

# Analysis of Policies to Increase Married Women's Participation in Economic Activities

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This paper uses a structural model to compare and analyze the long-term effects of policies aimed at enhancing the economic participation rate of female workers. Policies are classified as subsidy policies, which adjust the effective wages of female workers by providing subsidies to households, and structural improvement policies, which narrow the gender wage gap by reducing discrimination of female workers in terms of promotion and assignments.

With respect to adjusting effective wages by providing subsidies without any structural improvement, it is found that providing subsidies conditioned on the woman's employment to households with young children, which have the most difficulty in contributing to the labor supply throughout the life cycle, is effective in increasing female participation in economic activities. The implementation of this policy has heightened the average human capital level of women by reducing career breaks. However, the policy has also resulted in the employment of women with low productivity who would not have participated in the labor market absent the subsidies, leading to a larger wage gap between male and female workers.

If we wish to achieve, as policy goals, both an increase in female participation in economic activities and a narrowing of the gender wage gap at the same time, implementing only a subsidy policy has its limitation. Thus, it is also necessary to engineer a structural improvement in the labor market that will reduce the gender wage gap. Such improvements take a long time to take root, and policy effects can be reduced in the process of forming a social consensus. Taking these points into consideration, it may be a more realistic alternative to pursue structural improvement in the labor market in parallel with a policy of providing subsidies to households with young children on the condition that the woman of the household is employed.

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I . Background for Discussion

II . Female Participation in Economic Activities

III . Analysis Model

IV . Analysis Results

V . Conclusion