

# Consumption and Time Use Responses to Unemployment: Implications for the Life Cycle Model

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In this study we analyze the effects of unemployment on consumption and time use. To do so, we employ unique micro panel data for the Netherlands containing a large set of expenditure and time use categories. Our results show a small negative effect of unemployment on expenditures and large positive effects on time spent on home production and leisure activities. We do not find clear evidence for leisure-spending complementary or for substitution between home production and expenditures. We use our results to estimate a ratio of relevant life cycle parameters and show that the point estimates and their precision strongly depend on the expenditure and time use categories considered.