

# Measuring the Value of Non-Working Time

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## Extended Abstract

We seek to measure the value of non-working time and study its distribution across the population and its changes over time. A common approach is to use wages to infer the marginal value of non-working time, as an optimizing agent equates the two. Relaxing the assumptions underlying this approach introduces a wedge between these two objects. First, workers, and especially those on fixed-hours contracts, may not be able to choose their hours flexibly. Second, workers may derive non-wage utility from market work and job satisfaction may vary across workers. Third, labor and product market frictions will in general imply a gap between the wage and the value of non-working time. Additionally, for parts of the population such as the retired or the non-employed we do not observe wages.

We propose an approach to estimate the value of non-working time using newly available internet consumption and time use data. A more accurate measure of the value of non-working time will shed light on a number of important questions. We intend to apply our approach to study the gap between wages and the value of time and how this gap varies in the cross section and over time. In addition, the value of non-working time is a crucial input in estimating the consumer surplus of goods that are intensive in time and have low or no market price. The proliferation of social media over the past decade suggests that measured output productivity may be increasingly diverging from consumer surplus.