

Abstract for “On the Valuation of Leisure, Labour Supply and Household Production”

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The paper provides a generalization of Becker’s theory of the allocation of time. The paper assumes that household time plays three roles: as leisure, household work and household labour supply, with separate utility valuations for each use of time. The paper also considers the case where the household does not provide external market labour, a case not considered by Becker and Pollak and Wachter. The present paper elaborates on the earlier analysis of Schreyer and Diewert in that various corner solutions to the household’s time allocation problem are considered in more detail. The paper also consider the econometric problems that these corner solutions create. Finally, as in Schreyer and Diewert, the paper relates the analysis to the difficult problems associated with the valuation of household work at home, an issue that national income accountants have attempted to address over the years.