

“The Prodigal Son: Does the Younger Brother Always Care for his Parents in Old Age?”

Lecture at IDEC Hiroshima University

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Abstract

Previous studies have shown that the older sibling often chooses to live away from his elderly parents with the aim of free-riding on the care provided by the younger child. In the presented model, we incorporate income effects to depict the alternative pattern frequently observed in Eastern countries, namely that the older sibling lives near his or her parents and cares for them in old age. By generalizing the existing model, we show the three cases of the elderly parents being looked after by (1) the older sibling, (2) the younger sibling, and (3) both siblings, depending on the relative magnitude of the income effect and the strategic incentive for one sibling to free-ride on the other. Our study also investigates the effect of changes in relative incomes of on the level of total care received by their parents. We find that the overall care provided by both children increases as their aggregate income rises, but at some point this may reduce because of the incentive to free-ride.