The 5-Sector Model of the Economy
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The 5-Sector Model of the Economy¹

By Luise Gubitzer

What are women’s economic activities? Where do they work, and what do they do? How do they survive? What is their contribution to others' growing up and living well, to their ageing and dying in dignity? How are they rewarded for this contribution? To which forms of economic discrimination are they exposed? How are they organised, and how do they influence governments?

These questions will be discussed in this paper, in which I propose a new and alternative view of the economy. I have developed what I call the "five-sector model of the economy", which broadly divides all economic activity into five categories: the household sector, the for-profit sector, the public sector, the non-profit sector, and the illegal-criminal sector.

My perspective is based on an approach developed by the women's movement and feminist thinkers, which aims at making women's economic activities visible. This combines well with another method, the broadening of concepts used in Alternative Political Economy. Looked at from this conceptual perspective, "the economy" comprises much more than the private sector of profit-oriented enterprises and business conglomerates; the concept is broadened to include the economic activities of the public sector and of private households, the non-profit sector and illegal-criminal activities, from illegal employment to organised crime. This paper will discuss all these fields of economic activity.

This paper would not have been written without the inspiration and support of many people – most of them women – whose ideas I have taken up and whose encouragement has given me strength.²

John Stuart Mill and his wife Harriet Taylor Mill wrote in On Liberty: "The fatal tendency of mankind to leave off thinking about a thing when it is no longer doubtful, is the cause of half their errors." (Mill 1859). This has encouraged me to question the

¹ English translation: Vera Ribarich, Angela Parker
² In particular, I am deeply grateful to many women in WIDE and many thinkers whose texts have shaped and supported my thinking.
patriarchal history of economic thought, as well as to propose the following ideas for further discussion.

"Keep it real"

Androcentric assumptions concerning economic activity – "only income-generating work is work", "people are driven only by self-interest; they are independent, have no family duties, and take decisions autonomously; all human needs are covered by the market" – are far removed from the everyday lives and experiences of women. They are utterly out of touch with the realities of women's lives.

"Keep it real", a slogan formulated by the women of the international network Women in Development Europe – WIDE, encapsulates an important concern of feminist academic research, in particular feminist economic studies: to make the realities of women's lives and their experiences the basis of academic thought. The use of case studies and the telling of "her story" are key methods used by WIDE in working towards this goal. Through this approach, the huge differences between women's realities of life become visible. Fetching water is hard and time-consuming work for many women in Africa, whereas women in the North typically have to use only a small fraction of their incomes to pay the water bill. Life is very different for women in the Czech Republic and in Austria. To "keep it real", we have to develop theories and models for as many different contexts as possible – models that work for different places and times, as well as for widely differing economic situations, life experiences and other variants. Feminist economic theory is therefore also contextual economic theory.

Humans are by nature dependent on others, for example, they depend on others’ work: as babies, as children, as consumers, when they are ill or disabled or old. This work is done primarily by women, mostly without pay. As humans, we also relate to others by nature, our first relationship being the one with our mothers. And we are beings with capabilities: we need public education systems to foster and fully develop these capabilities. Every human being has rights, such as human rights/women's rights (Women's Convention – CEDAW), children's rights. "Keeping it real" also means describing these relations and interdependencies, and formulating the
theoretical basis for political action to gain these rights. Hannah Arendt (1958/1989) said that everybody has the ability for political action. The principle of "keeping it real" means that feminist economic theory is also (and always) Feminist Political Economy. It creates a basis on which women can act as political citizens, for example, in NGOs such as "Frauensolidarität" and networks like WIDE that urge governments to introduce and enforce international standards for women's paid work, so that women can work in dignity and earn incomes that enable them to lead their lives in dignity.

The five-sector model of the economy can be used as a theoretical basis for the "keep it real" approach. Each sector will be discussed in this paper, starting with a brief introduction and overview of its history, followed by a discussion of the rationalities that shape decision-making and economic activity (I), a description of the prevalent conception of the human being (II), a discussion of the activities that are carried out in each sector (III), and an overview of what the sector does for itself and for other sectors – the outcomes, both within the sector and across sectoral borders. The global South and East are taken into account throughout and explicitly discussed in some parts of the paper.

The 5-Sector Model of the Economy

![Diagram of the five-sector model of the economy]

Source: author

Ina Praetorius (1997:41) and her colleagues in the group "Weiberwirtschaft" have said that what we need in terms of methodology is "a re-orientation that begins with new ways of thinking and speaking and aims to move society towards the good life
for everyone." It is necessary to take a new view of the economy, to change concepts and perspectives in order to develop a new and gender-sensitive economic theory.

One cornerstone of this new economic theory is the re-conceptualisation of the household sector – that sector of the economy which for millennia has been identified as the female domain, which in the past also included women slaves. All economic activity begins, as Ina Praetorius (1997:37) has said, "with the production of human beings: with giving birth, nurturing, educating, so as to ensure the survival of those who have been born." Its next function is to ensure that children and workers, the unemployed and the sick, the elderly and the disabled have a place to stay, a place to which they can return every day. In the North, the South and the East, responsibility for this sector is borne mainly – though not by necessity – by women.

The Household Sector

She does not work. Or does she?

From "oikos" to "private" household

The household sector is the oldest sector of the economy in human history. The household is the centre that provides a livelihood for all its members. Since the beginning of sedentary civilisations, the home has been the place for cooking, washing, cleaning and sewing; the place where children are raised and educated, where they receive consolation and encouragement.

Definitions of what constitutes the economy have changed repeatedly in the course of history. From the beginnings of sedentary civilisation, for thousands of years economic activity was primarily centred on the household, oikos in Greek. In medieval Central Europe, the "whole house" – from small households to large estates
– was the basic unit in which economic activity was pursued (see Brunner 1956, p. 33ff). There was no clear division between household and business. It was the advent of proto-industrialisation – cottage industries (home weaving) and manufacturing enterprises, later making way for industrial factories – that led to the "great transformation" (Karl Polanyi) which moved economic activity away from the home. The modern "private" household emerged.

Today's household may thus be considered the outcome of a historical narrowing down of functions, both in real terms and as a concept. The household has a long tradition in human history and thought. From this tradition, we can derive some cardinal points for a theory of the household sector. To do so requires a sector-specific, gender-sensitive exploration of the history of the household. In the countries of the South and the East, this exploration also needs to take into account the history of colonialism. The European examples below may serve as indicators pointing towards what we should examine and why.

The household: a social unit that provides its members' livelihood

In antiquity and in the traditional social order, the oikos, the household (or estate), was the basic unit of economic activity. It is the place where people's needs are fulfilled in a subsistence economy. The household economy focuses primarily on providing the household members' livelihood. Its principles are self-sufficiency, reciprocity and durability. The latter applies both to the products of labour, such as furniture, and to the household itself – the aim was not growth, but the continued existence of the household, which formed the basis of survival and had to be preserved as such. The oikos is the source of work, not the source of profits. Preservation and sustainability are principles that also apply in dealing with the natural environment. Its rationality is geared towards the fulfilment of needs and providing for the future. The only products that are bought are those which cannot be produced in the household, and purchases are subject to the principles of "fair price" and "fair exchange".

The principles of this economy are rooted in the societal sphere. Karl Polanyi speaks of an "embedded economy" in which work, production and distribution "are secured by a variety of individual motivations, which are in turn constrained by general
patterns of behaviour”; these behavioural patterns are dictated by custom, law, magic or religion. (Polanyi (1944/1957, p. 55).

In the economy of the oikos, both women and men engage in production within the household. In many countries of the South this is still the case, as it is in some farming households in the North and the East.

The formation of gender roles and gender relations

After the opening up of the oikos in the countries of the North, the remaining "private" household functions were imposed on women, creating a hierarchical division of labour based on gender. The structures thus created gave rise to specific male and female constitutions in terms of physiology and psychology. To this day, these are used to justify the allocation of different types of work and different sectors to one or the other sex.

Neither women nor men are innately destined for specific activities. Only as they go through the process of socialisation and accept their functions within the division of labour do they develop certain characteristics, abilities and patterns of behaviour which are then seen as typically female or typically male. According to Zeichen (1989.26), the typically female is regarded as inferior, the typically male as superior. The characteristics attributed to women include quietness, warmheartedness, emotionality and empathy, carefulness, diligence, thriftiness – whatever the list of qualities includes it is always also a prescriptive definition of how women should be.

To this day, we think about the sexes in dualistic concepts that go back to the philosophers René Descartes and Francis Bacon, and a hierarchy is attributed to these concepts that identify man with mind and reason, and woman with the body and emotions. In today's modified concept, "efficiency/ aggressiveness/ rationality" are attributed to men, "patience/ care/ emotionality" to women; and "to be male is to be a full human being, to be female is to be flawed" (Praetorius 1997, p. 41).

Women and men adopt, or are meant to adopt, "emotion rules" (Zeichen 1989: 48) as part of their respective socialisation processes. Women are meant to suppress their aggressions, men are meant to act aggressively and forcefully. Women are expected
to cushion the impact of others' mistakes, to be capable of flexible adjustment, to support and take care of others (Zeichen 1989, p. 48). They fulfil these expectations in the household, but also as providers of personal services in paid jobs.

Economic theory developed an "androcentric duality of efficient-brutal maleness and caring femaleness" (Praetorius 1997: 40). Women and men are subjected to a dualistic and biologistic value system that invokes a "natural order" and implies two different economies: a male capitalist/monetary economy, and a female unpaid economy of care; income-generating activities are ascribed to the male economy, meeting of people's personal needs to the female economy; the for-profit and illegal-criminal sectors are regarded as male, the household sector and large portions of the non-profit sector and the public sector as female. This has given rise to economic structures which, especially in the for-profit sector and the illegal-criminal sector, discriminate against women and give power to men in many different ways – in particular, power over women. Women are not primarily socialised for these structures because they are pushed into the household sector through arguments based on biology and "nature", through gender hierarchy and the gender-based division of labour. Within the household sector, women have created structures for which men were not socialised in the past, and for which they are not yet sustainably socialised today.

As the household sector has traditionally been ascribed to women, they have shaped this sector and have produced significant cultural achievements within it, embedded in patriarchal rule. The household sector shaped by women is characterised by a high degree of organisation, its own traditions and rationalities, its own specific forms of economic activity and exchange systems. While these have changed in the course of history, they have always been part of the economic cycles and essential for the fulfilment of human needs. To define the economy purely as a set of monetary exchanges – a view taken by most economists to this day – is to draw an androcentric, reductionist picture of economic processes.

The household as a socialisation unit and a place of human relationships
The *oikos*-type household was the basic setting for socialisation processes, both in the cities and in rural areas (see Brunner 1956: 39). Nearly all people belonged to
one such household, which also determined the individual's rank within and outside the household. It functioned as the centre of each individual's life and the setting within which socialisation took place, including the formation of gender roles.

The *oikos* is also the centre of human relationships. The behaviour of the household members was regulated by rules, as were their economic activities. These "general patterns of behaviour" (Polanyi 1944/1957: 87) determined the gender roles as well. Patriarchal structures are woven into the behaviour rules. Because the *oikos* is also a centre of relationships, the relationships between women and men are determined within the household. The basic principle is that the male head of the household rules over the members who are defined as dependents. The principles in place determined the rank of each member of the household, his or her area of competence and tasks, access to resources, whether or not she or he could participate in decisions, and if so, to what extent. These principles became firmly entrenched over the centuries (from antiquity onward) and have shaped the social order as well as individual men and women. The master of the household is the leading economic figure, and as such he wields great power over all members of the household, including "a far-reaching right of corporeal punishment" (Brunner 1956: 39).

This shows that economic activity and the exercise of power – especially of male power – have been closely interwoven for many centuries. It is the power over the household, over the work of women and servants, that enables men to go on to exercise power in other, wider social formations such as guilds, communities, rural and urban councils and legislatures, which are all based on the economy of the household. Women were represented in guilds only as widows. However, there were also guilds whose membership was exclusively female. As only male heads of households had political rights, women's struggle for suffrage was long, and they did not succeed in getting the vote until very late in history.

**Gender relations in early economic theory**

The historical development from the *oikos* to today's household has its parallels in the history of thought. The writings of Aristotle are the oldest documents that describe and debate the *oikos* as a centre of economic activity, human relationships and
socialisation. Aristotle distinguished between two types of economic activity: he defined *chrematistics* as the market- and money-oriented art of the merchant who aims at monetary profits, and *oikonomia* as the art of household management that aims at ensuring the good life for the men who are the masters of the *oikoi*. Household management is based on moderation, it is the art of keeping the right measure and finding the middle ground between want and excess (Richarz 1991: 62), whereas chrematistics is rejected by Aristotle as immoderate "wealth-getting". Aristotle's writings also describe the *oikos* as a place of socialisation that determines the subordinate position of women under the rule and guidance of men.

Later on, the history of thought relating to the household economy is documented in the "housefather literature" that made its impact between the 12th and 18th centuries. These household management manuals were written by men for men. They see men in the "leading and commanding position", theirs is a "brighter rationality", and they can translate their knowledge into action (Brunner 1956: 47). It is this connotation of position, rationality and the potential to translate knowledge into action that helped to preserve gender-specific modes of thinking and acting, as well as the commensurate structures, for such a long time, and which ensured their entrenchment in politics, the economy, the church and in society. Man is "the leading head" that is needed "to create a whole". Only men are credited with this ability, only men are seen as possessing the necessary virtues. Thus, only men have political rights. "The house (*oikos*) is a whole that is founded upon the difference between (author's note: and in particular upon the different values attributed to) its members, who are joined together to form a whole by the leading mind of the master" (Brunner 1956: 44).

From the economic writings of antiquity and early European history to more recent economic theory, the rule of the male master in social and economic life is taken for granted. It is a beneficial, almost innate state of affairs, in accordance with the divine will or, in later theories, founded on the laws of Nature.

The writings of Aristotle and the housefather literature describe this rule and give concrete instructions, especially with respect to wives and servants. As these writings were never critically analysed in economic theory, their thinking in terms of gender-
specific power relationships was handed down, at least indirectly, to later authors and remained embedded in economic theory.

All household management literature is based on the two meanings of the house: the home that satisfies the inhabitants' needs, and the human community with its functions of relationships and socialisation. All relationships are described from the perspective of the master of the household, the wife and servants are treated as chattels. Women and women's work are not seen "to contribute directly to the benefit of the community", except through childbirth, according to Ehlert (1991: 158). To this day, the unpaid work of women is not taken into account in calculating the official indicator of prosperity, the GDP.

Wives are expected to subordinate themselves to their husbands. Disobedience is an offence, not only against tradition, "but also against the political order" (Richarz 1991: 106). The prescribed division of labour places women in the house, whereas men are regarded as capable of greater deeds in the wider community outside the house.

Household management literature and economic theories describe a desired state of affairs which may or may not correspond to actual realities. Men and women worked together in agriculture, and in the cities women not only worked in many different professions, but also formed guilds in certain historic periods (see Wolf-Graaf 1994). However, they were always excluded from the forums of political organisation.

Exploring the realities, as well as the developments in theoretical thinking in the course of history, we may draw the following conclusion for a theory of the household sector, but also for other sectors: gender structures in the economy were conceptualised, organised and lived as patriarchal structures, which also gave rise to a division of labour that was based on gender hierarchy. As the oikos opened up, the structures, the structural encoding of women as housekeepers and nurturers of children, and of men as those responsible for paid work, business and politics, were transferred and persisted outside the household.
Two aspects of economic activity: working and managing

Economic activity may be one of two things: it is productive activity, action, work – and it is giving orders, monitoring and controlling of activities; this socialisation aspect points to the nature of interpersonal relationships in the context of economic activity. These have been, and often still are, hierarchical power and command relationships.

The mainstream of economic thinking regards the household as a microeconomic unit whose functions in the market are the generation of demand for goods, the consumption of goods and the supply of labour. As a unit of production and of relationships, however, the household remains a black box. But some light has to be shed, for the household is still a central place of socialisation, and important decisions are taken here: Which of the household members supplies labour? Who does unpaid work? Who decides how resources are used, and for which purpose? Some research studies indicate, for example, that mothers tend to spend income from paid work on their children and on the household, while fathers tend to spend more on themselves and their recreational activities (see, for example, Cagatay 2003: 29).

Authors such as Himmelweit (2002), whose studies focus on concepts of negotiating models in the household, have pointed out that interests regarding the use of resources may differ fundamentally within the household, and that it is the negotiating power of the household members that decides whose interests will prevail. The negotiating power depends on factors such as income, ownership of land and assets and control of property, on whether or not there is an exit option (i.e. whether women are at liberty to leave the household, whether divorce is possible and socially accepted), and on education. Differences in negotiating power contribute, among other things, to women’s multiple workloads.

I. Rationalities of the household sector

The term rationality derives from the Latin *ratio*. Rationality and reason derive from the same linguistic root and are often used interchangeably to describe humans as beings that are gifted with reason, i.e. that have the ability to act rationally. *Ratio* is the "hardware", the potential to think, to interpret and to use the results of thinking in
decision-making. How people use their ability to think depends on the "software" that is made up of their value systems, their conception of the human being, their socialisation, the structures and gender norms within which they live. Thus, rationalities differ across but also within the various sectors. Rationality always carries an attribute, e.g. as socio-economic rationality, or is conjoined with a second noun, as in "rationality of survival". Rationality is thus always geared to something else, to a goal. Together with our emotions, it constitutes the equipment we use to perceive, to decide and to act. Economic ethics theoretician Peter Ulrich (2002, p. 27) has said that any conception of rationality, of reason, "already constitutes a normative ordering concept".

Since its evolution from the beginnings of the oikos, the household sector has functioned according to a rationality of providing. The goal was to provide a livelihood for all members of the household. If an attitude is added to this rationality which goes beyond the call of duty, the result is a rationality of nurturing care, whose goal may be to provide a good life for the household members. In most cases, we also find a rationality of preservation that is geared to ensuring the continued existence of the household. In poor households in the North and in many households in the countries of the South and East, this is reduced to a rationality of survival. A rationality of reciprocity exists in mutual assistance among neighbours and among household members. These rationalities guide the economic activities in the household: the household follows them in supplying labour and generating demand for goods and services.

According to these rationalities, economic activity in the household sector is efficient when it economises, when the available means are used thriftily. These rationalities have an inbuilt "enough" for many activities: enough cooking, ironing, cleaning, consoling, caring. The rationalities which are followed are geared to the preservation of life, to "the good life". The underlying view of humans is that of dependent beings who live in relationships with others.
II. How the human being is viewed in the household sector

The conception of the human being has several dimensions. Humans are seen as interrelated. The primal experience of relationship is with one's mother, then with one's father. Humans depend on others, because as babies they need others to survive, they need to be fed, cared for and educated, and in later life they again need care and loving attention in illness, disability and old age. The stereotypical image of the human being in the household sector is that of the housewife (see Gubitzer 2007, p. 43ff).

III. Activities of the household sector

Early household management literature already contains detailed lists of activities to be performed in the house, especially by women (see Richarz 1991, p. 93). Then as now, the prescribed activities are unpaid or generate very low incomes. These activities within the household include: producing and processing food, making, washing, ironing and mending clothes, cleaning, doing repairs and decorating the home, taking care of domesticated animals; taking in and passing on information, going out shopping, keeping contacts with authorities to renew documents, such as passports; (breast-)feeding, changing, bathing babies and small children, taking them for walks, telling and reading stories to them, singing songs with them, practising handicrafts, taking them on excursions, regulating their use of the telly and of electronic games, caring for them when they are sick and consoling them, giving them attention, listening to what they want to tell and explain, looking at what they want to show and for what they hope to garner admiration. Young children are dressed in clean clothes, taken to kindergarten and brought back home, and cakes are baked for kindergarten festivities. Daughters and daughters-in-law take care of ill or aged parents, of relatives or others in need of care, errands are run for or with them, they are kept company. Partners are consoled, motivated, encouraged, pampered, cared for.

This extensive but by no means exhaustive list of activities in the household illustrates that –

- one person performs many different activities that would be done by several persons in other sectors of the economy;
these activities call for a broad range of skills and capabilities;
these services are provided by the household members without pay;
they are activities which are essential for survival, but which are not – with the exception of breast-feeding – linked to gender; seen from a purely objective standpoint, there is nothing gender-specific about them, and as such they could just as well be performed by men. This is underlined by the example of men who do their share of household work, stay-at-home fathers and husbands, historically by chamberlains and butlers and today by men who perform these activities in equivalent but paid jobs in other economic sectors or in households other than their own. Examples are: cleaning personnel, window-cleaners, facility caretakers, washers-up, purchasing staff, cooks, drivers, gardeners, decorators, therapists, educators, male nurses;
these are fundamental economic activities, such as production, consumption, investment and saving;
most products made are consumer durables, and the services provided are consumer-related and personal ones;
the activities are geared to the needs of human life, most of them are vital for survival, but they do not receive recognition; the value attributed to them does not correspond to their great importance for human life, for the life of the household animals and for the cohesion of society;
many of these activities are linked to organic nature and developments;
in these types of work with and for other people it is important to engage in relationships, to communicate, to have time and temporal flexibility. Many activities are motivated by feelings, worries and necessities;
the goal of the activities is the physical and emotional well-being of those for whom and with whom they are being performed.
IV. What the household sector does for itself and for other sectors

The household sector performs primary economic and cultural activities without which the capitalist market economy, which is characterised by monetary exchanges and income generation, could not exist; by the same token, the household economy makes possible the existence of the state and of society and ensures social cohesion. To exclude the work that is done, the economic activities that are performed in the household sector, from economic thinking, i.e. from academic economic theory, is to neglect the very base, the economic and cultural foundation on which all other economic activity is predicated. It is these economic activities, the services performed, the unpaid work that is done in the household sector, along with its economic and societal outcomes, the positive "external effects" – which are not in fact external – that are a main focus of feminist economic theory.

We know from factual historical research and from the history of thought that wives, slaves and servants within the oikos-type households performed the economic activities that freed up enough spare time for the masters of the households to engage in political action within the polis, in the village, community or town council. Masters were liberated from household work and gained free time as well as resources.

- Ever since the oikos opened up and the division of housework and paid work emerged, the household sector's function has been and remains that of providing labour for all other sectors. A precondition for this is the performance
of all the unpaid work involved in raising children. This includes everything that is necessary for their existence, as well as the effort it takes to educate them for paid work in all the other sectors.

- Another activity which the household sector performs for the other sectors is to generate demand for their products and services and to perform the tasks involved in consumption – which are increasing as the for-profit sector shifts more and more work onto the consumers (see Voß/Rieder 2005).
- Within the households, young people are educated to be environmentally aware and critical consumers.
- Young people are trained for their future roles as citizens, a function which the households perform mainly for the public sector and for the non-profit sector. In this, the non-profit sector, people engage in voluntary efforts in NGOs such as Greenpeace and ATTAC, or networks such as WIDE, to try and influence the politics of the public sector, for example towards different environmental, labour market and development policies.
- Another function of the household that benefits the non-profit sector is that of giving men free time for voluntary activism.
- The household sector provides regeneration from and for paid work. It compensates for services lost in other sectors, for example by providing care at home in the event of budget cuts in the public health sector.
The For-Profit Sector

The for-profit sector is often equated with the somewhat narrower terms "private sector" or "market". Conversely, many authors who speak of "the economy" in fact mean the for-profit sector.

In Aristotelian terms, it is the sector of chrematistics – i.e. the art of earning money. The objective is to make profits and gather wealth.

Historically, the for-profit sector was very small up until some 300 years ago. It evolved in conjunction with the money economy, and for a long time existed only within the walls of the towns and cities, where merchants, local traders and national trading companies were its chief actors. As the money economy expanded and monetary exchanges became significant in agriculture, the latter turned into an important source of wealth, especially for landowners. Industrialisation added the owners of factories, and later on industrialists, shareholders and owners of banks to the sector's actors. Later still, the service sector rose to prominence in the second half of the 20th century. For-profit organisations dominate in industry-related services, but they also provide consumer services and financial services. Examples of industry-related services are marketing and design, commercial and investment banking, insurance, accounting, tax consultancy and auditing services and real estate trading. Consumer services include the hotel and catering industry, hairdressers and massage salons, cosmetic surgery.

In many countries of the South, agriculture and natural resources are still the most important segments of this sector. In the countries of the East, the top segments are agriculture, raw materials and industrial production.

The term for-profit sector refers to the fact that its actors strive to earn and maximise profits. It includes all profit-maximising entities that are privately owned and act on
the basis of the laws and regulatory norms pertaining to economic activity (i.e. what in German is known as *Wirtschaftsverfassung*, "economic constitution"). It further includes all publicly-owned entities that do not act under a specific public mandate. The profits of these entities are partly re-invested and partly paid out to private owners.

For-profit entities vary greatly in size, from small and medium-sized enterprises to large local, national and international corporations. Individuals who work on a freelance or self-employed basis also belong to the for-profit sector provided they conduct their economic activities on the basis of the law.

This brief overview illustrates the great diversity of actors in the for-profit sector – a fact that is borne out by the highly divergent positions often taken by the different interest groups of small commercial enterprises, industry groupings and self-employed professionals such as pharmacists.

I. Rationality of the for-profit sector
Economic activity in the for-profit sector is conducted according to a *rationality of profit maximisation*. For-profit entities are the key actors in the capitalist system, which is structured in a way that leaves no other alternative but profit maximisation. In any decision they take, entrepreneurs and managers have to follow the profit maximisation rationality. This rationality has no inbuilt constraints, no moderating force; it strictly follows the principle of "the more, the better". The goal is to earn ever higher profits, ever higher returns. Profits grow faster when regulatory constraints – environmental protection legislation, labour and social law, equal treatment regulations – are weak or absent. Therefore, representatives of capital interests lobby the public sector to achieve deregulation, or they shift production facilities to countries where regulations are weak or non-existent, or where they are not properly enforced.

The mainstream economics of neoclassical theory deal primarily with this rationality. Economic rationality is thus concretised as a rationality of means and purpose, under which a certain amount of means, e.g. a sum of money, is to be used in such a way
as to generate maximum benefit or profit. Another interpretation of this economic rationality says that an individual will always act in a way that will generate the greatest benefit for him/herself – the rationality of individual advantage – so that he/she maximises his/her profit or benefit. This is done most economically – most efficiently – if as little consideration as possible is given to others, to human stakeholders and to the natural environment. This commercial rationality is regarded as the economic rationality of achieving a given purpose most efficiently, i.e. with the least input of means – e.g. generating the largest possible profit by using low-wage women's work, a widespread practice in the North and the South. According to neoclassical economics, economic activities are efficient only if they follow this rationality. This reductionist understanding of economic activity is geared to a value, a norm, a definition of efficiency which is regarded as the epitome of rationality, of human reason (see Peter Ulrich 2002, p. 22). In many cases, however, its application generates high profits only if social and ecological costs are externalised: these costs are left out of the individual business entity's cost/benefit calculation, the profit-maximising operation does not pay for them.

Another consequence of the profit maximisation rationality is the formation of power structures in the markets that tend to eliminate competition. We know from microeconomic theory and from empirical data that monopolies can set prices and volumes themselves, without being constrained by competitors. For this reason, enterprises have a tendency to create monopolies or, failing that, oligopolies, i.e. market situations with only a small number of competitors with whom agreements can be made – on price fixing, on cartels, on price leadership. For consumers, the consequences are higher prices and restricted supply, which also implies reduced quality. For workers, the existence of a single regional employer – a monopsonist – or only a few potential employers means that the employer(s) can unilaterally set wages and other terms of employment.

What is of central importance in macroeconomic terms is that economic activity in the for-profit sector, by virtue of following the rationality of profit maximisation, does not aim at providing employment and income at a level that would ensure everyone's livelihood. Rather, the demand for labour depends on how much of it is needed for profit generation.
Unemployment is often not an individual's fault, but is an intrinsic objective of the sector, since women and men will be prepared to work for lower wages and accept poorer working conditions in times of unemployment; those who have jobs will be anxious to keep them and likewise will be prepared to adjust.

The rationality of profit maximisation also implies that providing affordable and high-quality goods and services for everyone is not a set objective of the actors in the for-profit sector. Rather, the provision of goods and services is a means to an end. If it is not necessary for profit generation, or if the profits thus generated are too small, goods and services will cease to be supplied; supply is then no longer secure, and shortages may occur. This happens, for example, when basic goods and services – real estate, housing; basic foodstuffs such as corn and rice, nuts and sugar; energy sources such as electricity, gas and oil; water, insurance and old-age pensions – become the object of speculative transactions. The provision of these goods and services is no longer secure because speculation drives up prices, leading to price volatility and scarcity of supply.

II. How the for-profit sector views human beings

Economic theory has given rise to two views of the human being which are relevant for the for-profit sector, the first being the entrepreneur as seen by Joseph Schumpeter, the other the homo oeconomicus. Both are men. Schumpeter's entrepreneur (Schumpeter 1912/2006, p. 133ff) is "dynamic" and "energetic", a forceful "leader", a man who just has to work and create. He is a "man of action", for the most part uncommitted so, except in his relations with his banker. He enjoys creating and being successful. From a feminist perspective and according to Bandhauer-Schöffmann, this conception of the entrepreneur embodies an extreme form of machismo, to be realised only at the expense of women.

The homo oeconomicus is a source of market supply and demand; as such, he is conceived of as more or less free of close ties, a state which enables him to act flexibly and be mobile. If he does entertain connections, they will most likely be with money. In industrialised countries he appears in the labour market when he is at least
15 years old, and in most cases exits it again at the regulatory retirement age of 65. A *homo oeconomicus* is never pregnant for nine months, nor does he breast-feed. He is an autonomous, independent individual.

These two concepts of the human being, both skewed with male connotations, have been and still are behind the enormous difficulties women face in their efforts to get equal pay or rise to senior positions in the for-profit sector.

What economic theory most often omits is the real version of human life – workers depending on paid jobs. Here, a deliberate distinction is frequently made between women and men. Certain sectors, such as the textile and electronics industry, often favour women workers, especially in the countries of the South, because women's wages are lower, they are less often organised in unions, and they have to provide for their families as well.

Workers are frequently not viewed as human beings, but as the mere input factor "labour" whose cost has to be kept to a minimum.

When civil society expressed growing criticism of the re-establishment of feudal or early capitalist conditions, the actors of the for-profit sector responded in one of two ways (neither of which constituted a move away from the profit maximisation rationality): either as shareholder enterprises or as stakeholder enterprises. Peter Ulrich (2002) defines the former group as those enterprises that focus on the ethical use of profits; typically, an enterprise of this group will spend a small fraction (in the region of tenths of a percent) on social sponsoring, trying to get positive media exposure and advertising effects in the process and to deflect attention away from the conditions under which the profits are earned, i.e. exploitation of women, men, children and resources.

Stakeholder enterprises focus on compliance with laws already in the generation of profits and commit themselves to Corporate Social Responsibility (CSR) through the introduction of codes of ethics.
III. Activities of the for-profit sector

The economic activities of this sector are the subject of business administration studies, as well as parts of micro- and macroeconomic theory. Anything that will generate a profit, defined as monetary income, can be the basis for economic activity in this sector. Income-earners work in the sector as self-employed individuals, as entrepreneurs and as workers/employees.

All activities that generate income are subject to legal regulations. These include general terms of employment, which are regarded as the standard in employer-employee relations. However, there are a large and constantly growing number of employment forms that deviate from this standard. These include part-time work, contracting work, temporary (agency) work, marginal part-time work, voucher payment schemes for personal services, bogus self-employment and the "Me corporation". This trend towards non-standard employment is being discussed internationally under the heading of "informalisation"; the German-speaking region talks about "atypical employment forms".

While non-standard employment in the for-profit sector does include jobs that ensure the jobholder's livelihood and social security, what has been termed "precarious" or "marginal" employment is likewise on the rise. The working poor are jobholders, but their jobs do not provide sufficient income to ensure their own livelihood and that of their dependents, nor do they give them access to social security.

In the European Union, a majority of people in non-standard employment are women. Moreover, there is a gender-hierarchical division of labour that hinders women's career progress and creates a "glass ceiling".

The income gap between men and women is in most countries at least 20%. Traditional roles and norms, as described in the section on the household sector, are among the causes behind the non-standard, precarious employment of women – which in itself is discrimination – and the fact that women earn less than men for work of equal value. This discrimination is a result of women's responsibility for the organisation of the household sector and the work done in it.
The for-profit sector has evolved as a male-dominated sector. This includes the understanding of entrepreneurship as formulated by Schumpeter, an attitude we find among today's managers, be they women or men. They want their employees to be available around the clock, but only for so long as they are needed, and they are unwilling to commit in any way to their workforce, acting according to what Richard Sennett (1998) has called the principle of "no long term". Ideally, workers should be mobile, flexible and unencumbered by dependents – an ideal that cannot be reconciled with obligations in the household sector.

IV. What the for-profit sector does for itself and for other sectors

- **Supply of jobs**: The for-profit sector supplies paid jobs to the household sector or, seen from the opposite perspective, generates demand for the labour supplied by the household sector. It does provide opportunities for the household sector to generate income from work. These incomes, in turn, are a necessary precondition that creates demand for the goods and services supplied by the for-profit sector. In addition, a portion of the income goes into savings, and another is used to pay for goods and services from other sectors.

- **Supply of consumer goods and personal services**: The for-profit sector supplies goods and services to the extent that they can be marketed at a profit; it thus contributes to the overall provision of goods and services to the households.
• Supply of capital goods and industry-related services to the actors of the for-profit sector itself as well as to those of other sectors.

• Investment. Investments are made both in the sector itself and in other sectors. Investment activities frequently also create jobs.

• Supply of apprenticeships and vocational training of apprentices.

• Payment of taxes, customs duty and other fees to the public sector. Research has shown that the actors of the for-profit sector endeavour in many different ways to keep these payments as low as possible. Substantial fees or salaries are paid to tax experts and lawyers to find ways and means of avoiding taxation.

• Donations and sponsoring. The importance of these activities, especially non-profit sector sponsoring, is growing, as it underpins enterprises' claims of social responsibility.
Historically, the economic policy tasks of the state evolved as a consequence of capitalist market failures. One example is the early capitalist era in England, where the owners of business enterprises exploited their workers, especially women and children, to such an extent – both in terms of physical exertion and length of working hours – that the women had many miscarriages and women and children often died at a young age. Through their very exploitation, the entrepreneurs were robbing themselves of a basic resource: the supply of labour. They needed to be protected against themselves.

The state, which was already in place, took on its first economic policy function: economic governance through the introduction of a regulatory framework, beginning with working hours legislation. The first working hours legislation was adopted in England in 1833, defining a standard 15-hour workday in the textile industry. This was followed in 1842 by the Mining Act which prohibited employment of women and children underground. The working day was limited to ten hours for women and children in 1848 (Kromphardt 1991, p. 99).

Secondly, it became clear that incomes were not distributed fairly in the for-profit sector, which again necessitated state intervention.

I. Rationality of the public sector
Decisions in the public sector should be taken according to a socio-economic rationality and according to rationalities that focus on satisfying needs, redistribution, securing livelihoods and ensuring equality. In line with these rationalities, public sector actors should work to ensure the provision of public goods to everyone; equality of women and men, girls and boys; equal pay for women and
men in accordance with equal rights legislation; employment and skills-building for women, and equal representation of women at all levels of employment.

However, politicians act primarily according to a **rationality of vote maximisation**, as the new political economy has shown.

Which rationalities are applied in the public sector depends largely on the level of democratic development, which also determines how many or few citizens can successfully realise their interests. As states are still constituted along patriarchal and androcentric lines, women in particular need to work for the further evolution of democracy.

**II. How the public sector views human beings**

Conceptions of human existence, ideas about the nature of the human being underlie all public activities, every item of budget expenditure as well as every regulatory act. These conceptions are often not gender-sensitive, and the state acts in accordance with male norms, e.g. in the way it regulates the labour market. In many states, the underlying concept of government regulations is that of a *homo oeconomicus* who should receive material aid only in extreme situations. Women are often conceived of as mothers and housewives on whose unpaid work policy-makers tacitly rely when planning government policies. The women's movement – especially in the countries of the North – has confronted governments with a gender-sensitive view of women, which had concrete consequences in welfare policies, such as the establishment of affordable kindergartens, regulations for maternity leave and maternity allowances, and equal treatment legislation in labour law.

In formulating any policy, the state has to consider the triple economic role of women:

1. woman as a person performing housework and giving birth to and raising children;
2. woman as a person who performs voluntary/community work; and
3. woman as a paid worker.

**Women as owners of human rights.** In the 1970s, feminist economists and the international women's movement began to confront the public sector with the notion
that women's rights are human rights. One key point in this context is the fundamental rights debate. The three fundamental rights of any human being are freedom, equality, and human dignity. These rights are interrelated in that the former two should be effective in safeguarding the latter.

Susanne Baer (2005) has shown in a gender-specific analysis that priority has historically been given to freedom (for men), while equality (of women) has been neglected. The concept of freedom took shape in concrete rights and liberties, for example in the right to freely hold and dispose of private property and in entrepreneurial freedom. Anti-discrimination regulations that are in keeping with the equality principle are criticised for restricting the economic market freedoms.

It is very important for women and girls that the public sector attribute equal weight to the fundamental rights and liberties, especially in its social and economic policies. Equality in the economic sphere is the right of each individual woman, regardless of her age, to be treated in an acceptable manner in economic activities and not to be subjected to economic discrimination. As regards freedom, the FREEDOM FROM, i.e. the principle that protects the individual against undue exercise of state power, has to be extended to additionally include the RIGHT TO, i.e. the right to assert claims for performance against the state. In concrete terms this translates into claims for social and economic human rights for women and girls. To illustrate this point, I will briefly discuss the human right to adequate food.

According to FIAN International (2005: 7), hunger results primarily from violations of the human right to food. In about 70% of all cases, these violations affect women and girls. About 570 million women and girls are starving.

A state has three options for realising the right to food:

1. The state can provide access to resources, such as land, water and seed, so that women and men can produce their own food. Additionally, it has to ensure that women will in fact be able get their sustenance from the food thus produced.
2. The state can provide access to paid work that will generate sufficient income for adequate nutrition.
3. The state can introduce social security systems or food aid to support all those who are unable to use the above options.

If the public sector realises these options, it acts in accordance with an idea of the human being that includes women in this social and economic human right.

**Viewing girls and women, men and boys as individuals with capabilities.** The full realisation of cultural, social and economic human rights is a necessary precondition for women to be able to realise their civil and political human rights as well. This is linked to another important concept: that of humans as beings with capabilities. The capabilities approach is a neo-Aristotelian conception of humans that has been developed by economist Amartya Sen (2000) and philosopher Martha Nussbaum (1999).

The capabilities approach sees every human as having fundamental capabilities, and from this view derives a duty of the state to distribute resources in a way that will ensure the necessary material, institutional and educational conditions for every girl and boy, every woman and man to develop their capabilities and translate them into activities. This is to enable them to lead a good life. Realising this conception of humans will help to ensure that women of all age groups have the capabilities, the time and material resources and the information required to take decisions freely. This is also contingent upon the existence of alternative options for women and girls.

**Woman and man as political citizens.** The public sector should conceive of humans primarily as citizens, not as customers. As citizens, women are entitled to public services, and they have the right to participate in and shape democratic processes that determine public matters. It is very important to confront international public organisations such as the World Bank, the International Monetary Fund and the WTO with this view of the human being, indeed even to impose it on these international actors whose programmes and regulations affect the opportunities of women in the North, South, East and West.
III. Activities of the public sector

**Economic governance: shaping the regulatory framework.** The policies that shape the framework of economic activity – economic constitution (Wirtschaftsverfassung, see Nowotny 2001, p. 1ff) – may result in a regime of stricter or more laissez-faire regulations, depending as well on the activities that are being regulated or deregulated. The development level of a democracy determines the extent to which interests are able to organise and generate public awareness. For example, wage discrimination was increasingly criticised as the second wave of the women’s movement gained ground, resulting among other things in anti-discrimination legislation, which was introduced in Austria in 1993 (Bundesgleichbehandlungsgesetz). Other legislation that shapes the framework for economic activity regulates working hours, competition, consumer protection, environmental protection and other relevant areas.

**Provision of public goods.** In addition to formulating the regulatory framework, the public sector also has to provide public goods – an idea already expressed in early theories of political economy whose authors argued that distributive policies contribute to public welfare. Adam Smith did so in 1776 with respect to national defence, law, transport and school buildings.

John Stuart Mill (1806-1873) and his wife Harriet Taylor Mill championed free school education for girls, opening of the skilled labour market to women and free public provision of gas and water at community level.

As the general level of wealth rose, so did the demand for quantitative and qualitative public goods, such as education and health services, public transport, mail, telephone, water supply and wastewater disposal, as well as other infrastructure systems, research institutions, public broadcasting stations, museums, theatres, concert halls and orchestras. Public goods in turn contributed to wealth, which again triggered a further expansion of the public sector. As a result, the importance of public budgets kept growing.

Public services function on the principle of universal availability – every woman, man, girl and boy must have access to them, nobody must be excluded; everybody has to
be supplied with the good or service, regardless of whether they live in the country or in the city, whether they are young, middle-aged or old, with or without disability. The good or service must be provided free of charge, e.g. school education, or it must be affordable for everyone, and it should be of adequate quality.

**Process policy.** Historically, high unemployment rates and the willingness to do something to remedy them formed the background to the New Deal in the US and to the economic theory of John Maynard Keynes, first published in 1936 and implemented from the 1960s, which added *process policies* to the public sector’s activities. These are the fiscal and monetary policies – public contracting, subsidies and other forms of transfers – which the state uses to create jobs and generate incomes, mainly with the goal of reducing unemployment. The state can do this by expanding public goods and services, building schools, kindergartens and universities, employing more teachers, researchers, school psychologists and teaching assistants, investing in vocational training of apprentices and vocational skills-building, massively expanding health and nursing care services, improving public transport services, raising monetary transfers, such as family allowances, or improving the judiciary system and public administrative services.

In terms of categorisation, public sector activities may also be divided into monetary and fiscal policies.

**Nationalised industries** are also a major instrument of economic policy.

Another important activity of the state is to monitor compliance with regulations. What should be avoided in this context is burdening beneficiaries of social transfers with exaggerated control mechanisms while neglecting control and enforcement measures in the taxation of high incomes.

With all these activities, the public sector fulfils three functions: stabilisation, allocation and distribution. The funding for these activities and for the persons performing these services comes from taxation, fees and other types of public revenues, as well as from loans, all of which are reported in the budget.
The public sector actors are local communities, regional territorial units (states or provinces), the national states, supranational organisations such as the European Union and, at the global level, UN organisations with an economic focus, such as the World Bank, the IMF and the WTO. Bureaucracies and audit offices, as well as central banks, are also important public sector actors.

IV. What the public sector does for itself and for the other sectors

**Benefits of economic governance.** Regulatory policies shape the economic regime within which all actors in the different sectors pursue their activities. The regulatory framework tells them which laws they have to observe in the pursuit of economic activities. Labour law, for example, regulates working hours, legislation on insurance schemes ensures aid in times of need, and tax legislation enjoins everyone to disclose their incomes and pay taxes.

**Provision of public goods.** I will use the example of education to illustrate the effects public goods have.

The for-profit sector is supplied with skilled, educated and innovative workers capable of independent thinking. For-profit enterprises benefit from locational advantages, especially for the establishment of company headquarters, because education improves internal security, increases social security, helps generate a positive working climate and offers cultural diversity.
The household sector benefits from education as a public good because access is free, education improves incomes, and education gives girls and women greater chances of liberation and alleviates discrimination against them. Education helps individuals to find their bearings in and cope with complex societies; it improves the general level of contentment and child-raising practices, reduces alienation, makes people more open and receptive to the unknown and unfamiliar and provides the foundation for political-ethical consumer demand.

The non-profit sector is supplied with skilled and committed employees and volunteers whose political-ethical consciousness informs their work. By teaching individuals to develop their abilities for reflection, communication, critical thinking and peaceful conflict resolution, and training them in moral courage, education plays an essential role in the formation of civil society.

Education should reduce the illegal-criminal sector in size and importance, as educated people have learned other ways of earning an income, satisfying their needs and spending their time. However, this will succeed only if public education policies recognise it as a key function, and if the education system is structured accordingly.

The benefits of education for the public sector are, among others, a reduction of expenditure in other policy areas. These include: environmental policy (because educated people tend to act in a more environment-friendly manner), distribution policies (because education contributes to higher incomes for women), policies to evolve democracy (because educated people tend to be more politically active), employment policy (higher employment rates), peace policy, internal and external security policy (because education contributes to peaceful conflict resolution, and public education institutions are meeting places for people from different social groups).
The Non-Profit Sector

The term "third sector" was coined to describe the sector's position, which was seen as somewhere in between the public sector and the market. It is called the "non-profit sector" because most of its organisations work not for profit, but to provide goods and services to people. Even if profits are generated, these are not distributed to private individuals but are used to further the objectives of the respective organisations. NPOs may be affiliated with churches or take the form of cooperatives. Autonomous women's shelters and many projects of an economy of solidarity belong to the NPO sector.

The second major group of organisations within the non-profit sector are non-governmental organisations (NGOs) and their networks, such as WIDE, a women's network of development policy NPOs and NGOs. They are active in advocacy, lobbying, as watchdogs, and in information and education. They draw attention to the failures of the market and state sectors, such as wage discrimination against women, and act as civil society organisations in cooperation with the women's movement to redress these failures.

The history of the non-profit sector has not yet been written, but it probably preceded the evolution of the state in its present role, as described in the section on the public sector. In the early capitalist era of the 19th century, workers organised in England and successfully fought for the right to establish trade unions as NGOs. In Europe and in the US, women organised for their right to vote in elections. Producers' and consumers' cooperatives as well as collective forms of working and living emerged, based on the theories of Robert Owen in England, Charles Fourier in France and Otto Bauer in Austria (see Gubitzer 1989). Various NPOs were established.
The role of the non-profit sector underwent changes along with its historical context. With the ascendancy of neoliberalism, it came under specific pressure as the public sector cut budgets destined to fund the non-profit sector services needed by society and opened its markets to for-profit organisations. As a result, the non-profit sector lost profitable market shares to the for-profit sector, while the prevalent neoliberal policies caused rising poverty and hardship so that more and more people turned to the non-profit sector organisations for help. One of the consequences of this squeeze was self-exploitation of non-profit sector employees and volunteers (most of the latter women).

The non-profit sector organisations, especially the NGOs, lobbied the public sector to leave the path of neoliberal politics. NGOs organised campaigns to get enterprises to introduce acceptable working conditions, especially for women.

At the moment, NGOs such as ATTAC are focusing their activities mainly on the regulation of financial markets and the implementation of the various economic stimulus packages and assistance programmes for the banking sector; projects of an economy of solidarity are being developed.

I. Rationalities of the non-profit sector

A large number of different rationalities are applied in the non-profit sector. They are value-based rationalities, which are rooted in faith, political or philosophical convictions, altruism, the sense of belonging to an ethnic group, a culture or a movement, such as for example the women's movement. The principles of cooperative organisations – identity of capital and labour, solidarity and democracy – are another source of rationalities, as is the principle of ecological, social and human-individual sustainability to ensure the long-term viability of the planet (see Dürr 1998: 585). What they all have in common is that they are political-ethical, value-based rationalities that relate to fellow human beings and to nature. They are shaped by "ethical-practical reason" whose underpinnings are the "normative logic of interpersonal relationships" and the "unconditional" mutual recognition of "personal dignity" (Ulrich 2002, p. 82). Whereas the main motivational driver of the market is money – the more, the better – and that of the state is power, communication and
meaning are the sources of motivation in the non-profit sector. Individuals have widely different personal reasons for engaging in non-profit sector activities, but "social exchange" is frequently an important element (see Jütting 1998: 271ff).

These rationalities are at work when paid employees and volunteers of Christian organisations, most of them women, care for elderly people; when people with disabilities are employed or refugees provided with the daily necessities; when youth clubs organise spare-time activities for teenagers; when initiatives for women and girls take action to prevent violence; when women and men learn new skills in labour market projects; when development projects are launched for countries of the South; when Doctors without Borders provide medical assistance in disaster areas; when women's organisations draft shadow reports on the failure of governments and parliaments to implement international agreements.

But not all organisations of the non-profit sector act according to a rationality of interpersonal relationship and recognition of the human dignity of every single individual. A case in point are the activities of right-wing organisations, especially xenophobic ones, which may even commit hate crimes like arson attacks on asylum seekers’ homes. Moreover, the non-profit sector also includes organisations which, rather than pursuing altruistic goals, follow profit-maximisation interests. Examples are associations of enterprises such as the "European Round Table of Industrialists" at the EU level, or the International Chamber of Commerce at the international level. The Mont Pelerin Society, which works to promote neoliberal thinking, also belongs to this sector. Moreover, private foundations and trusts are part of the non-profit sector, even though they may in many cases have been established to avoid taxation.

Whereas self-interest is the main raison-d'ètre of these latter organisations, others, in particular women's organisations and networks, aim to serve people through their economic activities and to contribute to "the good life", i.e. a life in dignity for everyone. These non-profit sector activities are conducted in keeping with specific conceptions of women and of human beings in general.
II. How the non-profit sector views human beings

*Humans are dependent beings and in need of help.* This conception of the human being is found in many NPOs, where it informs the ways in which they serve people. Examples include social and healthcare organisations, e.g. NPOs that provide nursing care, development cooperation associations, and many women's projects, e.g. assistance projects for migrant women or women and girls who are victims of violence.

*A holistic view of the human being.* This view sees the individual as one whole being possessing body, mind and soul. All personal care services are based on this idea of the human being, a central tenet of which is human dignity. It makes a difference whether or not a person is treated as a piece of flesh, utterly neglected during an examination because all attention is directed to a monitor. The same goes for nursing care, if only a few minutes are available for a given service during a visit to the patient's home. It is especially important in care-giving to recognise all human beings in the fullness of their existence, especially in their interrelatedness with others. This applies with respect to both the care-giver and the person who receives care.

*Humans as altruistic beings.* In civil society conceptions – which have, for the most part, been developed by men – this idea of the human being is invested with a specific gender dimension. These conceptions regard communities – the family, the neighbourhood – as generators of identity and values, and often build on traditional notions of womanhood that aim to reconstruct traditional gender roles and gender relations, where women tend to be mothers and housewives instead of job-holders. Women are supposed to pursue voluntary social activities and help to defuse conflicts that arise as a result of the dismantling of welfare policies, to compensate for cuts in public services, contribute to social cohesion and ameliorate labour market problems.

*Individuals as holders of citizens' rights and human rights/women's rights.* NGOs and the civil society – of which they form an important part – are based on their view of women and men as individuals with fundamental rights and actors in politics, as citizens. In fulfilling their role, citizens exercise their human
rights/women's rights, and they call for the realisation of these fundamental rights for all other people as well. This idea of the human being forms the basis on which NGOs disseminate information to citizens, organise protests and demonstrations such as the international women's march, and pursue dialogues with international organisations, e.g. when advocating the perspectives of women farmers in discussions about the realisation of the right to food with the FAO.

III. Activities of the non-profit sector

NGOs act as advocates vis-à-vis national states and international organisations to promote general interests, social justice, gender equality, secure livelihoods, social and ecological standards and human rights. As part of their advocacy work, NGOs also lobby the IMF and the World Bank to introduce ecological and social criteria in tender processes for public sector contracts; they demand that the WTO introduce regulations for global trade that are based on a comprehensive idea of economic rationality and modelled on the rules of fair trade. NGOs are active as lobbies and watchdog organisations that observe and monitor if and how public institutions implement and comply with agreements and conventions they have signed. In many countries worldwide, women’s organisations perform this function with respect to CEDAW.

Another important area of activity is informing and educating the public. This includes the economic literacy activities of many women’s organisations, for example the Austrian organisation "Joan Robinson. Verein zur geschlechtergerechten Verteilung ökonomischen Wissens“, as well as specific education and information events, lectures, protests and campaigns.

Non-profit organisations are active in many different areas, for which they provide relevant services. In addition to the above-mentioned ones, these also include many segments of youth work, cultural initiatives, science and alternative media.

Through their grassroots work, NPOs get to know a lot about the concrete life situations of the people they are working with, their needs and requirements. They
are therefore well suited to be active as NGOs as well, for example to work for new and different policies in their fields of activity through advocacy and lobbying.

Another significant non-profit sector area of activity is community work, such as the construction of roads, wells and sewers, as well as the construction and running of schools, local clinics and soup kitchens. In these contexts, women in particular perform much unpaid work for others and for the cohesion of (local) society.

**IV. Gender relations in the non-profit sector**

Gender relations are significant both within NPOs and NGOs and the civil society at large, as well as with respect to how the sector provides services.

The non-profit sector employs a large number of women, many of them in non-standard forms of employment. In Austria, about 200,000 persons work in paid jobs in the non-profit sector, two thirds of whom are women, and there are more than 1.5 million volunteers. In many NPOs in particular, the division of labour follows gender-hierarchical patterns. On the one hand there is vertical segregation and discrimination, with the majority of leadership positions taken by men, and on the other hand a horizontal segregation that tends to place more women in non-standard employment, while men more often have standard work contracts.

These dividing lines are also reflected in the voluntary segment. Women are mostly active in voluntary social work, while men tend to hold representative and public relations functions.

While the situation is generally better in NGOs, neither they nor civil society itself are women-friendly *per se*. However, civil society organisations do enable women to take political action and wield an innovative influence on the other sectors – the public sector and the for-profit sector – as well as on the non-profit sector itself; they can thus work towards the elimination of discrimination. Having said that, it must be noted that women can only participate in civil society and be politically active if a number of prerequisites are in place: women must have enough free time for these activities and must be relieved of unpaid work in the household sector to a sufficient extent;
sufficient means for their livelihood have to be assured, and a gender-sensitive public education must be in place to empower and encourage them in their role as citizens.

Gender relations and gender sensitivity are also important in the provision of services. Equality is still waiting to be realised in many places, especially in NPOs. In Austria, a gender budgeting pilot study has been conducted for this purpose, which examined the budget allocation for drug policies. It was found that many drug policy institutions are not gender sensitive in their work approaches, i.e. they do not offer specific services for drug-addicted women even though relevant needs exist.

V. What the non-profit sector does for the other sectors and for itself

As the non-profit sector performs most of its functions for the other sectors, many of these functions have already been discussed above.

- Provision of services: Most services provided by NPOs benefit the household sector. Women, men and children receive free care and support during illness, in old age, in case of disability or in temporary emergency situations. In return, the NPOs receive donations and voluntary work, albeit most often from persons other than the beneficiaries. Because of the rationalities of the sector and its conception of the human being, NPOs are important providers of goods and services that are affordable, high-quality and comprehensive. Another positive effect is that the non-profit sector offers paid jobs, especially for women. The sector's rationalities and conception of the human being add to
the appeal of non-profit sector organisations as employers which give mothers – as well as fathers – chances to re-enter employment after periods of childcare; young women often find their first jobs here.

- One of the functions of NGOs is to enable people to express their standpoints as citizens, to voice criticism and say what they expect from politics, from the public sector. For many citizens, the non-profit sector is the place where they take political action, either directly or by supporting organisations that work for their cause(s).

- The non-profit sector's services for the public sector are as a rule provided under public sector contracts, i.e. rather than providing services in the fields of medical and nursing care, education, counselling or skills training itself, the public sector contracts non-profit sector organisations to perform these services. Based on its ethical-political rationality and its specific conception of the human being, the non-profit sector can offer a broader range of services. Since these services are needed by society, they also have to be financed from public budgets.

- NPOs and NGOs supply the public sector with many suggestions, pointers, proposals and calls for policies, instruments and measures, all of which foster the further development of democratic political processes. Women in particular put forth innovative proposals, for example in connection with gender budgeting. The non-profit sector also develops ideas for innovative social services which the state can take up and make available to a larger group of beneficiaries.

- The non-profit sector also provides services for the for-profit sector, which the latter purchases directly, such as consultancy services, and benefits the for-profit sector by pointing to market failures and proposing remedial measures.

- Another positive effect which the non-profit sector provides, albeit unintentionally, is that it functions as a source of new ideas for products and services which are taken up and profitably exploited by business enterprises.

- The non-profit sector is used by actors in the for-profit sector to establish and finance private foundations, trusts and other NPOs that are active in the sphere of public goods (schools, universities, medical research, concerts, exhibitions); the for-profit actors then call for the privatisation of these NPOs via NGOs which they also establish.
• The non-profit sector's main function with respect to the illegal-criminal sector is that NPOs provide chances to leave the latter, in particular to women and children. In Austria, organisations such as EXIT and LEFÖ offer legal and psychological aid as well as material assistance to victims of forced prostitution.

• Trade unions and other organisations should engage to a greater extent in services that help people to formalise their working conditions, so that they can hold jobs legally.

• As the non-profit sector provides certain services free of charge or at affordable cost, people need not turn to the illegal-criminal sector for these services.

• The non-profit sector's activities for itself are conducted mainly through local and international networking. Cooperatives and other economic organisations based on the principle of solidarity contribute to self-sufficiency and thus to independence from other sectors.
The Illegal-Criminal Sector

There are at least two aspects which are unusual about the illegal-criminal sector:

1. The designation itself is not usually used. Rather it is called “informal” as in informal work, the informal economy, and also the informal sector. However, “informal” lacks analytical precision, as it includes legitimate and illegal activities as well as paid and unpaid work. Therefore informal refers to unpaid work in one’s own household, as well as the paid black labour of a migrant women in the household. Also informal is the income generating activity of street vendors and the work in her own fields for sustenance. “Informalisation” is the combination of legal and illegal practices. Within the 5-Sector Model of the Economy the “informal sector” in the countries of the South corresponds with the Household sector, the unpaid segment of the Non-profit sector – community work – as well as parts of the illegal-criminal sector.

2. It is not usual to refer to it as its own sector. Some of the rationalities behind the illegal-criminal activities are similar to other sectors – and they occur in for-profit companies, households, administration as well as in non-profit organisations. The following analysis shall further reveal, why the sector is described independently and why it is called illegal-criminal sector.

The term illegal-criminal sector points to issues of political economy:
I am interested in understanding the implications of illegal and criminal economic activity/income generation for democracy and for the economy as a whole. Secondly, there are issues of feminist economic theory: to what extent is it a result of market and public-sector failures that women of the North and South have to rely on the illegal-criminal sector to provide their own and their families' livelihood? What power and gender relations are prevalent in illegal and criminal work? Thirdly, there are issues of institutional economy: How do norms, values, rituals, taboos, socialisation, laws and material living conditions influence illegal and criminal economic activities? Obviously, the institution that defines the sector is the law.

The terms "illegal" and "criminal" are legal terms that point to violations of the law. The illegal-criminal sector may thus be said to have emerged as soon as laws were introduced to regulate economic activities and transactions.
Historically, one consequence of the introduction of laws that prescribe taxation, customs duties and compulsory social insurance is that any economic activity that would be subject to these legal obligations, but is pursued in defiance of them, thereby turns into an illegal activity. The introduction of laws which proscribe certain economic activities has meant that pursuing these unallowed activities constitutes a criminal offence.

The illegal-criminal sector comprises:

a. All those income-generating activities that are regulated by law, but where regulations are not observed. These activities constitute the illegal segment of the sector.

b. All those economic and income-generating activities that are prohibited by law. They constitute the criminal segment of the sector.

Activities outside the illegal-criminal sector which belong to the third sector are: community self-help activities – such as building a village well. The sale of surpluses from subsistence farming is part of the household sector; it may, however, come close to the borders of the illegal sector. Other activities that are by definition outside the illegal-criminal sector are those for which there are (as yet) no laws, those which are not subject to economic governance or criminal laws, and those which cannot be illegal or criminal because they do not violate any laws (i. e. local barter and exchange groups). This also includes income-generating activities that are not subject to criminal law because they are not proscribed. Such activities may be pursued in the countries of the South, but also in the North, for example in local barter and exchange groups.

The illegal-criminal sector includes income-generating activities, such as entrepreneurial and self-employed activities as well as working in paid employment. Drawing on the ILO approach (2002: 4) to the informal economy, we can differentiate between enterprise and employment, with some in-between forms of activity, such as self-employment, outworkers, subcontractors and freelancers. The illegal-criminal sector comprises all those income-generating activities for which no taxes, social insurance contributions or other legally required dues are paid.
Employment benefits granted by law – protection against dismissal, protection of expectant and nursing mothers, parental leave, leave to care for sick dependents, sick leave, vacations, equal treatment, severance pay, sick pay, parental allowance, holiday bonuses – are withheld. Labour and social law regulations are not observed; neither are commercial codes, other economic governance laws or criminal law. The value generation, demand and incomes in the illegal-criminal sector are not reflected in the official macroeconomic data of the system of national accounts.

The criminal part of the sector consists of the economy of organized crime, the economy of terror (Napoleoni 2003) and the economy of civil wars (Jean/Rufin 1999).

I. Rationalities of the illegal-criminal sector

It follows from the perspective of the five-sector model of the economy and the assumptions that arise from the model that the concrete form of any economic rationality is shaped by its historical and structural-institutional context, as well as by socialisation. We find the following rationalities in the illegal-criminal sector:

The rationalities of survival and of providing and ensuring one’s livelihood.

Existing structures force many women and men to earn their incomes in this sector and also to buy goods and services from this sector. This happens when the other four sectors do not offer enough jobs to secure people’s livelihood, or if migrant workers are not granted work permits. It is difficult to define the dividing line between the rationalities of survival/ensuring one’s livelihood on the one hand and the rationality of income/profit maximisation on the other.

The rationality of income maximisation. This rationality applies in all cases where taxes, social insurance contributions or other dues are not paid, in order to maximise income. Frequently, the earnings thus generated are added to a legal income. Examples include tradespeople such as bricklayers or hairdressers who, in addition to holding down a legal job, provide services for their own account in the "black market economy". This category also includes all sideline jobs that are not reported to the authorities.
The rationality of profit maximisation. This rationality is at work when self-employed or professional activities are not reported either for taxation or for social insurance or when the activities are partly pursued without proper billing. The actors may be traders, self-employed craftspeople or academic professionals, such as dentists. The profit maximisation rationality also applies in cases of "bogus self-employment", where persons who are in fact workers for business enterprises do not appear on the payroll – the enterprise eliminates non-salary labour cost by depriving the workers of employment benefits. And finally, profit maximisation is the rationality behind all undertakings and economic activities of various mafias and other criminal organisations, and it also shapes the economy of civil wars and of terrorism.

The rationality of violence. This is applied to maximise profits, for example when trafficking in humans – trafficking in women, girls and boys – and in forced-labour production. Violence may be structural violence and may take the form of physical or psychological abuse. Organised criminal networks use intimidation to extort "protection money" or ransom (see Dickie 2004/2007: 130, 428), exploiting the fear they create among the population (ibid. 454/5). According to Dickie, violence is an indispensable element in any undertaking of the Cosa Nostra. "As a general rule, the more treacherous, violent and profitable a market is ... the more mafiosi who enter that market benefit from having a world-renowned and utterly reliable brand of blood-curdling intimidation behind them." (ibid. 2/3)

The extent to which rationalities of providing, of survival and of income-generation apply depends on the individual roles of the actors in the sector.

II. How the illegal-criminal sector views human beings
Humans as free, self-confident, assertive actors who make their own rules. This is the image that many actors in the illegal-criminal sector have of themselves. It includes all actors who employ others in illegal work: women or men who hire household help or care-givers "informally", owners of construction companies or other businesses who pursue illegal employment practices, and all persons who are active in criminal undertakings. They set the "wages" they pay, the working hours and all other terms and conditions of "employment" as they please.
The group also includes all self-employed men and women. They themselves set the conditions at which they provide their services, and they determine the quality of the product or service they provide, because they do not comply with commercial codes or consumer law, and their customers cannot claim legal compensation in case of defective service.

**Humans as beings without enforceable rights.** The illegal-criminal sector deprives human beings of all their rights, or they themselves give up rights. One example is workers in the black economy who have no legal protection, no access to medical care, whose wages are not sufficient to ensure their livelihood, or who are sometimes denied their due pay altogether. Trafficked women, girls and boys in forced prostitution are denied all basic rights and liberties. Children in particular are robbed of any rights which the United Nations' Declaration of the Rights of the Child would grant them. This is true of child soldiers, children who work as slaves in plantations or mines, boys and girls who are "sold" to paedophiles.

**Humans as beings without dignity.** Human rights and dignity – or lack thereof – are closely connected, as is evident from the Universal Declaration of Human Rights of 10 December 1948, which states in Article 1: "All human beings are born free and equal in dignity and rights." Both in the illegal and in the criminal segment of the sector, people are exposed to working situations, types of work and forms of treatment that rob them of their dignity. One example is that women household workers are often not called by their own names, but by a "generic" name that is regarded as typical of their respective countries of origin – "Natasha" for women from Russia, "Margarita" for women from Spanish-speaking countries.

**Humans as emotional beings.** This view prevails as part of the profit maximisation strategies pursued by members of criminal organisations. They see human beings as prone to intimidation, extortion, insecurity and fear, and employ their practices accordingly.

**Humans as beings devoid of emotion.** This is the opposite of the emotional human being, and the view which men in the mafia have of themselves. Siebert (1997: 44) says that joining the mafia is equivalent to an elimination of the "concrete person", as
the new entrant has to hide, deny, reject, repress and control his feelings, among other things because "feelings are regarded as female" (ibid: 37). Dependency, vulnerability, psychological problems must not be shown. The individual is supposed to have a sort of autonomy in being unscrupulous, greedy, hungry for power and business-like in his dealings with others.

**The unethical human being.** If acting ethically and morally is defined as a minimal consensus that grants everyone the right to life, dignity and basic rights, then the practices of the actors in this sector, especially in its criminal segment, are unethical and immoral.

**Humans as interrelated beings.** Most literature on mafias and other forms of organised crime argues that, in addition to the threat or actual use of violence, relationships are a central element of business success in the sector: relationships with politicians, government officials and civil servants, including policemen, customs officers, tax officials and officials in passport offices, embassies, government bodies that award contracts or building permits, judges and court officers. These relationships are essential in order to win government contracts and attain exemption from punishment. Most of these relationships are with officials of the public sector. They are "business relations", but will likely also contain elements of human interpersonal relations. Various aspects of humans as interrelated beings also play a role in the internal organisation of criminal networks or gangs.

In the illegal segment, i.e. work in the black economy, the interrelatedness of human beings is an important aspect, for example in exploitation. Illegal care-givers will not "abandon" those in their care because they have built up a relationship with them.

**Humans can be "bought".** Persons who do business in the criminal sector see humans as beings that can be bought: lawyers, policemen, politicians and officials at all levels of government, businesspeople in the for-profit sector, bank employees and women.

**Human beings as exploitable goods:** This results from the others described above.
III. Activities of the illegal-criminal sector

The activities of this sector include nearly all types of work, production and services which are also found in the other sectors. Every industry probably has its illegal and/or criminal counterpart here. "Employment" does not afford workers any legal protection, resulting in exploitation and specific forms of dependency, e.g. through fear of being denounced to the authorities.

Paid work and income generation are not reported to the authorities, market entry is often simple. Often the operations are small, many are one-person enterprises. Most activities are labour-intensive. If technologies are used, they tend to be older and adapted. There is local competition, or there may be well-defined regional cartels. Legal requirements concerning product quality, hygiene, etc. are not observed. Places of business may be in fixed locations or may be movable. Quality certifications are not required, and personnel receive training on the job. Women often work in household- or subsistence-related activities. Capital may be lacking, there may be little division of labour, and productivity can be low.

Conditions in the criminal segment may be quite the opposite, with state-of-the-art technology, capital surpluses, highly qualified personnel, extreme flexibility, a very high degree of organisation and large business conglomerates.

IV. Gender relations in the illegal-criminal sector

The labour market in this sector is characterised by horizontal segregation: many women have to rely on work in low-wage segments. There is also vertical segregation (glass ceiling): many women work on the lowest rungs of the career ladder. There is wage and income discrimination, and women's wages are usually lower than those of men. Men often work in this sector to earn additional income, while women take on the jobs out of existential necessity (see ILO 2002: 11). As in other sectors, men often have more autonomy than women in doing their work, and men can more often use their skills, while women tend to be offered unskilled work. The division of labour frequently follows gender-hierarchical patterns, with men giving orders and exercising supervisory and control functions. Women are frequently in positions of powerlessness.
Organised crime is primarily organised and dominated by men. Exceptions to the rule are specific positions held by women, be it as a madam or as a "respectable" front for a mafia network.

Despite discrimination and poor working conditions, many women work in the illegal-criminal sector, especially in its illegal segment. Their reasons and motivations vary greatly, and while some women have their own individual motives, institutional and structural forces are often at work. Because some activities are reserved for men by norms and traditions, they "may not be socially acceptable for women in some cultures" (ILO 2002:11). This pushes women into informal jobs out of the public eye, either working in cottage industries from their own homes or as household help in others' homes.

The primary motivations are to secure survival and livelihood and provide for the family. Other factors that push or pull women into jobs in the illegal-criminal sector are: scarcity of legal employment, low entry barriers, time flexibility, the possibility to reconcile paid work and family obligations, and the bridging of gaps between legal jobs.

V. What the illegal-criminal sector does for itself and for the other sectors

Source: author
For the household sector:
Supply of legal goods and services, typically at a lower price. Moonlighting tradespeople will charge less than has to be paid for above-board jobs. Food, clothes, CDs, DVDs and other goods cost less than those bought in the for-profit sector.
Supply of illegal goods and services. Here, the focus is not on lower prices, but on availability, for example of illegal drugs, doping substances, child pornography or stolen antiques.
Supply of cheap and willing labour.

For the for-profit sector:
Supply of cheap and willing labour.
Supply of other input factors at lower cost from illegal trading: machinery and other equipment, input materials, energy; supply of banned substances, such as outlawed fertilisers and pesticides; supply of information from industrial espionage.
Supply of finance. For example, revenues from drug trafficking provide capital at low interest.
Illegal disposal of hazardous wastes at low cost. Also goods and tools are borrowed and stolen from for-profit companies to be used for illegal and criminal employment.

For the non-profit sector:
I could not find any way in which the activities of the illegal-criminal sector benefit the non-profit sector. There is a degree of interdependence, though, because the illegal-criminal sector generates work for NGOs and NPOs.

Effects in the public sector:
The economic activities of the illegal-criminal sector – job generation, establishment of enterprises, supply of goods and services – have a stabilising effect because to some extent they release the public sector from its policy functions with respect to the labour market technology development, regulation of market competition and distribution and the development of public goods such as education (for example, when private paid tuition is provided "informally", i.e. by the illegal segment of the sector). Overall, the illegal-criminal sector contributes to a higher level of employment.
and raises the supply of goods and services – at the same time, it causes a higher level of threats and risks.

Another economic effect is illegal trade (trafficking), for example the sale of weapons to governments.

A key aspect of interdependence of the two sectors arises from the fact that the illegal-criminal sector uses public goods and services, drawing enormous benefits from everything which the public sector provides from taxes and other contributions. In the countries of the North and the East, people receive their education and to some extent vocational training in public-sector institutions. Public infrastructure – roads, bridges, ports, airports – is used to transport persons and goods. Public water supply and wastewater disposal systems, energy supply systems and publicly financed or subsidised sports and cultural facilities are used. As it pays neither taxes nor social insurance contributions, the illegal-criminal sector does not contribute towards the financing of these public goods and services, which it nevertheless uses. The result is a redistribution of wealth from the public to the illegal-criminal sector; the respective funds are not available to finance public goods.

Another political-economic interdependence aspect is that the illegal-criminal sector may pose a threat to the state and to democracy. Firstly, the state is the enemy from the perspective of the sector's economic activities because it enforces taxation and compliance with the law. The state monitors and exercises control. The economic activity of the sector is non-transparent, meant to remain secret and out of the public's eye, the desire is to remain invisible. This all contributes to anti-democratic, anti-government and anti-solidarity attitudes and socialisation processes. Secondly, organised crime competes for the state's monopolies on the use of force and on taxation, thus endangering the rule of law. Thirdly, corruption undermines the state and democracy.

*What the sector does for itself:*

The benefits which the sector generates for itself resemble those in the other sectors. They differ according to the economic sub-systems of the sector.
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