

Commitments in Marriage and Under-savings¹

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Abstract

In this paper, we hypothesize that for married individuals with hyperbolic discounting putting saving or consumption decisions in the hand of spouses or getting spouses involved into decision makings functions as commitment devices, and then we empirically examine the hypothesis. Using the micro-data of married Japanese couple from waves 2008 and 2009 of the Preference Parameters Study of Osaka University, we conducted a cross-sectional analysis. Our results are as follows: wives who discount hyperbolically and discuss together but husbands mainly decide on savings and investments are more likely to save as they think they should. In addition, we have a similar effect when we alternate from decisions on savings and investment to decision on expenditures. However, we do not have significant effects for husband sample. From these, we conclude that for wives with hyperbolic discounting putting saving or consumption decisions in the hand of spouses or getting spouses involved into decision makings functions as commitment devices. (156 words)

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