

Pension Reform and Intra-household Bargaining: Evidence from Japan's Pension Division Reform

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Abstract

This paper examines how an exogenous improvement in wives' outside options affects intra-household behavior within ongoing marriages. Exploiting Japan's 2007–2008 Employees' Pension Division Reform, which strengthened wives' legal claims to pension entitlements upon divorce, I analyze changes in unpaid work allocation among non-divorced couples. Using micro-level survey data and a difference-in-differences framework, the results show that the reform led to a reduction in wives' relative contributions to housework and childcare. The findings are consistent with a limited commitment model, in which improved fallback positions shift intra-household bargaining power even without marital dissolution.

Keywords: pension reform; intra-household bargaining; unpaid work; Japan