

Living close to mothers or mothers-in-law gives married women with young children greater freedom to work.

*In an increasingly mobile society, there may still be incentives for remaining close to family members, especially for those with young children. **Janice Compton** and **Robert A. Pollak** take a close look at the effects on the labor supply – how many hours they are willing to work – of young mothers of living close to their mothers or mothers-in-law. They find that married women who live closer to their children’s grandmothers are more likely to be willing and able to work, and work longer hours. They argue that this effect is directly related to the greater availability of childcare that grandparents provide for married mothers with young children.*



Economic theory makes no prediction about the effect on labor supply (the probability of working in the market and the number of hours worked per week) of living close to one’s mother or mother-in-law. Indeed, economic theory is generally silent about the geography of the family. If there are differences in labor supply associated with proximity, those differences might reflect “selection,” that is, underlying differences (e.g., in race or education) between adults who live near their parents and those who do not.



For women with young children, having mothers or mothers-in-law nearby might have a positive effect on labor supply because the grandparents might help with childcare. On the other hand, it might have a negative effect on labor supply because the grandparents themselves may require care, and caregiving responsibilities often fall to daughters and daughters-in-law who live nearby. To discover which effect predominates requires empirical analysis.



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Using U.S. data, we find that for married women with young children, living close to mothers or mothers-in-law is associated

with substantially-higher labor supply. We argue that there is clear and convincing evidence that this higher labor supply is a response to the greater availability of childcare.

For married women with young children, living close to their mothers or mothers-in-law increases the probability of working in the market and increases the number of hours worked per week. (By “close” we mean twenty-five miles or less; by “young children” we mean children under 12.) The effect on labor supply of proximity to mothers or mothers-in-law is large — similar in magnitude to the effects of race and education. More specifically, we find that the predicted probability of employment and labor force participation is between 4 and 10 percentage points higher for married women with young children who live close to their mothers or mothers-in-law than for those who live further away.

We use two data sets, the National Survey of Families and Households (NSFH) and the public use files of the U.S. Census. The NSFH is unusual in that it provides information about how far adult women live from both their

mothers and their mothers-in-law. Unlike the NSFH, the Census does not provide information about distance to mothers or mothers-in-law, but it does provide information about the birth state of the wife and the birth state of her husband. We use birth state as a proxy for close proximity — women who live in their birth states are likely to live near their mothers; women whose husbands live in their birth states are likely to live near their mothers-in-law. Using a large sample from the Census, we find labor supply effects similar to those we found using the NSFH.

We argue that there is clear and convincing evidence that the relationship between proximity and the labor supply of married women with young children is causal. We do not, however, have a “natural experiment” or an “instrumental variable” to identify causation. Our argument rests on our finding that the association between proximity and labor supply is concentrated in a narrow demographic group — married women with young children. We find that proximity does not affect the labor supply of men or of single women, nor does it affect the labor supply of married women without young children. The concentration of the labor supply effect on married women with young children suggests that the availability of childcare is the mechanism linking proximity and labor supply. This inference is supported by the fact that we do not find a labor supply effect if the mothers or mothers-in-law are in poor health and, thus, presumably less likely to provide childcare.

Other explanations of the association between proximity and labor supply (e.g., better job-search networks) would imply effects for men, for unmarried women, and for married women without young children, but we do not observe these effects. Empirically, the “selection” argument (i.e., those who live close to their mother or mother-in-law are systematically different than those who do not) works in the opposite direction. That is, the observable characteristics of individuals who live near their mother or mother-in-law are associated with lower labor supply (e.g. lower education, younger, lower spousal income).

Using Census data, we can partially address the absence of a natural experiment or an instrumental variable. The ideal natural experiment would randomly assign couples to locations. We argue that our sample of “military wives” — civilian women with husbands serving in the U.S. military — approximates such an experiment. Using the military wives, we find labor supply effects that are substantial but are weaker than the effects for the general population. This is perhaps because, as a consequence of the approximate random assignment, compared with the general population; those in the military who live in their birth states are likely to be further from their mothers and mothers-in-law.

The labor supply effect does not appear to operate solely through the provision of regularly-scheduled childcare during work hours. Indeed, the availability of grandmothers who can respond to irregular or unanticipated childcare needs may be more important than the availability of regularly scheduled grandmother-provided childcare. The availability of a grandmother who can pick up a sick child from school, take a child to after-school sports practice, or care for a child whose parents are traveling on business — situations for which market-based childcare is seldom available — serves as a kind of insurance. This availability may affect women’s labor market choices even if such childcare needs seldom arise. Previous studies may understate the effects of proximity on labor supply because they focus only on childcare hours provided by grandmothers and fail to consider “on-call” childcare.

The link between family proximity and the labor supply of married women with young children has policy implications. Policies that increase the availability of childcare to meet irregular or unanticipated childcare needs, including care for sick children, might substantially increase the labor supply of married women with young children. Conversely, policies that increase the retirement age may reduce the availability of the older generation to provide childcare and thus reduce the labor supply of married women with young children.

*This article is based on the paper “[Family Proximity, Childcare, and Women’s Labor Force Attachment](#),” in the January 2014 issue of the *Journal of Urban Economics*.*

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