

# CARE WORK AND THE ECONOMY

Advancing policy solutions with gender-aware macroeconomic models

POLICY BRIEF | 20 – 08

## PARENTAL CAREGIVING AND HOUSEHOLD POWER DYNAMICS

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### POLICY HIGHLIGHTS

- It's critical to account for differential **bargaining power** when determining **welfare effects** of **unpaid caregiving**.
- Policies promoting **flexibility in number of hours worked** could provide **substantial relief** for both **caregivers** and **care recipients**. These include:
  - Caregiver leave
  - Part-time options
- Policies encouraging **division of care across genders** can promote **a more equitable welfare burden of care**. These include:
  - Gender-aware eldercare leave policies
  - Policies to reduce the gender-wage gap

### Introduction

The paper develops a theoretical collective bargaining model to explore how unpaid parental caregiving can affect time and resource allocation decisions between partners under different household power structures. Such eldercare decisions have direct implications for both caregivers' and care recipients' welfare.

### Who's Providing Eldercare?

As populations continue to age in many countries, the demand for eldercare likewise continues to increase. Unpaid, informal workers—i.e. family members like adult children—provide much of this care. Women often provide much of this care in addition to their market work and home production responsibilities, creating a “triple burden” of market work, home production, and caregiving.

### Model Implications

Results are compared for three sets of assumptions:

	Assumptions	Implications
<b>Exogenous Bargaining Power</b>	<ul style="list-style-type: none"><li>• The amount of bargaining power is taken as given for each partner based on cultural norms and other external factors. It is unaffected by model outcomes.</li></ul>	<ul style="list-style-type: none"><li>• More equal bargaining power could have positive effects for caregivers and care recipients. It could more evenly distribute the welfare burden of caregiving across household partners and reduce the unmet care needs of an elderly parent.</li></ul>
<b>Endogenous Bargaining Power</b>	<ul style="list-style-type: none"><li>• Bargaining power changes based on relative earnings. It can evolve based on household decisions and effects to the income distribution between partners.</li></ul>	<ul style="list-style-type: none"><li>• Declines in female labor supply (such as those in response to providing care) could reduce female bargaining power.</li><li>• Decreasing bargaining power increases that person's share of the welfare burden as well as unmet care needs of the parent.</li></ul>
<b>Fixed Labor Supply</b>	<ul style="list-style-type: none"><li>• Labor supply is fixed due to labor market rigidities—any adjustments on the labor supply margin (i.e. number of hours worked) can be costly.</li><li>• Caregiving needs must be met by adjustments solely along the leisure or home production margins.</li></ul>	<ul style="list-style-type: none"><li>• Labor market rigidities could exacerbate the total welfare cost of unpaid caregiving to the household and unequal distribution of the burden. They also yield the highest level of unmet care needs across models.</li><li>• Fully flexible labor markets could more evenly distribute the welfare burden across household partners.</li></ul>

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