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Single-Mother Families in Eight Countries: Economic Status and Social Policy

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Single-Mother Families in Eight Countries: Economic Status and Social Policy

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Single-Mother Families in Eight Countries: Economic Status and Social Policy

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Abstract

This study compares the economic status of single-mother families relative to each other and to two-parent families in eight countries: Australia, Canada, France, West Germany, Norway, Sweden, the United Kingdom, and the United States. Using data sets from the Luxembourg Income Study, the investigators test four hypotheses concerning single-mother families: (1) that their relative economic status in the United States is significantly below that in the other seven countries; (2) that differences in their demographic characteristics account for some, but not most, of their differences in economic status; (3) that differences in public and private transfer policy account for a substantial portion of the difference between their relative economic status in the United States and that in the other countries; and (4) that differences in the labor force participation of single mothers account for a significant portion of their differences in economic status in general, but account for little of the gap between the United States and the other countries. They find that although the relative economic status of single-mother families in the United States is significantly below that in the European countries, it is not significantly lower than that in either Canada or Australia; that demographic factors account for a notable portion of the differences between the United States and the other countries; that differences in public income transfer policy and labor market policy account for the differences between the United States and Scandinavia; and that differences in private transfers account for half of the differences between the United States and the United Kingdom.

Single-Mother Families in Eight Countries: Economic Status and Social Policy

The significant growth of single-mother families is considered a social problem in all western industrialized countries.[1] Across countries, there is a recognition that these families bear a disproportionate risk of becoming poor, especially if the female heads are out of the work force or have two or more children.[2] Although single-mother families face common problems, their economic status relative to those of other family types is better in some countries than in others. Comparative analyses consistently find that the relative economic status of single mothers in the United States is substantially lower than that of their counterparts in most other western industrialized countries.[3] Finally, three recent comparative analyses find that the heavy reliance on income-tested programs in the United States, in contrast to the heavier reliance on universal programs in other western industrialized nations, is the main reason for the higher poverty rates among families with children in America, thus providing some scientific support for the policy strategy recommended by Garfinkel and McLanahan in Single Mothers and Their Children: A New American Dilemma (1986).[4]

Yet, there is some reason to question the superiority of universal programs. To begin with, none of the studies explicitly examined the effects of differences in income transfer structure net of the effects of differences in demographics, labor force participation, and private transfers across countries.[5] Furthermore, Kahn and Kamerman (1983c) and Hauser and Fischer (1990) also found that single mothers fare worse in the English-speaking nations, suggesting that perhaps some aspect of culture rather than policy accounts for the differences in status.

In this study, we compare the economic status of single-mother families relative to each other and to two-parent families in eight western industrialized countries: Australia, Canada, France, Germany (the Federal Republic), Norway, Sweden, the United Kingdom, and the United States. The

study employs multivariate regression analyses to examine the factors which contribute to the differences in relative economic status. In particular, we focus on the effects of differences in demography, labor force participation, and public policy with respect to public and private transfers on relative economic status.

We test the following hypotheses:

1. The relative economic status of single mothers and their children in the United States is significantly below that in other industrialized nations.
2. Differences across countries in the demographic composition of single mothers do account for some, although by no means most, of the differences in economic status.
3. Differences in public and private transfer policy account for a substantial portion of the difference between the relative economic status of single-mother families in the United States and that in the other countries.
4. Differences in the labor force participation of single mothers across countries account for a significant portion of their differences in economic status in general, but account for little of the gap between the United States and the other countries.

I. THE DATA AND ITS LIMITATIONS

The Luxembourg Income Study (LIS) data base is utilized to test the research hypotheses. As of 1989, the LIS included 21 comparable cross-sectional income data files for 14 western industrialized countries. The sources of data vary from population surveys to household income and expenditure surveys to tax files. The earlier data sets date back from 1979 to 1981, while more current ones from the mid-1980s onwards have been subsequently added. The data sets to be analyzed include those from Australia, Canada, France, Germany, Norway, Sweden, the United Kingdom, and the United States.[6]

The variables in the LIS include basic demographic characteristics of families and individuals as well as detailed income data. The data used in this study were collected between the years 1979 and 1984. For this period, there are two data files for both France and Germany. For the purpose of this study, the findings of the 1981 French survey and the 1984 German survey are presented.[7]

Our definition of single-mother families includes divorced, separated, widowed, and never-married female heads under age 65 with one or more children under age 18 and no other members age 18 or older. Two-parent families are used as a reference group to establish a normative average living standard for single-mother families.

Relative economic status is measured by averaging the net disposable income of single-mother families and then expressing it as a percentage of the average net disposable income of two-parent families. Net disposable income is defined as the aggregate of market income, private transfers, and public transfers minus payroll and income taxes.[8] To take account of family size, the net income of an individual family is transformed into an equivalent income by adopting the equivalence scale used by the LIS.[9] Furthermore, to adjust for the skewness of the income distribution, the mean as well as the median income are computed for comparison.

Given our research objectives, there are several problems with the LIS data. The first pertains to definitional issues. Family is defined as "two or more persons living together who are related by blood, marriage, or adoption, or a single individual not living with relatives."[10] However, in Norway, unmarried persons and those they support (or whom they are supported by) are also defined as families. In other words, cohabitors with children are included in the category of two-parent families, which for all other countries would have been defined as female-headed families with dependent children. This might explain why two-parent families constitute 34.6 percent of the Norwegian sample while they range from 20.2 to 29.4 percent in other countries. The inclusion of

cohabitors within the category of two-parent families is not compatible with the definition of such families in other countries.

Another problem with the LIS data concerns the definition of social insurance transfers in Australia. Despite the fact that most public transfer programs in Australia are income-tested, they are all classified under the ambit of social insurance. This problem is solved by decomposing public transfer income into child allowance and social assistance.[11]

A more formidable problem arises from the existence of missing variables which are considered crucial for testing our hypotheses. For example, the educational attainment and marital status of female heads are both important predictors of relative economic status. However, only the data files from Australia, Canada, Germany, and the United States have information on education, and it varies from years of schooling to types of qualifications held by respondents. Similarly, only the data files from Australia, France, Germany, and Norway have data on marital status. Therefore, these variables cannot be included in the ordinary least squares (OLS) regression models.

Besides these demographic variables, also absent is information on private transfer income for Canada and Sweden. Since Sweden has advance maintenance payment, it is possible that private transfers are integrated into this social program. However, there is no way to decompose these benefits from the income variables in the data file. As for Canada, this variable is treated as "missing." To solve this problem, when all countries are taken into consideration, the private transfer income variable is omitted. A separate set of regression equations are run for the remaining six countries with private transfer income included.

II. METHOD OF ANALYSIS

The first stage of analysis is to present a descriptive picture of the relative economic positions of single-mother families across the eight countries. Based on the definition outlined in the previous

section, these relative economic positions are computed in proportions. The eight countries are ranked from the best to the worst relative economic position.

Then we will examine the contribution of different sources of income, especially public transfer income, as components of the mean gross income before taxes. Public transfer income is further decomposed into social insurance and means-tested transfers. The merits of the social-assistance-oriented versus the social-insurance-oriented approach to public transfers in English-speaking and non-English-speaking nations can be tested by analyzing this decomposition.

The descriptive data generated from stage one of the analysis cannot ascertain the effect that public transfer income systems have on the relative economic status of single mothers across countries. This is because countries may differ in ways other than their income transfer systems. Therefore multiple regression analyses are used in the second stage of analysis.

The sample includes all single-mother families who participated in the surveys of the eight countries. The unweighted sample, which consists of 3549 families, is used so that all countries are better represented in the sample.[12] A five-step OLS multiple regression analysis is performed. The dependent variable is the economic status of single-mother families relative to the mean net disposable income of two-parent families. In step one, analysis of variance is performed by regressing the dependent variable on seven country dummies, with the United States as the reference group. The fact that the country dummies are positive, relatively large, and statistically significant supports our first hypothesis. In step two, three demographic variables (the age of the head, the number of children, and the age of the youngest child) are added to the regression equation. If the size of the positive country coefficients reduces somewhat, but still remains significant, we interpret this as evidence supporting our second hypothesis. In step three, two sources of public transfer income, namely, income-tested social assistance and non-income-tested social insurance, are entered into the equation. If the structure of income maintenance programs is important, the addition of these

variables will reduce the large positive country coefficients by a substantial amount. In step four, the labor force participation status of female heads is added, without the two public transfer income variables. In the final step, the dependent variable is regressed on all independent variables which have been previously entered into the equations. The addition of the labor force participation variable in two steps allows us to test its relative independent importance. Since Canada and Sweden have missing variables on private transfer income, two more regression equations will be analyzed for the remaining six countries, with the private transfer income variable added.

Besides the analysis of country dummies, comparison of other coefficients between the different equations will highlight the effect of different predictor variables on the variation in relative economic status across the eight countries.

III. RESULTS

Descriptive Analysis

Relative Economic Status. Table 1 shows the relative economic status of single-mother families from the data files representing all eight countries. In all countries, the economic status of these families is worse than that of two-parent families. The eight countries can be further classified into three groups. The Scandinavian single-mother families on average have net disposable incomes which are around 85 percent those of two-parent families. For the other European countries, the ratios range between 65 and 76 percent. The three non-European countries make up the lowest echelon, with ratios below 60 percent.[13] The rankings, therefore, show that single mothers in European countries are better off than their non-European English-speaking counterparts. The economic status of single mothers in Canada and Australia does not differ very much from that of single mothers in the United States.[14]

TABLE 1

Net Disposable Income of Single-Mother Families as a Ratio of the Net Disposable Income of Two-Parent Families, in Eight Countries

Country	Mean Ratio	Relative Rank	Median Ratio	Relative Rank
Australia	0.5486	7	0.5118	7
Canada	0.5861	6	0.5257	6
France	0.7593	3	0.7398	4
Germany	0.6991	5	0.7513	3
Norway	0.8569	1	0.8667	2
Sweden	0.8422	2	0.8707	1
United Kingdom	0.7523	4	0.6478	5
United States	0.5381	8	0.4723	8

Sources: For Australia, the 1981-82 Income and Housing Survey; for Canada, the 1981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 German Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income Distribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey; and for the United States, the March 1979 Current Population Survey; each of these have been taken from the Luxembourg Income Study (LIS) data set.

Market Income, Private Transfers, and Public Transfers, as Components of Gross Income. Table 2 compares market income and public and private income transfers as percentages of average gross incomes for two-parent and single-mother families. It also compares the labor force participation rate of single mothers in various countries.

Even though market income is the major source of income for single-mother families in all eight countries, it constitutes a much lower portion of their gross income than it does of two-parent families. Also, across countries, there is wide variation in market income as a proportion of gross income for single-mother families. For example, in the United States, market income comprises 72.5 percent of gross income while the corresponding percentage is 42.9 in the United Kingdom.

Private transfers constitute less than 10 percent of the gross income of single-mother families in all countries except the United Kingdom. In the United Kingdom, nearly one-quarter of the gross income of single mothers comes from alimony, child support, and other regular private transfers. Apparently, private transfers have a positive effect in enhancing the well-being of single mothers in the United Kingdom, despite the low participation rate of single mothers in the labor market there (54.5 percent). The middle group consists of Norway, France, and the United States, with around 9 percent of income coming from private transfers. Germany and Australia rank the lowest, while no information is available for Sweden and Canada.

Relative to two-parent families, single-mother families in all eight countries depend more on transfer income (both public and private). Single-mother families from all countries except the United States and France receive at least 20 percent of their gross income from public transfers. In Australia, the percentage is as high as 41.4, perhaps related to the low labor force participation of single mothers (34.8 percent) as well as to their minuscule private transfer income (3.8 percent). On the other hand, it is interesting to note that even though 82.9 percent of single mothers work in

TABLE 2

Market Income and Public and Private Transfer Income as Percentages of Average Gross Income, and the Labor Force Participation Rates of Single Mothers, across Eight Countries

Country/ Family Type	Market Income	Public Transfer Income	Private Transfer Income	Labor Force Participation Rate
Australia				
Two-parent	95.8	3.8	0.0	34.8
Single-mother	54.3	41.4	3.8	
Canada				
Two-parent	94.6	5.1	--	64.6
Single-mother	70.8	22.8	--	
France				
Two-parent	91.8	7.7	0.1	69.7
Single-mother	70.2	19.4	8.9	
Germany				
Two-parent	93.0	5.8	0.1	59.3
Single-mother	67.5	24.3	5.7	
Norway				
Two-parent	96.1	3.5	0.3	72.6
Single-mother	68.1	23.0	8.9	
Sweden				
Two-parent	86.2	13.8	--	82.9
Single-mother	62.6	37.4	--	
United Kingdom				
Two-parent	87.1	12.5	0.3	54.5
Single-mother	42.9	32.7	24.2	
United States				
Two-parent	97.4	1.9	0.3	70.7
Single-mother	72.5	17.6	8.7	

Sources: For Australia, the 1981-82 Income and Housing Survey; for Canada, the 1981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 German Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income Distribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey; and for the United States, the March 1979 Current Population Survey; each of these have been taken from the Luxembourg Income Study (LIS) data set.

Note: Gross income is composed of market income, public transfers, private transfers, and other cash income of the family unit. Since other cash income is not shown in the table, the total does not add to 100.

Sweden (Sweden ranks highest in labor force participation), public transfers still constitute 37.4 percent of their gross income.

The Distribution of Social Insurance and Means-Tested Income. Do single-mother families in France, Germany, Norway, and Sweden receive a larger proportion of their public transfers as social insurance than do their English-speaking counterparts, as postulated by Kahn and Kamerman (1983a)? Table 3 gives the answer to this question. As shown in the data, almost 90 percent of the public transfer income of single mothers in the United States and Australia is means-tested. This is followed by the middle group: Canada, France, and the United Kingdom. Single mothers from Norway, Germany, and Sweden receive less than 50 percent of their public transfer income in the form of means-tested benefits.[15] Norway is obviously an outlier, as only 6 percent of its public transfer income is means-tested. Therefore, there appears to be some correlation between whether or not the nation is English-speaking and the public transfer structure it adopts for single-mother families. So multivariate regression analysis is in order.

Regression Analysis for All Countries

The dependent variable used in all multiple regression equations is the relative economic status of single-mother families. Since the unweighted sample is used, the group means of relative economic status in the eight countries is slightly different from those in the descriptive data, which are based on a computation of the weighted sample.

Table 4 shows the results of the five OLS regression equations for all countries. (The United States, recall, is a reference group.) In column one, the analysis of variance result confirms the ranking of the eight countries in the descriptive data (except for Canada and Australia, which are reversed [table 1]). While there is no significant difference between Australia, Canada, and the United States, the relative economic status of single mothers in the remaining five countries is

TABLE 3

Social Insurance Income and Means-Tested Income as a Percentage of Public Transfer Income, for Single-Mother Families

Country	Social Insurance Income	Means-Tested Income	Relative Rank of Reliance on Means-Tested Income
Australia	10.7	89.3	2
Canada	38.8	61.2	3
France	45.1	54.9	4
Germany	65.9	34.1	7
Norway	94.0	6.0	8
Sweden	54.6	45.4	6
United Kingdom	49.3	50.7	5
United States	10.6	89.4	1

Sources: For Australia, the 1981-82 Income and Housing Survey; for Canada, the 1981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 German Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income Distribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey; and for the United States, the March 1979 Current Population Survey; each of these have been taken from the Luxembourg Income Study (LIS) data set.

TABLE 4

Results of Five OLS Regression Equations Measuring the Effects of Certain Variables on the Relative Economic Status of Single Mothers, across Eight Countries

Variable	Effects of: Country Dummies Only (1)	Country Dummies, and Demographic Variables (2)	Country Dummies, Demographic Variables, and Public Transfers (3)	Country Dummies, Demographic Variables, and Labor Force Status (4)	Country Dummies Demographic Variables, Labor For Status, and Public Transfers (5)
Australia	.008	-.004	.039	.101	.099
	(.021)	(.020)	(.020)	(.020)	(.020)
Canada	.002	-.021	-.027	.013	.000
	(.022)	(.021)	(.021)	(.020)	(.020)
France	.215	.174	.164	.185	.171
	(.033)	(.031)	(.030)	(.029)	(.029)
Germany	.107	.000	-.021	.053	.025
	(.042)	(.039)	(.039)	(.037)	(.037)
Norway	.410	.346	.284	.361	.292
	(.023)	(.022)	(.023)	(.021)	(.022)
Sweden	.287	.208	.208	.194	.116
	(.021)	(.020)	(.022)	(.019)	(.021)
United Kingdom	.214	.191	.185	.242	.205
	(.031)	(.029)	(.029)	(.028)	(.028)
Age of head		.008	.007	.009	.008
		(.000)	(.000)	(.000)	(.000)
Number of children		-.097	-.096	-.080	-.078
		(.007)	(.007)	(.006)	(.006)
Age of youngest child		.008	.007	.003	.003
		(.002)	(.002)	(.002)	(.002)
Social insurance income			.177		.357
			(.042)		(.040)
Means-tested income			-.350		.074
			(.044)		(.047)
Labor force status					.302
					(.015)
Constant	.538	.396	.457	.272	.158
	(.014)	(.029)	(.029)	(.013)	(.031)
				.173	
				(.029)	
R-square	.135	.241	.259	.319	.334
Standard error	.395	.370	.366	.351	.347
F-ratio	78.775	112.042	102.767	150.832	136.390
Observations	3549	3549	3549	3549	3549

Sources: Computations by authors based on data from, for Australia, the 1981-82 Income and Housing Survey; for Canada, the 981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 erman Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income istribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey.

ote: Standard errors in parentheses. The dependent variable is the net disposable income of single-mother families expressed as a rcentage of that of two-parent families.

significantly better than that of their counterparts in the United States. The regression coefficients of these five country dummies range from 0.107 in Germany to 0.410 in Norway.

The result of the second regression equation indicates that all three demographic variables have a significant effect on the relative economic status of single mothers (column two). As would be expected, the age of the head and the age of the youngest child are positively associated with economic status, while the number of children is negatively associated with economic status.

When demographic variables are added to the regression model, the beta coefficients of all seven country dummies are reduced in size. This implies that differences in demographic characteristics account for part of the variation in the relative economic status of single-mother families across the eight countries. In light of this, nevertheless, three interesting phenomena are worth noting. First, the magnitude of decrease in coefficients is not uniform across countries. Countries whose demographic characteristics of single mothers are much different from those in the United States (such as Germany) have a bigger reduction than do countries whose single mothers have similar characteristics (such as Australia and Canada). (Table 5 presents data on the three demographic characteristics.) Second, when the three demographic variables are held constant, Canada and Australia both have negative coefficients, meaning that the economic status of their single mothers is worse than that of those in the United States. However, the difference is minuscule and is not statistically significant. Third, the dummy coefficient of Germany approaches zero when the demographic variables are added. This means that the difference in economic status between single mothers in Germany and the United States is mainly accounted for by the differences in demographic characteristics between the two countries. The mean age of single mothers in Germany is four years higher than that in the United States. The mean number of children for Germany is 0.5 lower than that for the United States, while the age of the youngest child for the former is substantially greater than that for the latter.

TABLE 5

Means of Three Demographic Variables, for Single-Mother Families in Eight Countries (unweighted sample)

Country	Age of Female Head	Number of Children	Age of Youngest Child
Australia	32.80	1.73	6.71
Canada	33.90	1.80	7.80
France	34.80	1.72	8.04
Germany	37.80	1.42	9.57
Norway	36.70	1.72	9.04[a]
Sweden	36.10	1.51	9.04
United Kingdom	34.40	1.83	7.73
United States	33.90	1.96	7.83

Sources: For Australia, the 1981-82 Income and Housing Survey; for Canada, the 1981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 German Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income Distribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey; and for the United States, the March 1979 Current Population Survey; each of these have been taken from the Luxembourg Income Study (LIS) data set.

[a] Since there is a missing variable on the age of the youngest child for the Norwegian data file, the Swedish mean is imputed.

Column three of table 4 shows the regression results when social insurance and means-tested income transfers are added to the model. As evidenced, both income variables have a significant effect on the relative economic status of single mothers. However, the effects operate in the opposite direction. Single-mother families which secure income from social insurance are more likely to be better off, while those families which rely on means-tested public transfers are more likely to be worse off. The positive effect of social insurance is expected, while the negative effect of means-tested public transfers probably arises from the fact that individuals must be poor in order to receive income-tested transfers.

Adding public transfers to the equation reduces significantly only the Norwegian coefficient. In terms of magnitude, the decrease of Norway is substantial, probably owing to that country's implementation of generous social insurance programs for single mothers. Therefore, contrary to the findings of Kamerman and Kahn (1988c) and Smeeding, Torrey, and Rein (1988), the structure of income transfers does not account for a substantial proportion of the difference in relative economic status across countries. This finding suggests that our third hypothesis must be rejected.

Equation four examines the effect of labor force participation on the relative economic status of single-mother families, with public transfer income omitted. As reflected in the findings, labor force participation contributes substantially to the economic well-being of single mothers. With all other explanatory variables in the equation held constant, single mothers who work have a relative economic status that is 0.272 higher than those who do not work. Also, as expected, labor force participation is associated with the age of the youngest child of the family. The coefficient of this variable drops substantially and becomes statistically insignificant when labor force participation is added to the model.

Column five of table 4 shows the regression result when all explanatory variables are entered into the equation. As shown in the findings, both the labor force participation and social insurance

variables have a stronger effect on the relative economic status of single-mother families than they did in the previous equations in which they were entered separately. In general, this finding might suggest that the adoption of a non-means-tested social insurance approach has a positive effect on the labor force participation of single mothers. As a result, the relative economic position of those who are employed in the labor market and receive additional income from social insurance rises substantially.

Also note that the sign of the coefficient of means-tested income changes from negative to positive and becomes statistically insignificant. This simply means that when controlling for labor force participation, the negative effect of means-tested income is nullified.

We can identify how different countries respond to the joint effects of public income transfers and labor force participation variables by comparing the results of equation five with those of the previous equations. In Norway, single mothers enjoy a better economic status than do single mothers in the United States, owing to public income transfers. There is a large reduction in Sweden's country coefficient when labor force participation and public transfers are simultaneously added to the model. Clearly, the result shows that Swedish income transfer programs and labor market policy added together account for a greater substantial portion of the difference between Sweden and the United States. On the other hand, the coefficients of France and the United Kingdom are unresponsive to any of these variables, indicating that there might be other factors which explain their cross-national difference.

Australia, however, is an interesting case, since its beta coefficient rises substantially when labor force participation status is added to the equation (table 4, column four). This suggests that the low economic status in this country is due to the low labor market participation rate of its single mothers (only 34.8 percent [table 2, column four]). When we control for this factor, the economic

status of single-mother families in Austria is substantially higher than that of their counterparts in the United States.

Further Results for Private Transfers

Table 6 shows the outcome of two regression models in which the effect of private transfer income is added to the equation. The analysis is based on data from the six countries which have information on private transfer income (Canada and Sweden, recall, do not).

By adding the private transfer variable to the model, there is a consistent reduction in all of the significant country dummy coefficients except "Australia" (compare table 4, column three, with table 6, column 1; also compare table 4, column five, with table 6, column two). The magnitude of change for the United Kingdom is particularly phenomenal. This is a significant finding, since it contradicts the postulations which some studies made regarding the relative unimportance of private transfers in reducing poverty among single-mother families.[16]

IV. CONCLUSION

In this paper, we tested four hypotheses:

1. The relative economic status of single mothers and their children in the United States is significantly below that in other industrialized nations.
2. Differences across countries in the demographic composition of single mothers do account for some, although by no means most, of their differences in economic status.
3. Differences in public and private transfer policy account for a substantial portion of the difference between the relative economic status of single-mother families in the United States and that in other countries.

TABLE 6

Results of Two OLS Regression Equations Showing the Effects of Certain Variables on the Relative Economic Status of Single Mothers, across Six Countries

Variable	Effects of: Country Dummies, Demographic Variables, and Public and Private Transfers	Country Dummies, Demographic Variables, Public and Private Transfer Income, and Labor Force Status
Australia	.078	.132
	(.022)	(.021)
France	.154	.159
	(.032)	(.030)
Germany	-.030	.013
	(.041)	(.039)
Norway	.259	.256
	(.027)	(.025)
United Kingdom	.112	.107
	(.032)	(.030)
Age of head	.009	.009
	(.000)	(.000)
Number of children	-.105	-.085
	(.008)	(.008)
Age of youngest child	.006	.002
	(.002)	(.002)
Social insurance income	.006	.307
	(.006)	(.064)
Means-tested income	-.514	-.029
	(.060)	(.065)
Private transfer income	.634	.739
	(.047)	(.046)
Labor force status	--	.300
	--	(.020)
Constant	.421	.127
	(.035)	(.038)
R-square	.321	.382
Standard error	.380	.363
F-ratio	101.817	121.999
Observations	3549	3549

Source: Computations by authors based on, for Australia, the 1981-82 Income and Housing Survey; for Canada, the 1981 Survey of Consumer Finances; for France, the 1981 INEC-CERC Survey of Women with Children; for Germany, the 1984 German Panel Survey: Wave 2; for Norway, the 1979 Survey of Norwegian Tax Files; for Sweden, the 1981 Swedish Income Distribution Survey; for the United Kingdom, the 1979 Family Expenditure Survey.

Note: The dependent variable is the net disposable income of single-mother families as a proportion of that of two-parent families. Standard errors are in parentheses.

4. Differences in the labor force participation of single mothers across countries account for a significant portion of the differences across countries in general, but account for little of the gap between the United States and other countries.

We found the following:

The relative economic status of single mothers and their children in the United States is significantly below that in Norway, Sweden, the United Kingdom, France, and Germany, but is not significantly lower than that in either Canada or Australia. Furthermore, once demographic differences are taken into account, the relative situation of single mothers in Germany is no better than that of single mothers in the United States.

In general, differences in the demographic composition of single mothers across countries account for a notable portion of the differences between the relative economic position of single mothers in the United States and that in other countries. Indeed, these differences may be as important as differences in public income transfer policy.

Differences in public income transfer policy, in conjunction with differences in labor market policy, account for a large portion of the difference between the relative position of single mothers in the United States and that in Scandinavia. Differences in private transfers, which are likely to reflect differences in public policy with respect to child support and alimony, account for one-half of the difference between the United States and the United Kingdom.

Future work should seek to develop better measures of demographic differences among single mothers across nations. In particular, researchers must seek to incorporate the marital status of single mothers in their analyses. In addition, future work should include some simple simulations to decompose the importance of demography and the various aspects of public policy with regard to the labor market and public and private transfers.

Notes

[1] For statistics on trends in the growth of single-mother families in western industrialized nations, see Millar (1989).

[2] See Kamerman and Kahn (1988a). Also see "Final Report from the Commission to the Council on the First Program of Pilot Schemes and Studies to Combat Poverty" (1981).

[3] Kamerman and Kahn (1988b) compare the poverty problem of single-parent families in Britain, France, Germany, Norway, Sweden, and the United States. Despite the fact that the relative economic status of single parents in the first five countries varies, it is substantially higher than that of their counterparts in the United States. The study by Richard Hauser and Ingo Fischer (1990) on the economic well-being of one-parent families includes Canada and Israel. They find that the relative position of single parents in the United States ranks the lowest.

[4] The three comparative analyses are Kahn and Kamerman (1983c); Kamerman and Kahn (1988c); and Smeeding, Torrey, and Rein (1988).

[5] Kamerman and Kahn (1988c) assert that the demographic differences are less important. Smeeding et al. (1988) analyze the bivariate relationship between demography and relative economic status, but they do not examine the multivariate relationship between economic status, demography, and income transfers.

[6] The respective country data files are as follows: (1) Australia--The Income and Housing Survey (1981-82); (2) Canada--The Survey of Consumer Finances (1981); (3) France--The INEC-CERC Survey of Women with Children (1981); (4) Germany--The German Panel Survey: Wave 2 (1984); (5) Norway--The Survey of Norwegian Tax Files (1979); (6) Sweden--The Swedish Income Distribution Survey (1981); (7) the United Kingdom--The Family Expenditure Survey (1979); and (8) the United States--The March Current Population Survey (1979).

[7] The 1979 French survey does not contain information about labor force participation and private transfers. These variables are used for regression analysis. The 1981 German survey has a sample size of 63 single-mother families. Large sampling error is likely for this data file. Therefore, the 1981 French survey and the 1984 German survey are more suitable for this study.

[8] Market income includes earned income, cash property income, and employment-related pensions. Private transfers include alimony, child support, and other regular private transfers. Public transfers include social insurance transfers as well as cash and near-cash means-tested transfers.

[9] The net income per adult equivalent unit of a family is calculated by using a simple equivalence scale assigning a weight of 1 to the head of the family and a weight of 0.5 to each additional member of the family, assuming that the net incomes of all family members are pooled and distributed such that each member attains the same welfare level. Hauser and Fischer (1990) also used this measure in their study. Thus, the results of the two studies can be compared.

[10] For more details, refer to Smeeding, Schmaus, and Allegrezza (1985).

[11] Except for family allowance, pension for the blind, and age pension for persons over 70, all other social programs in Australia are income-tested.

[12] In the weighted sample, because of the large population size in the United States, single mothers in the United States constitute 78 percent of the total sample. So the unweighted sample is used for regression analysis. But for descriptive analysis, the weighted sample is used (for both single mothers and two-parent families) because it is a better representation of the population in the respective countries.

[13] It is important to note that country rankings might be sensitive to the specific equivalence scale employed by the researcher. (See Buhmann, Rainwater, Schmaus, and Smeeding [1988].) Therefore, country rankings based on two other equivalence scales were compared with the results using the LIS equivalence scale. The finding showed that the choice of scales has little effect on the rankings.

[14] See table 1, which compares the rankings of the eight countries using mean and median ratios. There is some change in the ranking of the first five countries when the median ratio is used, even though the pattern of division of countries into three broad groups is the same.

[15] The means-tested benefits of Sweden include the housing allowance program. Housing allowance is a major policy instrument for low- and medium-income families in Sweden. It is income-tested with a relatively high income ceiling and therefore covers a substantial portion of the population. According to Kahn and Kamerman (1983a), the benefit constitutes between 13 and 22 percent of family incomes for those who qualify.

[16] The important role played by private transfers in reducing poverty among single-mother families is also suggested by Kamerman and Kahn (1988b). They conclude that the big difference between the United States and Europe is due to the move made by Europe to establish some form of guaranteed child-support payment. They contend that such a measure protects women and children from needing to claim a stigmatizing social-assistance benefit, while also providing incentives to work.

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