

VALUATION OF HOUSEHOLD PRODUCTION AND THE SATELLITE ACCOUNTS

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Preface

The need to account for unpaid household production has moved from the realm of "it would be nice", to the realm of "how do we do it? This is clearly the message delivered over the last few years in national and international fora and in the 1993 revision of the System of National Accounts (SNA). The call to account for household production has become sufficiently consistent and impelling. Arguments against the need and desirability of properly and officially accounting for it are becoming less frequent. The call has come from both lay groups and practitioners. It was clearly echoed at the recently held Fourth World Conference on Women in China (1995) and the Platform for Action specifically defined the need to "seek to develop a more comprehensive knowledge of work and employment through, *inter alia*, efforts to measure and better understand the type, extent and distribution of unremunerated work, and encourage the sharing and dissemination of information on studies and experience in this field, including the development of methods for assessing its value in quantitative terms, for possible reflection in accounts that may be produced separately from, but consistent with, core national accounts".

In 1983, INSTRAW convened a consultative meeting with a group of eminent economists to analyze women's position in the economy. The conclusions of this meeting which were later published in *Women and the World Economy* (1985) emphasized the need to improve the subordinate position of women in the economy. They stressed the importance of making women's social and economic contribution visible in statistics and indicators that measure the wealth and productivity of a nation. Increasingly, attention is being directed towards the means of doing so. Estimates of the value of household production have by now been developed in a number of countries. Ten years after the first experience, in 1992, INSTRAW launched a long-term programme designed to develop methods of collecting and analyzing data to measure and value paid and unpaid work as well as methods for ensuring that they are properly reflected in the national accounts. As first result of the above long-term programme in 1995, a monograph *Measurement and Valuation of Unpaid Contribution: Accounting through Time and Output* was published based on the results of the initial research conducted in several countries (Canada, Dominican Republic, Hungary, Nepal, Tanzania and Venezuela). In the monograph, a framework for the classification of activities was recommended on the basis of which, a "satellite account on household production" could be established. The strengths and weaknesses of various methods of time-use data collection and techniques for valuing unremunerated work taking into account the structure and objectives of the System of National Accounts (SNA), are also discussed.

The present report, *Valuation of Household Production and the Satellite Accounts*, is a sequel to the *Measurement and Valuation* monograph. It explores approaches to the development of output measures of "satellite accounts" on household production and presents some original output-based valuations in Canada, Finland, and Nepal using the above-mentioned framework. The selection of these three countries was primarily based on 1) availability and quality of time-use and other collateral data collected at the national level (from developed and developing countries); 2) accessibility to these data; and 3) availability of local

expertise who could carry out the study. The primary objective of this exercise was to assess the viability of achieving a common understanding and agreement on the framework and methods for measurement and valuation of unpaid work and its reflection in economic indicators through "satellite accounts".

The results and conclusions contained in this report, besides identifying measurement and valuation problems, make recommendations to help reach this goal. However, it must be noted that this is just part of a long-term project in progress. Hence, potential users of this report which includes statisticians, economists, researchers, development planners and policymakers are encouraged to forward their substantive observations and comments on the report to INSTRAW.

The completion of the remaining part of this project and the full realization of its primary objectives, i.e., to fully recognize women's contribution to society, will undoubtedly draw a great deal from those comments and suggestions.

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