

Towards Full Income; How Non-market Production Affects Distributions Within the Household Sector

Manon Verkroost
(Statistics Netherlands)
mjs.verkroost@cbs.nl

Arjan Bruil
(Statistics Netherlands)

A classic GDP issue is that only market production adds to income. Household non-market production such as cooking or taking care of children is not included in GDP. Among the recommendations of Stiglitz *et al* is the adoption of the concept of full income, which is considered a better measure of welfare. Shifts from market to the non-market economy cannot be reflected accurately in conventional measures of living standards such as disposable income, but can be recorded in full income.

We use the household sector accounts as constructed by Statistics Netherlands for the final 2016 year. These household sector accounts consist of a database in which the entire household population is represented integrally. This database is enriched with time use data, allowing us to not only look at the macro effects of the non-market economy, but also look within households.

In this paper we will focus on the effect that these unpaid household activities have on income distributions and inequalities within the household sector. From the household point of view it becomes clear that including these activities decrease inequality measures. Also gender differences in income generation can only be considered meaningfully if household non-market production is included, because there are still clearly different patterns between men and women. Finally, we also consider the intergenerational aspects of the extended income concept, and see that non-market income is largely earned by the elderly