

## The Allocation and Valuation of Time

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We provide a generalization of Becker's theory of the allocation of time. We assume that household time plays three roles: as leisure, household work and household labour supply, with separate utility valuations for each use of time. A case not considered by Becker, nor by Pollak and Wachter, is addressed; the case where the household does not provide external market labour. Various corner solutions to the household's time allocation problem are considered in detail, and we consider the econometric problems that these corner solutions create. We relate the analysis to the difficult problems associated with the valuation of household work at home. Also, our approach provides a theoretical framework from a consumer perspective for estimating shadow prices for the valuation of the "free" goods and services that characterize much of the digital economy.