

# Non-Market Household Time and the Cost of Children

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## **Abstract**

Raising children demands a considerable amount of parental time, obliging working parents either to further reduce their leisure or to buy child-care services in the market. Parents may face additional opportunity costs upon deciding to participate in the labor market, but these are difficult to measure. Using a survey instrument in Belgium and Germany, we estimate the income compensation needed to maintain family well-being when adults work vs. when they do not enter the labor market. In both countries we find that full-time working parents face extra child costs and require higher labor-market-participation compensation compared to childless adults.

Key Words: equivalent income, household well-being, reservation wage, child costs, parental unemployment trap, survey method

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