

**Are Married Women Really Wealthier than Unmarried Women?
Evidence from Japan**

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Extended Abstract

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. There is thus a growing literature that examines the relationship between marriage and wealth and previous studies generally find a positive effect of marriage on wealth.

However, there are a number of important gaps in the literature. First, previous studies typically use household wealth as their main outcome variable due largely to the unavailability of data on personal wealth. If a couple shares household resources equally, as commonly assumed, there should be no problem with using household wealth to analyze the wealth effect of marriage. On the other hand, given that an individual's contribution to household wealth is likely to affect his/her access to household wealth, it is possible that wives, who tend to earn less than their husbands, may have less access to it. Moreover, even if a couple fully shares each other's wealth regardless of the actual ownership of wealth, relying on one's spouse to share his/her personal wealth informally may create undesired economic dependency within the couple (Lersch, 2017).

Second, previous studies predominantly examine the instantaneous effect of marriage on wealth. While there are some studies that look at the effect of the duration of marriage on wealth, the estimation strategy in such studies tends to assume a linear relationship between marriage and wealth. However, married couples are likely to experience important changes through their married lives, as a result of which the effect of marriage on wealth accumulation may change over time.

Third, previous studies are conducted mostly using data on Australia, Europe, or the United States (US). To the best of the author's knowledge, there are no previous studies that examine the relationship between marriage and wealth in Japan. It is not clear a priori whether the findings of previous studies obtained for Western societies apply to other parts of the world such as Asia where gender roles within households are more clearly delineated than in Western societies.

The main aim of this paper is to fill the aforementioned gaps in the literature. Using microdata from the Japanese Panel Survey of Consumers, it aims to examine the relationship between marriage and wealth in the case of Japan. It focuses its analysis on the case of women given long-standing concern regarding their financial security as they age, particularly in the case of those who remain single or those who experience such disruptions as marital breakdowns and widowhood.

The key research questions that this paper tries to answer are threefold. First, by exploiting the availability of data on personal wealth, it tries to assess how marriage is associated with women's wealth accumulation capacity and whether this association differs depending on whether we measure wealth in terms of household or personal wealth, an issue that very few studies have examined thus far. Second, this paper tries to go beyond the existing literature by examining how the relationship between marriage and wealth evolves over the course of the marriage and whether this over-time relationship differs between household and personal wealth and between financial and nonfinancial wealth. Third, by examining the case of Japan, the paper tries to assess whether marriage wealth premiums observed in Western societies are also observed in Japan.

To investigate the relationship between marriage and wealth, a fixed-effects regression model is estimated. According to the regression results, when wealth is measured in terms of equivalized household net worth as married women's wealth holding measure on the assumption that household resources are shared equally within married couples, marriage is found to contribute to women's wealth holdings but only to their nonfinancial net worth though there are some signs that it also contributes to their total net worth as the duration of marriage becomes longer. On the other hand, if wealth is measured in terms of personal net worth based on the actual ownership of assets, marriage is found to be negatively and significantly associated with women's wealth holdings, more specifically with their total and financial net worth.

The observed negative effect of marriage on personal wealth in the case of Japan is in sharp contrast to the positive effect found for Germany where married women are found to be able to accumulate their personal wealth largely through joint investment in housing with their husbands (Lersch, 2017). Joint ownership of housing seems less common in Japan and only a relatively small proportion of married women own housing wealth. This may be due partly to the fact that married women in Japan are more likely than those in other developed countries to leave the labor market or to reduce their working hours for childbearing and childrearing, as a result of which their lifetime income is likely to be lower. Moreover, this cannot be compensated for by wealth transfers from husbands for the purpose of joint investment in housing because even wealth transfers between spouses are subject to gift taxes in Japan. The limited labor supply of married women also explains, at least partly, why marriage is found to have a dampening effect on their personal financial wealth and why the wealth premium of marriage seems relatively limited in the case of Japan more generally in comparison with the previous findings for other countries.

The results obtained in this paper also underscore the importance of looking at the relationship between marriage and wealth over time as the relationship is found to be non-linear. They also question the commonly made assumption of the equal sharing of household wealth within married couples and hence suggest the importance of using both household and personal wealth to analyze the effect of marriage on wealth.

Reference

Lersch, P. M. (2017) "The Marriage Wealth Premium Revisited: Gender Disparities and Within-Individual Changes in Personal Wealth in Germany," *Demography*, 54(3), pp. 961-983.