

Abstract: In this paper, we analyze the nature of intra-household allocations and commitment using unique panel data on individual-specific consumption expenditures and on time used for leisure, market production and home production. We find that the household weight on the wife is strongly related to her relative market productivity at the time of marriage in the cross-section. Additionally, within households the weight is related to unpredicted changes in relative wages, indicating limited commitment to time of marriage allocations. This lack of commitment means that households do not take full advantage of the potential income gains available by adjusting relative hours in response to relative wage changes. Similarly, this lack of commitment prevents spouses from attaining full risk sharing within the household. Compared to full commitment, wage shocks lead to excessive within household consumption dispersion.