

Do Child Benefits Benefit Children?
An Empirical Analysis of DPJ's 'Kodomo Teate' Programme

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Abstract

The 'kodomo teate' programme, implemented in April 2010, was unique in that it specified that parents and guardians must spend the allowance solely for the 'development and growth' of their children. This paper assesses the impact and effectiveness of the programme by analysing the changes in child-related spending of households using 2010 and 2011 panel data. Difference-in-difference estimations suggest, amongst others, that the policy on average increased (January) child-related expenditure of households by 20,000 yen and child-related expenditure per child by 15,000 yen. Under the assumption of homotheticity, the paper also finds strong evidence that the programme had an effect similar to a voucher and that the policy goal was well-understood by parents and guardians.