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Editor's Introduction to the Special Issue on "The Impact of Government Policies on Household Welfare in Asia"

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This issue of the *Pacific Economic Review* is a special issue on "Household Behavior in Asia." Household economics (also called family economics) is not one of the most well-established subfields of economics, but it is an important one that covers all decisions made by households from consumption, saving, portfolio allocation, schooling, and labor supply to marriage, divorce, fertility, housework, child care, parental care, and bequests and other intergenerational transfers.

This issue collects three excellent papers on various aspects of household behavior in Asia. The first paper is "Impacts of enterprise zones on local households in Vietnam" by Tien Manh Vu and Hiroyuki Yamada. The Vietnamese government relied on the establishment of enterprise zones as a way of encouraging economic development, and Vu and Yamada test what impact these zones had on household welfare by skillfully combining data from Vietnam Household Living Standard Survey and the Establishment Census, which contains information on enterprise zones. Their estimation results show that the establishment of enterprise zones is associated with higher household incomes, an increase in private property prices, and an increase in working hours but that they do not have a significant impact on household living expenditures, the school attendance and employment of those aged 7 to 17, or on health outcomes.

Second, the paper by Ryo Sakamoto entitled "Family bargaining over parental leave: A collective household model with endogenous gender power" develops a dynamic collective household model and analyzes household decisions on parental leave-sharing between spouses, resource allocation, home production, and labor supply. It finds that whether or not husbands take parental leave will depend on the bargaining positions of

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husbands and wives and that husbands will not take parental leave if the wife's initial bargaining power is sufficiently low. This finding has important policy implications because it implies that introducing parental leave policies for both genders will not necessarily induce husbands to take parental leave and that simultaneous measures to increase wives' bargaining power are necessary to induce husbands to take parental leave.

The analysis in this paper is purely theoretical but it is highly relevant in the case of the Asian countries where women's bargaining power within the family tends to be lower than in Western countries, and it is especially relevant in the case of Japan, whose government is currently trying to encourage husbands to take paternal leave as a way of easing the burden of childcare on wives and increasing the fertility rate. For example, in March 2023, Japanese Prime Minister Fumio Kishida announced that the Japanese government will aim to raise the percentage of fathers who take paternity leave to 50% by fiscal 2025 and to 85% by fiscal 2030 as a way of tackling the decline in the fertility rate (see https://japannews.yomiuri.co.jp/politics/politics-government/20230318-98303/).

Third, the paper by Miki Kohara and Taisei Noda entitled "The causal effect of working time on mental health: the effectiveness of the law reform raising the overtime wage penalty" examines the impact of working time on workers' mental health using the 2020 reform of Japan's Labor Standards Act as a social experiment. This reform attempted to reduce overtime working hours by raising the minimum penalty for overtime hours in excess of 60 hours per month from 25% to 50% of regular wages. The authors examine the impact of this reform on overtime working hours and workers' mental health using data from the Japan Household Panel Survey of Consumer Preference and Satisfaction, conducted by Osaka University, and their estimation results show that this reform achieved its goal of reducing overtime working hours and that this, in turn, contributed to improving the mental health of workers.

Thus, all three papers in this special issue look at the impact of government policies on households, with the Vu-Yamada paper looking at the impact of enterprise zones, the Sakamoto paper looking at the impact of the availability of parental leave for both genders, and the Kohara-Noda paper looking at the impact of penalties for overtime work. The Kohara-Noda paper show that government policies can sometimes improve the welfare of households, as intended, the Vu-Yamada paper shows that government policies can improve the welfare of households in some ways but not others, and the Sakamoto paper shows that government policies may not necessarily improve the welfare of households. Thus, the papers in this special issue deepen our understanding not only of household behavior but also of the impact of government policies on the welfare of households. In particular, they demonstrate that government policies need to be designed carefully with the help of economists in order to achieve the designed effects. Thus, the papers in this special issue will be of interest and value not only to academic economists but also to policymakers.

I would like to thank the authors of the three papers for contributing their excellent papers to this special issue and the *Pacific Economic Review* and Akihisa Shibata, Editor in the Japan Editorial Office, for agreeing to publish this special issue.