

Heterogeneous Responses of Consumption to COVID-19 between Generations*

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Abstract

Using a survey for consumer's expenditure on daily commodities in Japan, this study examines how the spread of COVID-19 influences consumption expenditure. We find that consumers spend more at the onset of COVID-19 than before. In fact, consumer spending significantly increases after February 2020. However, the response to the spread of COVID-19 is significantly heterogeneous across generations. We find that during a state of nationwide emergency declared in April 2020, consumption expenditure by the elder significantly decreases than before, compared to that of the young. Although the evidence suggests that an increase in fear of the infection of COVID-19 seems to influence spending behavior of the elder, we also find that spending by the elder jumps up after the lift of the state of emergency.

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Keywords: COVID-19; consumption gap across generations; expenditure;
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