In this paper, we investigate an aspect of inequality in development that has been neglected by researchers, namely gender inequality in household asset accumulation. Taking the case of China, we examine whether there is unequal treatment of boys and girls when parents are making decisions about investing in household assets. Previous literature has found gender bias in inter-vivo transfers, land inheritance and investment in child education. However, there has been insufficient empirical research about gender effects of children on asset allocation.

Using the Chinese Family Panel Survey of 2010-16, we investigate the effect of household population composition by gender and age on changes in asset holdings in three categories: financial products, real estate and private business assets. We use Working-Lesser functions to identify the effect of household population composition by sex and age on changes in asset holdings of the three types. The analytical focus highlights the role of gender on household asset decision-making, exploring whether China still adheres to a pro-son biased asset beneficiary system.

We find that households with young sons are more likely to put money into real estate, while those with young daughters are more likely to have financial assets. Traditionally designated family obligation towards sons may have led parents to put money on more secured and long-lasting type of assets. Since daughters, by and large, are not the responsibility of their own parents, it seems that families would be more likely to hold more risky type of assets to increase current consumption. Compared to other types of asset, holding more financial products increases household current spending in adult goods and child education.

Such gender biases in asset allocation have implications on household wealth levels and intergenerational wealth transfer, and hence on gender equity in education and socio-economic status. Additionally, we also find evidence that when women have relative higher education in the family, the scale of boy-girl discrimination becomes smaller, particularly for real estate. This finding echoes previous studies that increasing women’s education and control over the household resources will improve equity of opportunity between boys and girls.