Course: Modelling the labour supply decisions of multi-person households

The six lectures of the course will present models drawn from the theoretical and empirical literature concerned with labour supply and domestic time allocation decisions of members of multi-person households. The focus of the course will be on the choice of approach to modelling labour supply behaviour for the purposes of policy evaluation. Particular attention will be given to: the economic implications of the choice between market work and household production; the costs of children; and heterogeneity in female labour supply.

The following is an outline of the topics to be covered in each lecture.

Lecture 1: Introduction  
(i) Overview and limitations of existing models  
(ii) Empirical evidence on the need for a new approach

Lecture 2: The single-person model  
(i) The standard consumer model  
(ii) Time use and household production: the Becker model  
(iii) The consumer and household production

Lecture 3: Two-person models with the simple work-leisure dichotomization of time  
(i) Becker’s Patriarchal model  
(ii) Gorman aggregation  
(iii) Samuelson and the household welfare function  
(iv) Bargaining models

Lecture 4: Two-person models with household production and heterogeneity  
(i) The household as a small economy: some modelling approaches  
(ii) Domestic productivity and the costs of working  
(iii) Missing data and non-retrievability of the household sharing rule

Lecture 5: Multi-person households and the life cycle  
(i) Treatment of demographics in labour supply models  
(ii) Approaches to the measurement of child costs  
(iii) Life cycle consumption and time allocation decisions

Lecture 6: Concluding discussion  
(i) Policy implications  
(ii) Summary and suggestions for future research
Pre-course reading

As an overview of the existing literature, begin with:

Blundell, RW, and T MaCurdy (1999),
O Ashenfelter and R Layard, eds.,

Then, as an introduction to more recent approaches, see

Apps, PF, and R Rees (1997),
“Collective Labor Supply and Household Production”,

Apps, PF, and R Rees, (1996),
“Labour Supply, Household Production and Intra-Family Welfare Distribution”,

Chiappori, P-A (1997),
Introducing Household Production in Models of Family Labor Supply”,

References for the lectures:

The lectures will be based on the first 4 chapters of a forthcoming book
“Public Economics and the Household” by Patricia Apps and Ray Rees.
Copies of these will be distributed at the beginning of the course.
Additional Reading:

Lecture 1:
Heckman, JJ (1993),
“What Has Been Learned About Labor Supply in the Past Twenty Years?”,

Lecture 2:
Gronau, R, and DS Hamermesh (2003),
Pollak, R, and M Wachter (1975),

Lecture 3:
Browning, M, F Bourgiugnon, P-A Chiappori and V Lechene (1994),
“Incomes and Outcomes: A Structural Model of Intrahousehold Allocation”,
Chiappori, P-A (1988),
“Rational Household Labor Supply”,
Econometrica, 56, 63-90.
Chiappori, P-A (1992),
“Collective Labor Supply and Welfare”,
Fortin, B and G Lacroix (1997),
“A Test of the Collective and Unitary Model of Labour Supply”,
Economic Journal, 107, 933-955.
Lundberg, S, RA Pollak and TJ Wales (1997),
Lecture 4:

Apps, PF and R Rees (1988),

Apps, PF and R Rees (1999),
“On the Taxation of Trade within and between Households”,

Lecture 5:

Apps, P F and R Rees (2002),
“Household Production, Full Consumption and the Costs of Children”,

Apps, PF and R Rees (2003),

Attanasio, OP, H Low and V Sanchez-Marcos (2003),

Blundell, RW, M Browning and C Meghir (1994),
“Consumer Demand and the Life-Cycle Allocation of Household Expenditures”,

Lecture 6:

Apps, PF and R Rees (2004),
“Fertility, Female Labour Supply and Public Policy”,