

Female Labor Supply, Taxation and Marital Status

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In France, married couples are jointly taxed while cohabiting partners are taxed on an individual basis. Consequently, married women participate less than cohabiting women, other things being equal, since they face higher marginal tax rates. In this paper, we question whether taxation explains the whole of this gap and we suggest other causes. Firstly, the estimation of a simple discrete-choice model of labor supply reveals that distaste for work is significantly higher for married women, suggesting that household preferences are different between married and cohabiting couples. Then, we simulate a shift from joint to individual taxation for married couples. Controlling for individual characteristics (age, household composition), we find that the participation of married women increases dramatically but does not completely catch up with the level for cohabiting women. It turns out that a significant part of the gap in employment rate is not explained by tax issues. We suggest alternative interpretations, including the fact that marriage seems to provide some guarantee that cooperation will hold so that spouses can enter more easily into specialization, i.e. married women specialize more in domestic production. The next step, left for future research, is to test if the efficiency assumption, postulated in collective models of the household, indeed holds more often in married couples.