unifies monetary production and social provisioning is a logical avenue for economic reasoning grounded in a unified analysis of productive-reproductive activities. Such analysis allows us not to naturalize capitalist institutions and dynamics but to examine and critique them (Power 2004, 6), and thus to dispose of the quest for thriftiness which tends to support patriarchal relations.

Conclusions

A real-wage barter system cannot highlight the connection between dismissing the produced nature of labor power as an input, and the restrictive effect of high liquidity preference on investment and livelihood because it treats labor power as non-produced, and does not have place for money as a unit of account and store of value. Both points are brought together through simultaneous analysis of monetary production and social provisioning.

In Post Keynesian analysis money is a link between the present and the future – an argument that necessitates historical time analysis that which facilitates treating labor power as produced and non-storable. This paper has connected the ability of money to function as a store of value to its capacity to pose threats for livelihood, and further to the difficulty of replenishing humans once they have been subject to deficiencies in...

26 Diane Elson (2002, 14) emphasizes that in order to achieve gender-equitable full employment policies, a target for full employment needs to be supplemented by a target of decent jobs on comparable terms for both men and women with no “bread-winner bias.” Jill Rubery (1997, 78) argues for analysis of full employment from women’s perspective and points out that expansion of employment opportunities would provide a more favorable context for promotion of reforms for gender equality of opportunity. I would argue that a buffer stock employment program noted above (see Wray 1998, and Forstater 2001) has the potential to promote gender equity and transformation of the hierarchical gender division of labor. Further, it can foster agency through community involvement and political participation.
livelihood. Labor power that incorporates unpaid labor work enters into the production of capital assets which expected returns must compete with the money rate of interest. This process determines the level and composition of output and employment and enters the maintenance and reproduction of the labor force through marketed goods and services and unpaid work.

Collaboration between Keynes’s liquidity preference theory and feminist concerns with human development illuminates the non-storable character of labor power in the context of monetary production. Liquidity preference, manifested through the use of money as the transfer of expected purchasing power from the present to the future represents a quest for certainty similarly to the quest for stable households that serve as a buffer for shortfalls in market production. More precisely, the quest for liquidity in a monetary production economy is intertwined with a quest for family patriarchic relations with a hierarchical gender division of labor. On the other hand, the use of money which permits the transfer of purchasing power from the future to the present through speculation and “outguessing” is a quest for gambling, making use of uncertainty and impinging on the so desired household stability. Household crises in their turn restrict the investment process not only through decreased effective demand and depressed entrepreneurial expectations about future receipts, but in most severe cases (such as in the regions most affected by the pandemic of HIV/AIDS and other disasters) through inability to sustain a basic replacement of the labor force.

The use of money as a link between the present and the future manifested through liquidity preference and “animal spirits” sets the conditions of human-created scarcity. It could be argued that racism, xenophobia, ethnocentrism ageism, and sexism can be traced back to notions of scarcity.

While dismissing a real/monetary dualism, a Feminist Post Keynesian approach should employ industrial-pecuniary dichotomy, thus distinguishing the results from entrepreneurial production from the necessities for livelihood. Collaboration between Post Keynesian and feminist economics would focus on the composition of investment, output and employment and would illuminate the need to distinguish among the processes of entrepreneurship, investment and development. In theories grounded in real/monetary dualism, exchange is conflated with production, and production is conflated with social provisioning, consequently entrepreneurship is conflated with development. Institutionalist analysis in Veblen’s tradition illuminates distinction among these processes, but collaboration with feminist economics incorporates the power relations stemming from hierarchical gender division of labor. The paper also demonstrated that the Neo-Chartalist insights open ways to incorporate hierarchical relations of gender division of labor into Post Keynesian analysis.

Keynes’s theory of the liquidity preference and the multiplier as two sides of the theory of effective demand (see Jan Kregel 1988) can be bridged with feminist social provisioning analysis. Such a project creates grounds for a Feminist Post Keynesian economics that offers a unified analysis of monetary production and social provisioning.
and provides the basis for policy formulation and institutional transformation with regards to hierarchical gendered relations in capitalist economies.

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