



Japan Forum

Household Saving, Bequest, and Retirement Behavior in the Era of Population Aging

26 September 2019 | 10:00-12:00
Banque de France, Room 6 - Conference Hall
31 rue Croix des Petits-Champs 75001 Paris
Registration ffj@ehess.fr

Programme

10:00 | The Impact of Bequest Motives on Labor Supply and Retirement Behavior in Japan: A Theoretical and Empirical Analysis

Charles Yuji Horioka (Kobe University)
Discussant: **Clémence Berson** (Banque de France)

10:45 | Does Marriage Really Help Women Accumulate Wealth? Evidence from Japan

Yoko Niimi (Doshisha University)
Discussant: **Bertrand Garbinti** (Banque de France, CREST)

11:30 | General Discussion

Chair: **Sébastien Lechevalier** (EHESS)

The Impact of Bequest Motives on Labor Supply and Retirement Behavior in Japan: A Theoretical and Empirical Analysis

By Charles Yuji Horioka (Kobe University), Emin Gahramanov (American University of Sharjah - Department of Economics), Aziz Hayat (Deakin University - School of Accounting, Economics and Finance) & Xueli Tang (Deakin University)

In this paper, we conduct a theoretical and empirical analysis of the impact of bequest motives on the labor supply behavior of households at the intensive and extensive margins in Japan using micro data from the Preference Parameters Study of Osaka University in order to shed light on whether or not households planning to leave bequests work more or work longer than those not planning to leave bequests. We find that respondents with a strategic or exchange bequest motive supply more labor at the intensive margin but supply less labor at the extensive margin than those without any bequest motive. Our findings suggest that respondents with a strategic or exchange bequest motive tend to work harder than others before they retire so that they can earn more and leave a larger bequest to their children in order to be able to elicit more care and financial assistance from them but that they may want to retire earlier than others so that they can start receiving care and financial assistance from their children sooner.



Charles Yuji Horioka is Professor at the Research Institute for Economics and Business Administration, Kobe University, and concurrently Distinguished Research Professor at the Asian Growth Research Institute, Invited Professor at the Institute of Social and Economic Research, Osaka University, and Research Associate at the National Bureau of Economic Research. He previously taught at Stanford, Columbia, Kyoto, and Osaka Universities, and the University of the Philippines. He served as Co-Editor of the International Economic Review for 15 years, currently serves as Co-Editor of the Review of Economics of the Household, and received the Nakahara Prize of the Japanese Economic Association (given to the best Japanese economist under the age of 45) in 2001. His research interests include macroeconomics, household economics, the Japanese economy, and the Asian economies, and he is best known for his joint paper with the late Martin S. Feldstein on international capital flows (the so-called "Feldstein-Horioka Puzzle"). He was born in Boston, Massachusetts, USA, in 1956 and received his Bachelor's and Ph.D. degrees in Economics from Harvard University.

Does Marriage Really Help Women Accumulate Wealth? Evidence from Japan

By Yoko Niimi (Doshisha University)

Family structure has been undergoing significant changes in many, if not all, developed countries. Fewer and fewer people marry today than in the past. At the same time, there has been an increase in the average age at first marriage as well as in the divorce rate. Such trends raise the important question of how singles fare in terms of wealth accumulation in comparison to their married counterparts. This is particularly a relevant question in the context of population aging as wealth is an important source of funds for living expenses during old age. Using micro data from a Japanese survey, this paper examines the relationship between marriage and wealth with particular focus on women. By exploiting the availability of data on personal wealth, it also assesses whether the wealth effect of marriage differs depending on whether we measure wealth in terms of personal wealth or household wealth, an issue that very few studies have examined thus far. According to the empirical results, if wealth is measured in terms of equalized household net worth on the assumption that intrahousehold resources are shared equally within married couples, marriage is found to generally help women accumulate wealth. This raises concern about whether never married women, whose number is on the rise in Japan, are accumulating sufficient wealth for old age. By contrast, if wealth is measured in terms of personal net worth based on the actual ownership of assets, marriage is found to be negatively associated with women's wealth holdings. This is largely due to the fact that a relatively small share of household wealth is held in the wife's name in the case of Japan. These findings underscore the fact that women in Japan are potentially in a financially vulnerable position even after they marry.



Yoko Niimi is Professor at the Faculty of Policy Studies, Doshisha University, Kyoto, Japan. She is also concurrently Visiting Professor at the Asian Growth Research Institute, Kitakyushu, Japan. Previously, she worked as Economist at the Asian Development Bank and as Research Associate Professor at the Asian Growth Research Institute. Her fields of research are household economics as well as development economics, and she is particularly interested in topics related to household saving, intergenerational transfers, intergenerational mobility, long-term care, and population aging. She received her Master's degree and DPhil in Economics from the University of Sussex and BCom in Business Studies from the University of Edinburgh.