Figure 3.15. Effects of Reforms on Participation Rates of Women and Older Workers

(Percentage points; years on x-axis)

Reductions in marginal taxation of second earners and continued work at older ages boost the labor market participation of women and older workers, respectively.

Source: IMF staff estimates.
Note: $t = 0$ is the year of the shock. In panel 1, the solid line denotes the response to a 1 percent reduction in the (marginal) labor tax wedge for second earners. In panel 2, the solid line denotes the response to a 10 percentage point reduction in implicit tax on continued work. Dashed lines denote 90 percent confidence bands.