



Ecole Polytechnique de Tunisie
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SEMINAIRE (MASE)

Modélisation et Analyse Statistique et Economique

Estimation of collective models of household labor supply using indirect inference: A Monte Carlo Study

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Résumé:

Since the publication of Chiappori's (1988; 1992) papers, the collective model becomes increasingly a useful framework for studying couples' labor supply behavior. In its original version the collective model of household labor supply assumes that each individual, with specific preferences, makes Pareto-efficient labor supply choices. Under this setting and if consumption is purely private and agents are egoistic, Chiappori shows that some structural elements of the decision process, such that preferences and the sharing rule governing intra-household resources allocation, can be recovered from the observed labor supply. At the empirical level, the collective labor supply model, under its basic version, has been extensively applied in labor supply literature.

However, the general realistic model where taxation, participation decisions and household production are incorporated in a single framework has not yet received a proper treatment. The objective of this paper is not to provide an immediate answer to these issues. More modestly, we present preliminary results of an ongoing project (Beninger, El Lahga and Laisney 2010), where we develop an adapted procedure that overcomes the difficulties of the identification and estimation of the household decision process, in a fairly general framework. In this paper, we first demonstrate how Indirect Inference approach proposed by Gourieroux, Monfort and Renault (1993) can be adapted to estimate the collective labor supply model. Secondly, our Monte Carlo simulations show a remarkable performance of II in estimating a simple collective model allowing for non-participation decisions of both spouses.

Vendredi 02 avril à 15 h à l'Ecole Polytechnique de Tunisie

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