

Female Labor Supply, Long-Term Care, and the Role of the Labor Market

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Abstract

This paper explores the implications of human capital depreciation and the cost of labor market entry in the context of decisions regarding savings, labor supply, and caregiving. I estimate a life-cycle model of middle-aged women in the U.S. using data from the Health and Retirement Study. The estimated model is used to investigate the effects of counterfactual policies such as a care leave policy and a cash benefit policy. The effect of a care leave policy is limited to people with larger amount of human capital, resulting in smaller increase in the provision of eldercare compared with a realistic cash benefit policy.

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