‘Family Risk Sharing’
‘When the Shock Hits the Knot: Individual Consumption Insurance Among Spouses’
‘When the Shock Hits the Knot: bargaining and family risk sharing’

B-C-V

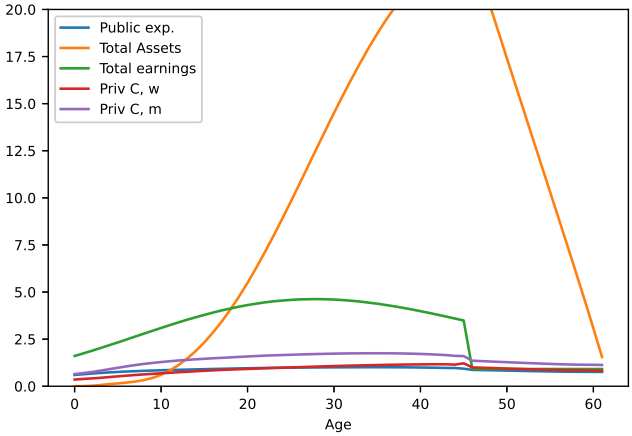
April 14, 2025

1 Summary statistics and life-cycle behavior

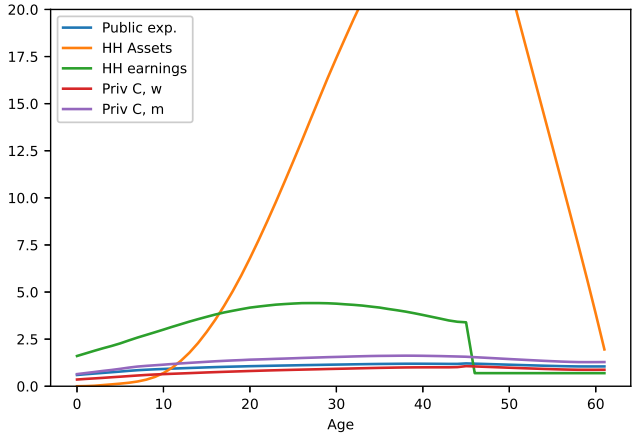
Table 1: Summary statistics

	Household assets (1)	Household earnings (2)	Wife, Private consumption (3)	Husband, Private consumption (4)	Home good expenditure (5)
Mean	9.265	2.432	0.807	1.328	1.031
Gini	0.645	0.470	0.387	0.382	0.265
Top 1% share	0.068	0.045	0.037	0.036	0.026

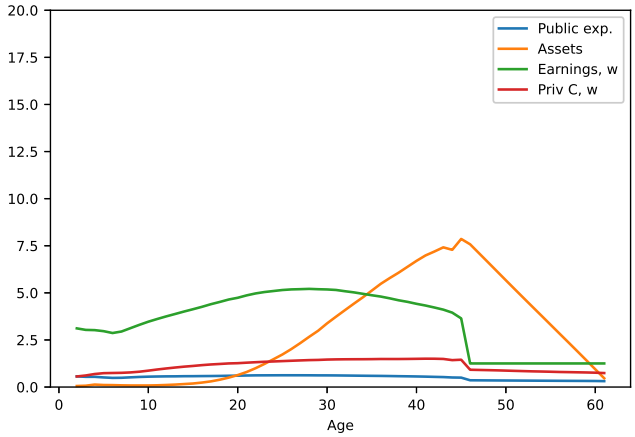
NOTES: assets and earnings are measure across the population regardless of marital status, while other variables are measured among married households.



(a) Married couples + single women



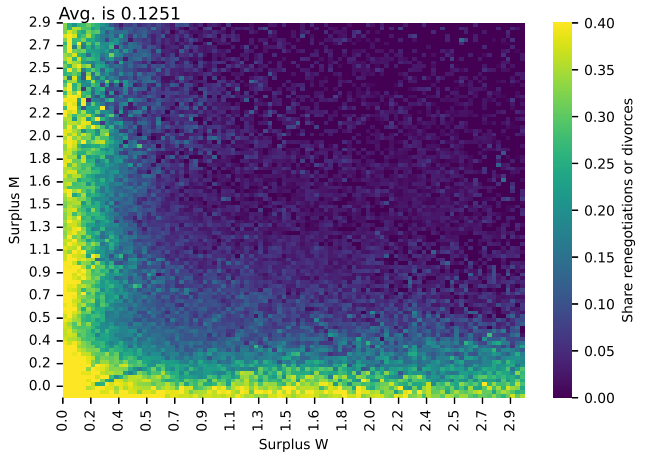
(b) Married couples



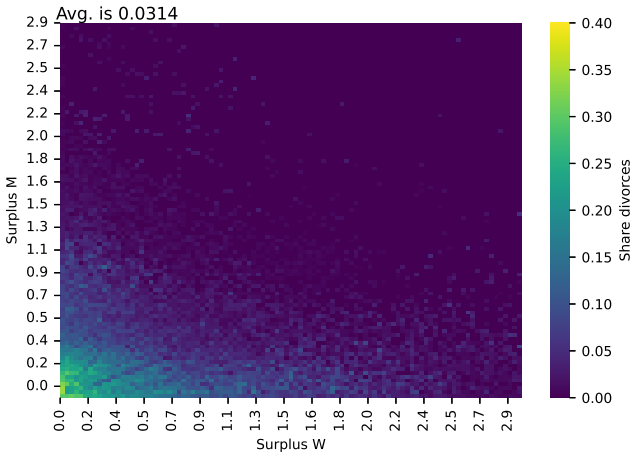
(c) Single women

Figure 1: Life-cycle behavior of different types of household, averages

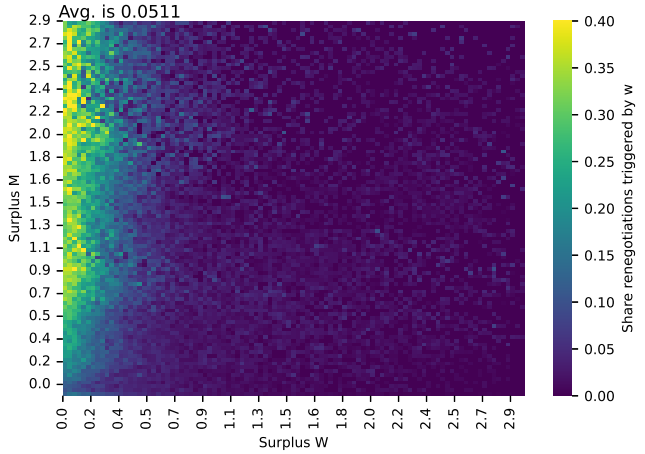
2 Marital surplus, renegotiation and divorce



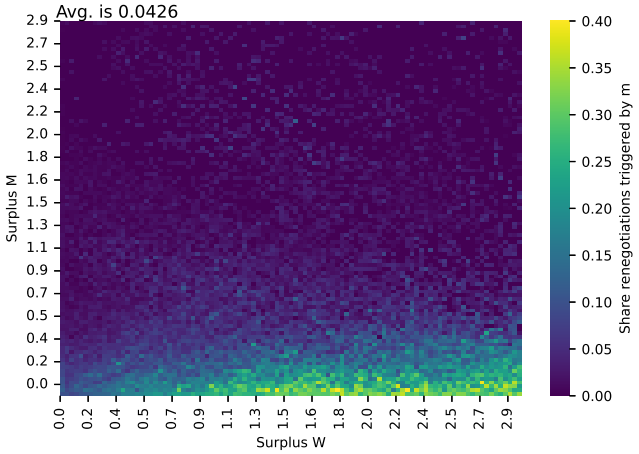
(a) Renegotiations and divorces



(b) Divorces



(c) Renegotiations triggered by the wife



(d) Renegotiation triggered by the husband

Figure 2: Marital surplus, renegotiation and divorce

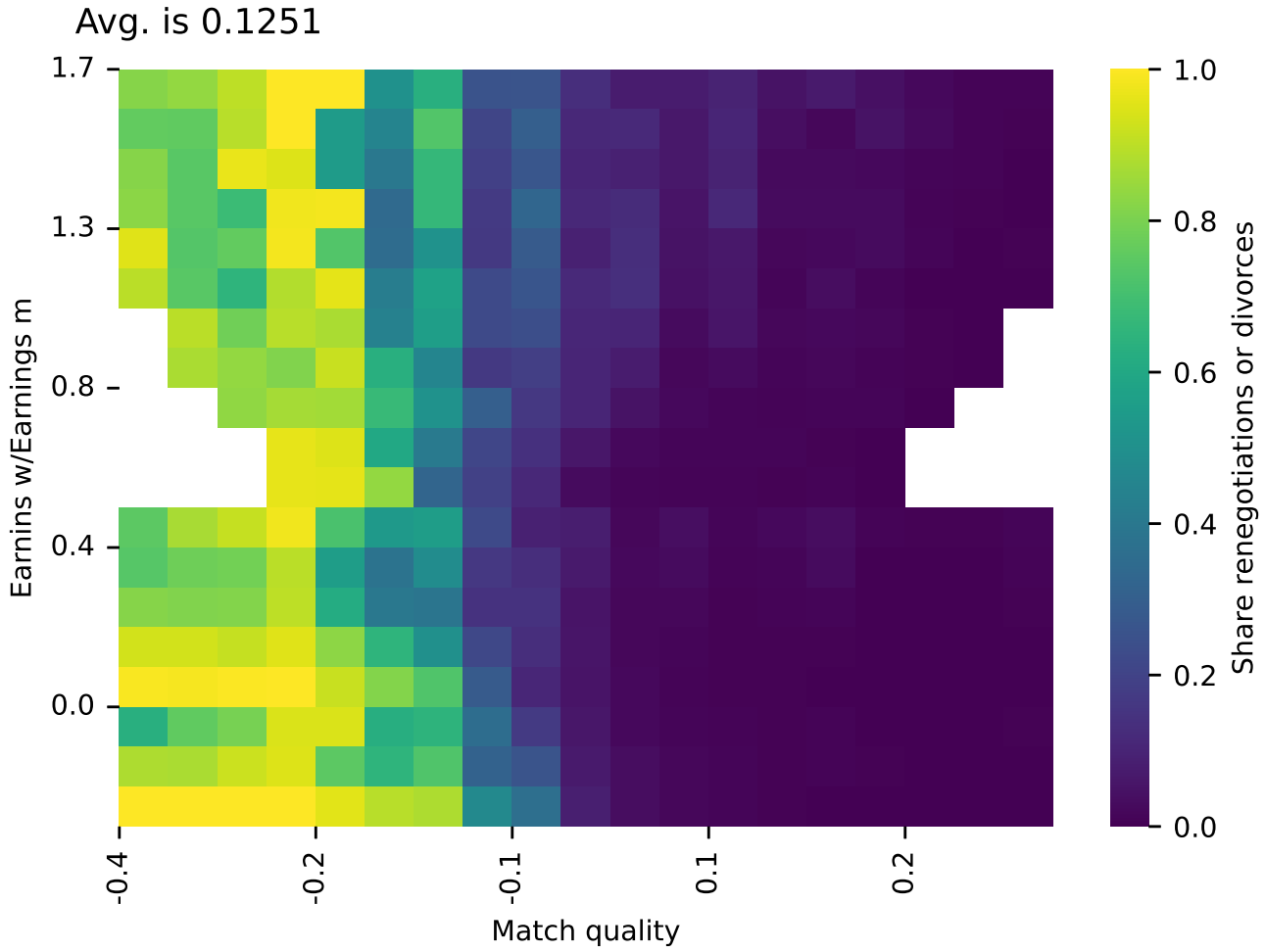
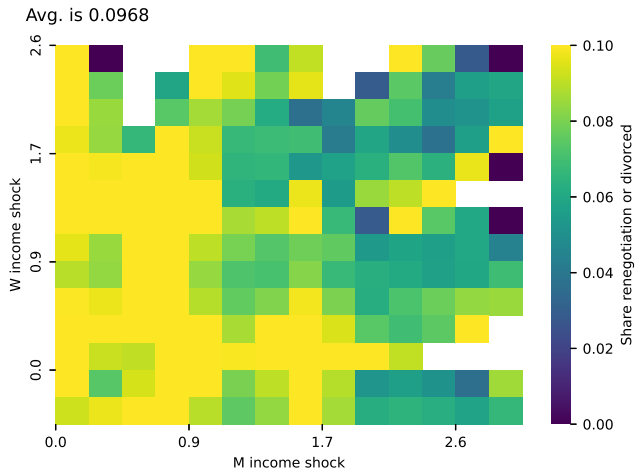
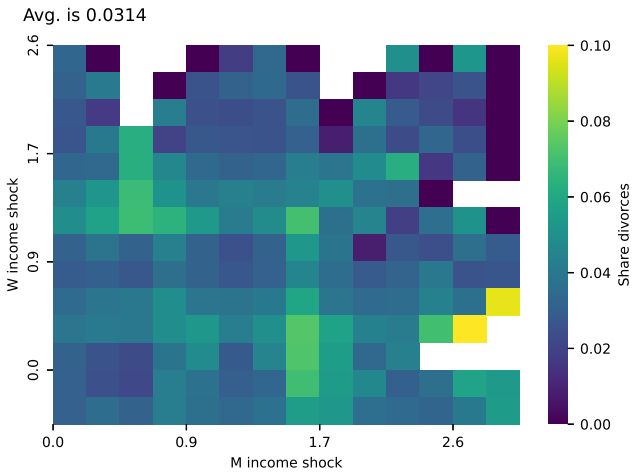


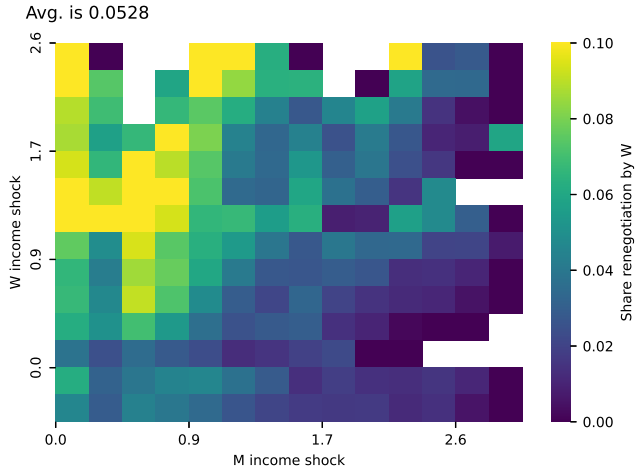
Figure 3: Share or divorces and renegotiations given relative earnings and match quality



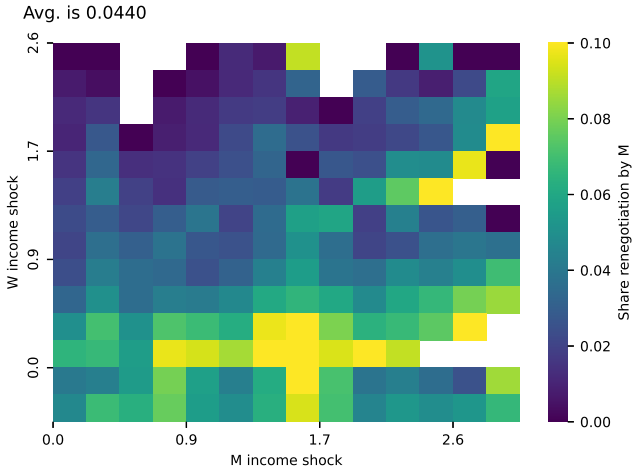
(a) Renegotiations and divorces



(b) Divorces



(c) Renegotiations triggered by the wife



(d) Renegotiation triggered by the husband

Figure 4: M and W income shocks, renegotiation and divorce

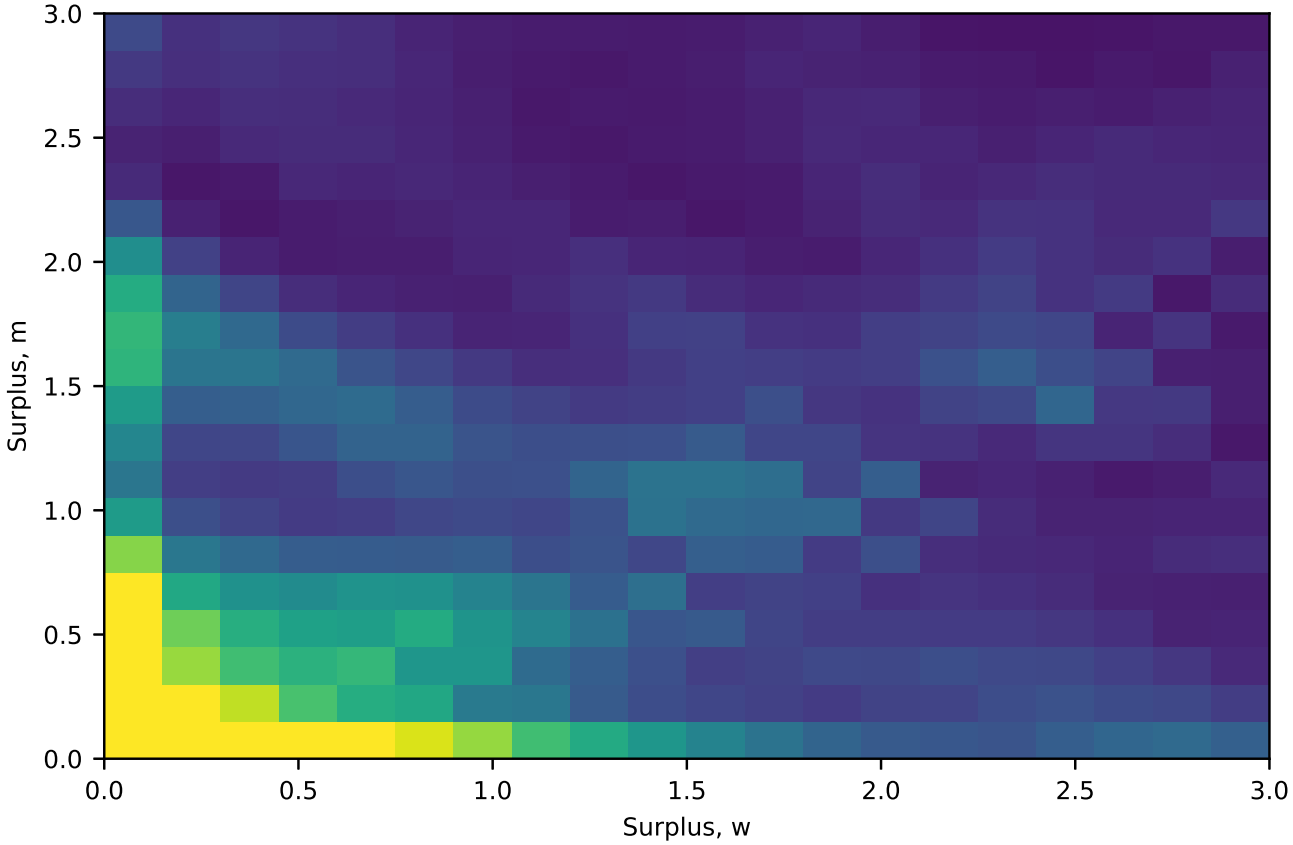


Figure 5: Marital surplus distribution (value of staying married - value of divorce)

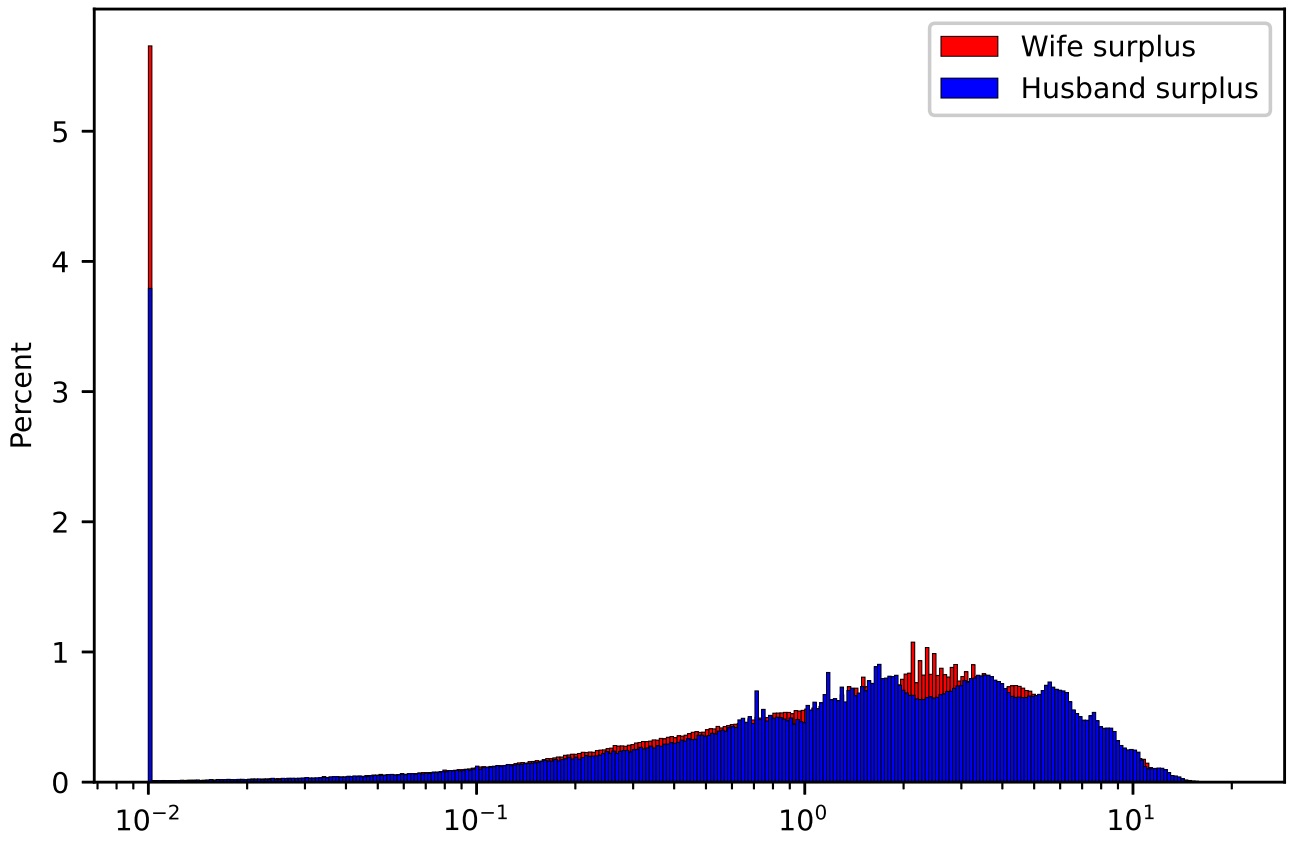


Figure 6: Marital surplus distribution

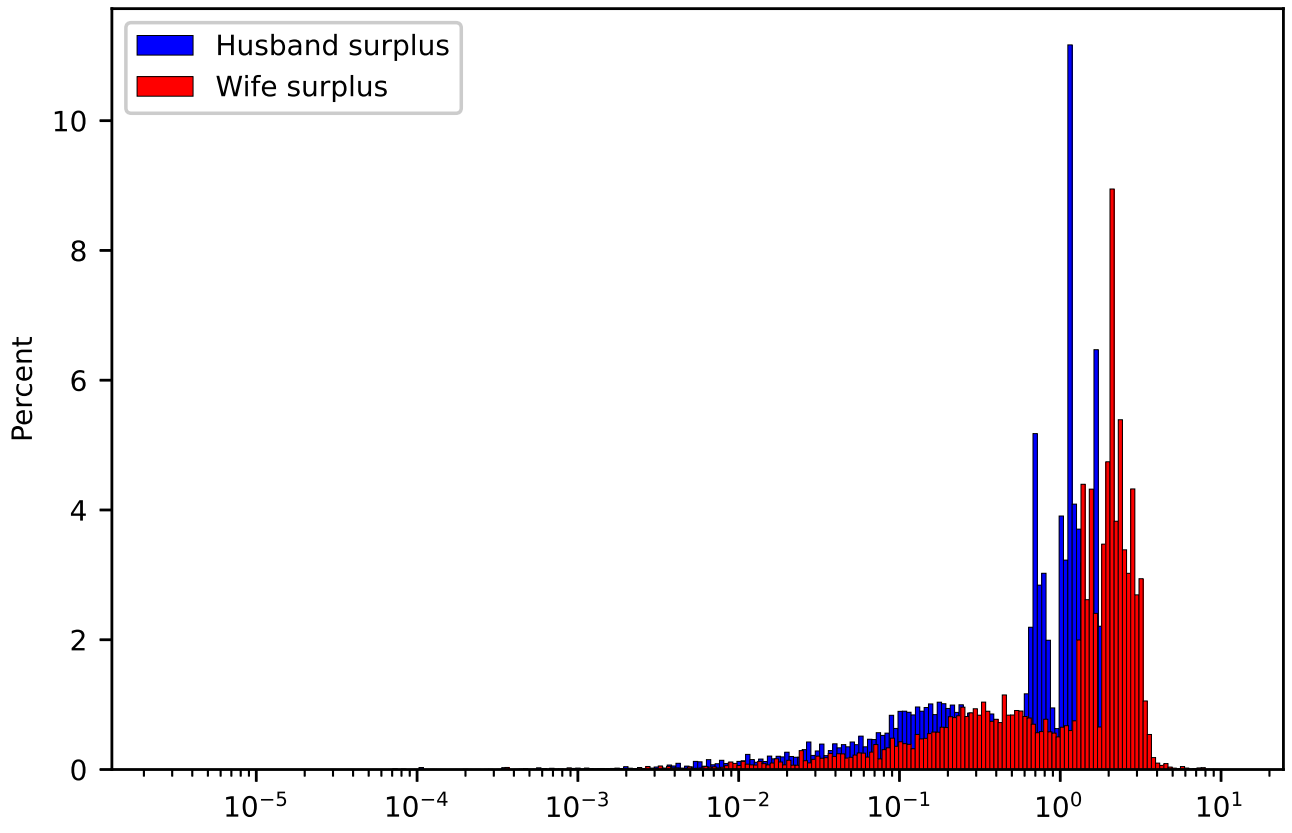


Figure 7: Marital surplus distribution at meeting

Something we have learned

- The match surplus at meeting is higher for women (Figure 7): this is an implication of the (close to) symmetric nash bargaining (SNB) and women earning less than men. SNB allocates a higher share of the surplus to the spouse having lower earnings.
- Women are more likely to hit the participation constraint than men (Figure 6). Since, again, women's marginal utility is lower for women, the same shock implies a larger change in reservation utilities for women than for men.
- If we impose a non-symmetric nash bargaining, the gender who get a higher weight will be less likely to hit participation constraints.
- If we close the gender wage gap, the patterns in renegotiation and surplus share distribution become gender symmetric

3 Consumption insurance regressions

Table 2: Pass-through of changes in income on consumption and consumption shares, using changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp	Wife share
	(1)	(2)	(3)	(4)	(5)
...total income	**0.393**	0.355			
...wife income	0.142	0.138	**0.075**	**0.220**	**0.145**
...husband income	0.188	0.186	**0.206**	**0.164**	**-0.042**

NOTES: Coefficient interpretation: 1% change in income leads to X% change in expenditure. Coefficients associated to changes in the wife income are computed using women working in two consecutive periods.

Table 3: Pass-through of changes in income on consumption and consumption shares, using **transitory** changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp	Wife share
	(1)	(2)	(3)	(4)	(5)
...total income	**0.128**	0.116			
...wife income	0.034	0.032	**-0.022**	**0.076**	**0.098**
...husband income	0.080	0.079	**0.088**	**0.058**	**-0.030**

NOTES: Coefficient interpretation: 1% change in income leads to X% change in expenditure. Coefficients associated to changes in the wife income are computed using women working in two consecutive periods.

Table 4: Pass-through of changes in income on consumption and consumption shares, using **persistent** changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp	Wife share
	(1)	(2)	(3)	(4)	(5)
...total income	**0.327**	0.315			
...wife income	0.430	0.417	**0.350**	**0.587**	**0.238**
...husband income	0.303	0.302	**0.331**	**0.275**	**-0.056**

NOTES: Coefficient interpretation: 1% change in income leads to X% change in expenditure. Coefficients associated to changes in the wife income are computed using women working in two consecutive periods.

Table 5: MPC calculated as in BPP, using transitory changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp
	(1)	(2)	(3)	(4)
...husband income	0.057	0.059	0.062	0.009
...wife income	0.037	0.034	-0.052	0.089
...total income	0.337	0.296	0.493	0.556

NOTES: the consumption insurance parameters displayed in the table are computed as

$$\frac{E\left(\Delta c_t \Delta y_{t+1}\right)}{E\left(\Delta y_t \Delta y_{t+1}\right)},$$

where y_t can the income of the husband, wife or the sum of the two (total). Variables c_t can be the total, common, husband or wife' expenditures. Coefficients associated to changes in the wife income are computed using women working in two consecutive periods.

Table 6: Consumption insurance to persistent income shocks, calculated as in BPP, using persistent changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp
	(1)	(2)	(3)	(4)
...husband income	0.370	0.365	0.418	0.354
...wife income	0.431	0.420	0.379	0.598
...total income	0.541	0.516	0.636	0.690

NOTES: the consumption insurance parameters displayed in the table are computed as

$$\frac{E\left(\Delta c_t\left(\Delta y_{t-1}+\Delta y_t+\Delta y_t\right)\right)}{E\left(\Delta y_t\left(\Delta y_{t-1}+\Delta y_t+\Delta y_t\right)\right)},$$

where y_t can the income of the husband, wife or the sum of the two (total). Variables c_t can be the total, common, husband or wife' expenditures. Coefficients associated to changes in the wife income are computed using women working in two consecutive periods.

Table 7: Women's employment response (in percentage points) to different types of income shocks

Transitory shocks		Persistent shocks		Transitory+persistent shocks	
Wife	Husband	Wife	Husband	Wife	Husband
(1)	(2)	(3)	(4)	(5)	(6)
0.588	-0.068	0.400	-0.242	0.500	-0.145

NOTES: the income shocks relate to *potential log income* y. In the case of women, a positive potential income shocks does not translate in more earnings if the women does not work. The numbers displayed in the table are OLS coefficients:

$$\frac{E(\Delta y_t\ \Delta WLP_t)}{E(\Delta y_t)},$$

where ΔWLP is the change in women's employment over two consecutive periods.

Table 8: Pass-through of changes in income on consumption and consumption shares, using changes in...

	Total Exp	Common Exp	Husband Exp	Wife Exp	Wife share
	(1)	(2)	(3)	(4)	(5)
...total income	**0.282**	0.200			
...wife income	0.346	0.237	**0.071**	**0.038**	**0.258**
...husband income	0.157	0.124	**0.026**	**0.007**	**-0.124**

NOTES: Coefficient interpretation: 1 yen change in income leads to X yen change in expenditure.