

The Costs of Informal Care:



**AN ANALYSIS OF THE IMPACT OF ELDERLY
CARE ON CAREGIVERS' SUBJECTIVE WELL-
BEING IN JAPAN**

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Overview



Question: How does provision of care to elderly parents affect subjective well-being?

Data: Nationally representative survey, the “Preference Parameters Study” of Osaka University

Findings: Caring for elderly parents seems to have no significant effect on happiness of *married* individuals, but has significant negative effects on happiness of *unmarried* individuals.

Japanese Demographic Context



- Rapid growth in the share of the population over 65 (highest among OECD countries).
- Other demographic factors: fertility decline and growth in non-marriage.
- Decline in parental co-residence largely driven by increase in childlessness.
- Share of elderly living with unmarried children has increased from about 17% in 1980 to about 27% in 2014.

Japanese Social Context



- Strong tradition of filial obligation and family care of elderly.
- Stronger effects on women, but daughters-in-law becoming less important.
- Universal long-term care insurance introduced in 2000 provides an official classification of need and subsidizes paid assistance (with 10% copayment)
- Both social norms and public policy imply that caregivers should be happier providing care than otherwise!

Previous Research



- Focused more on employment and earnings effects than subjective well-being.
- Has shown complex, heterogeneous effects depending on gender and co-residence.
- Has led to greater awareness of endogeneity and selection bias.

Confounding Effects



Two sources of stress:

- Having a loved one in need of care (the “family effect”)
- Actually providing care for that loved one (the “caregiving effect”)

Since having a loved one in need of care is stressful itself, the stress of caregiving in response to that need could be overestimated.

Is stress greater for married or unmarried children?

- Author points out that married couples have more resources, including time.
- On the other hand, they are more likely to have children of their own that require care.

Basic Model



$$W_i = f(C_i, H_p, X_i)$$

- W_i is individual's subjective well-being, assumed to be a function of care provision to his/her own parents (C_i)—a binary variable
- H_p is the health status of his/her parents (a control for intensity of need)
- X_i is a vector of demographic and socio-economic characteristics including co-residence, use of formal caregiving services, receipt of transfers from parents, gender, household income, expected future income, and home ownership, and having children (but apparently not AGE of children), employment, and security of employment, pension expectations, and relative income
- Expanded model includes care provision to parents-in-law.

Endogeneity



What if happier (or unhappier) people are more likely to provide care than others?

- Further complication: primary variable of interest (care provision) is binary

Instruments for providing care:

- For parental care: Measure of reported strength of filial obligation (which presumably increases likelihood of providing care)
- For care of parents-in-law: the number of siblings-in-law

Descriptive Results



Unmarried caregivers have the lowest level of household income, expect the largest decline in their household income in that year, have the greatest tendency to be unemployed, feel relatively poor, expect less pension income and are more likely to have received transfers from parents.

Is this the result of non-marriage, or of selection?
(individuals who are less economically successful are also less likely to be married and to get assistance from parents).

Instrumental Variable Tests



- Strong correlation between filial obligation and care provision but exogeneity not conclusively rejected—hence, Ordinary Least Squares results reported.
- This is a happy outcome, because strong sense of filial obligation could affect the happiness resulting from care provision. That is, it could be a mediating variable rather than an instrument.

Multivariate Results



- For *married* caregivers—only significant caregiving variable is parents' receipt of formal care (guilt? or signal of serious health problems not captured by the categorical health variable?)
- For *unmarried* caregivers—caregiving variables have negative and significant effects on happiness (both having unhealthy parents AND provision of care) and magnitudes are large (**greater than effect of unemployment!**)
- Negative effect attenuated by co-residence, provision of formal services, and receipt of transfers.

Policy Implications



- While women, daughters-in-law in particular, still provide a disproportionate share of all care, unmarried daughters and sons are playing an increasingly large role.
- If they get too unhappy, they may begin to supply less care (and further erode filial norms) which will increase costs to taxpayers.

Specific Concerns



Excellent use of existing data!

BUT:

- Binary caregiving variable problematic .Unmarried may provide more care.

AND:

- Filial obligations may differ for unmarried and unmarried.
- Selection bias: Unmarried individuals who are economically unsuccessful and therefore unhappy may be more likely to provide care to parents.

More General Concerns



Should reported unhappiness be described as a “cost”?

What if all women reported being happy caregivers, while all men reported being unhappy caregivers.

Would we say the cost is higher for men?



Both gender and filial norms of obligation are clearly changing.

Is this a good thing or a bad thing?

How **SHOULD** the costs of caring for the older generation be distributed between old people themselves, their children, and taxpayers in general?

Note: Germany charges childless individuals more than others for old age care insurance, implying that childrearing itself is a contribution.