

“Housing Prices, Inter-generational Co-residence, and Excess Savings by the Young in China”

(in English)



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Date: 12 December 2019 (Thursday)

Time: 3:30pm – 5:00pm

Venue: MBG01, G/F, Patrick Lee Wan

Keung Academic Building

Abstract

In many countries of the world the co-residence of young adults aged 25-34 with their parents is not uncommon and in some countries, like China, the savings rates of these age groups exceed those of the middle-aged contrary to the standard model of life-cycle savings. In this paper we examine the role of housing prices in affecting the living arrangements of adult family members and their individual savings rates by age in China. Using unique data that enable the reconstruction of whole families and identify individual savings regardless of who within the family co-resides in the same household, and exploiting the Chinese government rules determining the supply of land for residential housing, we find that higher housing prices, due to restrictions on the supply of housing, significantly increase inter-generational co-residence and elevate the savings rates of the young relative to the middle-aged, conditional on income. The excess savings rate are thus in part due to the significant subsidies the young receive from sharing housing with parents.

Biography

Mark R. Rosenzweig is the Frank Altschul Professor of International Economics and a former director of the Economic Growth Center for over 10 years at Yale University. He is also a Distinguished Adjunct Professor of Economics at Lingnan University. He is a development economist who pioneered in the use of microeconomic methods for studying the causes and consequences of economic development and the role of human capital. Rosenzweig is Co-Editor of the Handbook of Family and Population Economics and of the newest Handbook of Development Economics. Rosenzweig also recently served as Editor-in-Chief of the Journal of Development Economics. He is a Fellow of the Econometric Society, a Fellow of the Society of Labor Economists, a Fellow of the American Academy of Arts and Sciences, and a Yangtze River Scholar. Rosenzweig earned B.A., M.A. and Ph.D. degrees from Columbia University.

All Are Welcome

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