

# Impact of non-labor income on the time allocation of married people

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## Abstract

It is difficult to estimate the income effect because almost all income is endogenous. We used the changes of Japanese Child Benefit Payments System as an exogenous non-labor income change in order to verify the theory by Gronau (1977; 1986). We estimated the income effect on the time allocation of married people using the difference in differences approach. We found that if a married woman works in the market, the increase of non-labor income change decreases their working hours and increases their leisure hours. On the other hand, there is no significant change of household. These results are consistent with the theory by Gronau.

**Keywords: Income Effect; Married People; Time Allocation**

**Classification codes: J220, J200**

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