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Comparative Perspectives on Sole Parents Policy: Work and Welfare

Proceedings of a Seminar
7 April 1992

Edited by
Sheila Shaver



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Foreword

This volume is an opportune sequel to the collection of conference papers *Sole Parents and Public Policy* published as **SPRC Reports and Proceedings** No. 89 (February 1991). The papers in that volume were implicitly comparative, in that while the main focus was the position of sole parents in Australia the discussion was shaped by an awareness of similarities and differences in the position of sole parents in other countries. The papers in this volume are explicitly comparative, examining the circumstances of sole parents and the social policy frameworks across a number of countries.

The three papers published in this collection were presented at a one-day conference held at the Social Policy Research Centre on April 7, 1992. The papers share a common focus on the incomes of sole parents and the relation between income support and paid employment, but differ in approach and methodology. Julia Perry's paper is based on a comparative study of the social policy arrangements affecting labour force participation by sole parents in the countries of the Organisation of Economic Co-operation and Development (OECD). The research is the work of an international team of officers in the government departments of the various countries. It utilises an institutional approach comparing policy instruments and their effects.

Deborah Mitchell's research utilises statistical analysis to examine the outcomes of sole parent policies in a number of the same countries. Using data from the Luxembourg Income Study, Mitchell compares the circumstances of sole parents, analysing the incidence of poverty and participation in paid employment.

Bettina Cass addresses the same issues from yet a third perspective. In a larger project, she is examining the way in which the caring work of sole parenthood is supported in four countries having different types of social policy regime. Her concern is with theory development and the way in which women's work is represented in arguments about the development of the welfare state. The paper presented here addresses issues in the theoretical underpinnings of comparative work on gender, sole parenthood and the welfare state.

Presented as research in progress, the papers in this volume offer early insights into new contributions in the study of sole parents policy as it is developing in the increasingly important field of comparative social policy.

Peter Saunders
Director

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Breadwinners or Childrearers? Barriers to Labour Force Participation for Sole Mothers

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1 Introduction

This paper is based on a report prepared for a panel established by the Organisation for Economic Co-operation and Development (OECD) to examine the factors affecting labour force participation by lone mothers. The Panel was established by the OECD Working Party on Social Policy in November 1989. It consisted of eight countries: Australia, Austria, Canada, Finland, the Netherlands, Sweden, the United Kingdom and the United States. Participants provided country papers by the end of 1990, and Australia as the lead country drafted the report as a synthesis of the work of the Panel in the first half of 1991.

While lone mothers have comparatively high labour force participation rates in many OECD countries, in a significant number they do not. Interest in increasing participation comes largely from a concern to reduce poverty and the need for government assistance for lone mother families. However, it should be noted that even in countries where labour force participation by lone mothers is relatively high they may be over-represented among low income earners and the poor. Increasing labour force participation among lone mothers can therefore be seen as only part of the solution to their economic disadvantage. Public and private transfers to support children in lone mother families are likely to continue to be a major component of their financial well-being.

The important common problem that lone mothers face is responsibility for both the care of children and the financial support of the family. The heavy domestic burden they face as sole carers, particularly when children are young, limits the time and energy they have to devote to paid work. The importance of this in inhibiting labour force participation is often underestimated. In addition, lone mothers in the majority of OECD countries face social systems and public policies which do not make it easy for them to concurrently meet their responsibilities as both carers and providers. Availability and affordability of services, particularly child care, is often a major obstacle and labour market provisions which cater adequately for workers with

family responsibilities are uncommon. This is the crux of the dilemma for lone mothers - how to balance their roles as breadwinners and childrearsers.

1.1 Number and Demography

Over recent decades, the proportion of lone parent families has increased markedly in the countries participating in this study. The great majority of lone parent families are headed by women (82 per cent to 91 per cent in the countries studied).

Lone mothers are defined here as women not living in a consensual relationship, with dependent children under 18. In the United Kingdom, only mothers with children under 16 (or 16 to 18 in full-time education) are included, and in Austria only those with children under 15. In Australia they include those with children under 15 or dependent full-time students aged 15 to 24. The term 'married mothers' includes women who are married or living in a consensual relationship, with children in the same age group. In some countries some of the data do not distinguish between actual lone mothers and lone mothers cohabiting with a man who is not the father of the children, and in others unmarried couples with common children are included. These differences are footnoted where they occur. United States data refers mainly to lone mother families who live in separate households, excluding those who share households.

Lone mother families make up between 11 and 15 per cent of all families with children in all the participating countries except in the United States where 24 per cent of all families with children are headed by lone mothers.

For reasons of space, this paper does not examine in detail the effects of demographic characteristics such as the mother's age, the number of children and the age of the youngest child on the extent of labour force participation. However tables included in Appendix Two provide some useful data on full and part-time employment by these characteristics for each of the countries.

1.2 The Financial Position of Lone Mothers

Table 1 indicates the differences in income levels between lone mother families (including those not employed) and two parent families where one or both parents are in the labour force. Distributions are not strictly comparable between countries because of different methods used to calculate the data. However the data do provide an indication of the relative position of lone mothers in relation to other families within countries.

In the countries studied, lone mother families tend to be in worse financial circumstances than two parent families, particularly those where both parents are employed. Lone mother families are relatively better off in Finland and the Netherlands, and particularly in Sweden, where they are better off than single

Table 1: Distribution of Families With Children by Income Quintile Adjusted for Family Composition^(a)

			Quintile of Adjusted Net Income ^(b)					Total ^(d)
Family Type			1	2	3	4	5	
Percentage of families in each quintile								
Australia	1988/89	2 parents						
		1 earner	13	33	27	17	10	100
		2 earners	2	7	19	30	41	100
		lone mother	53	20	12	10	5	100
Austria	1989	2 parents						
		1 earner	55	27	11	4	3	100
		2 earners	10	26	29	20	15	100
		lone mother ^(e)	38	29	18	11	4	100
Canada	1989	2 parents						
		1 earner	32	31	23	6	** ^(c)	100
		2 earners	12	22	26	24	17	100
		lone mother	61	20	**	**	**	100
Finland	1988	2 parents						
		1 earner	38	25	16	12	9	100
		2 earners	12	17	21	24	26	100
		lone mother	29	30	23	12	6	100
Netherlands	1985/86	2 parents						
		1 earner	25	23	20	17	15	100
		2 earners	9	11	17	27	36	100
		lone mother	15	29	30	18	7	100
Sweden (updated from 1988)	1991	2 parents						
		1 earner	56	17	10	9	8	100
		2 earners	13	19	21	23	24	100
		lone mother	31	26	22	12	9	100
UK	1987	2 parents						
		1 earner	21	23	28	17	11	100
		2 earners	5	13	28	31	23	100
		lone mother	45	30	16	7	3	100
US	1990	2 parents						
		1 earner	17	25	22	18	18	100
		2 earners	5	16	22	27	30	100
		lone mother	49	22	13	10	7	100

- Notes:** a) Family units based on the following equivalence scales (except in Austria)
- | | | | | | |
|----------|-----|------------------------------|-----|-------------------------------|-----|
| 1 adult | 1.0 | 1 adult + 1 child | 1.5 | 2 adults + 1 child | 2.2 |
| 2 adults | 1.7 | 1 adult + 2 children | 2.0 | 2 adults + 2 children | 2.7 |
| 1 child | 0.5 | 1 adult + 3 or more children | 2.5 | 2 adults + 3 or more children | 3.2 |
- Austria has the same scale for adults, but the scale for children varies with age from .33 to .80.
- b) Income in Austria includes earnings and public transfers only. Swedish figures exclude private transfers. In other countries income includes factor income, public and private transfers. Net income (gross minus tax) is used in all countries except the US.
- c) ** indicates cell sizes too small for reliability.
- d) Totals may not equal to 100 per cent because of rounding.
- e) Austrian figures for lone mothers include lone fathers (10 per cent), and include only employed lone parents.

income two parent families (see note on Austrian data). While these countries all provide generous benefits to families with children, particularly lone parents, Finland and Sweden have the highest employment rates for both lone and married mothers in the study and the Netherlands has the lowest.

As might be expected, the financial situation of lone parents in full-time work is usually significantly better than that of lone parents who are full-time homemakers. However, this is not always the case. The capacity of a lone mother to improve her financial circumstances through employment is affected by the cost of child care and the mix of income tested and universal transfers available, as the loss of means tested benefits may be greater than the net gain from earnings. The gains from part-time work are even less certain, as the loss of income tested benefits particularly reduces returns from low levels of earnings.

Where the labour force participation of married women is high, as in Finland and Sweden, the general standard of living for families will be based on the average disposable income of two earners, and an employed lone mother would still be relatively disadvantaged in the absence of special transfers and tax arrangements. In countries where a single earner normally supports a dependent spouse and children, as in Austria and the Netherlands, an employed lone mother may be relatively well off, depending on the gap between men and women in labour market opportunities and wage levels.

1.3 Public Policy

In relation to their numbers, lone mothers are over-represented in groups dependent on social assistance. The growth in numbers and changes in characteristics of lone parent families in recent years, and their rate of poverty, have led to a range of policy responses across countries.

One dimension of policy is the degree to which lone parents are expected to participate in the labour force. This appears to be quite strongly influenced by the rate of participation by mothers in general and may also be seen in different approaches to the provision of work related child care, other working conditions to assist employees with family responsibilities and labour force re-entry provisions, as well as conditions of availability of income support.

The other main policy issue is how to deal with the financial problems resulting from the absence of an employed spouse. These policies include arrangements for the division of property on divorce, payment of alimony and child support and government income support, particularly survivors' pensions and advance maintenance payments.

1.4 Should Mothers Be Expected to Work?

There is a range of views on this issue. On one hand, there are traditional expectations that mothers should place primary emphasis on caring for their children. This is evident in different degrees among the countries in the study. While female employment has increased, the employment rate of married mothers, particularly full-time employment, is still significantly below that of fathers. In the Netherlands and Austria, around half of all married mothers stay at home, while in Finland and Sweden married mothers are almost all in the labour force, at least part time.

However, the care of children involves not only direct supervision, but also an increased amount of domestic work, which detracts from the time and effort available for paid work. In countries where there is a high level of labour force participation among mothers concerns have been expressed about 'time poverty' (Kamerman and Kahn, 1989). Further, it may be argued that it is of value to the child to have full-time care from a parent and that lone mothers should have the same right as married mothers to provide this care. There are also differences in the circumstances of individual women. The perceived need to stay at home may be stronger when children are young, or following the trauma and disruption of marital breakdown.

On the other hand, substantial periods of interrupted labour force participation not only mean a lower income at the time but are also likely to result in lifetime economic disadvantage because of the depreciation of skills, a restricted labour market for older women and because for many women the return to work means starting again at the bottom of the ladder. These long-term losses, both to women and to the economy from the under utilisation of women's skills, can be minimised where there is job security during parental leave, and favourable conditions for labour force re-entry and full employment.

The decision to participate will be influenced by the perceived financial benefits, the expectation of finding suitable employment and the value placed on intangible benefits from working, such as the formation of social contacts through work and general job satisfaction. The latter may provide important social and psychological benefits for women. Country-specific factors such as the extent of stigma attached to being a welfare recipient will also have an impact.

While many mothers reconcile the demands of employment and family responsibilities through part-time work, lone mothers are less likely to work part time than married mothers. The option of part-time work which often enables married mothers to reconcile these competing roles appears to be less accessible or desirable for lone mothers.

2 Labour Force Participation

The participation of women aged between 20 and 59 has increased steadily over the past 15 years in all the countries in this study. In the majority of countries, part-time employment has been the main area of growth. Exceptions are Finland and Sweden, both of which experienced recent slight falls in women's part-time employment and growth in their full-time employment. All countries studied reported a degree of gender segregation in the labour force, and lower average wages for women than for men.

Table 2 shows the labour force status of lone mothers and of married mothers in the countries in the study. Table A2.2 in Appendix Two shows changes over the last decade.

In Finland 80 per cent of lone mothers work full time, compared with between 45 per cent and 55 per cent in Sweden, Austria, the United States and Canada, and less than 30 per cent in the other three countries. In general, part-time work is more common in countries with a low overall participation rate for lone mothers. The exception is Sweden where there is a high overall participation rate by lone mothers and a high proportion are in part-time work.

The labour force participation rates of married mothers are close to those for lone mothers in all countries except Austria and the United Kingdom.

In all countries lone mothers are more likely to work full time than are married mothers (except in the United Kingdom) and less likely to work part time. However countries with the highest part-time rate among married mothers also have a high rate for lone mothers. The greatest differences between lone and married mothers in full-time employment are in Austria and Sweden.

The participation and employment rates include mothers on maternity/parental leave except in Australia and the United States. In Austria, for example, where over half the lone mothers have children aged under six, 14 per cent of these women are on maternity leave and counted as employed. This factor virtually accounts for the difference between Austria and the United States in the employment rates for lone mothers.

The definition of unemployment used in figures from the United Kingdom and the Netherlands appears to vary from that used by the other countries, giving a somewhat misleading impression of comparative labour force participation. By a more standard definition it is likely that labour force participation of lone and married mothers in the Netherlands is lower than in any of the other countries in the study.

Table 2: Labour Force Status^(a) of Lone and Married Mothers as a Proportion of the Total Population (Percentages)

Country	Year	Lone Mothers						
		Full-time	Part-time	Employed	Unemployed	Labour force	Not in l/f	Population
Australia	1990	26	19	45	7	52	48	100
Austria	1990	55	13	69	10	78	22	100
Canada	1989	45	8	53	11	64	36	100
Finland	1989	81	6	87	3	90	10	100
Netherlands	1990	11	18	29	21	50	50	100
Sweden	1990	55	32	87	2	89	11	100
UK	1989	17	21	37	10	48	52	100
US	1990	49	12	61	8	68	32	100

Married Mothers								
Australia	1990	25	33	58	3	61	39	100
Austria	1990	36	16	52	1	53	47	100
Canada	1989	44	23	67	5	73	28	100
Finland ^(b)	1989	68	8	76	2	78	22	100
Netherlands	1990	6	28	34	16	50	50	100
Sweden	1990	43	47	90	1	91	10	100
UK	1989	19	40	58	6	64	36	100
US	1990	43	20	63	3	66	34	100

- Notes:**
- a) Full-time employment figures for all countries except the US and Australia include mothers on parental leave. 'Employed' derived by adding 'full-time' and 'part time'. 'Unemployed' derived by subtracting 'employed' from 'labour force'. 'Not in labour force' derived by subtracting 'labour force' from 'population'.
 - b) Figures for married women in Finland include only those with a child under 7. For married mothers with children 0-17, the participation rate is 85%, but full-time and part-time figures are not available.

2.1 Summary

The participation and employment rates of lone mothers vary across the countries studied in a similar pattern to the variation in the participation of married mothers, with the exception of Austria, and in recent years the United Kingdom. There is surprising consistency across countries in the greater propensity of lone mothers to work full time and married mothers to work part time.

This implies that, to explain the bulk of the **differences between countries** in lone mothers' participation rates, we should look first at factors influencing labour force participation by all mothers rather than policies aimed specifically at lone parents.

We need also to look at specific factors in Austria and the United Kingdom which might explain their divergent trends.

Conversely, we should look primarily at **similarities among countries** in programs aimed at lone mothers, and at the social characteristics of lone mothers, to explain the differences in participation patterns between lone mothers and married mothers, particularly in full and part-time employment.

3 Choice or Need to Work

A critical factor influencing lone mothers' labour force participation rates is whether they have a viable choice to remain at home to care for their children, generally through government transfers and maintenance from the father of the child. This section examines the availability and level of income which can be obtained by lone mothers who do not participate in the labour force. Section 5 examines the closely related issue of the effect of income testing on incentives to participate.

The study did not explore the financial means available from private income other than earnings, or support from individuals other than the father of the child. A minority of lone mothers, particularly widows, may have private means which, in combination with family payments or widows' pensions, may reduce their dependence on earnings. Others receive support from their families such as accommodation and free child care. However, the majority of lone mothers not in the labour force are primarily dependent on social assistance.

To provide a measure of relative income across countries, levels of public assistance are compared with the gross and net wage of an Average Production Worker (APWW) with a dependent spouse and two children (OECD, 1991).

Except in Australia, a distinction is made between widows and other lone mothers in the provision of income support. In part this reflects the view that a living father has primary responsibility to provide for the needs of his children (and, for a period, his former partner if she is not in a position to earn an adequate income) whether or not he is living with them, and governments may be reluctant to take over this role. It may also be the case that the basic policy structures were developed at a time when lone parents were less common and were more likely to be widows.

3.1 Types of Financial Support

All countries in the study provide income transfers to lone mothers. Public financial support may take the form of direct cash payments, tax concessions or in kind support. The most common types of cash payments are:

- social insurance based payments,
 - family payments,
-

- maintenance guarantees, and
- social assistance and related benefits.

Social Insurance

In this paper, the term 'social insurance' is used to refer to financial benefits which are contingent on the current or former employment of the recipient or the former spouse (or parent) of the recipient. In the countries studied, social insurance payments are related to the level of previous earnings and funded from contributions proportional to earnings or income, paid by a combination of employee, employer and government. In the countries other than Australia, social insurance is the primary form of income support for adults not in paid work. It covers contingencies such as old age, disability, unemployment, widowhood and maternity. It does not cover non-widowed lone parents to enable them to care for their children full time. Payment levels may be based on individual entitlement, or may have supplements for dependents of the insured person.

Survivors' pensions were designed to compensate widows and orphans for the death of the breadwinner. In these countries, they usually comprise a basic rate (with a means tested supplement in Finland and Sweden) and a component based on the earnings related pension entitlement of the deceased spouse.

All the countries in the study except Australia have social insurance benefits for widowed lone mothers which do not require labour force participation. Sweden and Finland have recently modified their widows' pensions but still do not impose a work test. In the Netherlands a proposal for that purpose has been put forward in Parliament. Social insurance does not cater directly, other than through maternity leave, for lone parents outside the labour force who are not widowed.

The basic rate of social insurance even without the earnings related component provides a higher minimum income than social assistance, except in Sweden and Finland. The Netherlands, Sweden, Austria and Finland have the highest basic rates, while there is no minimum rate in the United States. In the Netherlands there is no earnings related component. It is not possible in this report to compare the earnings related components because of wide variation in the way they are calculated, and a lack of data on the levels of insured earnings.

All the countries in the study except Australia and the United States provide paid maternity leave funded through social insurance. In Finland paid parental leave may be followed by a further period of absence with job security and an allowance not paid through social insurance until the youngest child turns three. In Austria, lone parents with children under three who lack child care may be eligible for a special unemployment benefit (special emergency aid) paid under social insurance.

Family Payments

All the countries except the United States and Australia have a universal family allowance, usually not taxed. While the relative generosity varies, these family allowances are intended as assistance to families with children and not considered sufficient to support the parent. The United States does not have a family allowance. In Australia, the family allowance is means tested but at levels of income or assets which are very high for lone mothers. Australia and Austria have income tested supplements and the United Kingdom has a supplement for lone parent families as well as a supplement for low income working families. Canada and Austria also have refundable tax credits.

Maintenance Guarantees

Maintenance guarantees are payments made by government to non-widowed custodial parents in lieu of, or in addition to, child support from the non-custodial parent. They are not affected by income other than child support payments from the non-custodial parent.

Only Finland and Sweden, and to some extent Austria, provide maintenance guarantees. In the former two countries this is a minimum amount, regardless of other income, for all non-widowed lone parents who do not receive child support or who receive an inadequate amount. If a non-custodial parent has not met his or her liability, the amount may be recouped by the state. However if the liability is nil or lower than the guaranteed amount, or if the non-custodial parent has not been identified, the state provides the difference.

Austria provides a child support guarantee, but only to the extent that the non-custodial parent is, or should be, liable. This is recoverable from the defaulting non-custodial parent. If the non-custodial parent's income is too low to pay, or the non-custodial parent is unidentified, there is no compensatory allowance from government.

Child Support

Most Western countries have reformed their family law systems in recent decades to adjust to changing social values. In particular, there has been a general move away from concepts of fault and a growing emphasis on the duty of non-custodial parents to contribute to the cost of their children. There is some public mechanism for collection of child support in all the countries in the study except the United Kingdom. Australia, Sweden, Finland and a number of states/provinces in the United States and Canada also have administrative formulae for determining the amount payable, based on the needs of the children and the income of the non-custodial parent. The United Kingdom will establish a Child Support Agency and introduce an administrative formula in April 1993, along similar lines to that existing in Australia.

Social Assistance

For the purposes of this study, the term 'social assistance' refers to means tested cash assistance to alleviate poverty and ensure that income does not fall below a minimum level. It is provided for people who are unemployed, unable to work or not expected to, and who do not have access to adequate other means such as social insurance or child support. In Australia, this is the primary form of income support, while in the other countries it is a safety net for those not covered by social insurance.

All countries in the study provide public social assistance for lone mothers whose incomes are inadequate to meet basic needs. Lone mothers are over-represented among groups claiming social assistance in all these countries, partly because of the lack of cover through insurance, as noted above. Except in the United Kingdom, non-widowed lone parents are required to attempt to obtain child support, where possible, to be eligible for social assistance. In Austria and Sweden, lone mothers are required to seek work to be eligible, although exemptions may be made if they are unable to obtain child care.

In the United States some lone mothers are required to participate in labour force related activities such as education, job search, training or work experience, while assistance with child care is provided. The programs are administered at state level under national guidelines, with eligibility and benefit levels that vary by state.

In Australia, Finland, the Netherlands and the United Kingdom the rates of social assistance are set nationally, while in the other countries they vary across states, provinces or municipalities. Australia and the United Kingdom have codified provisions for lone parents and the United States has a national/state program predominantly aimed at lone parent families. In the other countries, eligibility for social assistance is assessed on a case by case basis.

Tax Concessions

All the countries studied have some form of tax concession for lone parent families. In Austria, Canada, Finland and the United Kingdom these correspond with those for married couple families with a single earner and dependent spouse, while in the other countries special concessions apply.

Housing Assistance and Other Benefits

All countries in the study provide some form of housing assistance to social assistance recipients and other low income families. The impact of this assistance is difficult to compare across countries because of the wide variation in housing costs relative to income and the fact that housing assistance is usually related to a family's actual housing costs.

Other benefits include subsidies or in kind benefits to low income families. The most common of these are medical concessions, transport, education and child care costs, and there may be concessions for holidays.

3.2 Provision for Lone Mothers Outside the Labour Force: Effects on Labour Force Participation

Several aspects of public transfers which may have an impact on work effort should be distinguished. These are the conditions under which support is available, social attitudes, the level of assistance and income testing arrangements. In all countries there is a degree of social stigma attached to receiving social assistance benefits but it is not easy to compare the extent across countries and its impact on work. The following discussion looks at availability and the relative level of assistance to lone mothers outside the labour force.

Availability

As mentioned earlier, widowed mothers are eligible for survivors' benefits in all the countries, regardless of labour force participation. In Austria, where public transfers are not generally available to other lone mothers outside the labour force, widows have a lower participation rate than other lone mothers and their labour force profile resembles that of married mothers. Unfortunately, data on the labour force status of widows are not available for Sweden, where social assistance is also work tested. In the United States, where social assistance may be conditional on labour force participation, widows have a higher participation rate than divorced or unmarried lone mothers, but not as high as that of separated lone mothers.

Social assistance is available for low income lone mothers without a requirement for labour force participation in all the countries except Austria and Sweden, and to some extent the United States. This includes not only the Netherlands, the United Kingdom and Australia, which have low participation rates among lone mothers and where substantial numbers of lone mothers are dependent on social assistance for relatively long periods, but also Finland and Canada which have comparatively high participation rates and consequently low rates of long term dependence on social assistance. In the countries where social assistance is available, lone and married mothers have similar rates of full-time employment.

Sweden has a very high rate of participation by both lone and married mothers, although lone mothers are more likely to work full time than married mothers. Sweden, however, has high rates of part-time employment for both lone and married mothers, and a generous level of non-income tested benefits which may increase the attractiveness of part-time work.

In Austria, the high rate of participation and full-time employment of lone mothers in relation to married mothers and widows indicates that the lack of access to social assistance creates greater pressure to participate than would be the case if social

assistance was as available as in the other countries with low participation by married mothers.

In summary, the data did not support the hypothesis that the availability of social assistance or other income support creates a disincentive to full-time work for lone mothers in comparison to the work effort of married mothers, but its absence necessitates a higher level of participation by lone mothers than is the norm for married mothers.

Level of Assistance

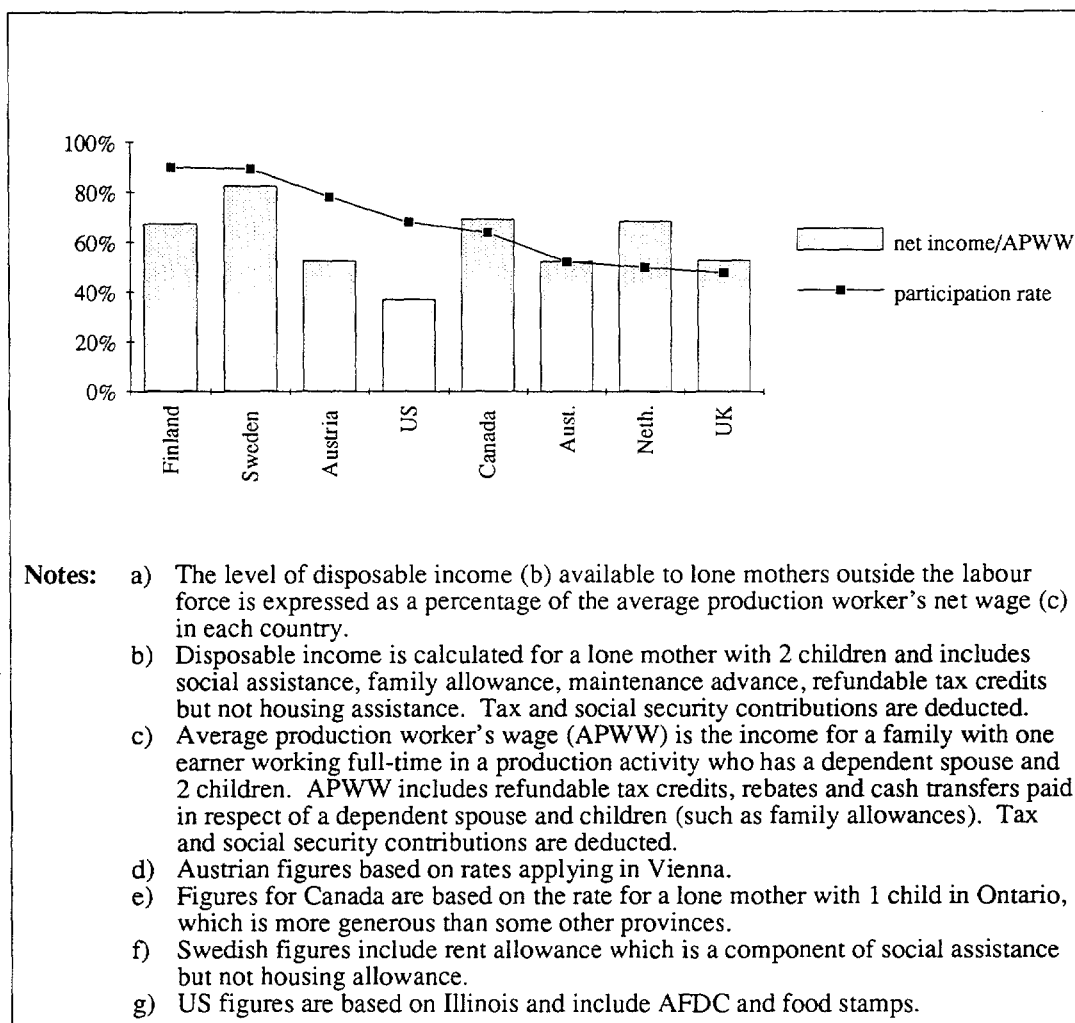
It might be expected that access to a generous level of public transfers for lone mothers would create a disincentive to seek paid employment, because financial pressures to earn income are reduced. This issue is distinct from income testing, which reduces the returns from employment. Figure 1 shows disposable incomes (public transfer entitlements minus tax) for non-widowed lone mothers receiving social assistance, compared with net APWW, to compare the relative effects of different levels of public assistance on labour force participation. The lone mother has to have two children of primary school age and have no private income or child support.

Housing assistance is not included because comparable data were not available. Finland and Sweden provide generous assistance in this form. The United Kingdom also provides assistance for 100 per cent of the rent of people receiving social assistance, or with incomes of that level, or an allowance to cover the costs of interest on housing loans.

Finland and Sweden, with the highest participation rates, also have among the highest levels of social assistance and other support for lone mothers, although the United States has relatively high participation rates but very low levels of assistance. Australia and the United Kingdom, where lone mothers outside the labour force have incomes much lower than APWW, nevertheless have sizeable numbers of lone mothers dependent on social assistance.

These observations indicate that the different levels of assistance in the countries studied do not have a strong effect on labour force participation, except possibly in the United States at one extreme, with very low assistance and moderate labour force participation, and the Netherlands at the other, with high levels of assistance and the lowest participation rates. This does not mean that changes in the level within a country would not affect participation. However, Moffitt (1990) found that the rates of employment and hours of work of lone mothers in the United States were extraordinarily stable over time despite major changes in benefit trends, benefit reduction rates, benefit-earnings ratios and unemployment rates. These findings support the data here in suggesting that labour force participation is relatively insensitive to the level of assistance.

Figure 1: Public Transfers for Lone Mothers Outside the Labour Force and Labour Force Participation Rates



4 Child Care

For lone mothers to be able to participate in the labour force it is essential that appropriate child care be available during working hours and the time taken to travel to and from work.

The need for child care is affected by maternity and parental leave provisions. The length of leave available and whether it is paid will affect the need for parents to find child care for very young children and their ability to maintain continuity of employment. Although most lone mother families are created through the breakdown of a relationship rather than the birth of the child, women are more likely

to be employed when they become lone parents if mothers return to employment after having children.

The age when primary education begins will also affect the need for pre-school care and the hours of primary education will determine the amount of outside school care needed.

Formal child care is provided through day care centres and family day care as well as educational institutions. These are usually administered by public authorities, employers, private enterprises or community and church organisations and generally charge fees to users. However, public child care is often free or subsidised for low income families and lone parents are given priority.

The informal sector includes care provided by relatives, particularly parents, grandparents and older siblings, and by unregistered child minders. Informal care may be free if provided by a relative or friend, but the cost can also be high, particularly when provided by childminders in the children's own homes. While in general, formal day care is fully utilised, it is difficult to assess how much scope there is for increasing informal care. For some families, informal care may be the preferred arrangement, while in other cases it places an unsatisfactory burden on the provider. The quality and reliability of informal care and the well-being of the child range from very good to inadequate, while an unknown proportion of families may have no informal care of any standard available. There is little information available concerning informal care but it is clearly important and in many countries it constitutes the main type of care available.

The main parameters of child care are availability, hours of opening, cost, quality and reliability. Availability will determine whether lone mothers are able to work at all. Limitations on the hours of opening restrict the working times available to parents, while cost will restrict the wage levels at which mothers can afford to work. Costs are determined by the type of service and duration and the degree to which costs are shared between parents and the provider or government.

Quality of care is measured by a number of factors, in particular the health and safety of the child and the educational and socialisation role provided by the carer. While quality of child care does not directly affect the parents' ability to work, it is a very strong incentive or disincentive to the choice to use the child care. Child care centres are generally more reliable than individual child minders, who may not be able to provide services if their circumstances change. An unexpected breakdown in child care arrangements can necessitate parents being absent from employment until replacement care can be found. Child care centres and other minders may not be willing to care for children who are sick, and employment provisions which allow leave for parents with sick children assist parents to maintain employment at such times.

Child care requirements differ between babies, who require more intensive care, pre-school children, who need less intensive care, and school children, who need care for shorter periods, bridging the gap between school hours and their parents' working

hours, and in school vacations. The cost is greatest for very young children. For school age children the costs are less because fewer hours are required.

The role of governments in child care provision ranges from regulation of services through provision of subsidies to providers and parents either directly or through tax concessions to direct provision and administration of child care. For a more detailed discussion of child care in OECD countries, see OECD 1990c: 123-147.

4.1 Individual Countries

In Finland and Sweden, which have the highest rates of labour force participation by both lone and married mothers, formal child care is more or less available on demand, with costs, opening times and quality regulated by municipal government. In all the other countries in the study, more working mothers use informal care than formal care. There is a shortage of places for children aged under three.

Austria has a complex system where a large number of children attend pre-school education for at least a substantial part of the week, but need informal care for part of the time. Municipal and church child care services may offer subsidies for low income families. For children aged three to five, the level of enrolment in education reduces the demand for child care. Although kindergartens and pre-schools do not usually provide full-time care, they allow part-time employment and it may be easier to find child care to cover the gap between the hours the child attends these and the hours the mother is employed. It is difficult to compare this across countries because of the wide variation in time children spend in such institutions, ranging from few hours a week to full-time care.

The Netherlands has probably been the most undersupplied with formal child care, having relatively short maternity and parental leave, and 1.6 per cent coverage of children aged under four. Virtually all children aged four and over are enrolled in education, for some of the time. The Netherlands has proposed a major increase in the number of child care places. The United Kingdom is probably the second most under-supplied, having 7 per cent coverage of children aged under five, and limited subsidisation of fees.

The United States and Canada have somewhat more places and child care expenses are tax deductible. In Canada both non-profit and commercial child care is subsidised by government. Australia has about the same level of supply as the United States and Canada, but has quite generous subsidies to low income families, particularly lone parents. These were limited to the public child care sector until the beginning of 1991, but are now available to families using other registered non-profit and commercial care.

The availability of informal care is dependent on cultural factors such as family and community ties and the number of potential providers, usually women outside the labour force. The latter is affected by the labour force participation of married

mothers. A number of countries reported a higher proportion of informal care in non-urban areas.

The extent of formal child care appears to be related to labour force participation and employment of lone mothers. The extensive systems of public child care in Finland and Sweden, with fees levied according to income, underpins the very high participation rates for both lone and married mothers in these countries.

The low provision of child care in the United Kingdom and the Netherlands is consistent with the low participation rates in these countries, particularly for lone mothers with children of an age requiring child care.

The effect of formal child care availability in the middle countries is harder to analyse, particularly as comprehensive information is lacking in these, apart from Australia.

5 Work Incentives

To the extent that lone parents in a particular country have a real choice about whether to participate in the labour force or not, it is assumed that their decision will be based on the perceived costs and benefits of participating. The net financial benefits from employment are determined by the level of earnings and employee benefits minus tax and social security contribution rates, the loss of income tested government transfers, and the costs associated with working, such as child care.

5.1 Earnings Levels

In all OECD countries, the average earnings of women are lower than those of men (OECD, 1988: 151-63). This is partly due to the greater number of women working part-time, but there is still a large difference in full-time earnings between men and women. In the countries in this study, full-time female earnings were from 65 per cent to 85 per cent of full-time male earnings.

It was not possible to obtain information on the distribution of earnings of lone mothers within the countries studied. It would, however, be useful to examine the participation rates of groups with different earning capacities within countries, to assess the incentive effects of expected wage levels.

There is a strong correlation between lone mothers' labour force participation and educational attainment in the countries for which data were available. This correlation is not as strong for married mothers. Lone mothers with low education are less likely to participate in the labour force than comparable married mothers, but lone mothers with higher educational levels are more likely to participate, and to work full-time, than married mothers.

Although this may in part reflect motivation and socio-economic background, education is likely to provide a higher earning capacity. The higher level of

expected earnings would increase the incentive to enter employment for lone mothers, while married mothers with high education levels may have high earning spouses. Wage levels for married mothers may thus be a less powerful incentive. It is likely that, where lone mothers have a choice over labour force participation, the level of potential net earnings is a strong factor in determining whether to participate, probably stronger than for mothers with an employed partner.

Where evidence is available, lone fathers are more likely to be employed than lone mothers and to have much higher incomes. In Finland, where both married and lone mothers have a very high rate of full-time employment, the earnings of lone mothers are similar to those of married mothers, but the average earnings of lone fathers are higher than for men in general (not controlling for age). In Australia, lone fathers are less likely to participate in the labour force than other men and less likely to work full-time, but their participation rates are much higher than those of lone mothers.

Lone fathers are a very small group, and there has been little research on their characteristics and how they differ from lone mothers. However, given that the availability of social assistance and child care are comparable for male and female lone parents and the same effective marginal tax rates apply, higher earning capacity is likely to be one reason for their higher labour force participation, together with the facts that they are more likely to be already in full-time employment when they become lone parents and that there is a stronger social expectation that they will work.

5.2 Full-time and Part-time Employment

As discussed earlier, in all the countries studied employed lone mothers are less likely than married women to work part-time. It might be expected that a greater proportion of lone mothers than married mothers would work full-time rather than part-time because of the need to provide an adequate income for themselves and their children, whereas married mothers may not need to earn as much since their income is frequently seen as supplementary to the income earned by their partners. However, this does not explain why many lone mothers do not participate at all, rather than working part-time as do married mothers.

The commonly assumed reason for many married mothers engaging in part-time rather than full-time paid employment is that in general wives still have primary responsibility for housework and care of children, which restricts the time available for paid employment outside the home. If this were the case, then lone mothers would be expected to have even greater time constraints, as there is no partner with whom to share the family responsibilities.

This suggests that there are factors militating against part-time work for lone mothers which make it less attractive or less accessible than it is for married mothers. For example, it may be that the financial benefits from part-time employment are less likely to outweigh the costs of working for lone mothers than

for married mothers, because of low hourly wages, the fixed costs of working and loss of means tested benefits. Another factor could be the cost of and access to formal part-time child care, while married mothers might have greater flexibility because of child care provided by their husbands (Brown, 1989).

5.3 Personal Taxation

Income tax systems vary widely across the countries in the study. All countries have progressive national income tax rates to some degree, although in the United Kingdom, the Netherlands and Canada only one tax bracket applies to people earning below the average production worker's wage (OECD, 1991). Through tax deductions, tax credits or zero tax brackets, in all countries except the Netherlands the tax threshold for a lone parent is about one-third to half the average production worker's wage.

In general, national tax rates for a lone parent are similar to those for a single earner with a dependent spouse. Canada, Finland, Sweden and the United States also have provincial or local government income taxes, which vary within each country.

All the countries except Sweden have a levy for social insurance contributions. Australia, while not having a general social insurance system, has a levy of 1.25 per cent of taxable income for health insurance, with an exemption for low income earners. Social insurance contributions are usually a standard percentage of gross income, although in Australia, Canada, Finland and the United Kingdom low income earners pay a lower proportion of gross earnings than middle earners. In Austria and Canada contributions are deductible from taxable income and in these countries as well as the United States, the Netherlands and the United Kingdom, there is a ceiling on the amount payable by high income earners.

5.4 Loss of Government Transfers

A lone parent moving from social assistance into the labour force faces the loss of income tested benefits, which in combination with taxes and social security levies may mean that there is no financial gain, and maybe even a loss, from taking a job with low wages. The interactions between benefit withdrawal, tax and social security levies are typically complex. The severity of the effective marginal tax rates depends on the proportion of income which is means tested, and how the income test operates.

The effect of these interactions on behaviour will depend on how well they are understood. Special provisions to reduce the disincentive to work will not be effective unless their implications are made clear to the individuals at whom they are aimed, and unless they are accessible.

Income testing of public transfers presents a dilemma for governments. Most governments recognise the need to provide adequate income to the disadvantaged to

reduce poverty, but the question is how to target such assistance to the poor without creating a disincentive to recipients moving towards self support, while at the same time limiting the overall level of government expenditure.

If the amount received by a lone parent on social assistance reflects the minimum acceptable living standard in a community, it would be unreasonable to expect a lone parent to accept employment which would provide a lower net income after the costs of working. Measures to address this problem include income disregards, family assistance measures and assistance with child care costs.

Tapered income tests (withdrawal of less than 100 per cent) should assist in providing an incentive to employment as an individual benefits to some extent from every dollar earned above the basic costs of working. These produce high effective marginal tax rates across a larger range of earnings, but lower the effective average tax rates for low levels of earnings.

In Australia, Canada, the Netherlands and the United States a small amount of earned income is disregarded in assessing eligibility for social assistance and above that level assistance is withdrawn at a rate less than 100 per cent of earned income. In the Netherlands assistance is withdrawn at 100 per cent above a certain amount of earnings. In the Netherlands and the United States this concession is removed after a period of continuous employment. In the United Kingdom lone parents are able to earn £15 a week before Income Support is withdrawn at a rate of 100 per cent. However, those employed for more than 24 hours a week may be eligible for Family Credit, which is reduced by 70 per cent of net earnings above a basic amount. In Austria, Sweden and Finland social assistance is withdrawn at a rate of 100 per cent but, as noted earlier, this is not such an issue in a system where access to social assistance is contingent on the recipient seeking work, as in Austria or Sweden.

The proportion of public support which is income tested varies greatly among the countries in the study. In countries which provide generous levels of non-income tested family allowance, refundable tax credits or maintenance guarantees (Sweden, Finland and Austria), a lone parent moving from social assistance to work has less to lose, despite the 100 per cent taper on social assistance. The impact of the loss of in kind support, such as housing allowances, is difficult to measure across countries but can be significant.

In Australia, the United States and Canada lone mothers working part-time have the greatest gain in disposable income in the six countries for which data was available. Yet, of these six countries, the United States and Canada have the lowest rates of part-time employment among lone mothers. Conversely, in the Netherlands lone mothers have quite a high rate of part-time employment although the gains are apparently quite low.

Part-time work may not be an attractive option for lone mothers who are primary breadwinners unless their part-time earnings are supplemented by income transfers from the absent parent and/or from government. It should be noted that this discussion does not take into account what type of employment is available on a

part-time basis, and whether work status, working conditions and fringe benefits are available on the same basis as for full-time employment.

It would be expected that lone mothers with a higher proportion of non-means tested assistance, or less severe income tests, would have higher rates of part-time work. The main non-means tested transfers are widows' pensions, child support and family allowance. There is not enough data on groups receiving these within the countries in this study to test this hypothesis, although in the United Kingdom and Austria widows have a much higher rate of part-time work than other lone mothers and unmarried mothers, who are less likely to have child support than divorced or separated mothers, have the lowest rate. Divorced and widowed lone mothers in the United States have a higher part-time employment rate than separated or married mothers.

The patterns which emerge between countries in the study are somewhat complex. The countries with the highest levels of universal benefits are Finland, Sweden and Austria, while Australia has the most liberal means testing. However, the highest rates of part-time employment are the Netherlands, the United Kingdom, Australia and Sweden. Nevertheless, while the rate of part-time employment is constrained by availability of part-time jobs and the availability of part-time child care, the part-time employment rates of lone mothers are closest to those of married mothers in the countries with the highest level of universal benefits.

5.5 Effective Marginal Tax Rates

Table 3 gives the hypothetical net income (earnings and public transfers, minus tax) of lone parents at various levels of gross earnings as a proportion of APWW. Steeper curves represent lower effective marginal tax rates (EMTR), that is, a higher return on each segment of earnings.

The net return from earnings is relatively high in Finland and Sweden above the earnings levels where social assistance is withdrawn at 100 per cent. Australia and Canada have the greatest net gain at lower levels of earnings, and the United States and the United Kingdom have the highest gain from earnings above 60 per cent and below 30 per cent of APWW.

Very high EMTRs for lone mothers in the Netherlands provide little incentive to participate in the labour force where levels of earnings are below 70 per cent of APWW. EMTRs in the United Kingdom are also high at earnings below 60 per cent of APWW. Walker (1990) found that the high withdrawal rate for housing assistance in the United Kingdom may have contributed to a decline in labour force participation by lone mothers as housing costs rose.

If the differences in EMTRs had a major influence on the decision to earn, it might be expected that the greatest incentives would be for both part-time and full-time work in Finland and Sweden, part-time work in Canada and Australia, and full-time work in the United States and the United Kingdom. However, Sweden, Australia

Table 3: Net Benefit Position^(a) of Lone Mothers^(b) With Earnings Between 0 per cent and 100 per cent of Gross Average Production Worker's Income

Earned Income ^(f) as per cent of Average Production Worker Income ^(g)												
Country	Year	0	10	20	30	40	50	60	70	80	90	100
Average Annual Disposable Income of Lone Mothers at Each Level of Earnings												
Australia (A\$)	1991	14,504	17,519	19,183	30,351	21,368	22,393	23,599	24,521	24,707	24,863	25,270
Austria ^(d)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Canada (C\$)	1990	17,114	19,790	20,754	21,635	22,556	23,446	24,101	24,666	25,181	25,662	26,035
Finland (FIM)	1991	57,072	57,072	57,072	57,072	63,156	71,184	77,628	83,160	88,344	94,152	99,816
Netherlands (Dfl)	1990	17,712	19,152	19,860	20,556	20,664	20,664	20,664	19,692	22,500	25,320	28,128
Sweden (SEK) ^(e)	1991	74,486	89,332	100,006	112,431	123,669	133,558	143,746	151,518	158,860	166,173	173,647
UK (£)	1990	5,539	6,319	6,871	7,191	7,293	7,543	7,792	8,217	9,049	9,880	10,712
US (US\$) ^(c)	1989	6,901	8,733	10,526	11,796	12,042	12,446	12,865	14,568	16,000	17,505	19,161

- Notes:** a) Disposable income of a lone mother with 2 children with various levels of gross earnings. Includes social assistance, family allowances, maintenance guarantee (where available), refundable tax credits but not housing assistance (except in Sweden). Tax and social security contributions deducted.
- b) Figures for Canada are based on the rate for a lone mother with 1 child in Ontario.
- c) US figures are based on Illinois and include AFDA and food stamps.
- d) Austrian figures not available.
- e) Swedish figures do not include social assistance.
- f) Earnings figures for each country are for the year shown in column 2. APWW figures are for 1990 for each country except for US for which 1989 figures have been used.
- g) APWW figures for 1990 for each of the countries are listed below:

	Gross APWW	Net APWW		Gross APWW	Net APWW
Australia	28,078	23,892	Netherlands	48,116	32,286
Austria	240,209	225,180	Sweden	154,660	116,543
Canada	28,571	24,711	United Kingdom	12,722	10,499
Finland	104,496	84,634	United States	22,886	18,616

and the United Kingdom have high rates of part-time employment and the others do not. It is likely that in all the countries the loss of income tested benefits is a disincentive to lone mothers to take up employment at low levels of earnings, and this may partly account for the lower level of part-time employment among lone mothers in comparison with married mothers.

Further analysis is required to compare the actual earnings of lone mothers and other mothers, and gain some picture of the job market and earnings distribution in the different countries in order to examine this issue.

6 Education, Training and Labour Market Programs

Where there is a high level of full-time employment of women, particularly married mothers, as in Finland, labour force re-entry for lone mothers is not a major issue. The labour market disadvantages for lone mothers in Finland are those confronting women in general, that is, occupational segregation and low female wages. However, in other countries, women who are not in the labour force when they become lone mothers face the same problems as the long term unemployed, such as depreciation of skills, loss of position and contacts and often a loss of confidence in seeking work.

The disadvantages from occupational segregation and low pay affect women generally, but can become acute for those supporting dependants. One of the determinants of inequality in the labour force is the level and type of education and training. Traditionally women in most countries did not have equal access to education and training with men and the skills in which they have been trained have been applicable to a narrower range of occupations. The lack of access to equivalent standards of education has also applied to children from lower socio-economic backgrounds. Lone mothers from disadvantaged backgrounds and those whose education has been interrupted through having children when they were very young are particularly affected by these factors, as they have often missed basic education, training or work experience and have very poor labour force prospects. As progress is made in increasing the skill level of women, breaking down occupational barriers and improving the wage status of traditional female jobs, women who become lone mothers are likely to find it easier to provide adequate levels of support for their children.

The second set of problems relates to the disadvantages resulting from detachment from the labour force for child rearing. Extended parental leave and child care enable women to return to their former jobs after bearing children.

Active labour force programs for lone mothers, to be effective, must therefore take into account the particular training needs of women and their labour force prospects. They must also provide the sort of support to encourage labour force re-entry by the long-term unemployed, and ensure that child care is available. They will be more successful if the labour market is expanding in areas which match women's skills or

if they are able to encourage movement into non-traditional areas of work where there are skill shortages.

6.1 Educational Attainment

The level of educational attainment is more strongly related to labour force participation and full-time employment for lone mothers than for other mothers or men and women in general, in six of the countries studied (information was not available for Finland and Sweden). Furthermore, in all the countries for which data were available, lone mothers had a lower average level of education than married mothers.

In all countries except Austria lone mothers with the lowest level of attainment are less likely to participate in the labour force than are married mothers with that level of education, while those with the highest level are more likely to than are corresponding married mothers (see Figures 2 and 3). For a description of the categories used in each country in Figures 2 to 5 see notes to Tables A2.3 and A2.4 in Appendix Two. In all countries except the United Kingdom lone mothers who have completed anything beyond the basic level of education are more likely to participate than married mothers. Where data on full-time and part-time participation are available the relationship between education and full-time employment is much stronger than between education and part-time employment, particularly for lone mothers.

As shown in Figure 4, in the United Kingdom, Australia, the Netherlands and Austria women are less likely to have completed secondary education or have post-school qualifications than men. This coincides with a low level of labour force participation among married mothers in these countries. In Australia and the Netherlands, the differences between the sexes in educational attainment level are no longer apparent in the 20 to 24 year old age group (OECD, 1989, Table 2.1). In the other countries in the study the differences between educational attainment of men and women are not so marked, but only in Finland does women's educational attainment equal or exceed that of men. For a more detailed discussion of educational attainment by age and sex and its relationship to employment see OECD (1989: 47-91).

Except for Austria, in the countries studied, lone mothers have lower average educational attainment than married mothers, are less likely to have completed secondary school, and are less likely to have post-school qualifications (see Figure 5).

In Australia, the United Kingdom and the Netherlands therefore lone mothers have not only the disadvantage of the lower education of women in general but have a lower average level than their married counterparts.

While the findings above for lone mothers are likely to be due partly to a general pattern of socio-economic disadvantage affecting a higher proportion of lone

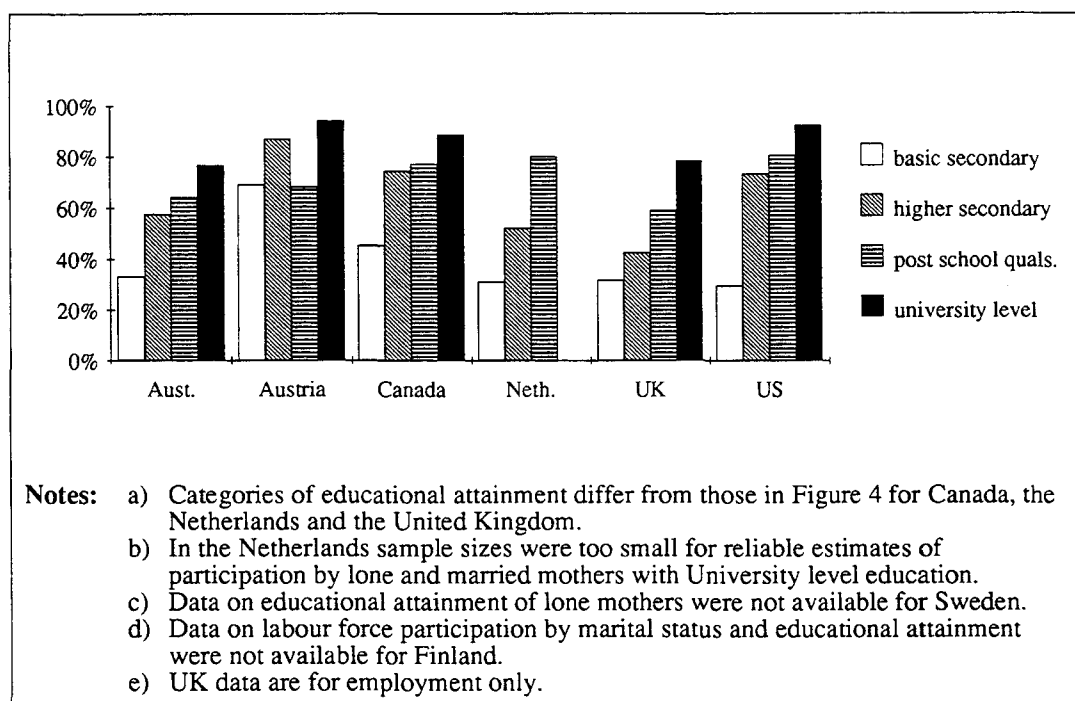
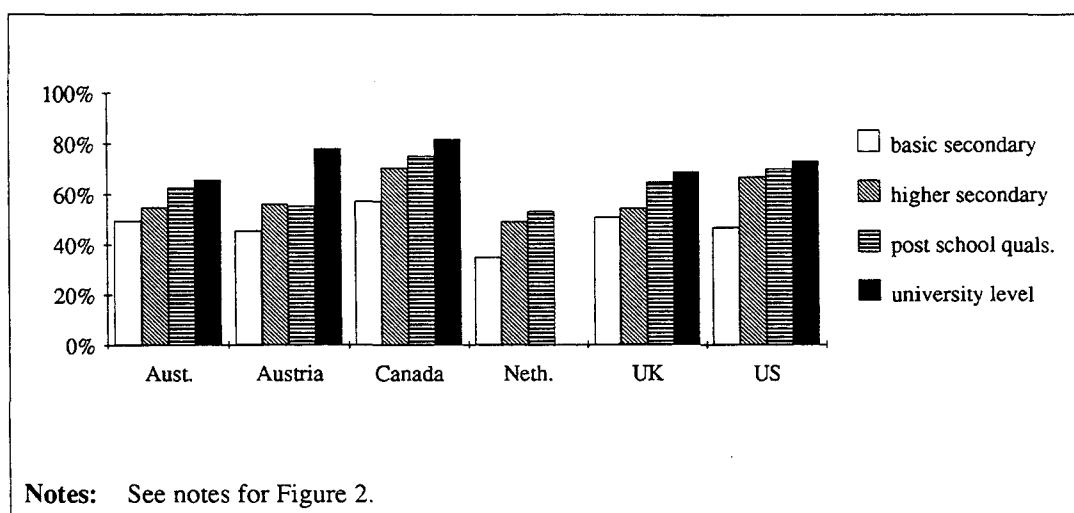
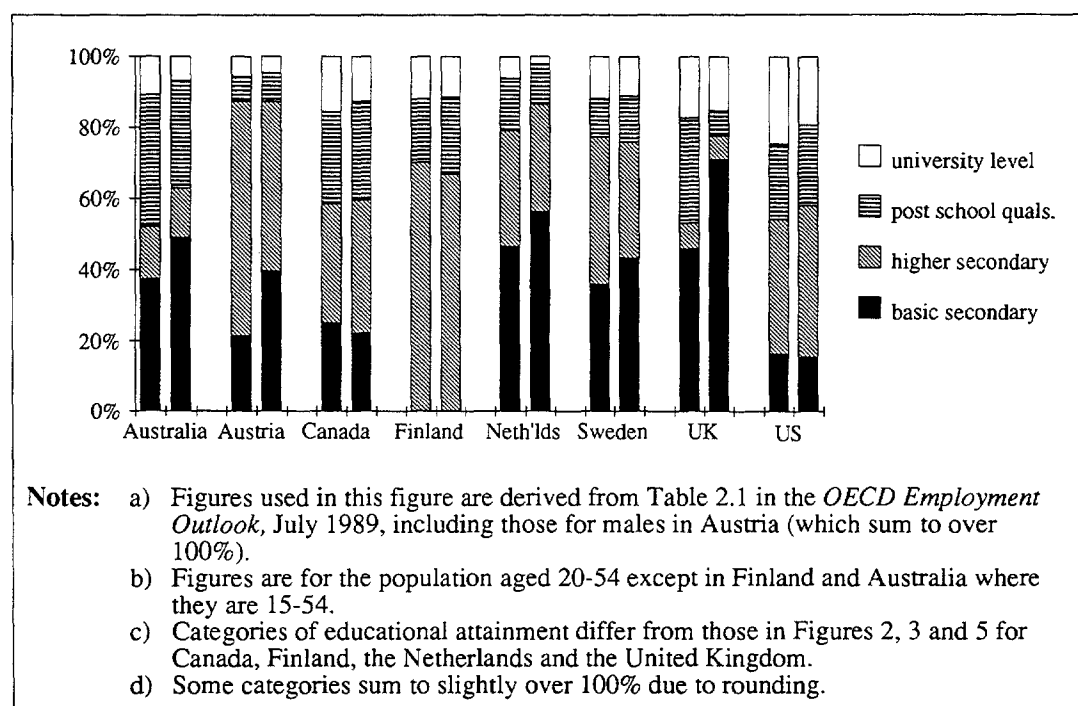
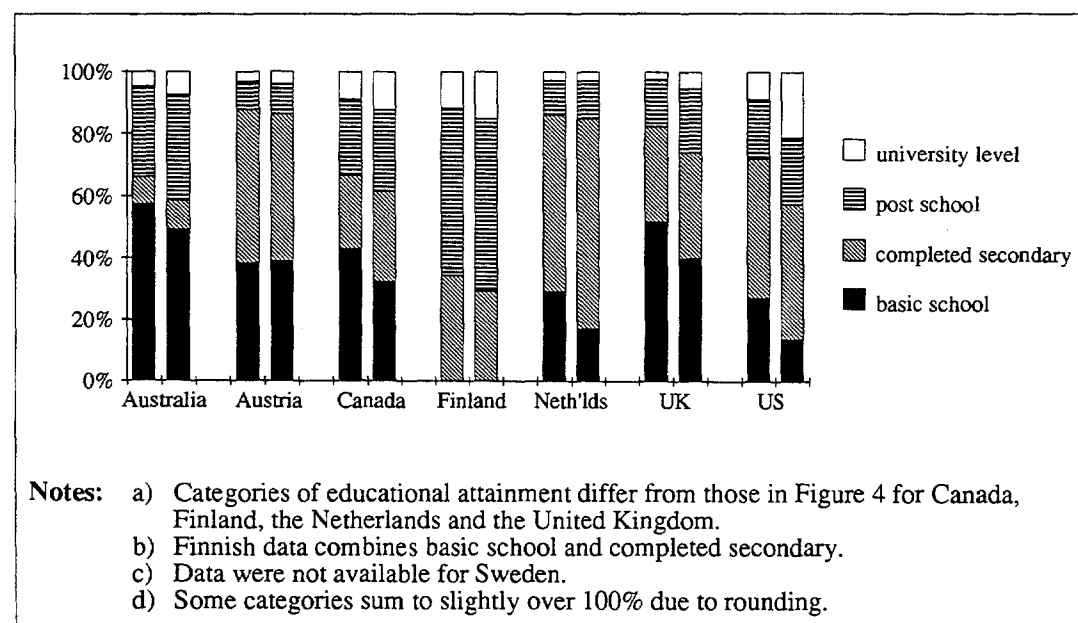
Figure 2: Labour Force Participation at Different Levels of Educational Attainment - Lone Mothers**Figure 3: Labour Force Participation at Different Levels of Educational Attainment - Married Mothers**

Figure 4: Levels of Educational Attainment - Men (left) and Women (right) Aged 20 to 54**Figure 5: Levels of Educational Attainment - Lone (left) and Married (right) Mothers**

mothers than married mothers, they also indicate the potential for education to increase the labour force activity, and therefore financial circumstances, of lone mothers. They imply that policies which assist or encourage lone mothers to complete or extend their educational qualifications would result in greater employment. Such policies might include access to educational institutions offering post-compulsory secondary school courses, as well as further education or vocational training, in combination with appropriate financial support and child care for those in such courses.

6.2 Labour Market Programs

In *Labour Market Policies for the 1990s* (OECD, 1990a), the OECD has identified several prevalent types of active labour market strategies: public employment services; training for unemployed adults and employed adults; subsidised employment in the private sector, direct job creation in the public sector or support for unemployed people establishing enterprises; youth training; and measures for people with disabilities.

The national government operates a public employment service in all the countries studied except the United States where the states are given grants for this purpose. The services offer information, job placement and counselling, and sometimes also job search training, and advice about vocational training. In Australia, Canada, Austria and the United Kingdom the services also co-ordinate 'job clubs' which are self-help groups.

Publicly funded job oriented training for unemployed adults has been a major element of labour market policy in Austria, Canada, Finland and Sweden, and more recently Australia and the United Kingdom. Usually allowances are paid to unemployed people participating in such training.

Australia, Canada, Finland, the Netherlands and Sweden offer subsidies to employers for recruiting long-term unemployed people. Only Finland and Sweden still have significant public sector job creation. Australia, Finland, Sweden and the United Kingdom provide some assistance to unemployed people establishing their own businesses.

Training for employed adults to improve their skill levels is usually operated by employers, although such training may be subsidised in Canada, the Netherlands, Sweden and the United Kingdom. Youth training programs, while not of direct relevance to lone mothers, are important in improving the labour force prospects for girls.

Most countries provide assistance directed to improving women's access to employment. The United States, Canada, the United Kingdom and Australia have programs directed towards lone mothers receiving social assistance benefits to encourage them to re-enter the labour force.

In the United States, families (mostly lone parents) receiving social assistance through Aid to Families with Dependent Children (AFDC), have long been required to register under the Work Incentive Program (WIN) unless they had children aged under six. WIN was replaced by the JOBS program under the *Family Support Act 1988*, which was extended to all states from October 1990.

WIN was administered by states under Federal guidelines. It varied among states and over time but generally involved training, job search, work experience or 'workfare' (work for benefits). As two thirds of the AFDC caseload had children under six, and other groups were exempted in some states, coverage was quite low. Administrative costs and a lack of employment opportunities meant that many states were not able to enforce the program to the degree originally intended (Brown, 1989).

Nevertheless, evaluation of state demonstrations found that certain strategies including short-term job search assistance had increased employment to a significant degree. The increase was least in the most 'job-ready' group as many would have found work anyway and was also low in the group which had been on benefits longest and had the lowest level of skills. The greatest impact was on the middle group.

JOBS is aimed at parents with children aged three and over, and teenage parents with children of any age. Like WIN it is administered by states under Federal guidelines and cost sharing. States were required to have at least 7 per cent of AFDC recipients participating in 1991, rising to 20 per cent by 1995, and spend over half the funds on problem groups: young people lacking education and work experience, long-term AFDC recipients, and parents who are about to become ineligible for AFDC because of the age of their children.

For more disadvantaged groups, the JOBS program promotes use of more intensive services. States must make available high school completion, basic and remedial education, English language skills, job skills training, job readiness activities, job development and placement. States must also offer two of the following four services: job search, on the job training, work supplementation, and community work experience or a public work experience program.

States are required to guarantee child care to AFDC recipients participating in JOBS through an income disregard, reimbursement of child care costs, direct provision or contracted places. *The Family Support Act* provides child care subsidies and medical assistance benefits for 12 months to parents moving from AFDC to employment. Transport assistance is also provided to JOBS participants.

At the time of the study, JOBS had not been in operation long enough for outcomes to be evaluated.

The key labour market measure relevant to women and lone mothers in Canada is the Canadian Jobs Strategy (CJS). It has six components: job development, job entry, skill shortages, skill investment, community futures and innovations. Services

include training costs, wage subsidies, allowances, relocation and travel assistance, advisory services and financial support to businesses to stimulate labour market development. Allowances are available for care of dependants for people participating in training.

The Job Development Program offers a mix of on the job training, formal training and work experience. In 1987/88, nearly half of all participants were women. The program was found to have a positive impact on the employability of female participants although little detail was provided for the study. Female social assistance recipients benefited particularly from a component matching individual private sector sponsors and participants.

The Job Entry Program provides assistance to people entering or re-entering the labour market. In 1987/88, over 60 per cent of recipients were women. The program produced a significantly positive effect on the employability of female social assistance recipients, although the effect was not as great for participants with children aged under six.

Canada reported that women benefited more than men from employability enhancement programs, although programs for women are more difficult and expensive because of the need for child care and the greater labour market barriers faced by women.

Evaluation of two programs targeted to lone parents in Ontario indicated that employment support initiatives had a beneficial effect on increasing full-time employment, increasing incomes and reducing social assistance reliance, as well as giving participants more confidence towards employment. The Social Services Employment Program had no discernible effect on increasing employability.

In Australia, the Jobs, Education and Training Program (JET) for lone parents receiving social assistance (Sole Parent Pension) was established in 1989. Participation is on a voluntary basis. JET provides individual assessment of job barriers and prospects, advice on careers, training and education, assistance in finding child care and referral to the public employment service (CES) or to education and training institutions as appropriate. Lone parents retain their eligibility for social assistance and can receive an annual payment of \$100 and a fortnightly education supplement while participating in education and training.

JET participants are given priority in child care services and where these are not available additional child care is arranged during training and work experience periods and for 16 weeks after participants enter regular employment. In practice most are found places in ordinary on-going child care services.

CES services include job referral, preparatory training courses, job training, subsidised employment, job clubs and job search training. Lone parents are given priority, along with the long-term unemployed and other disadvantaged groups, and JET participants have immediate access to labour market programs.

The preparatory courses usually last for four to six weeks and provide basic job search skills, confidence building, and needs assessment. Job training is organised on the basis of the applicant's needs, and local skill shortages. Courses may last up to a year but average seven weeks, and are provided by technical colleges, training institutions, employers and other groups.

The wage subsidy program (JOBSTART) provides a six month subsidy to employers taking on people from priority groups. The Skillshare program is administered in conjunction with community groups which provide a range of services such as structured skill and job search training, counselling and support, voluntary activities, literacy and numeracy training and enterprise activities.

An evaluation of the program, completed in 1992, found that the rate of employment of participants had more than doubled. This result was likely to have underestimated the long term outcomes of the program as many of the participants were still in educational courses at the time of evaluation. Although the program is voluntary, there was a high level of interest by lone parents in participating, suggesting that it provides significant assistance in overcoming perceived barriers to employment. The evaluation found that most participants needed substantial training and education before they were ready to enter the labour force, perhaps because lone parents who were most employable did not choose to participate in the program but found work without assistance. A further evaluation is planned for 1995 and other longitudinal studies of sole parents leaving social assistance will examine employment outcomes from the program in greater depth.

In the United Kingdom, the Employment Training Scheme was introduced in 1988 to replace the Job Training Scheme, which was less accessible to lone parents. Under the current scheme, a child care allowance is available and training managers are able to establish child care facilities for participants. Travel costs are reimbursed, including travel to child minders. Lone parents with children of school age who have been on Income Support for six months are eligible, although lone parents with children under that age are required to have been registered as unemployed for six months, which is not a condition of receipt of Income Support.

6.3 Summary

While this paper has not examined the qualitative differences in the types of education and training, the above findings indicate that access to continued education may be of benefit in encouraging lone mothers to participate in the labour force. Measures to increase educational standards for women in general where these lag behind those of men may lead to greater labour force participation by women, providing greater financial security through employment for those who become lone mothers.

In general the impact of active labour market strategies seems positive in encouraging labour force participation. Some countries reported that they have been found to be more successful for mothers re-entering the labour force than for long-

term unemployed men. The greatest impact appears to be on participants whose readiness for work is middling. That is, those who are already ready for work find jobs as easily without such programs as with them, and those who have low skills or longer periods outside the labour force may need more extensive assistance than is offered by the usual labour market program.

In most countries in the study, the labour market programs cover a relatively small proportion of lone mothers and provide quite short term assistance. Their impact on overall participation has therefore been limited. The experience in the United States suggests that more extensive and long term assistance could have a greater impact.

The success of labour market and training programs in adding to employment depends to a large extent on the availability of jobs, and their ability to respond to any mismatch between labour demand and the skills of the labour force.

While there is value in targeting assistance to lone mothers through such programs, as a strategy for encouraging labour force participation among lone mothers labour market programs as they are currently structured appear to be less effective than a climate which facilitates continued employment of women while they have young children.

7 Summary and Conclusions

The major conclusion of the report is that the labour force participation rates of lone mothers in the countries studied is strongly related to that of married mothers, that is, that lone mothers are more likely to participate successfully in the labour force if they are already employed when they become lone mothers. Thus, measures which encourage participation by women generally, and mothers in particular, will lead to higher levels of participation by lone mothers. Such measures include improving women's education and vocational skills, employment conditions such as parental leave, and child care. While these measures would involve some cost to governments and employers, they would be likely to reduce expenditure on financial assistance to low income lone mothers as well as contribute to the economic benefits of greater participation.

The labour force participation rates for lone mothers were within 5 percentage points of those for married mothers in Finland, Sweden, the United States and the Netherlands and in Canada and Australia the rates for lone mothers were 9 per cent below those for married mothers. However in Austria lone mothers were very much more likely to participate than married mothers, while in the United Kingdom the reverse was true. In all the countries except the United Kingdom lone mothers were more likely to work full time than were married mothers and in all the countries they were less likely to work part-time than married mothers.

Lone mothers outside the labour force generally had access to income support, either through survivors' pensions for widows or income tested social assistance. In Austria and Sweden, lone mothers were required to seek work to be eligible for

social assistance and this also applied to some degree in the United States. All countries except the United States provided family allowances and some provided other non-income tested supplements for lone parents. The levels of assistance in relation to average production workers' wages, the proportion of income-tested to non-income tested assistance and the severity of income tests varied widely among the countries.

The panel concluded that the lack of access to social assistance did contribute to the high levels of labour force participation by lone mothers in Austria, while in Finland and Canada the comparatively high rates of participation by lone mothers was not the result of a lack of access to social assistance nor of low levels of assistance.

If the level of financial support acted as a disincentive to labour force participation, one would expect an inverse relationship between the level of assistance to lone mothers outside the labour force and the labour force participation rate of lone mothers. The panel did not find evidence of such a relationship. If it exists it is apparently outweighed by other factors.

While the study looked at comparative disposable incomes for different levels of earnings, the absence of detailed data on earnings of lone and married mothers meant that the panel was not able to assess the effect of income testing and tax rates on incentives to employment.

However, while effective marginal tax rates for lone mothers were not compared with those for married mothers or other groups, if the loss of income tested benefits is a disincentive to lone mothers to employment at low levels of earnings, this may partly account for the lower level of part-time employment of lone mothers compared with married mothers.

Further analysis comparing the actual earnings of lone mothers and other mothers, and examining the job market and earnings distribution in the different countries, would give a clearer picture of the impact of various tax transfer systems on lone mothers.

The countries with the highest overall participation rate for both lone and married mothers had comprehensive provision of formal child care. For the other countries, it appeared that working families used more informal than formal child care and there was insufficient information on the availability and cost of informal care to enable a full analysis of the impact of different aspects of child care on labour force participation. However, it is clear that lone mothers without access to child care are unable to engage in paid employment or look for work. Child care provided by fathers allows more flexibility for married mothers to work part-time, particularly outside normal working hours. The availability and affordability of appropriate child care has a major impact on participation by all mothers but to an even greater degree for lone mothers.

The level of education was found to be strongly related to labour force participation (and full-time employment) for lone mothers. The evidence on the effectiveness of

labour market programs suggests a positive impact on those involved, with some countries reporting that such programs were more effective for women re-entering the labour force than for long-term unemployed men. The United States experience suggested that more intensive programs might be more effective for the most disadvantaged group of lone mothers. Such programs are currently being evaluated; the results are yet to be known. The success of such labour market programs seems to be greater when there is strong demand for labour and a mismatch between skills and job requirements.

These findings imply that strategies which enable or encourage lone mothers to undertake education or training, particularly those who have not completed secondary education or have low vocational skills levels, would be effective in encouraging higher labour force participation. For the most disadvantaged group, longer term and/or more intensive assistance may be necessary.

7.1 Policy Implications

In each country there is a matrix of factors affecting the participation of lone and married mothers. The structure of labour markets, societal and cultural norms and the impact of tax/transfer systems will all shape participation rates and patterns and the extent to which particular factors have an impact.

The appropriate policy strategy for each country depends on the priority given to various objectives, such as fiscal restraint, relief of poverty and other problems facing lone mothers, reduction of female dependency through increasing female participation in the paid labour force, the role of government in providing social support and equity for female breadwinners, the welfare of children, and the maintenance of traditional family structures among women.

In a number of countries it is fairly common for married mothers to combine work and family responsibilities through part-time employment. The prevalence of part-time jobs varies across countries, although it is not clear whether this is in response to demand for more flexible working hours or the result of other factors such as a lack of full-time opportunities. Income support arrangements and the availability and cost of child care do not encourage part-time work for lone mothers in many countries. Changes to make this a viable option for lone mothers would be likely to encourage greater participation by lone mothers.

Child care is a necessity for lone mothers with young children to be able to participate in the labour force. Few lone mothers are likely to be able to afford the full cost of good quality full-day care without public subsidies. Informal child care is the lower cost but sometimes the lower quality and less reliable alternative. The issues for policy makers are the cost of child care subsidisation in relation to the longer term cost to the economy and families of the loss of women's labour; whether to direct assistance to low income families or provide universal assistance (as in tax credits or deductions); the effects on children of different types and standards of

care; and whether care is best provided by governments, employers, other organisations or private individuals.

Labour force participation by lone mothers seems to be particularly sensitive to educational levels. This implies that providing measures to encourage lone mothers (and other women) to further their education and skills levels could be an effective part of any labour market strategy. Such measures could include removing age restrictions on educational access and ensuring that child care and income support arrangements enable lone mothers to undertake education or training, as well as integration with other labour market programs such as counselling and advice services or incentives to take courses of study which are most relevant to labour market shortages and employment opportunities.

7.2 Areas for Further Study

Analysis of changes in labour force participation by lone and married mothers over time would shed further light on the relative importance of factors with an impact on participation.

Further investigation of the impact of marital status would be useful if relevant data could be obtained. In particular, there was not sufficient information available to examine the differences in labour market status between widows and other lone mothers within countries to assess the effects of survivors' pensions. There are usually higher, have a large non-means tested component and carry less social stigma than social assistance. While some differences were observed where information was available, it is not clear whether these are due to factors such as the age of the mother and the ages of the children.

Similarly the effect of child support on labour market behaviour could yield informative results, taking into account levels of support, the effect of non-means tested income support and whether child support entitlements are determined on the basis of the income of the custodial parent or the non-custodial parent. A study by Graham and Beller (1989) in the United States found that the likelihood of receipt of child support was related to other socio-economic factors which had an effect on labour force participation and also suggested that its uncertainty increased the incentive to seek more secure income through employment.

To clarify the effects of tax rates and means testing on labour market effort it would be necessary to compare the earnings distributions of lone and married mothers, to test whether disincentives were more apparent at different income levels. Such research would need to take into account other non-wage income as mentioned above.

Informal child care as well as formal care is of major importance in most countries in allowing labour force participation by mothers, particularly lone mothers, but there is little information about informal care. To assess the relative importance of formal and informal care it would be interesting to examine the factors which determine the

availability, cost and quality of informal care for different groups of lone mothers or in different countries. Data for such a study would be difficult to obtain without extensive surveys.

A number of countries noted the differences in labour market behaviour and income between lone mothers and lone fathers, despite having the same income support and child care opportunities. While this paper suggests that relative education levels, continued labour force participation, earnings capacity and social expectations would contribute to this, further research could test the reasons for these differences.

Finally, a comparison of the effectiveness of various forms of labour market programs for lone mothers would be useful. While the OECD monograph *Labour Market Policies for the 1990s* (OECD, 1990a) addressed many issues in labour market policies, including the relative disadvantages of women in the labour market, the experiences of different countries in remedying these disadvantages particularly for lone mothers through labour market strategies would provide guidance for policy in this area.

Appendix One

Individual Country Summaries

Finland and **Sweden** provide high levels of government support to families with children through both child care and non-means tested transfers, which is balanced by a very high proportion of the population, both male and female, in paid employment. In these countries it is generally expected that mothers will return to the labour force once their children are over the age of 18 months or two years respectively. In both of these countries the structure of financial assistance allows lone and married mothers to work part time to balance family responsibilities and paid employment. However there appear to be few part-time jobs in Finland, whereas in Sweden there is a great variety of working hours and a high proportion of both lone and married mothers work part time.

In **Austria**, there appears to be a strong emphasis on the family rather than the State as the basis of social support. This is evidenced by limited access to social assistance and an emphasis on traditional family roles. Consistent with this emphasis, women's educational attainment is lower than that of men, and there is a significant gender gap in earnings levels. While married mothers are encouraged (through the tax system, social insurance coverage and special allowances in some provinces) to remain at home with their children, lone mothers with children over two do not have this choice unless they are widows. They are required to participate in the labour force to qualify for financial support despite the relatively low availability of work-related formal child care. The impact of this system on the welfare of lone mother families is hard to gauge as little relevant information is available on a national basis.

In the **United States**, although social assistance is very much more accessible than in Austria, a comparatively low level of subsistence is provided, in line with an emphasis on low levels of welfare expenditure. There is a national insurance system for widows and survivors but no universal payments to families with children. Lone parents face relatively low effective marginal tax rates except for those with earnings between 30 per cent and 60 per cent of APWW. Women are more integrated into the labour force than in Austria, and the educational levels of women are closer to those of men, but there is no national provision of maternity leave. Labour market programs are used quite widely to encourage people on welfare to take up employment, and child care is provided for lone parents participating in these programs. At the Federal level there is little public involvement in the provision or regulation of formal child care, although tax deductibility assists those in employment to pay for private sector child care. Information on child care provision by state and municipal administration was not available. Married and lone mothers have medium participation and employment rates, but there is a high rate of poverty among families headed by lone mothers, including some in full-time employment, and the well-being of children in such families is an issue, particularly where only low quality child care is available, or no child care at all.

Like the United States, **Canada** has medium participation rates, with a slightly higher rate among married women than the United States, but a lower rate for lone mothers. The difference between lone and married mothers is in part-time employment. The role played by the federal and provincial governments is somewhat different from that in the United States. Lone mothers have a choice to stay outside the labour force, with a higher level of benefits than in the United States, as well as reasonably generous support for families (family allowances and refundable tax credits), but the effective marginal tax rates are relatively high at all levels of earnings. Most working mothers are entitled to maternity leave. As well as tax-deductibility for child care, federal and provincial governments provide subsidies for child care services, both commercial and non-commercial. As in the United States women have a high level of educational attainment and there is a fairly high level of labour market programs (with child care) to encourage those on welfare to re-enter the labour force.

Australia has lower levels of participation by both lone and married mothers, although participation by both has increased recently. As in Canada, lone and married mothers have similar rates of full-time employment, but lone mothers have lower part-time rates. There is a choice for lone mothers to remain at home to care for their children with a special social assistance benefit, at a level similar to those in Canada and the United Kingdom, although with lower effective marginal tax rates. All benefits to families are means tested. The relatively low levels of participation by mothers have been reinforced by a low level of education for women (particularly lone mothers) and limited child care. In the last decade the educational rates for women have increased, child care has been substantially expanded (and subsidies to low income families extended) and recently a high profile labour market program designed for lone parents has been introduced. Most female employees have the right to twelve months' unpaid maternity leave. Until recently labour market programs were not targeted to lone parents, and child care was not generally provided to those participating. Although these changes indicate a move towards encouraging lone mothers into the labour force, mothers retain the right to remain at home to care for their children.

In the **United Kingdom**, participation by married mothers is slightly higher than in Australia, but participation by lone mothers is lower and has declined over the last decade. The rate of full-time employment is low for both, but a high proportion of married mothers work part time. The United Kingdom also recognises the right of lone mothers to remain at home to care for children, with non-work tested benefits available at levels similar to Australia and Canada. However, there are stronger barriers facing lone mothers entering the labour force, in particular minimal assistance with child care and high effective marginal tax rates. Education levels of women are below those of men, and are lower again for lone mothers. While there are labour market programs these are not as extensive as those in most other countries studied.

The **Netherlands** has low levels of participation and the lowest levels of employment of both lone and married mothers, particularly in full-time work. It also has a lower proportion of lone mother families than the other countries in the study. There is a strong tradition for women to remain at home to care for their children and this is supported by a high level of benefits for lone mothers outside the labour force. However, as in the United Kingdom, the barriers to employment are high effective marginal tax rates and minimal child care. Women's educational levels are below those of men, lone parents' are lower again and labour market programs are not generally geared to women. However the emphasis in the Netherlands is changing. A large expansion of child care is planned, women's educational levels appear to be increasing, and changes have been made to increase the proportion of women in labour market programs, signalling, as in Australia, a move towards encouraging greater labour force participation by women. Social assistance in the Netherlands has ensured that lone mother families have a lower rate of poverty than in the other countries and are able to remain at home. However it involves a relatively high level of expenditure on income transfers and a high rate of economic dependency

Appendix Two

Selected Supplementary Tables

Table A2.1: Lone Mothers as a Proportion of All Families with Children^(a): Selected Years^(b) (Numbers and Percentages)

Country	Year 1		Year 2		Year 3	
	Number of lone mothers '000	% of all families '000	Number of lone mothers '000	% of all families '000	Number of lone mothers '000	% of all families '000
Australia	141	8	229	11	315	13
Austria	90	10	95	11	106	13
Canada	239	8	395	11	450	13
Finland ^(c)	66	10	89	12	86	13
Netherlands	91	n/a	136	7	172	11
Sweden	136	12	151	15	n/a	n/a
UK ^(d)	500	7	770	11	1000	15
US ^(e)	3415	12	6230	19	7019	21

- Notes:**
- a) All families = lone parent families, 2 parent families, and families consisting of an adult and child(ren) who are not the sons or daughters of the adult.
 - b) In the following countries the years for which data are given are as follows:
 - Australia 1971, 1980 and 1990
 - Austria 1971, 1981 and 1990
 - Canada 1974, 1981 and 1986
 - Finland 1970, 1980 and 1987
 - Netherlands 1978, 1981 and 1990
 - Sweden 1975 and 1985
 - UK 1971, 1980 and 1990
 - US 1970, 1980 and 1990
 - c) Figures for Finland include women with a live-in partner who is not the child's other parent (10-29% of total).
 - d) Figures for the UK for 1990 are estimated.
 - e) US figures include only primary families, not lone parents living with other families which would bring the figure to 24% in 1990.

Table A2.2: Labour Force Status^(a) of Lone and Married Mothers^(b) Selected Years^(e) (Percentages)

Country	Employment Status	1980		1985		1990	
		Lone mothers	Married mothers	Lone mothers	Married mothers	Lone mothers	Married mothers
Australia	employed	38	43	36	47	45	58
	- full-time	24	19	21	20	26	25
	- part-time	14	24	15	27	19	33
	unemployed	5	3	5	3	7	3
	labour force	43	46	41	51	52	61
Austria	employed	n/a	n/a	65	45	69	52
	- full-time	n/a	n/a	56	34	55	36
	- part-time	n/a	n/a	9	11	13	16
	unemployed	n/a	n/a	11	1	10	1
	labour force	75	43	76	46	78	53
Canada	employed	54	47	52	54	53	67
	- full-time	n/a	n/a	n/a	n/a	45	44
	- part-time	n/a	n/a	n/a	n/a	8	23
	unemployed	9	4	11	6	10	6
	labour force	63	51	63	61	63	73
Finland ^(c)	employed	78	73	88	74	87	71
	- full-time	71	63	81	65	81	63
	- part-time	7	10	6	10	6	8
	unemployed	11	4	6	3	3	8
	labour force	89	78	94	78	90	78
Netherlands ^(d)	employed	n/a	n/a	14	32	29	34
	- full-time	n/a	n/a	7	8	11	6
	- part-time	n/a	n/a	7	24	18	28
	unemployed	n/a	n/a	8	1	21	16
	labour force	n/a	n/a	22	32	50	50
Sweden	employed	80	78	83	86	87	90
	- full-time	42	30	43	37	55	43
	- part-time	37	49	40	49	32	47
	unemployed	3	2	3	2	2	1
	labour force	83	80	86	88	89	91
UK	employed	49	52	42	52	38	59
	- full-time	23	15	18	16	17	19
	- part-time	25	36	24	36	21	40
	unemployed	n/a	3	7	4	10	5
	labour force	n/a	55	49	56	48	64
US	employed	59	51	56	57	61	63
	- full-time	50	34	46	39	49	43
	- part-time	9	17	10	18	12	20
	unemployed	n/a	n/a	n/a	n/a	8	3
	labour force	67	54	66	61	68	66

- Notes:** a) Full-time employment figures include women on maternity leave except in the US and Australia.
b) Figures for Canada and Sweden are only for mothers with children under 16.
c) Figures for Finland for married women are those with children under 7. For those with children under 0-17, the figures are 78%, 78% and 85% in 1982, 1985 and 1989.
d) Figures for the Netherlands for 1985 and 1990 are from different series, differing mainly in the definition of unemployed.
e) The years for which data are given in the following countries are: Austria - 1981, 1985 and 1990; Finland - 1982, 1985 and 1989; UK - 1980, 1985 and 1989.

Table A2.3: Labour Force Participation of Lone and Married Mothers by Educational Attainment^(a)

Country	Year	Lone Mothers Education attainment					Married Mothers Educational attainment				
		1	2	3	4	Total	1	2	3	4	Total
Participation Rates (as a Percentage of Population in the Labour Force)											
Australia	1989	33	57	64	77	46	49	55	63	66	56
Austria	1990	69	87	68	94	78	45	56	55	78	53
Canada	1989	45	74	77	89	64	57	70	75	82	69
Finland		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands		31	52	80	**	50	35	49	53	**	50
Sweden		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	1989	32	43	59	78	37	51	54	65	69	58
US	1990	30	73	81	93	68	47	67	70	73	66
Percentage of Lone and Married Mothers in Full-time Employment											
Australia	1989	13	29	31	52	21	19	24	24	32	22
Austria	1990	49	60	47	82	55	32	36	36	59	36
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands		**	12	**	**	11	5	5	10	12	6
Sweden		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	1989	10	21	30	49	17	13	17	22	27	19
US	1990	23	53	62	80	49	30	43	46	51	43
Percentage of Lone and Married Mothers in Part-time Employment											
Australia	1989	14	18	24	21	18	27	27	34	31	30
Austria	1990	10	15	14	11	13	12	19	18	19	16
Canada	1989	43	24	25	9	n/a	n/a	n/a	n/a	n/a	n/a
Finland		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands		**	18	38	**	18	18	27	41	42	28
Sweden		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	1989	21	22	29	30	21	37	37	43	42	40
US	1990	10	12	13	11	12	12	21	22	21	20
Percentage of All Lone and Married Mothers by Educational Attainment											
Australia	1989	57	9	29	5	100	49	10	34	8	100
Austria	1990	38	50	9	3	100	39	47	10	4	100
Canada	1989	43	24	25	9	100	32	29	26	13	100
Finland		**	34	54	12	100	**	29	56	15	100
Netherlands		29	57	11	3	100	17	68	12	3	100
Sweden		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UK	1989	52	31	15	2	100	40	34	20	6	100
US	1990	27	45	19	9	100	14	44	21	21	100

Notes: a) Categories of educational attainment differ from those described in the notes to Table A2.4 as follows:
 Canada 1 = 0 - 8 years primary and/or secondary education
 2 = 9 - 13 years primary and secondary education
 3 and 4 are the same as those in Table A2.4.
 Details are not available for Finland, the Netherlands or the United Kingdom.
 For Australia, Austria and the United States, categories correspond to those in Table A2.4.
 UK figures in the first table are for employment only.

Table A2.4: Labour Force Participation of Men and Women Aged^(a) 20 to 54 by Educational Attainment^(b)

Country	Year	Men Education attainment					Women Educational attainment				
		1	2	3	4	Total	1	2	3	4	Total
Participation Rates (as a Percentage of Population in the Labour Force)											
Australia	1988	90	88	95	96	92	58	70	73	83	66
Austria	1987	91	97	59	97	93	55	70	46	86	63
Canada	1987	85	92	90	97	90	57	74	79	85	72
Finland	1988	83	79	97		84	78	77	92		79
Netherlands	1987	92	98	98	99	95	47	70	80	92	59
Sweden	1986	96	95	94	97	96	90	92	94	95	91
UK	1987	93	86	96	97	94	66	72	75	82	69
US	1988	84	94	88	96	91	50	72	77	84	72
Percentage of All Men and Women Aged 20 to 54 by Educational Attainment											
Australia	1988	37	15	37	11	100	49	14	30	7	100
Austria	1987	22	69	7	6	100	40	48	8	5	100
Canada	1987	25	33	26	16	100	22	37	28	13	100
Finland	1988	70	18	12	0	100	67	22	12	0	100
Netherlands	1987	46	33	15	6	100	56	30	11	2	100
Sweden	1986	36	41	11	12	100	43	33	13	11	100
UK	1987	46	7	30	17	100	71	7	7	15	100
US	1988	16	38	21	25	100	15	43	22	19	100

Source: *OECD Employment Outlook*, July 1989, Chapter 2.

Notes: a) Ages are as follows: Australia, 15 and over; Finland, 15-74; Netherlands, Sweden and males in the UK, 20-64; females in the UK, 20-60.

b) Categories of educational attainment are as follows:

- Australia 1=did not attend highest level of secondary education;
2=attended highest level of secondary school available;
3=trade qualification, apprenticeship, certificate, diploma or other; 4=degree
- Austria 1=compulsory schooling only (Allgemeinbildende Pflichtschule)
2=technical school, comprehensive school or apprenticeship (Mittlere (Fach-) Schule, Berufsbildende Höhere Schule oder Lehre)
3=upper secondary or intermediate school (Höhere Schule oder Allgemeinbildende Höhere Schule)
4=university or full-time vocational schools (Hochschule oder Verwandt Lehranstalt)
- Canada 1=0-10 years primary and/or secondary education;
2=11-13 years primary and secondary education;
3=some post-secondary, certificate or diploma; 4=university degree
- Finland 1=basic education or lower level of upper secondary
2=higher level of upper secondary
3=higher education
- Neth'lds 1=education preceding and at the first level, or at the second level, first stage
2=education at the second level, first stage
3=education at the third level, first stage
4=education at the third level, second stage
- Sweden 1=pre-upper secondary school, or up to 1 year upper secondary school (Förgymnasial utbildning og gymnasial utbildning högst 1-årig)
2=upper secondary education, more than 1 year (gymnasial utbildning längre än 1 år)
3=post-upper secondary education, at most 2 years (eftergymnasial utbildning högst 2 åri)
4=post-upper secondary education, more than 2 years (eftergymnasial utbildning längre än 2 årig)
- UK 1=no qualification, O-level or CSE below Grade 1
2=GCE A-level or other equivalent
3=trade apprenticeship, ONC/OND/BEC(NAYGEN)/TEC(NATGEN), CITY AND GUILD
4=higher education below degree level, primary or secondary teaching qualification, nursing qualification, degree
- US 1=less than 4 years of high school
2=4 years of high school
3=1 to 3 years of college
4=4 years of college or more

Table A2.5: Labour Force Participation of Lone and Married Mothers by Age of Mother

Country	Year	Lone Mothers Age of mother						Married Mothers Age of mother					
		15-19	20-24	25-34	35-44	45+	Total	15-19	20-24	25-34	35-44	45+	Total
Participation Rates (as a Percentage of Population in the Labour Force)													
Australia	1990	24	31	46	66	55	52	17	38	54	71	59	61
Austria	1990	79	82	81	80	60	78	60	52	54	55	45	53
Canada	1989	***	***	60	75	62	64	***	54	68	74	61	69
Finland ^(a)	1988	0	56	91	93	86	88	63	56	72	85	82	78
Netherlands ^(c)	1990	***	***	41	57	53	50	***	34	46	55	43	50
Sweden ^(b)	1990	40	75	86	95	91	89	52	77	88	94	93	91
UK	1988	14	18	35	59	49	37	18	28	48	66	59	58
US	1990	36	51	69	80	66	68	39	50	65	71	63	66
Percentage of Lone and Married Mothers in Full-time Employment													
Australia	1990	3	6	19	35	39	26	2	13	19	30	29	25
Austria	1990	53	68	52	57	43	55	35	40	37	35	30	36
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland ^(a)	1988	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands ^(c)	1990	***	***	***	14	***	11	***	***	6	7	5	6
Sweden ^(b)	1990	20	30	46	64	62	55	30	44	39	44	47	43
UK	1988	7	8	14	27	18	17	8	10	14	20	18	19
US	1990	11	30	49	63	51	49	19	33	42	47	43	43
Percentage of Lone and Married Mothers in Part-time Employment													
Australia	1990	3	16	20	23	14	19	6	17	31	38	28	33
Austria	1990	5	8	15	15	12	13	15	4	16	18	14	16
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland ^(a)	1988	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands ^(c)	1990	***	***	12	23	20	18	***	14	27	31	23	28
Sweden ^(b)	1990	20	40	36	28	28	32	15	31	48	49	45	47
UK	1988	7	11	21	32	31	21	10	18	35	46	41	40
US	1990	17	11	12	11	10	12	11	13	19	22	19	20
Percentage of All Lone and Married Mother by Age of Mother													
Australia	1990	3	11	35	36	16	100	0	4	38	43	14	100
Austria	1990	2	18	42	26	12	100	0	7	51	33	9	100
Canada	1989	1	10	38	38	13	100	0	5	40	42	13	100
Finland ^(a)	1988	1	9	36	45	10	100	0	44	42	44	10	100
Netherlands ^(c)	1990	***	4	31	47	18	100	***	3	38	47	13	101
Sweden ^(b)	1990	1	7	34	43	15	100	0	5	37	44	13	100
UK	1988	8	19	35	30	8	100	1	9	42	40	8	100
US	1990	4	14	41	31	11	100	1	6	41	40	12	100

- Notes:**
- a) Figures for Finland are for 'economically active' women, i.e. those working more than 6 months per year.
 - b) Youngest category for Sweden and the UK is 16-19. UK figures in first part of this table are employed only.
 - c) Figures for full-time and part-time work in the Netherlands do not include employers, self-employed and family workers.

Table A2.6: Labour Force Participation of Lone and Married Mothers by Age of Youngest Child^(a)

Country	Year	Lone Mothers Age group of youngest child					Married Mothers Age group of youngest child				
		1	2	3	4	Total	1	2	3	4	Total
Participation Rates (as a Percentage of Population in the Labour Force)											
Australia	1990	37	55	59	71	52	48	70	74	68	61
Austria	1990	77	80	-	-	78	50	57	-	-	53
Canada	1989	52	71	77	71	64	65	75	72	72	69
Finland	1989	88	87	92	-	90	72	91	92	-	85
Netherlands	1990	41	44	55	64	50	44	54	56	51	50
Sweden	1986	85	91	91	92	89	83	86	91	94	89
UK	1989	32	59	66	-	48	50	73	79	-	64
US	1990	54	75	80	78	68	58	70	73	74	66
Percentage of Lone and Married Mothers in Full-time Employment											
Australia	1990	13	22	32	51	26	15	27	35	-	25
Austria	1990	56	54	-	-	55	37	35	-	-	36
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands	1990	**	**	13	16	11	5	6	8	8	6
Sweden	1986	39	35	47	60	44	33	31	38	47	38
UK	1989	8	20	30	-	17	13	20	31	-	19
US	1990	35	54	62	65	49	37	45	51	53	43
Percentage of Lone and Married Mothers in Part-time Employment											
Australia	1990	16	24	21	-	20	30	38	35	-	33
Austria	1990	9	17	-	-	13	13	20	-	-	16
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands	1990	14	19	19	22	18	26	29	31	28	28
Sweden	1986	42	51	41	30	41	48	53	52	46	49
UK	1989	13	28	28	-	21	30	49	45	-	40
US	1990	12	12	12	9	12	18	22	20	20	20
Percentage of All Lone and Married Mothers by Age of Youngest Child											
Australia	1990	35	25	24	16	100	41	24	21	14	100
Austria	1990	54	36	***	-	100	50	50	-	-	100
Canada	1989	45	24	21	11	100	51	22	18	9	100
Finland	1989	14	15	71	-	100	34	18	48	-	100
Netherlands	1990	26	27	27	19	100	43	22	21	15	100
Sweden	1986	33	24	19	24	100	23	23	20	34	100
UK	1989	46	33	22	-	100	46	32	22	-	100
US	1990	40	27	21	12	100	43	25	20	11	100

Notes: a) Age groups are as follows:
 Australia, the Netherlands and the US: 1 = 0-4, 2 = 5-9, 3 = 10-14, 4 = 15 or more
 Austria 1 = 0-5, 2 = 6-14
 Canada 1 = 0-6, 2 = 7-11, 3 = 12-15, 4 = 16-17
 Finland 1 = 0-3, 2 = 4-6, 3 = 7-17
 Sweden 1 = 0-2, 2 = 3-6, 3 = 7-10, 4 = 11-16
 UK 1 = 0-4, 2 = 5-10, 3 = 11-15

Table A2.7: Labour Force Participation of Lone and Married Mothers by Number of Children^(a)

Country	Year	Lone Mothers Number of children					Married Mothers Number of children				
		1	2	3	4	Total	1	2	3	4	Total
Participation Rates (as a Percentage of Population in the Labour Force)											
Australia ^(a)	1990	54	52	46	-	52	63	63	58	46	61
Austria	1990	81	70	59	50	78	61	47	45	42	53
Canada	1989	67	63	58	***	64	71	69	64	56	69
Finland ^(b)	1989	89	93	-	-	90	86	87	75	-	85
Netherlands	1990	54	46	35	***	50	52	51	45	32	50
Sweden	1986	90	90	79	-	89	92	91	76	-	89
UK	1988	41	39	27	10	37	58	56	45	32	58
US	1990	73	68	57	40	68	70	67	58	50	66
Percentage of Lone and Married Mothers in Full-time Employment											
Australia ^(a)	1990	29	24	21	-	26	31	24	19	13	25
Austria	1990	60	42	33	50	55	41	30	33	32	36
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland ^(b)	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands	1990	12	10	-	-	11	8	6	-	-	6
Sweden	1990	51	37	28	-	45	46	35	29	-	38
UK	1988	20	14	6	**	17	22	14	10	7	19
US	1990	56	47	36	22	49	50	43	34	29	43
Percentage of Lone and Married Mothers in Part-time Employment											
Australia ^(a)	1990	17	22	19	-	19	28	36	36	29	33
Austria	1990	13	16	16	-	13	18	15	11	10	16
Canada	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Finland ^(b)	1989	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Netherlands	1990	19	18	-	-	18	29	29	14	15	28
Sweden	1990	35	50	45	-	41	45	54	45	-	49
UK	1988	21	26	21	10	21	36	42	36	26	40
US	1990	12	12	12	9	12	18	21	21	18	20
Percentage of All Lone and Married Mothers by Number of Children											
Australia ^(a)	1990	51	33	15	-	100	33	42	19	6	100
Austria	1990	77	19	4	1	100	50	38	10	2	100
Canada	1989	55	32	10	3	100	38	43	15	4	100
Finland ^(b)	1989	74	22	4	-	100	42	41	17	-	100
Netherlands	1990	55	33	10	2	100	37	44	15	4	100
Sweden	1986	59	33	8	-	100	40	44	16	-	100
UK	1988	58	31	9	3	100	40	43	13	4	100
US	1990	53	31	11	5	100	39	40	15	6	100

Notes: a) Australian, Finnish and Swedish figures are for lone and married mothers with 1, 2 and 3 or more children

b) For Finland, married mothers include only those with a child under 7. The first part of this table only includes employed women.

Appendix Three

Data Sources

The data used in this paper was provided by members of the OECD Panel on Factors Affecting the Labour Force Participation of Lone Mothers, unless other sources are cited.

Data on educational attainment of men and women used in Figure 4 and Table A2.4 are from the *OECD Employment Outlook*, July 1989, Chapter 2.

Australia

Material supplied by author from Australian Bureau of Statistics (ABS) and Australian Department of Social Security (DSS) sources. Unless otherwise specified, data refer to parents of dependent children aged 0-14 and dependent full-time students aged 16-24.

Table 1: ABS, 1988-89 Household Expenditure Survey, data analysed by DSS.

Tables 2, A2.1 and A2.2: ABS, Labour Force Survey, June 1980, 1985, 1990.

Table 3, Figure 1: ABS, Labour Force Survey, June 1990 and DSS calculation of social security entitlements and tax liabilities.

Figures 2, 3, 5, Table A2.3: ABS Supplementary Survey, Educational Attainment, February 1989, microfiche data. Includes only women with children aged 0-14.

Tables A2.5 to A2.7: ABS, Supplementary Survey, Labour Force Status and other Characteristics of Families, June 1990, microfiche data.

Austria

Material supplied by Agnes Schulmeister, Bundesministerium fur Arbeit und Soziales.

Table 1: Microcensus June 1989, Central Statistical Office of Austria.

Tables 2, A2.1 to A2.3, A2.5 to A2.7, Figures 2, 3, 5: 1971 Census, 1981 Microcensus, 1985 Microcensus average, September 1990 Microcensus.

Data refer to women or families with at least one child under 15. 'Married mothers' include mothers in consensual unions. Labour force participation: unemployed and employed with at least 13 hours normally worked by week, also included women in maternity leave. Full-time work includes maternity leave. Part-time work is 13 to 35 hours weekly.

Table 3: Data for Austria not available.

Figure 1: Bundesministerium fur Arbeit und Soziales material.

Canada:

Material provided by Joe Shebib, Health and Welfare Canada.

Tables 1, A2.1, A2.3, A2.5 to A2.7, Figures 2, 3, 5: Statistics based on Canada Microdata tape (Economic Families - 1988 Income) which contains data collected by the 1989 Survey of Consumer Finances. All computations on these microdata were done by Health and Welfare Canada and the responsibility for the use and interpretation of these data is entirely that of the authors. This data set provides labour force and demographic information for the calendar year 1988.

Tables 2 and A2.2: *Labour Force Annual Average, 1981-1988*, Statistics Canada, Catalogue 71-529 and *The Labour Force, December 1990*, Statistics Canada, Catalogue 71-001.

Table 3, Figure 1: Provided by Health and Welfare Canada.

Finland:

Material provided by Anita Haataja, Ministry for Social Affairs and Health, Finland.

Table 1, A2.5: Income Distribution Statistics 1988, Central Statistical Office of Finland.

Tables 2 and A2.2: Labour Force Study in 1982, 1985 and 1989.

Table 3, Figure 1: Households' Income Model of the Ministry of Social Affairs and Health.

Table A2.1: Family Statistics (based on population register).

Table A2.3, Figures 2, 3 and 5: Data for Finland not available.

Tables A2.6, A2.7: Labour Force Study, 1989, (based on sample data).

The Netherlands:

Material provided by Reike Christe, Ministerie van Sociale Zaken en Werkgelegenheid, Netherlands.

Tables 1, 2, A2.2: Housing Requirements Investigation 1985/1986 CBS, edited by Sociale Zaken en Werkgelegenheid, Labour Force Survey 1990, CBS.

Table 3, Figure 1: Sociale Zaken en Werkgelegenheid.

Table A2.1: Olde Daalhuis (1978), Housing Requirements Investigation 1981 CBS, Labour Force Survey 1990, Housing Requirements Investigation 1989/1990 CBS.

Tables A2.3, A2.5 to A2.7 Figures 2, 3, 5: Sociale Zaken en Werkgelegenheid.

Sweden:

Material supplied by Ann Lindvall Antessen, Ministry of Health and Social Affairs, Sweden.

Table 1: Ministry of Finance and Statistics Sweden Income Distribution Survey, 1988 up-dated 1991.

Tables 2, A2.2, A2.5 to A2.7: Swedish Labour Force Surveys, 1980, 1985, 1990

Table 3, Figure 1: Ministry of Health and Social Affairs.

Table A2.1: Swedish Income Distribution Survey 1975, 1980, 1988.

Table A2.3, Figures 2, 3, 5: Data for Sweden not available.

United Kingdom:

Material provided by William McConnachie and Adrian Gault, Department of Social Security, UK. A full list of data sources was not supplied. Data for Table 1 was drawn from the Family Expenditure Survey 1987 and other tables are based on General Household Survey data. .

United States:

Material provided by Martin Gerry and Cantia Pian, Department of Health and Human Services, Washington.

Table 1: March 1990, Current Population Survey, Department of Health and Human Services.

Tables 2, A2.1, A2.2: Current Population Survey (various years).

Table 3, Figure 1: Department of Health and Human Services.

Tables A2.3, A2.5 to A2.7, Figures 2, 3, 5: March 1990 Current Population Survey.

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Comments on Julia Perry's Paper

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To begin with, we should recognise that Julia Perry has only been able to present us with a highly abridged version, in the form of some general observations, of the material covered in the full OECD report. I have not seen that report and many of my comments may be easily answered through reference to the larger report.

There are two specific questions about the study about which it would be useful to have further information.

- What was the basis for the selection of those countries covered in the study?
- Is comparative information on aggregate economic performance included? Aggregate unemployment rates, for example, could be seen as an important factor via discouragement in the level of labour force participation.

The main value of the paper would seem to be descriptive rather than analytical: factors which may affect the labour force participation of lone mothers are identified, though the significance of each is not. As such, the paper provides a useful broad account of the issues.

Now, I will turn to some general comments about the paper.

Generally, lone mothers appear to be seen here as a homogeneous group, though there are suggestions about the different impacts of various factors according to characteristics such as age of children and marital status, and there is also passing reference to a comparison of the characteristics of lone mothers in the different countries. I believe it is important to distinguish sub-groups of lone mothers and this should be done throughout. For example, the labour market behaviour and, in particular, the barriers to labour force participation would be quite different for a 19 year old lone mother with a one year old child and for a 40 year old separated mother with two school age children. Such differences have been touched upon in the paper, but not pursued.

Another important point which was touched upon but not pursued is the important question of what it is that is particular about lone mothers, as opposed to all mothers or all women, in the question of labour force participation. Addressing this matter would involve a disaggregation of lone mothers as suggested above.

The paper does compare the labour force participation of lone mothers and married mothers but it is not clear how to interpret the comparison. Do similar rates of labour force participation suggest that both groups face similar barriers? What is missing here is any consideration of will. In Australia, are the 40 per cent of married mothers

not in the labour force by choice? Are the 50 per cent of lone mothers not in the labour force by choice. I would suspect that the answers to these two questions would be very different. While the paper looked broadly at constraints, opportunities and incentives, I did not get a clear picture of the degree of choice available to sole parents between being breadwinners or childrearsers.

The above comments are offered as suggested elaborations or qualifications to the useful descriptive material in the paper. When the paper attempts to identify causation, rather than simply association, however, it comes onto quite shaky ground. Figure 5 is a good illustration of this. The figure plots participation rates for lone mothers and their entitlements to public transfers, and is used to make a statement about the relationship between these two variables. However, we know there are important differences between countries in the definition of labour force participation (e.g. the treatment of maternity leave for Australia and the US, and the definition of unemployment used in the Netherlands), and there are also important differences in what is and what is not included in transfers for different countries (for example, the picture will be different depending on whether housing assistance is provided as income support or as subsidised housing). One is left wondering how comparable these comparisons are across countries. This leads to a concluding point for discussion about how far this type of international comparison can be taken.

Sole Parents, Work and Welfare: Evidence from the Luxembourg Income Study

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1 Introduction

A dominant theme of the 1986 Social Security Review (SSR) was the need to establish stronger policy links between labour market and social security programs. Underlying this theme is a recognition that in the near future a significant proportion of the Australian population will routinely combine income from both work and welfare in the formation of household/family disposable income. Such combinations may be serial - i.e. intermittent spells of unemployment followed by full or part time employment; or parallel - i.e. supplementing part-time incomes with means-tested benefits.

This theme appears in various forms throughout the Department of Social Security (DSS) background papers and in the SSR issues papers. In the case of sole parents the work-welfare question was quite carefully managed in recognition of the fact that for many years policy had operated on the 'presumption that sole parents should at least have the choice of staying at home to look after their children or going out to work'. The policy analysis presented in the SSR issues paper, *Bringing Up Children Alone* (Raymond, 1987), may be roughly summarised as follows:

- there is concern about rising numbers of sole parents numbers (and about the fiscal consequences which follow from this);
 - sole parents are one of the poorest groups in the Australian community;
 - the extent of sole parent poverty in Australia is a reflection of relatively low benefit levels and relatively high dependence on these benefits;
 - thus the policy 'problem', at least in relation to an anti-poverty strategy, revolves around benefit levels and labour force participation.
 - On the question of benefit levels the SSR analysis rules out real increases in benefit levels in the belief that increasing benefit levels act as:
-

- an incentive to separate;
- a disincentive to re-partner; and
- a disincentive to work.

On the labour force participation question, explanatory factors advanced for the observed level of participation include:

- child care issues;
- high marginal tax rates; and
- characteristics of sole parents which may lower their ability to get into the market, such as age, education, locational characteristics and the like.

The Review assembled a considerable amount of evidence in support of its arguments. Some of the resultant policy changes, eg. JET, increases in child care places, and higher family allowances may well improve the position of sole parents in Australia, although the evidence on this point still forthcoming.

In this paper I go back to the 1985 position and use the Luxembourg Income Study (LIS) data to test the veracity of the SSR policy framework from a comparative perspective. In particular I present evidence on the size of the sole parent population in the countries in the study; the extent of their labour force participation and their economic well-being; and the extent of sole parent dependency. These are dealt with in Sections 2 to 6.

I then turn to the question of labour force participation in detail, presenting probit and OLS regression results on employment and hours of work, paying particular attention to those characteristics of sole parents identified by the review as limiting labour force participation (Sections 7-8). In Section 9 OLS regression is also carried out to compare benefit levels and effective tax rates across the countries.

These eight sections cover the ambit of the SSR concerns. In Sections 10 and 11 I introduce two issues which were not raised in any substantive way by the Review but pose some interesting policy choices. In Section 10 I ask whether the 'all out' pursuit of increasing labour force participation of sole parents will necessarily result in a better outcome vis-a-vis an anti-poverty strategy. While Section 11 sets out the relationship between publicly funded child care places and female sole parent (FSP) labour force participation.

The conclusion contrasts the findings from the LIS data with the analytical framework of the SSR and points to several areas where the assumptions/ assertions of the Review may be open to debate.

2 The Luxembourg Income Study: A Brief Description

At the core of the LIS project is a database which is comprised of a series of income, expenditure and tax file surveys from about fifteen countries: Australia, Canada, France, Germany, Hungary, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Sweden, Switzerland, the United Kingdom and United States. Each country's survey data has been re-coded at LIS to form a common framework of highly comparable variables covering the demographic, income and labour force characteristics of the survey populations. There are currently about 35 data sets collected from several waves of surveys, the primary waves being collected circa 1980 and 1985, with some earlier data (circa 1969, 1975) for the UK, US, Germany and Canada. A description of the core LIS variables is set out in Appendix One of this paper. The survey sources for the ten countries in this study are shown in Table 1.

Among the group of countries chosen for this study the availability of taxation, educational and labour market data varies. Three countries in particular lack key data: France (education, hours, occupational status and training); Italy (hours and taxation); and Luxembourg (taxation). At various points in the analysis these countries are excluded.

Given the large number of countries in this study it is likely that readers will not have a working knowledge of the basic demographic and income characteristics of each country. Where relevant the paper will direct readers to attachments which set out tabulations for groups other than the female sole parents (FSP) which are the focus of this paper. Male sole parents (MSP) have been excluded from this analysis as they have income, demographic and labour force characteristics which are distinct from FSP families. At other points in the paper readers will also be referred to methodological discussions, such as the derivation of the poverty line used in this analysis.

3 The Variation in FSP Labour Force Participation

The labour force participation of FSP varies considerably across the countries in this study. Table 2 shows the percentages of females/males by family type who were employed at the time of survey.¹ The table presents many contrasts both within and between the countries, of which only a few are highlighted here:

- FSP labour force participation in Sweden and Italy is more than double that of FSP in Australia and the Netherlands;

1 The analysis is restricted to those currently employed as two of the countries do not distinguish 'unemployed' from 'not in the labour force'. For convenience, being currently employed will be referred to as 'labour force participation' in the text.

Table 1: Data Sources for LIS Microdata Files

Country	Year	Survey Source
Australia	1985-6	Income Distribution Survey
Canada	1987	Survey of Consumer Finances
France	1984	Survey of Individual Income Tax Returns
Germany	1984	German Socio-economic Panel Study
Italy	1986	Bank of Italy Income Survey
Luxembourg	1985	Luxembourg Household Panel Study
Netherlands	1987	Survey of Income and Program Users
Sweden	1987	Income Distribution Survey
UK	1986	Family Expenditure Survey
US	1986	Current Population Survey

Table 2: Labour Force Participation, Percentage of Males/Females in Each Family Type

	Females			
	Single	Sole Parent	Married (with children)	Married (no children)
Australia	66.9	35.3	53.1	52.5
Canada	74.7	57.7	61.3	62.9
Germany	57.9	57.1	43.6	51.1
Italy	36.8	70.0	40.7	27.2
Luxembourg	56.0	40.6	27.2	31.9
Netherlands	45.7	26.5	29.6	45.3
Sweden	75.7	88.2	88.1	81.8
UK	54.5	43.7	54.3	63.7
US	74.8	56.9	59.3	63.3

	Males			
	Single	Sole Parent	Married (with children)	Married (no children)
Australia	76.6	76.9	90.9	77.4
Canada	78.8	71.1	90.1	79.5
Germany	76.6	50.0	91.4	80.9
Italy	83.8	91.7	95.2	77.3
Luxembourg	82.5	50.0	95.1	72.9
Netherlands	56.7	58.6	89.9	72.5
Sweden	80.8	89.4	97.7	89.9
UK	76.0	70.7	89.9	81.7
US	82.4	78.8	90.6	80.4

- there is considerable variation in female labour force participation within each country according to marital status; generally single women participate to a greater extent than married women and sole parents. Again Sweden is an exception to this trend. There are several countries (Germany, Italy and Luxembourg) where sole parents' participation is greater than that of married women; and
- there are considerable gender differences by family type, although these differences are less pronounced in Sweden, particularly for sole parents.

Explaining the causes of such variation in FSP participation across these countries presents an interesting challenge in itself. Unlike other groups, such as married men with children, FSP participation is not simply explained or understood from a handful of demographic, educational/training or experiential variables. Understanding FSP participation requires a complex balance of issues ranging from demographic characteristics such as age and education, the ages and numbers of their children, to cultural, religious, social, racial and gender barriers. These are further compounded by government policies in relation to child care, legislation on parental leave, the extent and generosity of transfer payments, taxation arrangements, and by attitudes concerning the extent to which the FSP is free to choose between work or child-rearing. From the perspective of the market place we have differential rewards from work, the availability of part-time versus full-time jobs, and the willingness of employers to grant leave for the care of sick children.

4 Sole Parents and Social Policy

Apart from its intrinsic value, the study of FSP participation is also important from a policy perspective. FSP participation has been the subject of much debate in Australia in recent years. The SSR devoted considerable attention to sole parent pensioners, and the following quote from its issues paper on sole parents illustrates a significant change in government attitudes concerning participation choices by sole parents. It also underlines both the fiscal and welfare concerns which motivate the participation question from an Australian perspective²:

In short there was, and still remains, a presumption that sole parents should at least have the choice of staying at home to look after their children or going out to work In recent years, however, with the rapid growth in numbers of sole parent pensioners, there has been concern ... that there should be increased incentives and opportunities for sole parents to participate in the labour force. There has been a view that sole parents, like married women with children, should participate

2 Appendix Five provides data on the size of the sole parent population in Australia and overseas over time, trends in the growth of sole parent numbers and government outlays in Australia, and trends in FSP and married womens' labour force participation.

in the labour force ... It has also been noted that employment is the major way of raising the incomes of many sole parents to acceptable levels. (Raymond, 1987: 3)

The concern over the incomes of sole parents is not limited to Australia. A recent OECD survey of the impact of social security programs on poverty noted that among member countries a number of new groups requiring income support had emerged over the late 1970s and early 1980s (e.g. sole parents, the young and long-term unemployed). Unlike traditional beneficiaries such as the aged, these groups do not attract high levels of popular support and have increasingly come to dominate the poor population (OECD, 1988: 6). This observation, especially in relation to sole parents, has been consistently borne out by both domestic and cross-national evidence during the 1980s (Smeeding et al., 1990; Millar, 1989; Mitchell, 1991).

Table 3 shows the relative probabilities of being in poverty post-transfer for a range of family types in the LIS countries.³ (See the discussion in Appendix Two regarding the derivation of the poverty line used in this study.) Post-transfer, sole parents in Australia and Germany are four times more likely to be poor than any other family type. In Canada, France, Luxembourg and the US sole parents are over-represented in the poor population by a factor of two to three; while in the UK, Italy and the Netherlands they are 1.5 times more likely to be poor. Only in Sweden are sole parents under-represented in the poor population. With the exception of Sweden and the UK, poverty rates for sole parents are considerably higher than for couple-headed families with children. The figures indicate that in most countries sole parent poverty is a primary problem and this is acutely so in Germany and Australia.

The percentage of sole parent families below the poverty line (the 'head-count' measure) and their average poverty gaps⁴ are shown in Table 4. We see that FSP in Australia, Canada and the US have poverty rates well in excess of FSP elsewhere. As discussed in the attachments, the poverty gap measure conveys additional information about the extent of poverty among sole parents. This shows that in Sweden, the few sole parents with below poverty line incomes have an income deficit of around \$A9 per week. By contrast, the again fairly small number of sole parents who are poor in the Netherlands have a much greater deficit - on average around \$A25 per week. The large number of Australian sole parents were on average \$A23 below the poverty line.

3 The relative probability of group 'A' being in poverty is defined as the poverty rate for group A divided by the poverty rate for the whole population.

4 The average shortfall between their actual income and the appropriate poverty line income, expressed as a percentage of the poverty line income.

Table 3: Relative Poverty Probabilities, Post-transfer, by Family Type, Circa 1985

	Aged (Single)	Aged (Couple)	Single (no children)	Couple (no children)	Sole Parent	Couple (with children)	Other
Australia	0.6	0.6	0.9	0.6	4.1	1.1	0.5
Canada	0.5	0.4	1.6	0.4	3.4	0.9	1.0
France	0.1	0.2	1.5	1.0	2.0	1.2	1.2
Germany	0.8	1.1	1.2	0.7	4.0	1.0	1.3
Italy	0.8	0.7	0.5	0.9	1.4	1.2	1.2
Luxembourg	1.2	2.5	0.8	0.7	2.1	1.0	0.1
Netherlands	0.0	0.0	2.2	0.4	1.4	1.1	1.6
Sweden	0.4	0.2	2.2	0.3	0.3	0.4	*
UK	0.1	0.3	0.8	0.8	1.5	1.8	0.6
US	1.4	0.7	1.1	0.4	2.7	0.9	1.1

Table 4: Female Sole Parent Poverty, Post-transfer Head Counts and Poverty Gaps, Circa 1985

Rank		Head count	Percentages	Poverty gap
1	Sweden	2.6	Sweden	15(a)
2	Netherlands	7.8	Luxembourg	22(a)
3	UK	10.3	Germany	27
4	Luxembourg	11.3	Australia	27
5	Italy	14.8	Canada	27
6	France	20.0	France	29
7	Germany	26.5	Italy	31
8	Canada	44.0	UK	33
9	Australia	47.4	Netherlands	36(b)
10	US	56.0	US	41

Notes: a) Numbers of cases less than 11.
b) Number of cases 11-20.

For readers uncomfortable with poverty measures another useful way of establishing the relative economic status of FSP across these countries is to examine the ratio of disposable incomes of FSP and couple-headed families with children (CHF). Table 5 reports these ratios on a per capita and equivalent income basis.⁵

5 Using the OECD equivalence scale as discussed in Appendix Two.

Table 5: Ratio of FSP Incomes to CHF Families

	Disposable Income	
	Per Capita Income Basis	Equivalent Income Basis
Australia	0.63	0.61
Canada	0.67	0.65
France	0.82	0.81
Germany	0.77	0.74
Italy	0.91	0.90
Luxembourg	0.97	0.96
Netherlands	0.89	0.87
Sweden	0.94	0.91
UK	0.79	0.77
US	0.58	0.58

The table shows that in Italy, Luxembourg, the Netherlands and Sweden FSP families have an income which is 90 per cent or more of that of CHF, on an equivalent income basis. By contrast FSP in the US, Canada and Australia receive, on average 60-65 per cent, of CHF disposable income, on an equivalent income basis.

5 Labour Force Participation and Poverty Status

Whichever perspective on the relative economic position of FSP in these countries is taken, FSP in countries such as Sweden and the Netherlands are in a much better position than FSP in Australia and the US. How strongly is this linked to labour force participation and are these links consistent across this group of countries? Table 6 shows the poverty status of working and non-working FSP. We see that in Sweden and Italy labour force participation provides a strong guarantee against poverty with the social security system in these countries also providing strong support for those who do not work. In France labour force participation provides a fair guarantee against poverty, though the social security system does not provide as strong a safety net for non-working FSP as in Sweden and Italy.

In Germany FSP labour force participation is significantly lower than in the above countries, however those who do work, are again unlikely to be poor. For those sole parents who do not work the social security system appears to provide patchy support, with half of the non-working FSP in poverty. Canada has the next highest level of FSP labour force participation but here there is a sizeable percentage of working FSP who are poor. In addition the social security system provides a very weak safety net with the vast majority of non-working FSP being below the poverty

Table 6: FSP Labour Force Participation and Poverty Status, Circa 1985^(a)

	Working		Not Working		
	Poor	Non-poor	Poor	Non-poor	
Australia	8.0	28.6	39.4	23.9	100
Canada	10.6	48.3	33.4	7.7	100
France	8.5	75.1	11.5	4.9	100
Germany	5.5	53.0	21.0	20.5	100
Italy	3.3	77.2	2.9	16.7	100
Luxembourg	2.0	43.1	7.8	47.1	100
Netherlands	3.3	24.3	5.0	67.4	100
Sweden	1.3	87.5	1.3	9.9	100
UK	5.3	40.7	5.0	49.0	100
US	19.7	36.7	35.8	7.9	100

Note: a) Excludes women over 60, to be consistent with Australian retirement legislation, weighted by households. Compare with Table 2, which is weighted by persons and includes women up to 65.

line. While more than 50 per cent of all FSP in the US work, around half of these families are poor. Moreover, the social security system keeps very few FSP out of poverty; less than a quarter of non-working FSP are above the poverty line.

In Luxembourg just under half of FSP work and those who do are very unlikely to be poor. Generally the social security system keeps non-working FSP out of poverty. In the UK it appears that labour force participation makes very little difference to poverty status. Poor FSP families are evenly divided between working and non-working sole parents. The figures suggest, in fact, that FSP in the UK are less likely to be poor if they are not working. In Australia around one-third of FSP work and their incomes generally keep these families above the poverty line. The social security system provides a fairly poor safety net for non-working FSP, the majority of whom are below the poverty line.

The Netherlands has the lowest level of FSP labour force participation with those who do work having a strong guarantee against poverty. Around 70 per cent of FSP do not work in the Netherlands and the social security system keeps the vast majority of these FSP out of poverty.

6 'Welfare Dependency' in the LIS Countries

A discussion of FSP participation requires, at least from an Australian policy perspective, some treatment of the welfare dependency issue. The notion of welfare dependency has two aspects, the importance of which varies in a cross-national

setting. In the first instance, welfare dependency simply refers to the percentage of family income which is derived from social security transfers. In the literature dependency is said to exist when transfers form between 50 and 75 per cent or more of gross income. It is thought that the existence of benefits acts as a disincentive to labour force participation and that this disincentive increases as the income replacement rate of benefits rises.

A second aspect of dependency which seems only to apply in an environment of income-tested transfers is the effect which high marginal tax rates have on participation. Thus the marginal value of a dollar earned in the market place may be considerably reduced by the combination of taxation, loss of transfers, loss of passport or 'fringe' benefits, such as free medical care, not to mention the on-costs of child care, travel etc. This issue has been exhaustively treated in the SSR issues paper discussed earlier. In Australia it has been estimated that effective marginal tax rates (EMTRs) on sole parents are usually over 50 per cent and as much as 100 per cent on earnings. Using conservative assumptions, the SSR estimated that a sole parent in public housing in NSW in 1986 would gain an extra \$36 per week by working part time and \$77 per week working full time. On this basis, sole parents become trapped in a cycle of dependency. This issue is taken up further in Section 8 below, where the effective tax rates on FSP are compared across the countries.

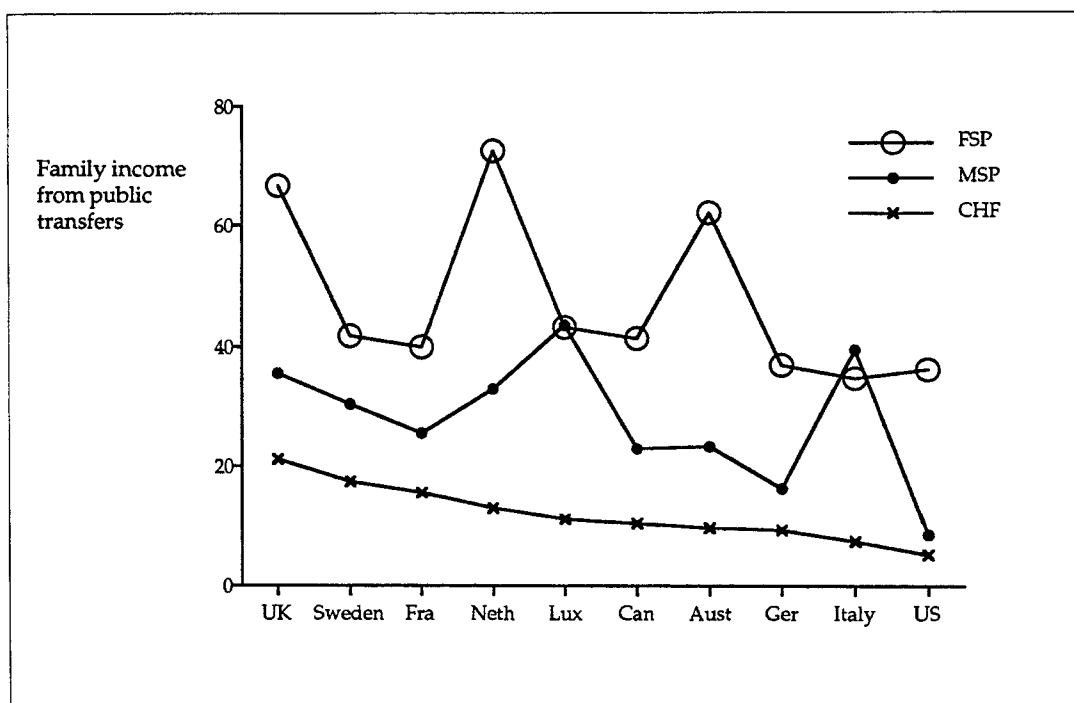
To illustrate the relative levels of dependency across the countries in this study, Table A3.1 (Appendix Three) provides a detailed comparison of the income sources of female sole parents (FSP), male sole parents (MSP) and couple-headed families with children (CHF). This table is the basis for Figure 1 below.

Figure 1 gives a fairly clear indication of the relative contribution which social security transfers make to gross family income across these countries for sole and couple headed families. We see that in the UK, the Netherlands and Australia FSP 'dependency' is well above the other countries and that in the remaining countries social security transfers comprise 35-40 per cent of gross income.

An interesting contrast here is that despite the availability of universal and relatively generous income support for FSP in Sweden, they derive a similar proportion of their income from benefits to FSP in the US. Additionally the generosity of benefits does not appear to have strongly negative effects on participation. The Netherlands, on the other hand, does appear to be a case where generous benefits may decrease participation. I will return to these issues in the conclusions to this paper.

7 The Participation and Hours of Work Models

Section 3 outlined a range of factors which may affect FSP participation. The models to be used here are adapted from Beggs and Chapman (1988) and uses additional variables available in the LIS data.

Figure 1: Public Transfers as a Percentage of Gross Income (Average)

OLS regression and probit analyses were conducted for a bivariate dependent variable Work (1=current employment, 0=not employed). OLS regression analysis was also carried out to explain variations in hours of work per week for those who are in employment. (Note that no adjustment has been made for sample selection bias in the hours regression. Results from previous research suggest that the selection bias correction is unlikely to affect the results significantly⁶.)

The explanatory variables are listed in Table 7. The explanatory variables in the upper half of the table were available for all countries, while those asterisked in the bottom half had variable coverage. France was excluded from both analyses, but will be re-introduced under a refined model in later work on participation. Hours data is not available for Italy.

The main purposes of the regression analysis are twofold. First, to examine whether the effects of having children are the same across countries. Second, to examine whether FSP participation in Australia is lower than in most other countries because of differences in demographic and other characteristics (e.g. if it is because Australian FSP tend to have younger/larger families than is the case in other

6 See for example, Murray, 1992.

Table 7: Explanatory variables, OLS Regressions, Probit and Discriminatory Analyses

Var Name	Description
CHIL5	Dummy, 1 = child under 6
CHIL12	Dummy, 1 = child 6-12
KID1	Dummy, 1 = 1 + children
KID2	Dummy, 1 = 2 + children
KID3	Dummy, 1 = 3 + children
AGE25	Dummy, 1 = 25-35 yrs
AGE35	Dummy, 1 = 36-45 yrs
AGE45	Dummy, 1 = 46+ yrs
YOE*	Years of education
PROF*	Professional qualifications or training
TRADE*	Trade qualifications or training
FIXY	Fixed income, e.g. husband's income, universal child benefits, alimony
MIG*	Dummy, 1 = Non-national origin/US 1 = Non-white
HOME	Dummy, 1 = Home owner/buyer
RURB*	Dummy, 1 = Rural or non-urban area

countries) or because of differences in behaviour (captured by differences in the regression coefficients.) If it is behavioural differences that matter most, the next question is whether these differences are due to cultural attitudes, the operation of the tax-transfer system or other policies such as child care.

A further comparison which may help to shed light on these issues is to compare the determinants of participation for sole parents with those for married women. One interpretation of differences is the role of the state as 'absent spouse', i.e. whether the state provides adequate/inadequate income support, and the extent to which the state withdraws this support (or provides child care support) if the FSP enters the workforce.

8 Participation and Hours

The full regression results explaining participation and hours of work are presented in Tables A4.1 - A4.9 in Appendix Four; Table 8 summarises the principal results. For the participation decisions, the OLS constant term can be interpreted approximately as the probability that a woman under 25 without children, training, education etc. will participate. The child5 coefficient indicates (if negative) the reduction in probability if the woman has a child under six years of age. The CHIL12 coefficient indicates the reduction (increase) in probability if the youngest child is between six and 12 years old. (Note that the OLS results are broadly supported by the more technically correct, though more difficult to interpret, probit results. See the attachments for probit t statistics.)

Table 8a: OLS Regressions on Participation and Hours for Single Women and Sole Parents

	Depend = WORK (0,1)					Depend = HOURS (n)						
	Constant (t OLS)		CHILD5(t)		CHILD12(t)	Constant (t OLS)		CHILD5(t)		CHILD12(t)		
Australia	0.32	(3.5)	-0.29	(-5.9)	-0.17	(-3.6)	30.15	(8.4)	-8.3	(-3.6)	-7.4	(-3.6)
Canada	0.38	(12.3)	-0.15	(-4.2)	-0.11	(-3.8)	31.5	(29.2)	-2.8	(-2.4)	-0.5	(-0.5)
Germany	0.55	(9.1)	-0.27	(-6.4)	-0.05	(-1.5)	33.3	(12.4)	8.8	(3.8)	-0.4	(-0.3)
Italy	0.35	(4.9)	-0.16	(-3.2)	0.16	(5.7)	-	-	-	-	-	-
Luxembourg	0.57	(5.8)	-0.10	(-1.3)	0.06	(0.9)	31.8	(6.5)	-7.6	(-1.8)	-12.4	(-2.9)
Netherlands	0.62	(9.9)	-0.36	(-6.3)	-0.30	(-5.5)	33.1	(14.0)	1.6	(0.6)	-7.2	(-2.9)
Sweden	0.66	(30.8)	0.00	(0.0)	0.08	(1.6)	24.8	(36.8)	-4.5	(-3.0)	-4.3	(-3.0)
UK	0.38	(10.7)	-0.22	(-6.0)	-0.05	(-1.4)	39.9	(1.2)	1.5	(0.3)	-3.3	(-1.0)
US	0.13	(8.9)	-0.19	(-21.0)	-0.01	(-1.8)	30.1	(44.3)	-2.3	(-0.6)	-2.0	(-5.8)

Table 8b: OLS Regressions on Participation and Hours for Married Women With and Without Children

	Depend = WORK (0,1)					Depend = HOURS (n)						
	Constant (t OLS)		CHILD5(t)		CHILD12(t)	Constant (t OLS)		CHILD5(t)		CHILD12(t)		
Australia	0.42	(11.1)	-0.25	(-13.8)	-0.07	(-4.4)	30.4	(20.5)	-9.2	(-13.9)	-4.5	(-7.5)
Canada	0.36	(23.9)	-0.18	(-14.3)	-0.03	(-3.1)	38.1	(66.7)	-2.6	(-5.9)	-0.65	(-1.6)
Germany	0.69	(40.7)	-0.32	(-34.9)	-0.17	(-19.9)	38.1	(54.7)	-7.6	(-17.2)	-2.4	(-6.1)
Italy	0.23	(18.1)	0.10	(-11.5)	0.03	(4.3)	-	-	-	-	-	-
Luxembourg	0.46	(14.7)	-0.11	(-4.8)	-0.06	(-2.8)	35.5	(21.2)	5.6	(3.9)	4.6	(3.2)
Netherlands	0.64	(28.5)	-0.32	(-17.5)	-0.14	(-8.4)	28.0	(32.4)	-4.1	(-5.1)	-1.5	(-2.0)
Sweden	0.76	(41.4)	-0.06	(-3.1)	-0.03	(-1.9)	28.7	(52.7)	-3.1	(-5.9)	-1.8	(-3.8)
UK	0.47	(29.8)	-0.28	(-19.1)	-0.09	(-6.3)	40.2	(26.3)	-1.3	(-0.9)	-1.9	(-1.5)
US	0.34	(44.9)	-0.11	(-24.9)	0.03	(-6.7)	33.3	(99.2)	-5.1	(-28.8)	-0.9	(-5.1)

It is immediately apparent that base level participation (given by the constant term) is lower for Australian single and sole parents than for any other country except the US, while the base level participation for married women in Australia is in the middle of the range.

The tables also show that the presence of young children, especially under six years, has a greater negative impact on Australian FSP than on FSP in all other countries except the Netherlands. Moreover, for those Australian FSP who do work, the presence of a child under 12 years reduces average weekly hours by around eight

hours per week, a much greater reduction than that found in any other country except Luxembourg.

The question posed by these results is whether the low level of Australian participation, and the large disincentive impact of young children, is attributable to the operation of the income transfer system, child care policy, or other cultural or social factors. In particular, do Australian FSP stay out of the labour force because of the 'dependency trap' discussed above? The next two sections examine these issues.

9 Benefit Levels and Effective Taxation Rates

The purpose of this section is to estimate the ways in which national welfare systems differ in their provision of income support for FSP, focusing on both the generosity of that support and the withdrawal of support when FSP enter the workforce. Studies of this kind on a cross-national basis do exist (e.g. the OECD series on the tax/benefit position of typical wage earners and studies based on the SSIB data set held at the Swedish Institute of Social Research). However these comparisons are hypothetical in that they present what income support is possible under fixed circumstances. The LIS data give an overview of the actual operation of transfer systems, allowing for the choices made by sole parents in relation to work and their family circumstances, here the number of children.

There are three principal components of the income support system. First is the base level of benefit for the mother. Second is the level of benefit per child. In the following exercise I convert the benefit levels into 1986 Australian dollars, using purchasing power parities, to make them comparable in order to judge which welfare states are more/less generous to sole parents and their children. On the one hand, generous benefit levels should be expected to keep FSP out of poverty; on the other, they may act as a disincentive to enter the workforce, especially if the income replacement ratio is high.

The third component of the income support system is the rate at which benefits are withdrawn as the mother earns income in the labour market. In many of the welfare states in this study the receipt of benefits is contingent on other sources of income. Typically, a sole parent may be allowed to earn some small amount without affecting her benefit level, but then every additional dollar earned reduces the benefit by a specified amount (the 'withdrawal rate'). Sole parents may also face withdrawals from their earned income in the form of income taxes and compulsory social insurance contributions. The combined effect of benefit withdrawal and tax and allied deductions often presents the sole parent with a very high effective marginal tax rate (EMTR). Moreover, the effective tax schedule can often be regressive as benefit deductions and social insurance deductions are phased out at higher incomes. As noted in Section 6 this means that women who are on low earnings, either because of low wage rates or because of part-time work, may face EMTRs well over 50 per cent. Furthermore, if we take account of child care costs and the loss of passport benefits (e.g. free medical care) the EMTR may well be around 100 per cent.

I estimate the benefit levels and the effective tax rates facing sole parents by regressing net social transfers (**netrans** = social security benefits less income taxes and compulsory social insurance deductions) on the number of children (**nkids**) and earnings (**earn**). The intercept term in the regression provides an estimate of the base level of benefit paid to a FSP with zero earnings. The coefficient on the number of children is an estimate of the level of benefit payable per child. The coefficient on the level of earnings provides an estimate of the effective rate of taxation. To allow for non-linear taxation rates I also add squared earnings to the regression:

$$\text{netrans} = a_0 + a_1 \text{nkids} + a_2 \text{earn} + a_3 \text{earn}^2$$

A positive and (statistically significant) coefficient a_3 is found for Canada, the Netherlands, Sweden, UK and US, implying that in these countries the interaction of the tax and benefit systems facing FSP is regressive. The results are summarised in Table 9. Where the quadratic term in earnings is statistically significant, results are reported in terms of the marginal tax rate which is estimated to apply when earnings are zero and when earnings are \$20,000 per year (1986 \$A). The marginal tax rate is estimated as: $a_2 + (2 \times a_3 \times \text{earn})$. Standard errors of the estimates are reported in brackets.

We see from the table that the Australian social security system is less generous in its basic transfers than most European states, but fairly close to the US. Setting Australian payments to 100, relative benefits for a **FSP and one child** are recorded in the final column of the table. Note that France's pro-natalist policy is evident from the heavy weighting it puts on benefits per child.

The effective tax rate on Australia's FSP earnings is about average for this sample of countries. Each extra dollar earned leads, on average, to 41 cents of taxation and withdrawals. The very low effective tax rates in France are consistent with the fact that it is indirect (consumption) taxes rather than personal income taxation which form the mainstay of tax revenues in that country. The effective tax rates are very high both in Sweden and the Netherlands.

10 Alternative Policy Regimes

The countries in the LIS database represent a diverse set of policy alternatives. It is not uncommon for policy-makers and analysts to look to the policies in place elsewhere as blueprints for change. While the LIS data present us with a comparison of the outcomes achieved via alternative strategies, one of the more interesting applications of this data is to use regression coefficients to directly estimate the outcomes for a particular country under alternative policy regimes. Here I examine the poverty status and labour force participation of Australian FSP if they faced similar circumstances as FSP in Sweden and the US. The choice of these two countries is not accidental, as they represent two fundamentally different approaches to welfare provision and labour market policy. They also represent, on most counts, the extremes of policy alternatives debated in Australia.

Table 9: Benefit Levels and Effective Tax Rates for Female Sole Parents, Circa 1985

	FSP benefit (\$A 1986)	Benefit per child (\$A 1986)	Tax rate at \$0	Tax rate at \$20,000	R ²	No. of cases	Relative generosity
Australia	4385 (288)	1150 (127)	-0.43 (0.01)		0.71	591	100
Canada	5906 (345)	1527 (138)	-0.41 (0.01)	-0.35	0.67	1190	134
France	2700 (229)	2323 (80)	-0.15 (0.01)		0.48	1626	91
Germany	5082 (277)	503 (157)	-0.05 (0.01)		0.70	1024	101
Netherlands	7523 (449)	1097 (244)	-0.89 (0.05)	-0.49	0.72	470	156
Sweden	6540 (395)	1503 (153)	-0.78 (0.04)	-0.53	0.79	371	145
UK	6442 (313)	1519 (132)	-0.54 (0.04)	-0.28	0.50	1047	144
US	4603 (76)	1023 (24)	-0.38 (0.04)	-0.35	0.64	20630	102

Table 10 sets out the actual levels of labour force participation and poverty for FSP in Australia, Sweden and the US. The two righthand columns of Table 10 show the labour force participation and poverty levels predicted for Australia using the coefficients on the variables listed in Table 7. (These exclude fixed income in both cases, and also those variables not common to both Australia and the predictor country.)

We see that Australian FSP labour force participation rises substantially in both instances. The differences attributable to (largely) demographic characteristics in each case are calculated by subtracting the predicted figure for Australia from the actual figure for Sweden (US). For labour force participation, the demographic differences between Australia and Sweden account for 3 percentage points (i.e. 88-85) of the 49 percentage points rise in participation. This implies that the remaining 49 percentage points of the difference in participation rates between Australia and Sweden are due to other factors (e.g. differences in government policy, child care, socio-cultural differences). In the case of the US, the comparable figures are 9 percentage points due to demographic differences and 30 percentage points due to other factors.

The poverty outcomes move in different directions, as we might intuitively expect. There would be virtually no poverty among Australian FSP given similar circumstances to FSP in Sweden; while poverty would rise by 13 points to 60 per cent under US circumstances.

Together these two sets of observations pose some interesting policy dilemmas. For example, if we were to make the (unlikely) assumption that all of the unexplained differences between Australia and these two countries was due to government policy, implementing the broad policy regimes of either the US or Sweden would result in a significant rise in employment levels; however, we would expect poverty to rise under a US-style regime and to decrease substantially under Swedish style policies.

Table 10: Labour Force and Poverty Outcomes Under Alternative Policy Regimes, Circa 1985

	Australia (actual per cent)	Sweden (actual per cent)	United States (actual per cent)	Australia predicted by Swedish coeff. US coeff.	
FSP participation	36	88	57	85	66
FSP poverty	47	3	56	0	60

11 Child Care Issues

Before drawing out some of the preliminary conclusions of this study, I briefly examine the level of child care available in the European countries in this study. This material has not been brought forward in the earlier sections of this paper due to the incomplete nature of the data gathered to date. Table 11 shows that publicly funded child care is extensive in Sweden, France and Italy for the 3-5 years age group. The implications of this provision can be read very clearly from Table 2 and the OLS coefficients in Tables 8 (a and b). The table also suggests that another variable to capture the effects of having a child under 3 years might be a useful variation to the model. (The conclusions presented here are by no means exhaustive and will be expanded along with comments arising from further analysis in Section 7.)

12 Conclusion

The comparative evidence confirms the concerns of the SSR in several respects: FSP in Australia are among the poorest in this group of countries both absolutely and relatively. They have low levels of labour force participation, and related to this, high levels of dependence on social security transfers.

Sole parent family numbers have grown significantly over the past 10 years in Australia, however this growth is in keeping with trends in other English speaking countries, and in Scandinavia and Germany. This plus other evidence discussed below suggests that the simple proposition that the **existence and/or size of benefits act as an incentive to separate** is a tenuous one.

Moving specifically to the policy framework of the SSR, the evidence presented in the paper may suggest that many of the 'traditional' incentive/disincentive concerns of social policy analysis in Australia should be reconsidered.

Table 11: Publicly Funded Child Care Places

	Places in publicly funded child care as percentage of all children	
	Under 3 years	3 years to school entry
Australia	combined total -	10
Canada	?	?
France	20	95+
Germany	3	65-70
Italy	20	85+
Luxembourg	2	55-60
Netherlands	2	50-55
Sweden	31	80
UK	2	35-40
US	?	?

Source: EEC Women's Commission (1990), Table E.1, Appendix E.

One example of these is the view that increasing benefits necessarily acts as a disincentive to labour force participation and creates dependency. One of the more interesting findings of this study is the behaviour of FSP in Sweden. Their exceptionally high levels of labour force participation go against orthodox economic assumptions in two respects. Firstly, the relatively generous and universal availability of benefits in Sweden shows no significant disincentive effects. Moreover, the comparatively fierce tax rates faced by Swedish FSP also appear not to be the deterrent feared by many. On the other hand, universally available child care does seem to promote the labour force participation much sought by policy-makers. The psychological benefits of working and the social acceptance of a trade-off of employment and generous benefits for fairly steep taxation are also factors which cannot be measured here, but are documented aspects of the Swedish welfare state (see Olsson, 1990).

Just as Swedish FSP go against the orthodoxy, it would appear that FSP in the Netherlands, Luxembourg and to a lesser extent the UK behave as predicted. However child care is not as well provided in these countries and thus it is difficult to say where the balance of forces lies in these cases. Cultural/religious factors also come into play in the case of Netherlands and Luxembourg.

A second example is the effective marginal tax rates (EMTRs) argument. There is some support in the comparative evidence for the proposition that high EMTRs may not be the strong disincentive to work which has been conventionally and

consistently argued by the Australian Department of Social Security over the past ten years. Table 9 shows that five of the countries in this study have EMTRs much higher than Australia and that of these, only the Netherlands has a lower participation rate.

If EMTRs are such a problem, one logical policy response would be to argue for a lowering of the clawback from 50 per cent to some level where disincentive problems would be significantly reduced. This is a position not raised seriously by the Review but which has considerable merit both in fiscal and labour force participation terms. I am aware that one response to this proposition is the equity argument vis-a-vis other beneficiaries, but would counter that the 'equitable treatment' approach of pensioners and beneficiaries within the Australian social security systems (e.g. retirement incomes) is an artefact of the past, as changes within the system have already shifted the system away from its 'blunt instrument' approach to one with better 'fine tuning', i.e. matching policy provisions to group needs. Moreover, if we are to accept the basic premise of the Review in relation to increasing labour market and social security policy links then complete equity of treatment may be a goal we have to forgo.

On the basis of the comparative evidence I would reject completely the arguments of the Review that the level of benefits available to sole parents acts as an incentive to separate or a disincentive to re-partner. In the Australian context moving onto Sole Parent Benefit (SPB) is virtually a guarantee of poverty, and, as the comparative evidence shows, much higher benefit levels obtain elsewhere without a systematic relationship to the numbers of sole parents.

When we come to the labour force policy issue I would argue that the Review did not do a sufficiently detailed analysis to support its arguments. The evidence in this paper suggests that the key explanatory variable in FSP participation is having a child under six years of age, and that this effect is extremely strong in the Australian context. The circumstantial evidence of publicly funded child care places for this age group may explain why this effect is so strong in Australia. Stronger conclusions regarding the extremely low participation rates of Australian FSP must await the child care data.

The evidence also suggests that the typical human capital variables (i.e. age, years of education) plus location and home ownership are not significant for FSP in the majority of countries, including Australia.

Another concern of this analysis, treated in Section 10, is the underlying belief of the review that FSP labour force participation will necessarily lead to a directly proportionate reduction in poverty. While the observed incidence of poverty amongst working FSP in Australia is low (22 per cent for those working versus 62 per cent for those dependent on social security) it does not automatically follow that new entrants to the labour market, whether on a full- or part-time basis will have the same outcome. It may be that the rigorous pursuit of such a policy will create a new class of working poor.

As a final comment on the Review it is worth considering one of the neglected issues of the Review, that of the presumption of choice between work and care. In the issues paper it is stated that: 'It is also important to ensure that levels of support are adequate so that the choice to stay at home is a viable one'. It would be fair to say that in comparison with most of the countries in this study Australia SPB levels do not provide an adequate guarantee for FSP who do not participate in the labour force on a full-time basis.

Appendix One

Summary of Variables Available in the LIS Database

a) Income Variables

Variable	Variable Description	Variable	Variable Description
V1	Wage and Salary Income (Gross)	V22	Maternity Allowances
V2	Mandatory Employer Contributions	V23	Military/Veterans' Benefits
V3	Nonmandatory Employer Contributions	V24	Other Social Insurance
V4	Farm Self-employment Income	V25	Means-tested Cash Benefits
V5	Nonfarm Self-employment Income	V26	Near Cash Benefits
V6	In-kind Earnings	V27	Food Benefits
V7	Mandatory Contributions: Self-employed	V28	Housing Benefits
V8	Income from Property	V29	Medical Benefits
V9	Noncash Property Income	V30	Heating Allowances
V10	Market Value of Residence	V31	Education Benefits
V11	Income Tax	V32	Private Pensions
V12	Property or Wealth Taxes	V33	Public Sector Pensions
V13	Mandatory Employee Contributions	V34	Alimony/Child Support
V14	Other Direct Taxes	V35	Other Regular Private Income
V15	Indirect Taxes	V36	Other Cash Income
V16	Sick Pay	V37	Realized Lump Sum Payments
V17	Accident Pay	V38	Total (or Net) Income
V18	Disability Pay	V39	Head - Net Wage/Salary
V19	Social Retirement Benefits	V40	Head - Hourly Wage Rate
V20	Child or Family Allowance	V41	Spouse - Net Wage/Salary
V21	Unemployment Pay	V42	Spouse - Hourly Wage/Salary

b) Derived Variables

SELF =	Income from Self Employment	= V4 + V5
EARNINGS =	Earnings	= V1 + V4 + V5
PENSIOI =	Pension Income	= V32 + V33
MEANSI =	Means-tested Income	= V25 + V26
OTHSOCI =	Other Social Security	= V16 + V17 + V18 + V22 + V23 + V24
SOCI =	Total Social Security	= V19 + V20 + V21 + OTHSOCI
SOCTRANS =	Social Transfers Total	= MEANSI + SOCI
PRIVATI =	Private Income	= V34 + V35
PAYROLL =	Payroll Taxes	= V7 + V13
FI =	Factor Income	= EARNINGS + V8
TRANSI =	Transfer Income	= SOCI + MEANSI + PRIVATI
MI =	Market Income	= FI + PENSIOI
GI =	Gross Income	= MI + TRANSI + V36
DPI =	Disposable Income	= GI - V11 - PAYROLL
PI =	Per Capita Income	= DPI/D4

Appendix One (cont.)

c) Demographic Variables			
Variable	Variable Description	Variable	Variable Description
D1	Age-head	D17	Spouse - Industry Classification
D2	Age-spouse	D18	Head - Type of Worker Group
D3	Sex-head	D19	Spouse - Type of Worker Group
D4	Persons in Family (Unit)	D20	Location Indicator - Rural/Urban
D5	Family Structure	D21	Marital Status of Head
D6	Number Earners	D22	Housing Tenure
D7	Location farm, non farm	D23	Head - Full-time, Part-time
D8	Ethnicity - Head	D24	Spouse - Full-time, Part-time
D9	Head - Race	D25	Head - Disability Status
D10	Head - Level of Education	D26	Spouse - Disability Status
D11	Spouse - Level of Education	D27	Number of Children Under 18
D12	Head - Occupational Training	D28	Age Youngest Child
D13	Spouse - Occupational Training	LFSHD	Head - Labour Force Status
D14	Head - Occupation	LFSSP	Spouse - Labour Force Status
D15	Spouse - Occupation	HRSHD	Head - Hours Worker Per Week
D16	Head - Industry Classification	HRSSP	Spouse - Hours Worked Per Week

Appendix Two

Poverty Line Methodology

The methodology used to set the poverty line in this study is described below. The analysis in the section uses both head-count and poverty gap measures. There are, of course, many approaches which can be adopted to measure poverty. The approach adopted here is best suited to the type of data available in LIS but also has several theoretical advantages. Readers interested in the choice of this approach are referred to the discussion in Mitchell (1991: 27-41).

The basis of the poverty line measures used in this study is 50 per cent of adjusted median family income. This poverty line is calculated using the following steps. First, family disposable income (DPI) is divided by the OECD equivalence scale to give adjusted family income. The observations are then sorted in ascending order and the median adjusted income observed. A poverty line for all adult equivalent units (AEUs) is set at 50 per cent of this median. This is, in effect, the poverty line for a single person since the equivalence scale equals 1 for a single person. Finally, poverty lines for other family sizes are calculated by multiplying the AEU line by the appropriate equivalence factor. Table A2.1 illustrates how the adjusted median income poverty line is calculated for several family types, using the OECD equivalence scale. The OECD scale weights the first adult as 1; it uses a weight of 0.7 for each additional adult, and 0.5 for each child. This produces an adult equivalent unit (AEU) weighting factor for each family.

Poverty estimates are frequently presented in the form of a head-count measure, that is, the proportion of the population below a given poverty line. The count itself may be based on persons, families or households. While the head-count is a useful presentational measure, by virtue of its simplicity, it does have a number of drawbacks which have been widely discussed in the poverty measurement literature. Of these, there are two which most concern this study: first, the head-count is sensitive to where the poverty line is drawn, and second, head-counts may be misleading in comparing the degree of poverty cross-nationally. These problems are handled in two ways in this analysis. First, to avoid clustering effects, three poverty intervals are used: in addition to setting the poverty line at 50 per cent of median income, one line is set slightly lower (at 40 per cent of median income) and another slightly higher (at 60 per cent of median income). Poverty measures are reported for the 50 per cent level.

Second, the concept of the poverty gap is used in the analysis. The poverty gap is the difference between the income of the unit in question and the income that would be required to bring that unit up to its defined poverty line. Poverty gap measures may be presented in a number of ways, for example comparing the aggregate poverty gap for the population to GDP. In this study the poverty gap is presented as an average of the poverty line for each family type.

Using a relative income approach means that the absolute level of the poverty line will vary considerably between the countries depending on the overall wealth of each country and the distribution of disposable income within each country. To give readers an idea of the extent of this variation Table A2.2 shows each country's poverty line converted to 1986 Australian dollar using purchasing power parities.

Table A2.1: Calculation of the Adjusted Median Income Poverty Line

Family Type	AEU Poverty Line	OECD Scale	Family Type Poverty Line
Single person	1000	1.0	1000
Sole parent + 1 child	1000	1.5	1500
Couple	1000	1.7	1700
Couple + 2 children	1000	2.7	2700

Table A2.2: Adjusted Median Income Poverty Line (\$A1986)

Poverty Line	\$ A(1986)
Netherlands	3687
Italy	3847
UK	4325
Australia	4467
Germany	4551
France	4607
Sweden	4757
Luxembourg	5690
Canada	6844
US	7015

Appendix Three

Income Sources

Table A3.1: Income by Source (Average) for Three Family Types as a Percentage of Gross Income

	Family Type	Earnings	Other Income	Private Transfers	Public Transfers	Total
Australia	FSP	30.0	3.5	4.2	62.3	100.0
	MSP	69.7	6.2	0.7	23.4	100.0
	CHF	86.2	4.1	0.1	9.6	100.0
Canada	FSP	49.2	9.5		41.3	100.0
	MSP	73.9	3.1		23.0	100.0
	CHF	86.4	3.2		10.3	100.0
France	FSP	58.9	1.1		40.0	100.0
	MSP	62.6	1.4		36.0	100.0
	CHF	82.5	1.9		15.6	100.0
Germany	FSP	53.1	3.6	6.5	36.9	100.0
	MSP	82.9	0.8	0.0	16.2	100.0
	CHF	87.8	3.0	0.1	9.2	100.0
Italy ^(a)	FSP	62.0	3.2		34.8	100.0
	MSP	59.6	0.9		39.5	100.0
	CHF	89.9	2.6		7.5	100.0
Luxembourg ^(a)	FSP	47.1	4.5	5.1	43.3	100.0
	MSP	54.5	1.9	0.0	43.5	100.0
	CHF	86.3	2.4	0.1	11.2	100.0
Netherlands	FSP	22.7	0.5	4.2	72.7	100.0
	MSP	67.2	0.0	0.0	32.8	100.0
	CHF	86.6	0.5	0.0	12.9	100.0
Sweden	FSP	46.5	1.2	10.6	41.6	100.0
	MSP	61.0	0.9	8.0	30.2	100.0
	CHF	80.6	1.6	0.4	17.5	100.0
UK	FSP	21.3	2.3	9.8	66.6	100.0
	MSP	58.2	6.2	0.1	35.5	100.0
	CHF	76.5	2.3	0.3	20.9	100.0
US	FSP	54.7	3.1	5.9	36.2	100.0
	MSP	86.1	4.9	0.4	8.6	100.0
	CHF	91.0	3.4	0.4	5.1	100.0

Note: a) Net of taxes.

Appendix Four

OLS Regression Results and Probit-statistics for Nine Countries

[Coefficients and ts not reported for HOME or RURB as these were generally not significant for the majority of countries.]

Table A4.1: OLS and Probit Results for Participation and Hours

AUSTRALIA

Explanatory variables		Dependent Variables					
		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.32	3.5	13.0	30.2	8.4	Constant
Child5	<5yrs	-0.29	-5.9	-4.8	-8.3	-3.6	Child5
Child12	6-12yrs	-0.17	-3.6	-2.7	-7.4	-3.6	Child12
Kid1	1 + child	0.00	0.0	-0.6	-2.8	-1.6	Kid1
Kid2	2 + child	-0.04	-1.1	-0.3	4.8	2.5	Kid2
Kid3	3 + child	-0.02	-0.4	-0.2	-1.1	-0.5	Kid3
Age25	25-35 yrs	0.04	1.3	1.0	1.6	1.2	Age25
Age35	36-45 yrs	-0.06	-1.4	-0.3	4.3	2.5	Age35
Age45	46+ yrs	-0.09	-2.3	-3.2	2.3	1.3	Age45
YOE	Educ'n yrs	0.01	1.8	0.1	0.1	0.4	YOE
Prof	Occ quals	0.51	13.2	9.3	8.6	6.1	Prof
Trade	Occ quals	0.53	15.9	9.8	6.3	5.2	Trade
FIXY	Fixed inc	0.00	0.1	-1.1	-1.7	-0.8	FIXY
MIG	Migrant	0.01	0.3	-0.1	-2.2	-1.4	MIG
R² = 0.45		R² = 0.21					
Married With/Out Children							
Constant	Constant	0.42	11.1	26.5	30.4	20.5	Constant
Child5	<5yrs	-0.25	-13.8	-9.0	-9.2	-13.9	Child5
Child12	6-12yrs	-0.07	-4.4	-2.5	-4.5	-7.5	Child12
Kid1	1 + child	0.03	1.5	0.4	-1.8	-2.8	Kid1
Kid2	2 + child	-0.03	-2.3	-0.5	-2.2	-4.1	Kid2
Kid3	3 + child	-0.01	-1.0	-0.5	-0.9	-1.8	Kid3
Age25	25-35 yrs	0.02	1.0	0.0	-0.6	-0.7	Age25
Age35	36-45 yrs	0.02	0.8	-0.7	-1.8	-1.8	Age35
Age45	46+ yrs	-0.18	-7.5	-6.7	-5.5	-5.6	Age45
YOE	Educ'n yrs	0.01	2.5	2.0	0.5	4.7	YOE
Prof	Occ quals	0.47	3.4	18.5	4.6	8.9	Prof
Trade	Occ quals	0.40	36.4	21.1	-0.4	-0.9	Trade
FIXY	Fixed inc	-0.01	-2.7	-1.1	-1.9	-0.2	FIXY
MIG	Migrant	0.01	1.4	0.7	4.4	9.7	MIG
R² = 0.25		R² = 0.15					

Table A4.2: OLS and Probit Results for Participation and Hours

CANADA

		Dependent Variables					
Explanatory variables		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.38	12.3	36.4	31.5	29.2	Constant
Child5	<5yrs	-0.15	-4.2	-3.8	-2.8	-2.4	Child5
Child12	6-12yrs	-0.11	-3.8	-2.4	-0.5	-0.5	Child12
Kid1	1 + child	0.01	0.4	-0.1	2.7	3.4	Kid1
Kid2	2 + child	-0.14	-4.9	-0.7	-3.2	-3.6	Kid2
Kid3	3 + child	-0.11	-3.5	-0.5	0.4	0.3	Kid3
Age25	25-35 yrs	0.01	0.4	1.0	1.3	1.7	Age25
Age35	36-45 yrs	0.05	1.8	1.9	1.0	1.1	Age35
Age45	46+ yrs	-0.10	-1.6	-1.6	2.7	2.7	Age45
YOE	Educ'n yrs	0.02	9.5	6.8	0.2	3.3	YOE
Prof	Occ quals	0.25	9.9	6.5	2.6	3.6	Prof
Trade	Occ quals	0.25	11.3	5.9	1.2	1.9	Trade
FIXY	Fixed inc	0.00	0.7	-2.7	0.3	0.4	FIXY
MIG	Migrant	-0.01	-0.2	1.0	2.3	2.9	MIG
R² = 0.31		R² = 0.10					
Married With/Out Children							
Constant	Constant	0.36	23.9	60.2	38.1	66.7	Constant
Child5	<5yrs	-0.18	-14.3	-7.4	-2.6	-5.9	Child5
Child12	6-12yrs	-0.03	-3.1	-2.3	-0.7	-1.6	Child12
Kid1	1 + child	-0.02	-1.6	-1.2	-0.9	-2.2	Kid1
Kid2	2 + child	-0.01	-1.2	-0.7	-1.3	-3.7	Kid2
Kid3	3 + child	-0.02	-2.5	-1.2	-2.1	-6.1	Kid3
Age25	25-35 yrs	0.07	5.6	3.5	0.2	0.3	Age25
Age35	36-45 yrs	0.03	2.5	2.5	-0.1	-0.1	Age35
Age45	46+ yrs	-0.10	-6.5	-3.8	-3.8	-7.1	Age45
YOE	Educ'n yrs	0.01	13.7	8.8	0.0	0.5	YOE
Prof	Occ quals	0.41	46.1	21.8	1.7	5.5	Prof
Trade	Occ quals	0.29	37.5	19.1	-0.3	-0.9	Trade
FIXY	Fixed inc	-0.01	-6.6	-3.7	-0.6	-10.6	FIXY
MIG	Migrant	0.04	5.1	2.2	2.60	9.4	MIG
R² = 0.22		R² = 0.07					

Table A4.3: OLS and Probit Results for Participation and Hours

GERMANY

		Dependent Variables					
Explanatory variables		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.55	9.1	12.7	33.3	12.4	Constant
Child5	<5yrs	-0.27	-6.4	-2.4	8.8	3.8	Child5
Child12	6-12yrs	-0.05	-1.5	0.0	-0.4	-0.3	Child12
Kid1	1 + child	-0.06	-2.4	-1.1	-8.6	-8.3	Kid1
Kid2	2 + child	-0.09	-2.6	-0.9	-5.4	-3.1	Kid2
Kid3	3 + child	0.01	0.3	-0.6	5.9	1.7	Kid3
Age25	25-35 yrs	0.27	10.6	3.4	3.9	3.4	Age25
Age35	36-45 yrs	0.20	6.9	2.8	-2.4	-1.9	Age35
Age45	46+ yrs	0.10	6.2	0.7	-0.9	-0.8	Age45
YOE	Educ'n yrs	0.01	4.1	1.6	0.0	0.1	YOE
Prof	Occ quals	-0.07	-2.4	-2.2	5.9	4.6	Prof
Trade	Occ quals	0.17	7.8	-0.9	2.0	2.1	Trade
FIXY	Fixed inc	-0.24	-7.0	-3.5	2.3	1.2	FIXY
MIG	Migrant	0.21	4.9	2.2	4.9	2.6	MIG
R² = 0.20		R² = 0.15					
Married With/Out Children							
Constant	Constant	0.69	407	40.8	38.1	54.7	Constant
Child5	<5yrs	-0.32	-34.9	-9.0	-7.6	-17.2	Child5
Child12	6-12yrs	-0.17	-19.9	-4.2	-2.4	-6.1	Child12
Kid1	1 + child	0.00	-0.5	-1.7	-1.3	-4.2	Kid1
Kid2	2 + child	-0.03	-5.4	-1.3	-5.2	-14.8	Kid2
Kid3	3 + child	-0.03	-3.3	-0.6	3.5	7.2	Kid3
Age25	25-35 yrs	0.01	1.1	1.4	-5.1	-10.2	Age25
Age35	36-45 yrs	-0.04	-3.7	-1.2	-8.7	-16.9	Age35
Age45	46+ yrs	-0.21	-18.2	-5.5	-9.9	-19.6	Age45
YOE	Educ'n yrs	0.00	6.2	2.4	-0.2	-2.6	YOE
Prof	Occ quals	0.16	18.4	3.5	6.4	15.6	Prof
Trade	Occ quals	0.04	7.6	2.7	0.5	1.9	Trade
FIXY	Fixed inc	-0.05	-29.2	-6.1	-2.7	-30.1	FIXY
MIG	Migrant	0.00	0.8	2.7	4.20	9.2	MIG
R² = 0.10		R² = 0.15					

Table A4.4: OLS and Probit Results for Participation and Hours

ITALY

Explanatory variables		Dependent Variables		
		Coeff	1. Participation t (OLS)	t (PROB)
Single and Sole Parents				
Constant	Constant	0.35	4.9	10.0
Child5	<5yrs	-0.16	-3.2	-1.8
Child12	6-12yrs	0.16	5.7	0.1
Kid1	1 + child	0.07	2.4	0.5
Kid2	2 + child	-0.04	-1.4	0.1
Kid3	3 + child	-0.34	-6.4	-1.2
Age25	25-35 yrs	0.10	1.4	0.1
Age35	36-45 yrs	0.09	1.4	0.6
Age45	46+ yrs	-0.11	-1.6	-1.4
YOE	Educ'n yrs	0.04	13.4	5.0
Prof	Occ quals	n.a.	n.a.	n.a.
Trade	Occ quals	n.a.	n.a.	n.a.
FIXY	Fixed inc	0.00	-1.1	-1.7
MIG	Migrant	n.a.	n.a.	n.a.
R² = 0.31				
Married With/Out Children				
Constant	Constant	0.23	18.1	48.2
Child5	<5yrs	0.10	11.5	0.3
Child12	6-12yrs	0.03	4.3	0.9
Kid1	1 + child	0.05	7.7	1.2
Kid2	2 + child	-0.10	-17.2	-4.1
Kid3	3 + child	-0.02	-2.3	-3.2
Age25	25-35 yrs	0.16	14.0	4.1
Age35	36-45 yrs	0.15	12.2	2.5
Age45	46+ yrs	-0.01	-0.6	-2.9
YOE	Educ'n yrs	0.00	-2.4	0.3
Prof	Occ quals	n.a.	n.a.	n.a.
Trade	Occ quals	n.a.	n.a.	n.a.
FIXY	Fixed inc	0.00	5.1	3.0
MIG	Migrant	n.a.	n.a.	n.a.
R² = 0.04				

Table A4.5: OLS and Probit Results for Participation and Hours

LUXEMBOURG

		Dependent Variables					
Explanatory variables		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.57	5.8	7.2	31.8	6.5	Constant
Child5	<5yrs	-0.10	-1.3	-0.6	-7.6	-1.8	Child5
Child12	6-12yrs	0.06	0.9	1.4	-12.4	-2.9	Child12
Kid1	1 + child	-0.22	-3.1	-2.4	6.8	2.1	Kid1
Kid2	2 + child	-0.21	-2.8	-1.1	-13.2	-3.4	Kid2
Kid3	3 + child	-0.26	-2.7	-1.4	20.6	3.3	Kid3
Age25	25-35 yrs	0.03	0.3	1.4	2.7	0.9	Age25
Age35	36-45 yrs	0.23	2.5	1.9	3.7	1.1	Age35
Age45	46+ yrs	-0.41	-5.1	-3.4	5.8	1.8	Age45
YOE	Educ'n yrs	0.01	1.3	2.0	0.6	1.6	YOE
Prof	Occ quals	0.43	5.1	1.7	-5.3	-1.5	Prof
Trade	Occ quals	0.58	4.3	1.2	-0.9	-0.2	Trade
FIXY	Fixed inc	0.00	0.0	-1.3	1.8	1.1	FIXY
MIG	Migrant	0.24	4.1	2.4	3.4	1.3	MIG
R² = 0.54		R² = 0.27					
Married With/Out Children							
Constant	Constant	0.46	14.7	25.9	35.5	21.2	Constant
Child5	<5yrs	-0.11	-4.8	-2.9	5.6	3.9	Child5
Child12	6-12yrs	-0.06	-2.8	-1.6	4.6	3.2	Child12
Kid1	1 + child	-0.10	-4.4	-1.9	-10.8	-7.7	Kid1
Kid2	2 + child	-0.03	-1.4	-0.5	0.2	0.1	Kid2
Kid3	3 + child	-0.06	-2.8	-0.9	-2.2	-1.5	Kid3
Age25	25-35 yrs	-0.19	-4.6	-2.7	-1.0	-0.7	Age25
Age35	36-45 yrs	-0.14	-5.0	-3.2	0.7	0.5	Age35
Age45	46+ yrs	-0.35	-12.7	-7.8	0.3	0.2	Age45
YOE	Educ'n yrs	0.01	5.5	3.3	0.2	1.7	YOE
Prof	Occ quals	0.62	19.1	5.9	-2.9	-2.2	Prof
Trade	Occ quals	0.64	9.1	0.9	6.5	2.6	Trade
FIXY	Fixed inc	0.03	1.5	0.5	0.0	-0.5	FIXY
MIG	Migrant	0.18	11.5	4.9	3.7	3.9	MIG
R² = 0.24		R² = 0.09					

Table A4.6: OLS and Probit Results for Participation and Hours

NETHERLANDS

Explanatory variables		Dependent Variables					
		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.62	9.9	17.4	33.1	14.0	Constant
Child5	<5yrs	-0.36	-6.3	-3.4	1.6	0.6	Child5
Child12	6-12yrs	-0.30	-5.5	-2.6	-7.2	-2.8	Child12
Kid1	1 + child	-0.01	-0.3	0.0	-10.8	-5.5	Kid1
Kid2	2 + child	-0.11	-2.5	-1.2	6.5	3.1	Kid2
Kid3	3 + child	0.11	1.7	-0.1	0.6	0.1	Kid3
Age25	25-35 yrs	0.29	7.5	5.6	-0.7	-0.5	Aged25
Age35	36-45 yrs	0.24	5.4	3.7	0.4	0.2	Aged35
Age45	46+ yrs	-0.08	-1.9	-1.3	-5.7	-2.9	Aged45
YOE	Educ'n yrs	-0.01	-0.4	-0.3	0.3	1.9	YOE
Prof	Occ quals	0.18	4.6	2.8	-1.1	-0.8	Prof
Trade	Occ quals	0.11	3.5	3.5	-0.7	-0.5	Trade
FIXY	Fixed inc	1.35	0.4	-1.1	-2.4	-1.5	FIXY
MIG	Migrant	n.a	n.a.	n.a.	n.a.	n.a.	MIG
R ² = 0.54		R ² = 0.27					
Married With/Out Children							
Constant	Constant	0.64	28.5	42.8	28.0	32.4	Constant
Child5	<5yrs	-0.32	-17.5	-8.8	-4.1	-5.1	Child5
Child12	6-12yrs	-0.14	-8.4	-4.9	-1.5	-2	Child12
Kid1	1 + child	-0.10	-6.3	-3.2	-7.9	-11.4	Kid1
Kid2	2 + child	-0.03	-2.4	-0.9	-3.2	-5	Kid2
Kid3	3 + child	-0.01	-0.9	-0.7	-1.9	-2.6	Kid3
Age25	25-35 yrs	0.02	0.9	0.8	-0.3	-4.3	Aged25
Age35	36-45 yrs	-0.07	-3.6	-2.1	-7.3	-9.1	Aged35
Age45	46+ yrs	-0.36	-17.7	-10.3	-11.9	-14.1	Aged45
YOE	Educ'n yrs	0.01	10.5	5.6	0.3	4.7	YOE
Prof	Occ quals	0.14	8.9	4.6	4.3	7.1	Prof
Trade	Occ quals	0.08	-0.9	3.7	3.3	6.9	Trade
FIXY	Fixed inc	-1.40	-8.7	-2.3	3.2	4.3	FIXY
MIG	Migrant	n.a.	n.a.	n.a.	n.a.	n.a.	MIG
R ² = 0.24		R ² = 0.09					

Table A4.7: OLS and Probit Results for Participation and Hours

SWEDEN

		Dependent Variables					
		1. Participation			2. Hours		
Explanatory variables		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.66	30.8	67.1	24.8	36.8	Constant
Child5	<5yrs	0.00	0.0	-0.2	-4.5	-3.0	Child5
Child12	6-12yrs	0.08	1.6	1.4	-4.3	-3.0	Child12
Kid1	1 + child	-0.06	1.5	1.4	0.4	0.3	Kid1
Kid2	2 + child	-0.10	-2.1	-1.6	-1.6	-1.3	Kid2
Kid3	3 + child	0.06	1.0	0.7	-1.4	-0.7	Kid3
Age25	25-35 yrs	0.06	2.0	2.0	4.9	5.4	Age25
Age35	36-45 yrs	0.06	1.7	1.9	4.9	5.0	Age35
Age45	46+ yrs	0.02	0.6	0.8	4.4	4.2	Age45
YOE	Educ'n yrs	n/a	n/a	n/a	n/a	n/a	YOE
Prof	Occ quals	0.28	9.6	2.0	3.6	4.3	Prof
Trade	Occ quals	0.28	10.9	2.3	5.0	6.8	Trade
FIXY	Fixed inc	-0.09	-1.7	-0.9	-1.2	1.2	FIXY
MIG	Migrant	n/a	n/a	n/a	n/a	n/a	MIG
R² = 0.18		R² = 0.27					
Married With/Out Children							
Constant	Constant	0.76	41.4	55.2	28.7	52.7	Constant
Child5	<5yrs	-0.06	-3.1	-3.0	-3.1	-5.9	Child5
Child12	6-12yrs	-0.03	-1.9	-2.3	-1.8	-3.8	Child12
Kid1	1 + child	0.03	1.9	2.0	-0.9	-1.9	Kid1
Kid2	2 + child	0.00	-0.2	0.0	-0.9	-2.4	Kid2
Kid3	3 + child	-0.09	-6.6	-4.0	-0.9	-2.2	Kid3
Age25	25-35 yrs	0.01	0.4	1.5	1.8	3.2	Age25
Age35	36-45 yrs	-0.01	-0.5	0.8	1.6	2.8	Age35
Age45	46+ yrs	-0.05	-2.5	-1.9	0.4	0.7	Age45
YOE	Educ'n yrs	n/a	n/a	n/a	n/a	n/a	YOE
Prof	Occ quals	0.26	22.8	4.4	1.5	4.6	Prof
Trade	Occ quals	0.25	22.5	4.9	2.6	8.1	Trade
FIXY	Fixed inc	0.00	0.4	-0.7	-0.1	2.2	FIXY
MIG	Migrant	n/a	n/a	n/a	n/a	n/a	MIG
R² = 0.18		R² = 0.07					

Table A4.8: OLS and Probit Results for Participation and Hours

UNITED KINGDOM

Explanatory variables		Dependent Variables					
		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.38	10.7	30.4	39.9	11.2	Constant
Child5	<5yrs	-0.22	-6.0	-4.1	1.5	0.3	Child5
Child12	6-12yrs	-0.05	-1.4	-0.9	-3.3	-1.0	Child12
Kid1	1 + child	0.06	1.5	1.0	-3.8	-1.1	Kid1
Kid2	2 + child	-0.08	-2.8	-1.4	1.1	0.3	Kid2
Kid3	3 + child	-0.09	-2.9	-1.3	-15.0	-3.4	Kid3
Age25	25-35 yrs	0.12	3.5	2.1	-4.6	-1.1	Age25
Age35	36-45 yrs	0.04	1.0	0.1	-9.1	-2.1	Age35
Age45	46+ yrs	0.03	0.7	-0.4	-7.6	-1.8	Age45
YOE	Educ'n yrs	n/a	n/a	n/a	n/a	n/a	YOE
Prof	Occ quals	0.50	14.7	7.5	-13.4	-4.9	Prof
Trade	Occ quals	0.51	16.1	8.2	-9.5	-3.5	Trade
FIXY	Fixed inc	-0.12	-2.7	-1.7	-1.2	-0.2	FIXY
MIG	Migrant	n/a	n/a	n/a	n/a	n/a	MIG
R² = 0.40		R² = 0.08					
Married With/Out Children							
Constant	Constant	0.47	29.8	52.9	40.2	26.3	Constant
Child5	<5yrs	-0.28	-19.1	-10.0	-1.3	-0.9	Child5
Child12	6-12yrs	-0.09	-6.3	-3.9	-1.9	-1.5	Child12
Kid1	1 + child	-0.01	-1.4	-0.8	-7.5	-6.3	Kid1
Kid2	2 + child	0.00	0.4	0.5	-5.6	-5.1	Kid2
Kid3	3 + child	-0.04	-3.5	-0.9	1.3	1.1	Kid3
Age25	25-35 yrs	0.01	0.7	-0.2	1.0	0.6	Age25
Age35	36-45 yrs	0.02	1.6	-0.4	-1.2	-0.8	Age35
Age45	46+ yrs	-0.08	-5.6	-5.1	-7.9	-5.2	Age45
YOE	Educ'n yrs	n/a	n/a	n/a	n/a	n/a	YOE
Prof	Occ quals	0.44	41.5	17.0	-16.6	-18.5	Prof
Trade	Occ quals	0.45	45.4	18.6	-4.6	-5.5	Trade
FIXY	Fixed inc	0.00	1.9	1.0	-0.1	-0.3	FIXY
MIG	Migrant	n/a	n/a	n/a	n/a	n/a	MIG
R² = 0.32		R² = 0.07					

Table A4.9: OLS and Probit Results for Participation and Hours

UNITED STATES

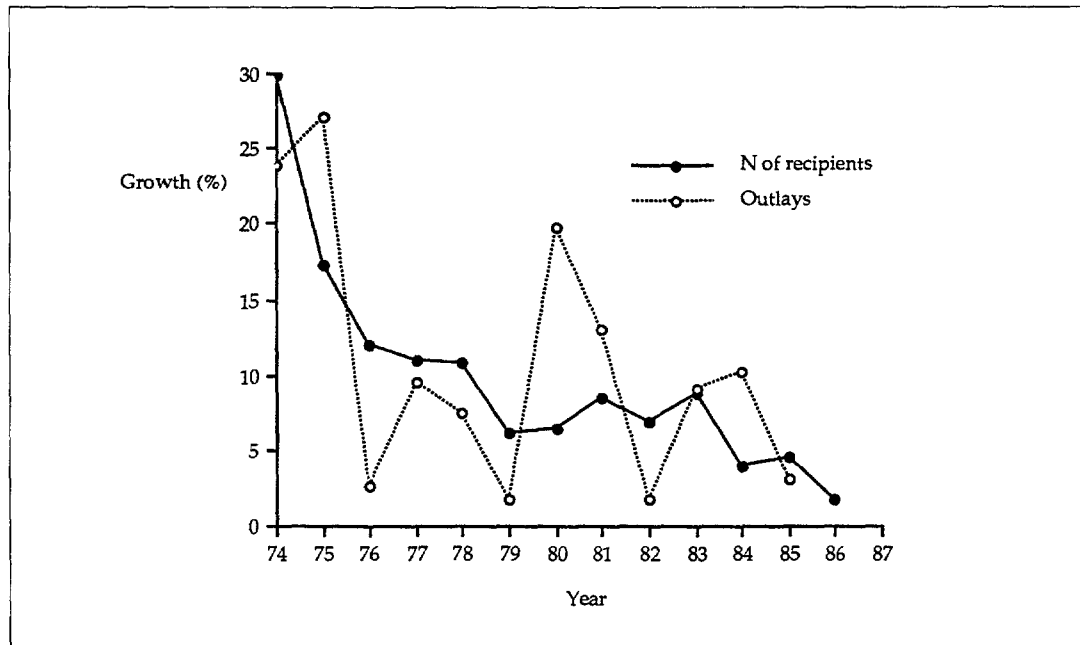
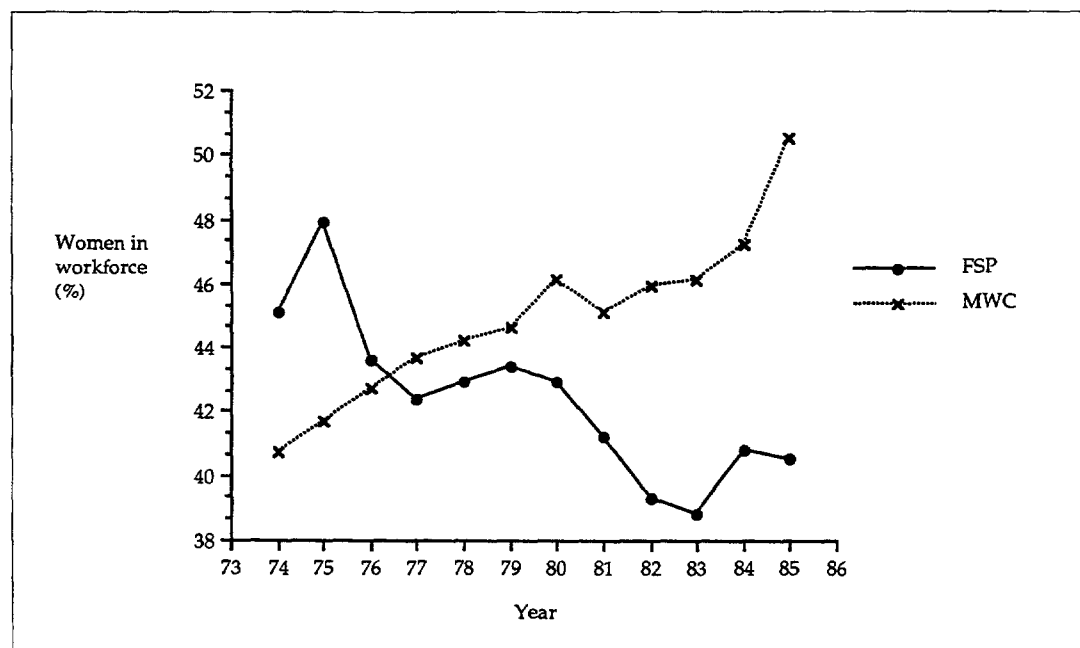
Explanatory variables		Dependent Variables					
		1. Participation			2. Hours		
		Coeff	t (OLS)	t (PROB)	Coeff.	t (OLS)	
Single and Sole Parents							
Constant	Constant	0.13	8.9	18.3	30.1	44.3	Constant
Child5	<5yrs	-0.19	-21.0	-4.6	-2.3	-6.0	Child5
Child12	6-12yrs	-0.01	1.8	-0.7	-2.0	-5.8	Child12
Kid1	1 + child	0.01	1.0	0.1	0.5	1.4	Kid1
Kid2	2 + child	-0.06	-8.8	-1.7	0.7	2.4	Kid2
Kid3	3 + child	-0.08	-11.4	-1.0	-3.1	-8.9	Kid3
Age25	25-35 yrs	0.03	4.4	2.4	6.4	19.1	Age25
Age35	36-45 yrs	0.02	3.4	1.0	3.8	10.6	Age35
Age45	46+ yrs	-0.06	-6.4	-2.2	4.8	12.2	Age45
YOE	Educ'n yrs	0.04	38.2	-1.2	0.2	2.9	YOE
Prof	Occ quals	0.17	22.5	8.6	4.6	16.7	Prof
Trade	Occ quals	0.30	38.1	6.8	3.4	11.2	Trade
FIXY	Fixed inc	-0.01	-4.5	-3.1	-2.8	-14.7	FIXY
MIG	Migrant	0.02	3.6	0.1	-1.9	-6.0	MIG
R² = 0.29		R² = 0.07					
Married With/Out Children							
Constant	Constant	0.34	44.9	37.6	33.3	99.2	Constant
Child5	<5yrs	-0.11	-24.9	-5.3	-5.1	-28.8	Child5
Child12	6-12yrs	0.03	-6.7	-1.0	-0.9	-5.1	Child12
Kid1	1 + child	-0.02	-4.1	0.1	-0.5	-3.1	Kid1
Kid2	2 + child	-0.02	-4.5	-1.7	-2.4	-18.0	Kid2
Kid3	3 + child	-0.06	-18.4	-2.5	0.5	3.4	Kid3
Age25	25-35 yrs	0.03	7.2	0.4	2.1	11.5	Age25
Age35	36-45 yrs	0.02	3.5	-1.0	1.1	5.5	Age35
Age45	46+ yrs	-0.08	-16.9	-5.1	0.4	1.8	Age45
YOE	Educ'n yrs	0.02	44.7	8.3	0.2	7.0	YOE
Prof	Occ quals	0.32	91.6	18.3	2.3	19.4	Prof
Trade	Occ quals	0.34	84.0	13.1	2.3	15.7	Trade
FIXY	Fixed inc	0.00	-51.9	-9.1	-0.6	-30.0	FIXY
MIG	Migrant	-0.02	-7.2	-1.4	2.0	12.3	MIG
R² = 0.17		R² = 0.05					

Appendix Five

Basic Descriptive Material for Sole Parent Analysis

Table A5.1: Sole Parent Families as a Percentage of All Families With Children

	Year	Sole Parent Families
Australia	1975	8.5
	1985	14.4
Canada	1981	15.0
	1985	16.6
France	1970	8.7
	1985	9.5
Germany	1970	8.7
	1985	12.0
Italy	1980	3.5
	1985	4.4
Luxembourg	1970	9.1
	1985	12.0
Netherlands	1971	10.0
	1985	10.6
Sweden	1983	18.3
	1987	19.0
UK	1971	8.0
	1985	17.0
US	1970	12.9
	1985	25.7

Figure A5.1: Growth in Numbers of Sole Parents and Outlays on Sole Parent Benefits**Figure A5.2: Labour Force Participation of Female Sole Parents and Married Women with Children**

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Comments on Deborah Mitchell's Paper

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This is a very interesting paper, both for its methods and its results. There are two main areas that I would like to focus on in my comments. The first is the linkages between the labour market, income support and poverty. Deborah Mitchell makes the simple but very important point that whilst labour market participation may help reduce poverty for sole parents, this cannot be guaranteed, and it is not the only way of alleviating poverty. Whilst Sweden is an example of a country with high levels of labour market participation together with low poverty rates, similar levels of participation in the US are associated with particularly high levels of sole parent poverty. Moreover in the Netherlands, low participation is associated with low poverty rates. Variations in wage levels and transfer generosity are so great between countries that it is impossible to derive any simple conclusions about how labour market participation will influence poverty in general. This point, I think, is worth emphasising, as the importance of wage levels in particular is often forgotten in Australian discussions of poverty.

The other area I wish to discuss is the relationship between labour market participation and income support policies - in particular, the question of whether the latter influences the former. Mitchell's conclusion here is that the link between the two is very weak, with other variables such as childcare likely to play a more important role in determining the labour force participation of sole parents.¹ This is based in part on the experience of Sweden where the high base rates of support and the 'comparatively fierce EMTRs faced by Swedish FSP also appears not to be the deterrent feared by many'. Resolving this issue raises a number of questions, of which probably the most important is how we go about summarising the variations in the transfer systems of different countries.

Julia Perry showed us one commonly used way of doing this - by comparing the disposable incomes of sole parents with particular specified characteristics and with different levels of earnings (Table 2). The problem with this method is the arbitrariness of specifying particular families.

In Section 9 of her paper, Mitchell introduces a very interesting alternative approach to this issue based upon the actual incomes received by a representative sample of sole parent families. The LIS database allows us to see the actual income outcomes

1 It is interesting to note that Perry (this volume) places more stress on the workforce participation requirement of Swedish social policy. Requiring sole mothers to search for work and providing childcare are clearly closely related issues, but the example of the US shows that they are not always found together.

for a range of families over an annual period, rather than the hypothetical point in time relationships. However the regression approach used by Mitchell also has some limitations in coping with the heterogeneity of the sole parent population.

The main problem is that marginal tax rates are an **individual** phenomenon, but the regression approach used by Mitchell describes the **aggregate** relationship between transfers and wages. These two will only be equal when the relationship between paid work and government transfers and taxes (the budget constraint) is the same for all sole parents. In practice, however, this relationship varies considerably between individuals. Wage rates and the cost of working (e.g. childcare fees) vary significantly across individuals in the same country, but probably of most significance for sole mothers is that different individuals can face significantly different sets of tax/transfer rules. Whilst these limitations certainly do not mean that the regression approach is of little use they do imply some caution in the interpretation of results.

It is interesting in this context to compare the estimates for effective marginal tax rates (EMTRs) obtained from the hypothetical cases considered by Julia Perry, with the results from Deborah Mitchell's regression analysis. This is done in the following table.

One noticeable difference between the two estimation methods is the larger marginal tax rate variation across income levels found for the hypothetical families. For example, the EMTR for the Australian hypothetical sole parent varies from six per cent at \$0 to 89 per cent \$20,000, whereas the regression approach shows no significant difference. This may reflect some limitations in the functional form used by Mitchell, but could also occur because of the averaging of benefit withdrawal rates over the financial year in the regression approach (probably a desirable feature). Overall however, taking into consideration the differences in definition and period, and the limited sample size of the LIS files, the two approaches do not seem to be all that dissimilar.

One difference that is of particular interest, however, is the case of Sweden. As noted above, the combination of high base benefit levels, high withdrawal rates and high labour force participation rates in Sweden is used by Mitchell to argue against the importance of the transfer system in influencing labour market participation. Perry's results, however, show a relatively low EMTR at low income levels for Swedish sole mothers. There are many potential explanations for this discrepancy (e.g. the year to which the data relate, the coverage of different payments in the two papers, the variation in wage levels considered, etc.) which are deserving of substantial research in their own right. Here I just wish to point out a potential, less obvious, explanation for the difference stemming from the individual/aggregate distinction discussed above.

To take a hypothetical example, consider sole mothers receiving significant payments from ex-husbands. If these payments were not affected by the mothers' earnings (but did reduce state transfers), and if there is a behaviour effect of high

Effective Marginal Tax Rates for Sole Parents

	Tax Rate at \$0 (%)		Tax Rate at \$20,000 (%)	
	Regression	Hypothetical	Regression	Hypothetical
Australia	43	6	43	89
Canada	41	33	35	84
Netherlands	89	72	49	28
Sweden	78	25	53	57
UK	54	32	28	15
US	38	21	35	31

Notes: Regression results from Mitchell (this volume) Table 9. Hypothetical data derived from Perry (this volume) Table 3, and OECD 'The Tax/Benefit Position of Production Workers, 1985-1988 and 1987-1990'. In the latter case the tax rate at \$0 is the EMTR in going from no earnings to 20 per cent of Average Production Worker (APW) earnings, whilst the tax rate at \$20,000 is the EMTR in going from 80 per cent to 100 per cent of APW earnings. The Australian APW wage in 1986 was very close to \$20,000.

marginal tax rates we might expect these mothers to work more than sole mothers receiving income-tested transfers. This would mean that on average, we would observe a low level of transfers among working sole mothers. But this would be due to maintenance payments rather than earnings, and so the calculated EMTR would not be an appropriate measure of employment incentives. Though this example is only speculative,² the point I wish to make is that the regression approach, despite its simplicity and elegance, does not really permit us to avoid a detailed knowledge of the details of the tax and transfer systems of each country. A full understanding of the issues raised in both Mitchell's and Perry's papers can only be obtained by a close working together of their respective focuses on outcomes and institutions. I hope today's presentations will be the beginning of such a process.

2 Though it is interesting to note that Swedish sole mothers have the highest proportion of their income from private transfers of all the countries in Mitchell's study (Mitchell, Table A3.1).

Caring Work and Welfare Regimes: Policies for Sole Parents in Four Countries

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1 Introduction

The objective of this paper is to develop a theory of the relationship between caring work and social policy in a number of advanced industrial welfare states. 'Caring' is defined as work carried out outside of market arrangements, and outside of the immediate structure of market income, which is concerned with tending to the physical and emotional needs of dependent others with whom the carer has a private and familial, or kinship type relationship. The caring work is most likely to be carried out within the household, creating an intermeshed conjuncture of private, domestic life and obligatory tasks demanding considerable physical and emotional effort, within a relational context based on a sense of duty and love.

That 'caring' and 'work' might be juxtaposed establishes a tension which is essential to the analysis, since work is concerned with the expenditure of effort and time - in these instances without attracting a market wage and therefore placing limits on the expenditure of effort and time in the paid labour market. At the same time, the 'caring' nature of the work creates a set of intimate relationships which makes caring work qualitatively different from market work: it is not just the absence of a market wage, but the presence of obligatory constraints militating against the withdrawal of labour from the duties of caring, or the setting of shorter hours, making work-place based collective organisation impossible even to contemplate, and providing no material employment benefits like holiday pay, sick pay and superannuation (Ungerson, 1990).

Caring for dependent children provides the quintessential example, but the additional care involved in caring for a child with a disability, for a frail elderly or disabled spouse, relative or close friend would also need to be included in a complete analysis.

Care of an able-bodied spouse or partner is not included, because the definition of care involves care of dependent and vulnerable others, whose well-being would be seriously undermined if care was withdrawn. In addition, the care of an able-bodied spouse or partner involves the potential for reciprocity, i.e., each could without

impediment, care for the other. This paper is concerned with a comparative analysis of social policies which materially affect the provision of caring work and the conditions in which it is provided, and looks at policies affecting relationships of caring where there is no chance of reciprocity in the short to medium term. I am aware, of course, of the longer term potential for reciprocity involved in inter-generational transfers of care over the life-course.

This paper focuses on the social policy treatment of sole parenthood, because the policy treatment of the obligation to care for a child alone lies at the heart of the theoretical issues raised by this study. The data on which this analysis is based are derived from an examination of social security, social assistance and labour market policies for sole parents in four countries: Australia, Britain, Norway and Austria. These four countries are chosen because they can be categorised according to the three-fold typology of welfare state regimes elaborated by Esping-Andersen in *The Three Worlds of Welfare Capitalism* (1990). In situating this analysis within the welfare state regime literature I have three objectives:

- to construct a comparative analysis of caring work and its social policy treatment in different welfare regimes;
- to clarify the various ways in which different welfare regimes construct or deny choices to women caring alone for children; and
- to construct a critique of typologies of welfare state regimes which focus only on the nexus between market and state, paid work and social policies, paying no or little attention to the dialectics of work and care. My counter question is: are these typologies valid when the focus shifts to the relationship between caring work and social policies?

The concept of 'welfare state regime' is used to denote the close relationship between state, economy and society in an interwoven complex of legal and organisational processes and structures: it looks not only at the public sector of state redistribution through tax/transfer programs and other social expenditures on welfare services, but looks also at the ideological character of the public/private sector relationship, and at the legitimating principles which imbue various welfare states' practices.

Three major indicators of this relationship are elaborated in Esping-Andersen's work: decommodification, stratification and employment. In doing this, his analysis departs from categorisations which are concerned predominantly with comparisons of levels of social expenditure and the redistributive impact of tax/transfer policies on the primary distribution of income, comparisons which have become typical of social expenditure studies in the advanced industrial states. Refreshingly, his study departs from this economistic framework and incorporates a more sociological understanding of the political and ideological, as well as economic, dimensions of welfare state redistribution.

His analysis identifies three clusters of welfare state types or regimes: three 'worlds' of welfare capitalism: conservative/corporatist, liberal, and social democratic. The core of the argument is the extent to which and the historical processes by means of which the elaboration and entrenchment in policy of 'social rights' enables labour to be decommodified, i.e., the extent to which social policies enable people to construct their living standards independently of pure market forces.

It is in this sense that social rights are seen to emancipate citizens' labour from commodity status. This is an interesting amalgam of a T.H. Marshallian question couched in Marxian terminology, a bringing together of social democratic concerns about the capacity of parliamentary democracy to mitigate the power of the market with Marxian concerns about the capacity of the state to intervene in class relations to the advantage of labour (Barbalet, 1988).

The second focus of Esping-Andersen's analysis is the extent to which the welfare state creates a stratification system in its own right, through tax/transfer processes which themselves impose class and status differences, or exacerbate existing market-based inequalities. Here three types of stratification are identified: the creation of **dualism**, e.g., in welfare state regimes based on a split between social security and social assistance mechanisms which advantage social security recipients and systemically disadvantage those who have no such entitlements because of their labour market location; the creation of **individualism**, where differential earnings-based entitlements create little community of interest around welfare state processes; and the creation of broad based **social solidarity**, where flat-rate, universal entitlements create a cross-class community of interest around the preservation and extension of welfare rights. There is in this analysis a focus on the role of the state in creating systems of stratification which are related to market processes but not determined by them.

As to the third issue, the role of welfare state regimes in the question of employment, it is evident that welfare states cannot be conceptualised adequately only as a set of economic, political and bureaucratic processes which use social programs to intervene in and redistribute the resources and life chances allocated by markets. Markets, and in particular labour markets, are themselves political constructs. The central question around employment is well stated by Stephan Leibfried in his categorisation of welfare state regimes which identifies four, rather than three worlds of welfare capitalism, adding a 'Latin-rim' model to an essentially similar conservative, liberal and social-democratic typology. Leibfried asks: to what extent is the welfare state the employer of first resort, employer of last resort, or interested only in compensation for exclusion from labour market activity? (Leibfried, 1990).

In this paper I will focus on Esping-Andersen's question of 'decommodification', which is concerned with the central question: whether and under what conditions the class divisions and inequalities produced by market system of allocation can be mitigated by parliamentary democracy, propelled by various class and social movement alliances and coalitions. Leibfried asks a similar question: how and in what ways do different welfare state regimes structure the nexus between

employment and compensation for its lack, i.e. the nexus between labour market activity and its rewards and the social security and social assistance transfers payments which compensate for exclusion from labour market activity.

The question asked is derived from T.H. Marshall (1950): in what ways and to what extent do various welfare state regimes grant, enforce and protect social rights on the basis of citizenship rather than performance? To what extent do these processes enable a decommodification of the status of individuals vis-a-vis the market? This involves, according to Esping-Andersen, a consideration of the family's role in social provision. Decommodification occurs when the welfare of individuals is not determined entirely by the cash nexus, but when 'the disciplinary whip of the market' is softened, or deflected for a time, or at best removed entirely, by the provision of services and transfers as of right, services and transfers which do not require labour force participation to maintain a livelihood.

Despite the reference to the nexus between market, state and family in Esping-Andersen's work, which is elaborated best in his portrayal of the principal of 'subsidiarity' in the conservative corporatist states of Germany and Austria, where the obligations of family to support its members is deeply embedded in income support arrangements, we hear little more about the matters intrinsic to the structure and processes of families and the ways in which they are constructed and treated in different policy regimes. Further, we hear little about sex and gender differences and the ways in which the interests of organised women, as well as the labour movement and other social movement alliances (e.g., farmers in Sweden and the Church in the conservative European corporatist countries), have influenced the development of welfare state regimes and their outcomes.

This is surprising given the framework of the theory of decommodification. Any theory which is concerned with the extent to which individuals and their work are either constructed as commodities or enabled to remain outside the labour market and the wage nexus, while the individual is supported by collective provision through the tax/transfer system, must take into account as a central issue the gendered division of paid and unpaid work, of market work and caring work.

Further, feminist scholarship in Australia (Baldock and Cass, 1988; Shaver, 1990; Sawyer, 1990; Dowse, 1988; Pateman, 1989) in Britain (Ungerson, 1990; Land, 1989; Lister, 1990) in the United States (Fox Piven, 1984; Nelson, 1984) and in the Scandinavian countries (Borchorst and Siim, 1987; Waerness, 1987; Leira, 1990) has highlighted the various ways in which the tax/benefit systems and community services central to welfare state provision have challenged not only the hegemony of the market, but also the 'disciplinary whip' of the patriarchal gender order.

Documented in this literature, with ample supporting evidence, e.g., of the campaigns for family allowances, childcare provision, widows pensions, benefits for other sole parents, refuges for women who have suffered domestic violence, public housing, is the fact that the welfare state has been and continues to be a major recourse for women, a generator of social resources which are necessary precisely because women are disadvantaged in all other spheres of economic allocation.

Marian Sawer has pointed to the range of women's policy machinery and government subsidised services in Australia from which women derive substantial benefit and which have been the result of very considerable women's movement struggle and organisation. Carol Pateman in her insightful essay 'The Patriarchal Welfare State', (1989) notes that the 'welfare state has been fought for and supported by the labour movement and the women's movements because only public or collective provision can maintain a proper standard of living and the means for social participation in a democracy'.

It is clear that a considerable component of feminist advocacy has been concerned with enabling women to maintain their labour as **non-commodified**, i.e., to enable women to do their caring work outside of the market, while receiving various transfer payments which provide the income support essential for such choices to be made. At the same time, another major claim has been concerned with enabling women to commodify their labour on the same terms, under the same conditions and for equal rewards as apply to men. To use a set of terms intrinsic to current feminist debates, this dual advocacy has been made with regard to policies which, on the one hand, protect and value the principle of **difference**, and on the other, policies which promote the principle of **equality** (Bacchi, 1990). It is clear that this dual set of demands is closely related to the concepts of non-commodification of labour on the one hand, and commodification of labour on the other. One of the clearest accounts of this debate in the social policy literature is provided in Chamberlayne's account of the Mothers Manifesto and the disputes over Mutterlichkeit in the German Greens Party and within German social democracy (Chamberlayne, 1990). To state, as Esping-Andersen does, that the welfare state 'immunises individuals against the disciplinary whip of the market', without also noting that one of the most significant outcomes of welfare state provision is to alleviate for women the 'disciplinary whip' of a patriarchal gender order, is to present a very partial view of the history of various welfare regimes.

To return at this point to the question of the contemporary women's movements' two routes for inclusion into full citizenship in the welfare state, I extrapolate from Pateman (1989) and Chamberlayne (1990) in order to contribute to a debate about the gendered nature of commodification and decommodification.

These two routes are:

- The first consists of women's demand that the principles of social citizenship through labour force participation be extended to them, through the right to enter non-discriminatory forms of paid work, and to receive equal pay for work of equal value; and to have access to childcare services which enable such economic participation to be sustained. Further, to have paid maternity leave and parental leave established in industrial law and practice, to win the industrial right to leave to take care of sick children, and paid working hours modified so that 'market time' will take much better account of 'family time' and caring obligations. Such claims indicate an appreciation of the dialectics of work and care, a recognition that people who enter the labour market bearing
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responsibilities to care for dependent others are denied full and equal access unless their caring responsibilities are recognised fully in industrial and other public policies. This is an agenda predicated on the view that appropriate legislation and practices have the capacity to promote gender neutral forms of economic citizenship. The opportunity and the right for women to commodify their labour, and at the same time to protect the right to full and partial decommodification to take account of caring obligations, are the thrusts of these dual claims.

- The second route consists of women's claims that they have specific capacities, talents, needs and interests which make their expression of citizenship and their contribution to economic and social welfare different from that of men. Their unpaid work as carers and providers of welfare in the broadest sense establishes the moral basis for social citizenship, and market activity must not be conceived as the only prescribed and properly rewarded route for citizenship (Chamberlayne, 1990; Pateman, 1989; Cass, 1990).

This can be considered a claim not so much for decommodification, which implies that such labour has formerly been market work, but for non-commodification, for retention of a sphere of non-market caring activities which are nevertheless rewarded by tax/benefit, rather than by wage nexus arrangements.

This is also a claim for the provision of tax/benefit arrangements which enable release from unsatisfactory dependency on private transfers, when the relationship on which the private transfer is based has lost the capacity to provide love and an accepted sense of interdependence. It must of course be recognised that the most common means of support for non-market work in otherwise highly marketised societies are private transfers. Social wage arrangements which substitute for private transfers in the support of caring work are much more recent arrivals in the history of welfare states than are transfer policies which substitute for market work (in most advanced welfare states having been first introduced in the 1940s, or at best in the 1930s).

No such discussion of the gendered nature of commodification and non-commodification intrudes into most of the comparative analysis of welfare state regimes. This observation is made well by Sheila Shaver (1990) who notes that most analyses of welfare state regimes privilege class relations and class conflict as the primary determinants of welfare state outcomes. She claims, correctly, that the origins of welfare policies and practices are much more complex and multidimensional than is accounted for in conventional class/state analysis. Power rooted in domains other than the market: sexuality and gender, race and ethnicity, religion, language and culture, also influence the structures, processes and meanings embedded in welfare state regimes.

Frank Castles and Deborah Mitchell's critique of Esping-Andersen's work, *Three Worlds of Welfare Capitalism or Four?* (1990), uses a comparative analysis which includes Australia, taking as their central research question the extent to which various welfare states are **redistributive** in their outcome. While theirs is an

insightful analysis, allowing for an appreciation of some of the relative strengths of Australian welfare policies (i.e., their redistributive elements), the key explanatory variables are again class relations and class-based redistribution. This analysis pays no attention to the salience of gender in influencing welfare state redistribution. But the question of redistribution requires an understanding of the gender divisions of work and welfare and of the social policies which either reinforce or challenge and redress those divisions and their attendant inequalities.

To move briefly to Esping-Andersen's categorisation of three types of welfare state regime and the cluster of characteristics which he places within each, he speaks of **Liberal Welfare States**, in which means-tested social assistance, modest universal transfers, or modest social-insurance plans predominate. Benefits are provided mainly to low-income, working class people who are categorised as dependent on the state. The progress of social reform has been severely constricted by traditional liberal work ethic norms, i.e., by the principle of 'less eligibility'. Entitlement rules are strict, often associated with stigma, and typically modest. Further, the state encourages the market, either passively, by providing only a very low level of transfer payment, or actively, by private welfare schemes. The consequences of this type of welfare regime are to minimise decommodification, constrict the realm of social rights, and to create equality of poverty amongst welfare recipients and market purchased welfare among those with the capacity to pay, i.e., to create a class political dualism between the two. Into this category Esping-Andersen places the United States, Canada, Australia, New Zealand, and in some circumstances, Britain.

The extent to which this categorisation reflects accurately the characteristics of the Australian welfare state regime is very well discussed in Castles and Mitchell's paper noted previously. Using the Luxembourg Income Study data, and focusing on the issue of redistribution rather than decommodification, these authors reach the conclusion that some countries' implementation of a range of means-tested tax/transfer policies results in the achievement of more effective post-tax/post-transfer redistribution: these countries include several of the so-called liberal welfare regimes, particularly Australia, Canada, Britain and New Zealand. Most discussions of 'residual' welfare in liberal regimes do little justice to this dimension of welfare state outcomes. When redistribution is the centre of the analysis and the historical role of the labour movement in advocating redistribution is taken into consideration, Castles and Mitchell speak of a 'radical' welfare state regime, where they place Australia, New Zealand and Britain (at least in terms of the historical development of these welfare states).

Esping-Andersen's second welfare state regime category is **Conservative Corporatist**, in which he places Austria, Germany, France and Italy. In these welfare states the liberal obsession with market efficiency and commodification was never pre-eminent, and the granting of social rights through social security arrangements not seriously contested. Social Security systems preserved status and class differentials, without even requiring private insurance to do so. But the state's redistributive impact is negligible. Corporatist regimes are shaped by the Church, particularly Catholicism, and are strongly committed to the preservation of

traditional familyhood (i.e., although Esping-Andersen does not use the term, the patriarchal gender order). Social insurance typically excludes non-employed wives and family benefits are predicated on the encouragement of motherhood. Childcare services are usually not well developed, and the principle of 'subsidiarity' emphasises that the state will only intervene when the family can no longer provide. There is no guarantee of full employment and women with children are not encouraged to enter paid work through the provision of equal opportunity legislation or other work-place arrangements explicitly recognising caring responsibilities.

In the **Social Democratic Welfare State Regime** decommodification and social rights cover both the working and middle class, promoting an equality of the highest, rather than the lowest standard, and hence social integration and solidarity rather than welfare class dualism. In this category are placed Nordic welfare states: Sweden, Norway, Denmark, Finland. Policies result in highly decommodifying and universalistic programs, applicable equally to men and to women. Welfare state services also 'socialise' the cost of family-life, rather than wait for family resources to be exhausted, the ideal being not to maximise dependence on the family, but to maximise the capacities for individual independence, i.e., to enable women to choose 'work rather than household'. (That this is a false dichotomy is an issue to which I shall return.)

The pre-eminent characteristic of a social democratic welfare state regime is the fusion of welfare and work:

On the one side, the right to work has equal status to the right of income protection. On the other side, the enormous cost of maintaining a solidaristic, universalistic and decommodifying welfare system means that it must minimise social problems and maximise revenue income. This is obviously best done with most people working and the fewest people living off social transfers. (Esping-Andersen, 1990: 28)

The paradox of the principle of 'decommodification' cohabiting with very high rates of employment for both men and women is not emphasised by Esping-Andersen, although it is worth noting because it identifies decommodification with the transfers and conditions which promote choice and equality of choice. But is this an accurate assessment of the social democratic welfare states? Feminist critics of the social democratic Nordic welfare states (Borchorst and Siim, 1987; Leira, 1990) have noted that while women have high employment rates, and benefit substantially from employment equality policies and industrial conditions which recognise the responsibilities of parents: they are very much more likely than men to be employed part-time; the labour market is highly sex segmented; women continue to undertake the bulk of caring work; and they are considerably under-represented in the formal political power structures of corporatist policy making. In other words, the welfare state regimes of these social democracies have not dissolved gender inequalities, although they have gone much further in enabling women to participate as economic

citizens than the liberal and conservative corporatist welfare regimes, and the radical welfare regimes (to use Castles and Mitchell's term).

Esping-Andersen concludes that the Anglophone countries characterised by liberalism have a low level of decommodification, the social democratic welfare states are welfare regimes with the highest capacity to decommodify, and the continental European countries, with their powerful Catholic and corporatist influence, occupy the middle ground, prepared to extend a considerable modicum of rights outside the market, but with a stronger accent on social control than is the case with the social democracies.

Esping-Andersen attributes these different principles and outcomes to the degree of power of the labour movement in historical political processes; to ideological/religious factors (such as the dominance of Catholic and Conservative reformism in parts of continental Europe; and in the low decommodification countries, particularly those like Australia and New Zealand with relatively strong labour movements, to the countervailing power of institutionalised liberalism. The principal factor is the extent to which the decommodifying objectives of social democratic labour movement politics are powerful enough to be incorporated into welfare policies, either in alliance with, countermanded by, or totally suppressed by entrenched market-dominated interests.

This analysis has a number of silences:

- the ungended account of commodification and decommodification.
- the ungended account of the political, religious and social movements involved in welfare policy struggles and alliances; what roles did organised women play, inside labour movements, in church politics and in separate women's groups in the determination of social policy outcomes?
- the ungended account of the divisions of work and the divisions of welfare.

To rectify these omissions, I have carried out an analysis of the ways in which the social security and social assistance systems of four welfare states treat the needs and circumstances of sole parents and their children as a key example of the welfare state regimes treatment of non-commodified labour, i.e., caring work.

This analysis compares policies for sole parents in Australia and Britain, which are designated liberal welfare state regimes with low decommodification potential in Esping-Andersen's analysis; in Austria, which is situated within the conservative/corporatist classification and the middle level of decommodification; and Norway, which is designated within the social democratic category with a high level of decommodification.

Much contemporary literature on sole parent families is concerned with sole parents' labour force status and the barriers to their labour force participation. This is so because, in all industrial welfare states, sole parent families in receipt of income

support and without access to other income sources from market earnings or maintenance from the non-custodial parent are markedly over-represented amongst low income recipients and are extremely vulnerable to poverty (Millar, 1991; Cass, Wilkinson and Webb, 1992).

In addition, Australian, British and Norwegian studies (Cass, Wilkinson and Webb, 1992; Millar, 1991; Askeveld, 1990) indicate that there are strong aspirations to labour force participation amongst sole parents in those countries, if not when children are young then certainly when they are older. However a number of interacting constraints block labour force entry. These include:

- the strong desire of the parent to care for her children, especially in the absence of suitable and affordable childcare;
- the disjuncture between the mother's educational and vocational qualifications and the supply of accessible jobs which yield adequate wages;
- the lack of suitable jobs with appropriate hours and in accessible locations to combine with childcare responsibilities;
- the poverty traps induced by the interaction of the income test for benefit, tax arrangements, and the withdrawal of housing assistance as non-benefit income rises. In conjunction with the increased costs associated with earning (particularly childcare and transport) this can result in high effective marginal tax rates militating against the woman's attempts to enter paid work, particularly part-time work; and
- this is not only a consequence of high effective marginal tax rates, but, more importantly, also a consequence of the relatively low wage rates which apply to traditional women's jobs in the countries under discussion. Although this analysis looks only at the tax/benefit system, the comparative literature indicates that the likely remuneration which women will receive on labour force entry is the key element of the poverty trap constraining labour force choices. This is particularly important when considering the security of income support (even disregarding its low level) when compared with the potential insecurity of low paid work.

Considerably less attention, however, has been given to the issue of the appropriateness, security and adequacy of income support arrangements under various social security and social assistance systems.

Three questions remain to be explored:

- What is the structure and content of the choices (or foreclosure of choice) which sole parents are enabled to make either to remain outside the labour force in order to care for their dependent children, or to enter paid work? At what stages in the course of being a sole parent do foreclosures of choice come into effect, and how are they enforced?
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- The second set of questions to be explored is: How is the non-market caring work of sole parenting treated in social security and social assistance arrangements? Is this obligation given specific treatment in the welfare state regime, or is prime consideration given to market work with income support and income replacement arrangements designed to privilege the 'market principle'?
- Finally, a third question is related to the previous two: What level of labour force participation is considered to be enforceable for sole parents, either by explicit or implicit policy, and at what stages in their children's lives?

2 A Proposed Typology

I have set out below a preliminary categorisation of welfare state regimes according to their policies for sole parents. It should be read as illustrative of the issues which need to be taken into account when considering the effects of policies for sole parents on the combinations of paid and unpaid work which they are enabled to construct.

- **A Needs-Based Welfare State Regime** where caring work is recognised and legitimated by the provision of an explicitly designated payment to which a sole parent is entitled for a significant period of her child's life (e.g., in Britain and Australia until the youngest child is 16, in Norway until the youngest child is 10). Although the average period of actual receipt of income support through the life course of sole parenthood may be relatively short (usually about two to three years), the period of eligibility for receipt is relatively long, by the standards of other welfare systems. In addition, through the provision of explicitly designated education, employment and training programs and public sector childcare (as in Australia through the JET program and in Norway through various labour market programs and in 'education benefit'), recognition is given to the fact that the choice of women, especially older women, to enter the labour market is highly constrained unless public provision is made to break down those barriers and support women's educational and economic activity. This type of welfare state regime is the most highly decommodifying in the sense of supporting sole parents to undertake caring work outside of the market and to make a phased re-entry into paid employment. In this regard, in Australia and Norway, unlike Britain, the designated sole parent payment has an income test which does not impose effective marginal tax rates of 100 per cent after the receipt of only very small earnings, and therefore permits (effectively) increased rates of part-time work force participation.

However, it is clear that in both Norway and Australia, which fit into this welfare state regime, the low level of adequacy of the designated sole parent income support payment, and the relatively low wage rates which apply to traditional women's jobs, establish a pincer like process: poverty while on

income support creates a set of implicit and explicit incentives to seek market work, but low wages rates themselves constitute a poverty trap (data from Colledge, 1991; Millar, 1991; Askeveld, 1990).

The way out of the dilemma is clearly through the provision of an additional set of policies: wage fixation policies which push up low wage rates for women; education, training and employment policies through women's life course; and sufficient, affordable publicly funded or publicly subsidised childcare provision. But to speak of the need for these equality policies in the sphere of labour force participation is not to underestimate the importance of adequate decommodifying income support policies which support parents' caring work during the period of children's dependency: both are required to maximise choice.

- **A Market-Centred Welfare State Regime** where caring work is given little if any legitimation and recognition in institutional, central state social security and social assistance arrangements. This is a low decommodification welfare state regime as far as the support of women's caring work is concerned: one which creates highly explicit incentives to market activity, where the compulsion of the market principle is particularly strong, but few public sector services like childcare are provided to support such economic activity, and little attention is given to wage equity for low paid workers. Eligibility for social security, including a range of benefits relating to parenting responsibilities, is tied to labour force participation, and little, if any, central state social assistance is available to provide a statutory 'safety net' in the absence of social security entitlement. Austria may be placed in this category, along with the United States (Burghes, 1990). (Information on policies for sole parents in Austria is given in Julia Perry's paper in this volume.)
- **A Liberal Welfare State Regime** where caring work is partially recognised but social policies are both explicitly and implicitly directed towards market-centred objectives, without providing the necessary tax/benefit arrangements, education and employment policies and public childcare provision required to support a market-centred orientation. These regimes are particularly ambivalent towards the decommodification of caring work.

It is interesting to note that this analysis, which focuses on caring work rather than market work, produces a very different categorisation and ordering of welfare state regimes, than that proposed by Esping-Andersen.

In the first category, the needs-based welfare state regime where caring work is to some extent legitimated and supported in social policy, are placed Australia, which Esping-Andersen's categorisation places in the liberal regime, and Norway, which he situates in the significantly different social democratic regime.

In the second category, the market-wage centred and traditional family centred welfare regime where caring work is given little legitimation and social support and little chance for decommmodification (unless the support is provided by private family transfers), is placed Austria, which Esping-Andersen places in the mildly decommodifying corporatist model.

In the third category, the liberal welfare regime, where there is a clear tension between recognising caring work and emphasising market work, is placed Britain, which Esping-Andersen similarly designates as a liberal welfare state.

It is clear that when care-giving work and its policy treatment become the central focus of the analysis, a range of issues pertinent to the interests and needs of women are uncovered which remain hidden in analyses which focus only on market/state arrangements.

Even more importantly, there are very strong reasons to claim that theories of labour decommmodification and the social rights which enable people to survive outside of the dual disciplinary whips of both the market and the unequal gender order must begin with a proper analysis of the policy treatment of caring work. If not, all reasons for exclusion from the market for those of work force age are seen as involuntary contingencies (unemployment, sickness, disability), leaving no space for those reasons concerned with the exercise of choice, so as to carry out non-market caring work. In the first type of analysis, market work is so privileged that labour decommmodification through income support is seen only in terms of compensation for market exclusion. In the second analysis, the question is a much more democratic one, one which recognises the totality of human life and human needs, which asks how various welfare state regimes enable choice to be exercised by women and men with caring responsibilities, so that they might choose to remain outside of market activity while caring for their children and move back into market activity without encountering the formidable barriers of low pay and no public sector support.

(The data and the analysis on which this categorisation is based are to be published in a further paper available from the author).

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Comments on Bettina Cass' Paper

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This paper, and the larger research project from which it is drawn, explores an interesting and important question: how do welfare states compare when the starting point for comparison is their role in supporting unpaid caring work? The conventional starting point for comparative study, the role of the welfare state in regulating functional needs and political conflicts deriving from capitalism, has given us a by now familiar set of categories, or types, of welfare state. Cass' question asks whether comparison from a different starting point - the role of the state in regulating the work of caring for vulnerable others, in this case children, outside the market for paid labour - would result in a different set of categories. At stake is the difference which a central focus on the patriarchal dimension of the welfare state would make to our understanding of its basic forms.

The centerpiece of Cass' analysis is an extended critique of the argument made by Esping-Andersen and others that the liberating aspect of the welfare state lies in its capacity to 'decommodify' labour. According to these theorists, welfare benefits provide an alternative to work for wages, weakening the compulsion of the market.

In her own formulation of the issues Cass stresses the importance of distinguishing between **decommodification**, in which benefits enable the individual to resist the market, and **non-commodification**, in which benefits support the performance of caring work outside the market. Cass argues convincingly that decommodification is an inadequate measure of the liberating capacities of the welfare state because it overlooks and indeed obscures effects of opposite kinds which are of at least equal importance for many women. These include both the role of transfer payments in supporting caring work as non-commodified labour, and the role of provisions such as child care in assisting those with caring responsibilities to take up paid work, i.e. to commodify their labour.

The importance of this point goes beyond the recognition of gender, though that matters a great deal in the development of adequate theory. The broader significance of Cass' argument is that the growth, development and reshaping of the welfare state entails construction and reconstruction not only of social relations within the capitalist economy but also of those not directly governed by it, including the non-market relations of family and community. The conventional conceptualisation of welfare in terms of relations between state and market is thus too narrow.

In Esping-Andersen's *The Three Worlds of Welfare Capitalism* the effects of a welfare regime are measured not only by the decommodification of labour but also by the social stratification it produces. Cass' paper does not explore this dimension. Given the high poverty rates found among sole parents in many countries, there has

been surprisingly little comparative discussion to date of the treatment of sole parenthood under different kinds of social security system.

Cass suggests that when provision for sole parenthood is the focus of attention a new typology may suggest itself. Drawing from the four countries with which her larger study is concerned, she identifies a 'Needs-Based Welfare State Regime' in which the caring work of sole parenthood is recognised as a legitimate condition of dependency on the state, a 'Market-Centred Welfare State Regime' in which it is not given such recognition, and a 'Liberal Welfare State Regime' where it receives limited and partial recognition. Of these three regime types only the Liberal form corresponds to the types of welfare state regime identified by Esping-Andersen and others.

In Esping-Andersen's work qualitatively different forms of welfare regime are connected to different histories of political conflict, organisation and alliance. Cass' types, in contrast, seem to form a continuum of increasing decommodification of caring work. Cass' study is still in progress, and her analysis has not yet linked the analysis of regime types with differing histories of state formation and the patterns of mobilisation around family and women which underlie them. The critical question is whether there are qualitatively different politics of gender and family which are responsible for these different policy regimes. How important are quantitative differences in, for example, the strength of women's mobilisation?

Looking ahead, an important dimension of analysis which needs to be considered in comparative discussion of women, work and sole parent policy concerns large-scale historical changes taking place in patriarchy itself. These changes are occurring in response both to changing economic structure and to ideological developments associated with the rise of modern women's movements. I would point to two features, complementary to and in tension with one another. One is the increasing dependence of the family unit on two incomes, putting the sole parent household at a structural disadvantage. The other is increasing individuation of partners within marriage and family life, in which attempts to construct new forms of marital partnership also raise new tensions with respect to caring work. One implication of this individuation is that the social and psychological trajectory into sole parenthood may be changing in ways we have not yet considered. Both of these developments imply continuing changes in the way in which sole parents respond to choices between welfare support and participation in paid work in the future. They imply, too, that the analysis of sole parent policy will remain an important subject for comparative research.
