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Luxembourg Income Study Working Paper Series

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Single Parenthood and Poverty in France

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SINGLE PARENTHOOD AND POVERTY IN FRANCE*

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SINGLE PARENTHOOD AND POVERTY IN FRANCE

Introduction

Over the past 25 years, there have been striking changes in the composition of households and families in the industrialised nations. The archetypical Western household of a married couple with dependent children has diminished in relative importance, and there has been a sharp rise in the incidence of single parent families. France is no exception to this general trend. For example, in 1968 there were 720,000 single parent families.¹ By 1982 this total had risen to 887,000, which represents about 10.2 percent of all families with dependent children. The main factor responsible for the increase in single parenthood is marital dissolution — the majority of the 1968-1982 increase is attributable to the growth in the number of divorced and separated mothers (see Ermisch, 1987).

Research has shown that single parent families are over-represented in the ranks of the poor. Income-based poverty rates for single parent families are significantly higher than for two parent families in OECD nations (see for example, O'Higgins, 1987; Millar, 1989; Smeeding, O'Higgins and Rainwater, 1990). There is no doubt that single parenthood and poverty are closely related problems. The low living standards and high poverty rates

1. This definition of a single parent families includes families living as part of a larger household as well as those that form a single household. A dependent child is one aged under 25.

of single parent families, coupled with the adverse effects of single parenthood on the social-psychological development of children, constitute a major social policy issue — one that will become even more important in the future if current trends continue. With this in mind, this note examines empirically the relationship between poverty and single parenthood in France.

Method

The data used to calculate poverty measures are from the 1979 Survey of Income Tax Returns. This dataset was accessed via the Luxembourg Income Study.² The dataset was created by combining all tax return data for persons living in the same housing unit. The sample frame was the Census Register of Households. Therefore, the units of analysis are households. Excluded from this sample are persons living in institutions, the homeless and the population living in mobile homes. The sample consists of 11,044 households, which is a 33 per cent sample of the full dataset. All estimates reported below are weighted in order to reflect population totals.

There are conceptual problems associated with measuring single parenthood. However, if poverty measurement is the focus, there are two criteria which seem particularly relevant. The first is that the parent is not married (or cohabiting) and there are no

2. The *Luxembourg Income Study* makes available to researchers a database of detailed income-based surveys for a large number of nations. The database is housed at the *Center for Poverty, Population and Policy, Walferdange, Luxembourg* and may be accessed via the BITNET electronic mail service. See Smeeding, O'Higgins and Rainwater (1990) for further details.

other adults in the household. That is, the single parent family is also a single parent household. The second is that the children in the family must be below the conventional age of labour market entry and financial independence (for example, be in school as opposed to employment). This age we have set at 18 years. Therefore, in our analysis, a lone parent is an adult living on their own with a child (or children) less than 18 years of age.

This note focuses on one set of poverty measurement procedures. Persons are assumed to be in poverty when they live in households whose equivalent disposable incomes are less than 50 per cent of the average equivalent disposable income. This is the same definition of poverty that was used in the first European Poverty Programme. Disposable income is simply income from all sources (including government transfers) minus taxes and other mandatory deductions. Equivalent income is people who live together share income and (1) economies of scale in the family; and (2) there are differences in the consumption patterns of children and adult. One way to adjust for these differences is through equivalence scales. The equivalence scale adopted was that recommended by the OECD in its work on Social Indicators. That is, the first adult in the household has a weight of 1.0; each other adult has a weight of 0.7; and each child has a weight of 0.5.

There are numerous ways of summarising the extent or degree of poverty in a single index. The measure used here is based on a class of poverty measures due to Foster, Greer and Thorbecke (1984). We have chosen the FGT measure because it has a straight

forward interpretation and is easy to calculate. More specifically, it may be written:

$$[1] \quad P(\alpha) = (1/n) \sum_{i=1}^q \left[\frac{(y^* - y_i)}{y^*} \right]^\alpha.$$

where: y^* is the poverty line; q is the number of poor families (i.e. the number of families with $y < y^*$); n is the total number of families; and α is a non-negative parameter (i.e. $\alpha \geq 0$). By varying α , different dimensions of poverty are incorporating in the measurement of poverty. Their are few poverty measures which possess this very desirable property. In this note, three values of α will be used (i.e. 0, 1 and 2).

If $\alpha=0$ then $P(0)=H=q/n$ which is the very popular "head-count ratio". This is simply the proportion of the population who have incomes below the poverty line. In other words, it measures the "incidence" of poverty.

If $\alpha=1$ then $P(1)=H \cdot I$. $I=(y^* - \bar{y}_p)/y^*$ is often referred to as "income gap ratio". $P(1)$ is therefore a renormalisation of the income gap ratio. It captures the average income shortfall of the poor. In this senses, it measures the "absolute deprivation" of the poor as given by their average income from the poverty line.

Finally, if $\alpha=2$ then $P(2) = H[I^2 + (1-I)^2 C_q^2]$, where C_q is the coefficient of variation among the poor. Since C_q is a commonly used measure of income inequality, its inclusion measures the "relative deprivation" of the poor as given by their level of

income inequality.

Estimates

Table 1 gives the FGT measures for the three values of α for one-parent and two-parent households. Based on the European Poverty Programme definition of poverty (described above), the data indicate that about 16.2 per cent of two-parent households and 26.3 per cent of one-parent households are poor [the P(0) column in Table 1]. This confirms that the incidence of poverty is much higher among one-parent households compared to two-parent households in France. Furthermore, 29.7 per cent of female-headed one-parent households are poor compared to 18.4 per cent of male-headed one-parent households. Therefore, among single parent households, the incidence of poverty is much higher for female-headed households compared to male-headed households.

When the FGT measure that includes information on the absolute deprivation of the poor (as measured by the income gap) is calculated [the P(1) column in Table 1], there is still a large poverty gap between one-parent and two-parent households. More specifically, as Table 1 shows, P(1) for two-parent households is 0.409 and 0.981 for one-parent households. This is more than a two-fold difference. For female-headed one-parent households P(1) is 1.082 and is significantly lower for male-headed one-parent households at 0.748.

When the FGT measure that includes information on the relative deprivation of the poor is calculated [the P(2) column in Table 1], the poverty gap between one-parent and two-parent

households appears even bigger. P(2) for two-parent households is 0.183 and 0.654 for one-parent households -- almost a four-fold difference. However, it is interesting to note that when the distribution of income among the poor is taken into consideration, the poverty rates are very similar for female-headed (0.528) and male-headed (0.520) single parent households. In other words, when the distribution of income among the poor one-parent households is incorporated in the measurement of poverty, the poverty gap between male-headed and female-headed single parent households is much small.

Concluding Comments

Using data from the 1979 Survey of Income Tax Returns and the European Poverty Programme definition of poverty, Greer, Foster and Thorbecke poverty measures were calculated for one-parent and two-parent households. The results show that poverty rates are much higher for one-parent households compared to two-parent households. The magnitude of this disadvantage is substantial, suggesting that single parent households, and in particular female-headed single parent households, are over-represented in the ranks of the poor. Analysis of more recent data sets should be able to cast some light on whether or not this problem has got worse over the ensuing decade.

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Table 1. Poverty Rates, France, 1979

Household type	<u>Poverty index</u>		
	P(0)	P(1)	P(2)
Two-parent households	0.162	0.409	0.183
One-parent households	0.263	0.981	0.654
Male head	0.184	0.748	0.520
Female head	0.297	1.082	0.528
All	0.169	0.451	0.211

Notes. Poverty line is set at 50 per cent of mean equivalised disposable income (see text). P(1) and P(2) have been scaled by a factor of 100.

Source: *1979 Survey of Income Tax Returns*.