

Economic Analyses of Population Policies: One-child Policy and Child Allowances

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ABSTRACT

This doctoral thesis is based on the research of population policies, the behaviour of families, and economic growth. It analyses the effects of one-child policies on intergenerational transfers, families' location, and inequality in China. It also provides an essential insight into the implementation of child allowances in developed countries. The methods in this thesis are mainly micro and macroeconomic theoretical models. The propositions in the theoretical analyses are also supported by empirical evidence.

Chapter 1, titled "*Bargaining over Parents: Theory and Evidence in a One-child Policy Society*", study the filial piety of young couples who have grown up under Chinese Confucianism. Young couples' gender bargaining over their joint care and support for their parents has influenced their parents' transfers and locations. The transfers from parents will also affect the gender bargaining power in the young couples. These dynamic strategies lead to an equilibrium location with intergenerational transfers. We also empirically analyze a young couple's support choice and parental transfers and locations using the 2013 Preference Parameters Study of

Osaka University (China-Urban and China-Rural). Our empirical results also indicate that premarital gifts from parents increased children's happiness, but there was no significant increase in premarital gifts from parents of their spouses. This empirical result also supports the conclusion of the theoretical model. In the theoretical model, premarital gifts can increase the family income of married children, thereby increasing consumption and utility. However, when the bargaining game within the family is considered, a gift from the spouse's parents will increase the bargaining power of the spouse. The increase in the bargaining power of the spouse reduces a husband or wife's own utility

Chapter 2, titled "*One-child Policy and Inequality*", analyzes the impact of population control policy on the distribution of household income. We find that population control policies have widened the income gap among children of middle-income families, but have a limited impact on the income gap between children of low-income and high-income families. Due to the fierce competition from middle-income families for their children's human capital investment, the gap in disposable income between parents of middle-income families has decreased after parents of middle-income families have invested a lot of resources in their children's education. Still, the income gap between parents of low-and high-income families has initially widened. Further, population control policies can expand the savings rate, but this effect is more obvious for middle-and high-income families and has a limited impact on low-income households.

Chapter 3, titled "*Can Child Allowances Improve Fertility in a Gender Discrimination Economy?*", shows that the effects of child allowances with gender discrimination should be reconsidered. It points out that gender wage discrimination can inhibit the positive effects of child allowances on fertility. With high gender wage discrimination, assuming that both parental time and market childcare goods are indispensable for childrearing, child allowances significantly increase maternal childcare time. On the other hand, child allowances also reduce childcare expenditure

due to the decline in female labor time and increase in the relative price of market childcare goods, which eventually decreases fertility. We show that when the gender discrimination factor is greater than a certain cutoff, the effects of child allowances on fertility become negative. Moreover, male childcare time also plays an essential role in increasing fertility rates. Therefore, gender equality is a prerequisite for increased child allowances to be effective. We contribute to the literature on child allowances and fertility in the framework of dynamic general equilibrium models by emphasizing the important role of gender wage discrimination in the study of the effects of child allowances on fertility. We have established a dynamic general equilibrium model, in which parental time and market childcare goods and services are essential for childrearing, and gender wage discrimination comes from labor demand. Our model proves that under no gender wage discrimination, child allowances will have a positive impact on the fertility rate. However, with the intensification of gender wage discrimination, the expected effects will gradually weaken or even become negative. We test these theoretical results by using the data on fertility, family benefits and gender wage discrimination of 36 countries (2000-2015) in the OECD Statistics Database and find supporting evidence. We also find that due to the decline of fertility rates and female labor supply, child allowances with severe gender wage discrimination also inhibit economic growth.