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To CERF Board Members:

This is the report on progress for the project "Risk Preferences and Portfolio Choice: An Intra-household Perspective", which I am pursuing during my CERF Fellowship.

Project Update:

The title of the project has been changed as "**The Gender Gap in Household Bargaining Power: A Portfolio-Choice Approach**" to reflect its updated materials.

Abstract:

We quantify how bargaining power is distributed when spouses make portfolio decisions together. We build a model in which each spouse has their own risk preference and must bargain with each other to make asset allocation decisions for the household. By structurally estimating the model using representative sample from Australia and Germany, we find a significant gender gap in household bargaining power: in Australia, the husband's risk preference matters 44% more for the average household's asset allocation than the wife's; in Germany, the husband's risk preference is twice as important as the wife's. These gaps in bargaining power are partially explained by gender differences in income and employment status, but they are also due to gender effects. We provide further evidence that links the distribution of bargaining power to views on gender norms.

This paper is disseminated through IFS network, which is available at:

<https://ifs.org.uk/publications/15437>

What we have done since the last report:

1. We applied the same model to a Germany sample to check the external validity across countries.
2. We presented this paper in various conferences (WFA) and seminars to gather comments.

Plan for the next step:

1. We will continue to present this paper in conferences and seminars to improve the paper.
2. We will submit this paper to a world-leading journal to seek for a publication.

Yours ever,

Weilong Zhang