

Estimating Effect of Informal Elderly Care on Labor Supply: Exploitation of Government Intervention on the Supply Side of Elderly Care Market

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Abstract

This paper analyzes the effect of informal elderly care on caregivers' labor supply. This is an analysis utilizing the exogenous variations from the supply-side government intervention of the elderly care market. The Japanese government have intervened on the supply side of elderly care market and the nursing home suppliers are regulated to enter the market. As a result, the public nursing home capacity exogenously changes for caregivers. We utilize this exogenous variation to estimate the effect of informal elderly care on labor supply. There is so far no study to utilize the exogenous institutional variation as an instrument to estimate this effect. According to our results, the effect of informal elderly care on female labor force participation is negative. On the other hand, there is no effect of informal care on male labor force participation. In Japan, female spending time on informal care is longer than male spending time on informal care. The increase of nursing home capacity becomes effective for decreasing the female burden of informal care.

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