

Has universal long-term care insurance changed familialism? A synthetic control analysis^{*}

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Abstract

Exploiting the introduction of the nationwide Long-term Care Insurance (LTCI) in Germany and Japan and utilizing a synthetic control (SC) method, we examine how the LTCI introduction has changed public expenditures and female labor force participation in these countries. Estimation results using the panel data of OECD countries (1970s-2010s) suggest that (1) LTCI introduction increased in-kind benefits in Japan, but no clear impact was observed in Germany, (2) LTCI did not have a positive effect on female labor force participation in both countries and (3) LTCI might shift female employment from full time to part time in Germany. We also provide extensive placebo tests based on permuted treatment assignment and resampled donor pools to check the above conclusions.

JEL classification: H42, H53, H61, I13, J22

Keyword: long-term care insurance, synthetic control, aggregate effect, female labor supply, familialism

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