

Discussion of
“Inequality in the Joint Distribution of
Consumption and Time Use”

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Summary

- Great paper (I really mean it!)
 - important topic
 - very thoughtful and carefully done
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- Most of what I have to say is mentioned somewhere in the paper
- Large literature on C, much smaller on L
 - exception: $UCL = U(C,L)$
 - I'm not the most qualified person to discuss this paper
- Going forward, many issues might be more important for L than C
 - eg, AI (massive increase in L), basic income, ...

Findings

Trend

- Δ real consumption \gg Δ leisure
 - $\sim 100\%$ vs $\sim 3\%$ from 1972-2016

Cross-section

- C inequality $>$ L inequality
 - C & L negatively correlated
- adding L reduces *welfare* inequality
- but relation is quantitatively weak

[Note: not sure – if value of L also increased (more below)]

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However

- L increases more at top of C distribution
 - but effect weaker if control for composition changes (eg age)

⇒ adding L decreases inequality, but increases Δ inequality since 70s

2 Main Questions for Authors

1. Quantity vs. Value

- We are comparing quantity of L with value of C
 - C = expenditures, not quantities: eg, food expenditures, not calories
 - How would results change if we allow the value of L to change?
 - difficult to do
 - not easy to find right price of L
 - using market wage has issues too
 - many leisure activities today have no market price (gig economy)
 - new products (Netflix), changes in quality (utils/hour leisure),...
 - these 'products' affect L, but do not show up in C
- ⇒ related to price index biases (eg Boskin Commission)

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Related: **2. Value of 'Forced' Leisure**

- How to think about unemployment & underemployment?
 - reduction of 1h market work yields 0.5-0.6h of leisure
 - macro models with leisure in U often suggest

recession = big vacation
 - even with involuntary unemployment, forced leisure has positive value and reduces cost of business cycles

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Implication: important to do peak-peak (trough-trough) comparison

Measurement (if time)

1. **Data not available continuously**, but in 3 'periods'

- 1975/6 in ATUS matched to 1972/3 in CEX (old design)
- 1985 (both ATUS and CEX)
- 2003-16 (both ATUS and CEX)

→ try to match '75 or '85 with similar macro cond. in '03-'16 cycle

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 - I imagine that the sleep is pretty inelastic in the long-run
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 - most within-person variation is probably (very) short-term
 - this mechanically lowers leisure growth rates
- paper finds bigger rise in leisure when excluding sleeping

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- this also matters for complementarity question
 - negative relationship between C & L less evident for narrower measures of L
- Most people would probably think leisure is mostly:

entertainment, relaxing, active recreation, social activity, etc.

→ I would prefer using this narrow measure as baseline,
broader measures in appendix

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- You find regression coef 'qualitatively similar across years'
- Also quantitatively?
- If so, could use CEX covariates & time-invariant regression coef
 - modern CEX starts in 1980
 - complementary to robustness where you fix pop. characteristics
 - Could check by comparing imputed L to 1992-94 ATUS (which doesn't contain marital status):
 - Can you match the L distribution if you don't use marital status?

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Related point: **Variance decomposition**

- Can you decompose how much of the changes are due to
 - changes in covariates in CE (‘composition’) vs
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GREAT PAPER – THANKS!