

Referee Report

MS# 9207

Do Constraints on Market Work Hours Change Home Production Efforts?

1 Overview

This paper examines the effects of market hours constraints on time spent in home production and leisure. The paper examines both upside constraints (where workers would like to work more hours, but can not) as well as downside constraints (where workers would like to work fewer hours, but can not). The model shows that home production hours with an upside market hours constraint is unambiguously larger compared to the case where market hours constraints are non-binding. The reverse is true for downside constraints. The effect on leisure hours is ambiguous, depending on whether home work hours increase more or less than the reduction in market hours due, say, to an upside constraint. The findings of the econometric exercise indicate home production hours fall under upside market constraints but are essentially unaffected for downside constraints.

2 Comments

1. While the model is fairly standard for a representative agent, it should specify more clearly what an “agent” is. The model appears to be written for an “individual,” however, much of the empirical framework considers single and married households. If the paper were written where the agent is considered to be a household, I would expect different modeling choices. For example, how are husband and wife hours combined to produce the home good? Are husband and wife hours of leisure complements or substitutes? This should be more carefully explained and modeled.
2. The two numerical examples do not add much to the paper and should be deleted.
3. It is difficult to believe—and worrisome—that 25% of the sample heads of married households in the PSID have zero hours of home work. I think it would be useful to go to a source of better time use data, such as the American Time Use Survey to see the fraction of zero hours reported there.

As it stands, the data from the PSID seem to not be very reliable for this exercise.

4. The vacation time analysis does not seem appropriate in the current context, i.e., in terms of home hours of work. It is not at all clear to me that vacation time is necessarily leisure. Taking vacation days from work could be used to do home production. A similar point can be made concerning the food-out ratio. Eating out less may not have much of an effect if households switch to microwave meals. Or, they could be eating at better or worse restaurants, changing expenditure but not changing home hours.
5. The econometric strategy should try to exploit more of the panel structure in the PSID. There is a dummy variable reported in table 4 for being upside constrained and one dummy variable for being downside constrained. Is it equal to one if a household is constrained in any period? Is there any dummy variable if the household changed constraint status? In theory, we would like to see the effect of the constraint status of a household over time then, we could hope to estimate “...how much the market hours constraints would make workers change their housework hours” (page 15).
6. Page 9. The questions that classify a worker as upside constrained or downside constrained (and the data in general) seem to ignore the difference between salaried and hourly workers. What does it mean for a salaried worker to be hours constrained? Not until the very end of the paper is this difference acknowledged in one line. It is never clear if this difference is explicit in the data. Are hourly wages computed for salaried workers and that hourly wage used in this paper?

3 Minor Comments

1. page 7: should be “casually” not “causally”.
2. page 11: The author says that PSID wife hours are generally much lower than those in the HRS data, possibly due to the increase in womens labor force participation over the last decade. Why wouldnt one expect the exact opposite? It seems like older women in the HRS would be more likely to have come from a generation that didnt work outside the home as much and younger women in the PSID would be more likely to participate in the market labor force.

3. In some places insignificant results are taken as evidence for the effect so long as they have the expected sign, but when they do not, the author downplays their importance because they are insignificant, see page 15, paragraph 1.
4. In section 4.2 on page 11, the author uses the positive correlation between head and wives UCs as evidence for changes in household preferences. It is stated that this could not be from changes of the employer since that would usually only affect one individual. However, during this time period 1970-1975 there was a recession in the economy which may have been limiting the amount of hours and the wages of workers. This could be the true cause of the UCs, not preferences.