

Preface

One of the long-standing goals of the Committee on National Statistics (CNSTAT) is the improvement of economic measurement and the data sources crucial to that measurement. In working toward that goal, recent CNSTAT panels have produced reports on price and cost-of-living indexes, poverty measurement, measurement of the economy's government sector, and the design of environmental and natural resource accounts. The last report in this list, *Nature's Numbers*, focused on goods and services associated with the environment, which are in many cases not transacted in markets and hence not captured in conventional economic accounts. That report did much to set the conceptual stage for this panel's broader study of economic activities that are largely nonmarket in character.

This report is the product of contributions from many individuals. The project was sponsored by the Yale University Program on Nonmarket Accounts which, in turn, was funded by a grant from the Glaser Progress Foundation. The Yale program is directed by William Nordhaus, whose long history of pioneering research in this and related areas—dating back three decades to his work with James Tobin on measures of economic welfare and continuing through his chairing of the *Nature's Numbers* panel—helped to establish the foundations for this panel's work. Dr. Nordhaus, along with Martin Collier of the Glaser Progress Foundation, attended the first meeting and, in articulating their hopes for the study, helped the panel sharpen its vision of their charge. The panel is grateful also to Dan Melnick who served as liaison to the panel for the Yale Program and contributed valuable suggestions and points of clarification along the way.

Many others generously presented material at panel meetings and answered questions from panel members, thereby helping us to develop a broader and

deeper understanding of key methodological and data issues relevant to the construction of nonmarket accounts. The panel especially thanks Steven Landefeld, director of the Bureau of Economic Analysis, who provided insights based on his long experience and extensive knowledge of economic accounting; Diane Herz and Lisa Schwartz, of the Bureau of Labor Statistics, who educated the panel about that agency's important new time-use survey; Thomas Juster, University of Michigan, and Robert Pollak, Washington University, who shared their expertise on conceptual and measurement issues relating to time use and the theory of time allocation; Suzanne Bianchi, who provided tabulations of time-use data and information about the underlying surveys; and Peter Harper, Australian Bureau of Statistics, and Sue Holloway, Office for National Statistics, United Kingdom, who informed the panel about some of the exciting work on nonmarket accounting underway in other countries.

The meetings of the panel also provided many opportunities for the panel members to learn from one another. Each of the panel members contributed indispensable special expertise to the preparation of the panel's final report. Katharine Abraham and Robert Hall wrote the first draft of the report's introduction; Barbara Fraumeni prepared a description of the existing national accounts that makes up part of Chapter 2; Daniel Hamermesh contributed a description of the new American Time Use Survey that also appears in Chapter 2; Nancy Folbre and Daniel Hamermesh prepared the first draft of Chapter 3, on the topic of household production; Nancy Folbre and Robert Michael wrote the initial draft of the material on the role of families in the production of human capital that eventually found its way into Chapter 4 of the panel's final report; Barbara Fraumeni and Alan Krueger took the lead on the preparation of Chapter 5, on accounting for investments in education; David Cutler and Matthew Shapiro provided a first draft of Chapter 6, on accounting for investments in health; and Henry Peskin and Burton Weisbrod worked together on the initial drafts of Chapters 7 and 8, on accounting for the activities of nonprofits and governments and accounting for the environment. All of the report's chapters underwent several rounds of significant revision, reflecting intensive discussion and debate that involved the full panel, but these productive exchanges could not have occurred had individual panel members not taken the lead in preparing the first drafts that served as our starting point.

A special comment is needed about one of our panel members, Barbara Fraumeni, who is the chief economist at the Bureau of Economic Analysis (BEA). Although government employees who are technical experts in their fields may serve on study panels for the National Academies, precautions are taken in such cases to ensure against real or perceived conflicts of interest. In this case, the institution recognized both that this panel might make recommendations directly related to the work of the BEA and that Dr. Fraumeni's unrivaled expertise on national economic accounting in general and the U.S. National Income and Product Accounts in particular would be critical to the panel's work. After careful

consideration of these factors, the institution invited Dr. Fraumeni to serve on the panel.

We also note the contributions of two original panel members, Dora Costa, Massachusetts Institute of Technology, and Daniel Kahneman, Princeton University, who attended meetings early in the panel's 2½ years of work and provided keen insights that helped the panel to chart its course. We are sorry that they were unable to continue as active members.

The panel could not have conducted its work without an excellent and well-managed staff. Andy White was the director of CNSTAT at the time the panel was formed, and we appreciate his support for the panel's work. Project assistants Michael Siri and Marisa Gerstein provided excellent administrative, editorial, and research support. The panel also benefited from the work of Eugenia Grohman and Kirsten Sampson Snyder, both of the Division of Behavioral and Social Sciences and Education, who were responsible for editing the report and overseeing the review process.

The entire panel owes a special debt of gratitude to Christopher Mackie, the panel's study director. During the course of the panel's deliberations, he played an invaluable role in facilitating communication among panel members, drawing the panel's attention to relevant studies that we might otherwise have overlooked, helping to develop the structure for the panel's final report, and directing the panel's attention to gaps and inconsistencies in the discussion of different topics that needed to be addressed. Over the past year, in collaboration with various panel members, he read and reworked each of the report's chapters multiple times, making improvements on each pass and helping to turn an initially disparate set of individual chapter drafts into a more integrated whole, and then shepherded the report through the final review process. For me personally, working with Chris was a great pleasure, and I know I speak for the entire panel in expressing my gratitude to him for his dedicated professionalism, reliable good cheer, and many substantive contributions.

The report has been reviewed in draft form by individuals chosen for their diverse perspectives and technical expertise, in accordance with procedures approved by the Report Review Committee of the National Research Council (NRC). The purpose of this independent review is to provide candid and critical comments that will assist the institution in making the published report as sound as possible and to ensure that the report meets institutional standards for objectivity, evidence, and responsiveness to the study charge. The review comments and draft manuscript remain confidential to protect the integrity of the deliberative process.

We thank the following individuals for their participation in the review of this report: John C. Bailar, III, Department of Health Studies (emeritus), University of Chicago; Robert Haveman, Department of Economics, University of Wisconsin-Madison; J. Steven Landefeld, Bureau of Economic Analysis, Washington, DC; Arleen Leibowitz, Department of Policy Studies, University of

California, Los Angeles; Robert A. Margo, Department of Economics and History, Vanderbilt University, and Research Associate, National Bureau of Economic Research; Timothy Smeeding, Center for Policy Research, Syracuse University; Frank P. Stafford, Department of Economics, University of Michigan; and Frances Woolley, Department of Economics, Carleton University, Ottawa, Ontario Canada.

Although the reviewers listed above provided many constructive comments and suggestions, they were not asked to endorse the conclusions or recommendations, nor did they see the final draft of the report before its release. The review of this report was overseen by Robert A. Pollak, Department of Economics, Washington University, St. Louis, MO, and Joseph P. Newhouse, School of Health Policy and Management, Harvard University. Appointed by the National Research Council, they were responsible for making certain that an independent examination of this report was carried out in accordance with institutional procedures and that all review comments were carefully considered. Responsibility for the final content of this report rests entirely with the authoring committee and the institution.

Katharine G. Abraham, *Chair*
Panel to Study the Design of Nonmarket Accounts