

Including Household Production in the System of National Accounts (SNA) – Exploring the Implications of Breastfeeding and Human Milk Provision

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The 2009 Report by the Commission on the Measurement of Economic Performance and Social Progress highlighted that ignoring shifts from home production to market production seriously biased estimates of changes in societal well being, and that policies which encouraged market over non-market production distorted the economy. It cited breast milk as a strong example: “There is a serious omission in the valuation of home-produced goods – the value of breast milk. This is clearly within the System of National Accounts production boundary, is quantitatively non-trivial and also has important implications for public policy and child and maternal health.” Provision of childcare, which includes the feeding of infants and young children as well as supporting their health and development, is a sizeable element in estimates of non-market household production. Studies have also shown the sizable unpaid health care provision by women including preventative healthcare. Breastfeeding is illustrative of a number of important conceptual and measurement issues regarding women’s contribution to production as measured in the national accounting system. It is an important preventative healthcare measure, as well as a primary source of nutrition for most infants and young children worldwide. The high value of breast milk production in national economies has been shown in several empirical studies in both developed and developing countries. Conversely, there are measurable health system and economic costs associated with widespread use of breast milk substitutes, due to the increased risk of acute illness and chronic disease in non breastfed infants and children. Strong evidence linking early weaning to lower childhood IQ scores also suggests implications for education costs and economic returns at the population level. Notably, where infants are not breastfed, such ‘defensive’ expenditure are counted in GDP, but the contribution of breastfeeding to economic output and human capital, through women’s productive work, is not. Such factors illustrate the importance of proper accounting for breastfeeding as a uniquely important component of women’s economic contribution in national accounting systems. This paper shows how human milk production can be measured and included in the SNA, and illustrates the appropriate treatment of breastfeeding in the context of satellite accounting. Taking Australia as a case study, we review SNA criteria and examine the treatment of human milk production in national accounting and show that human milk meets key criteria for inclusion in GDP. For example, milk banking and commercial wet nursing provides market price data on willingness to pay for human milk. Reviewing previously published estimates of the economic value of human milk, we show that the economic value of breastfeeding is measurable and substantial. We then discuss how national accounts should be adjusted to incorporate human milk production and the externalities associated with infant feeding methods. We estimate the capitalized value of Australia’s human milk production capacity, conceptually integrating our estimates of human milk production with the building block for national accounts: national capital stock. We also explore the policy implications for the visibility of women’s unpaid caring and reproductive work. Policies that disregard home production risk unintended and potentially economically inefficient consequences, including the displacement or loss of unpaid caring activities, and underinvestment in human capital, as well as gender inequality in access to health care and social security.

