

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

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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 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. Also gender differences in income can only be considered meaningfully if household non-market production is included. Besides these classical GDP issues we also consider the intergenerational aspects of the extended income concept. Non-market production often flows from parents to children, and where the market economy of the welfare state is burdened by the ageing of the population, the non-market economy might relieve this pressure. We use the household sector accounts as constructed by Statistics Netherlands during the benchmark revision of 2015. This micro database of national accounts transactions covers the entire household population on the individual level. 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.