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Lone parents, poverty and work: policy approaches and lessons from aboard

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Abstract

The UK government has set two ambitious targets: one to increase lone-parent employment and the other to eradicate child poverty. This article focuses on policy approaches and recent reforms relating to lone-parent employment in five countries (Australia, France, the Netherlands, Norway, and the US) in order to place UK policy development in a wider context. It then focuses on two countries with different approaches to the issue of combining paid work and care work. Both the US and Norway can be described as countries with 'adult-worker' orientations but implemented in different ways, and with different outcomes for lone parents. We argue that if the UK government wishes to achieve both aims – increasing lone-parent employment and eliminating child poverty – it should look to the Norwegian rather than the North American model. This means that it will be necessary to consider the broader issues of gender and income inequality, as well as the specific policies related to lone-parent employment.

Introduction

The UK government has set itself some ambitious policy targets that, if successful, would have a major impact on the lives and circumstances of lone-parent families and their children. The first of these was announced in 1998, when the Prime Minister pledged to eradicate child poverty within 20 years. The second was announced in 2001, when a target was set for 70% of lone parents to be in employment within 10 years. The two are clearly linked, with living in a 'workless household' identified as one of the main causes of child poverty (HM Treasury, 2001). Both are ambitious in the sense that the current situation is some distance from the target. Child poverty rates have fallen since 1997 but the latest poverty figures (for 2000/01) show that about 1.7 million children in lone-parent families live in households with incomes of below 60% of the median (DWP, 2002). Likewise, lone-parent employment rates have risen over the past five or six years, but currently only around half (49%) of lone mothers are employed for one or more hours a week (ONS, 2002), and around two fifths (39%) for 16 or more hours (Marsh and Rowlingson, 2002). So how will the government achieve its lone-parent employment target? And to what extent will this help to eradicate child poverty?

This article focuses on benefit reforms and employment-related policies for lone parents in the UK and in five other advanced industrial countries (Australia, France, Norway, the Netherlands, the US), first providing an overview of policy developments across all five and then focusing on two - the US and Norway - in more detail. The article draws on our edited collection (Millar and Rowlingson, 2001), which explores policies for lone-parent employment in these countries. Table 1 summarises some key statistics, showing lone-parent employment and child poverty rates in the mid-1990s (generally preceding the latest shift towards employment-based policies). Employment rates for both lone and partnered mothers were relatively high

in France, Norway and the US, and relatively low, especially for lone parents, in Australia, the Netherlands and the UK. In general, rates of child poverty were higher in lone-parent families than among all families, and employed lone parents had lower child poverty rates than non-employed lone parents. But there was also significant cross-national variation. The highest child poverty rates for non-employed lone parents were found in the US (over nine in ten) and the UK (around seven in ten). The lowest child poverty rates for employed parents were found in Norway (around 5%) and Australia (under 10%).

Policies to support lone-parent employment

Three main types of policies have been introduced: the introduction of more stringent requirements to work or to participate in labour market programmes; changes to social security benefits and taxes in order to increase financial incentives to work; and the provision of childcare services or subsidies.

Work requirements and labour market programmes

‘Activation’ is a generic term referring to policies intended to promote employment among non-employed benefit recipients. However, it can mean very different things in different countries (Lodemel and Trickey, 2001; Sarfati and Bonoli, 2002). In Australia, the JET (Jobs, Education and Training) programme offers advice and information, and some training opportunities, to lone parents on a voluntary basis. In France ‘insertion’ measures are intended to help secure high employment rates for all. In the Netherlands, activation means requiring lone parents to be actively seeking and available for work, which can include part-time work. In Norway, activation includes measures to improve lone parents’ social skills and self-confidence. In the US, the most stringent conditions are found, with lone parents generally required to be in work or in work-related activities, usually on a full-time (that is, over 40 hours per week) basis. The UK has a very similar model to Australia: compulsory work-focused interviews combined with voluntary access to the New Deal for Lone Parents, which offers information and advice.

Table 1: Lone-parent employment and child poverty rates (mid-1990s) (%)

	Australia	France	Netherlands	Norway	US	UK
Employment rates						
Lone mothers	43	82	40	61	60	41
Partnered mothers	56	68	52	77	64	62
Child poverty rates						
All children	11	7	9	4	23	19
In lone-parent families: employed parent	9	13	17	5	39	26
In lone-parent families: non-employed parent	42	45	41	30	93	69

Source: Bradshaw et al (1996, Table 1.3); Oxley et al (2001, Table 15.5)

These labour market requirements also come into effect at different stages across the various countries. This is an area of recent policy change, with a number of countries making changes that have the effect of extending requirements to more lone parents. In Australia, recent reforms mean that lone parents are expected to take action to become job-ready when their youngest child goes to primary school and are then expected to work at least six hours a week or more when the youngest starts secondary school. In Norway and France, lone parents are expected to become active in the labour market when their youngest child turns three, although both countries exempt lone parents who have been separated for under a year. In the Netherlands, since the mid-1990s lone parents have been required to seek (part-time or full-time) work when the youngest child reaches five. These countries thus start to consider lone parents are ready for employment when their children reach full-time compulsory school age. But the US is again an outlier, with work requirements in operation much sooner. There are variations across states but many require lone parents to be in paid work from the time when the youngest child is a few weeks old. The UK is also something of an outlier, but in a different way. Apart from the work-related interviews there are no requirements to participate in programmes or to seek work while children are aged under 16. But nor is there any child age cut-off for the New Deal for Lone Parents. When this was first introduced it was targeted at lone parents with children of school age. It is now available to all lone parents.

In-work benefits

In-work benefits can be targeted in various ways and be delivered through the tax or benefit systems. As Kilkey and Bradshaw (2001) point out, financial incentives to work include a mixture of 'sticks' (reductions to out-of-work benefits) and 'carrots' (increases to in-work benefits), and some of the tightening up of benefit rules discussed above have had the effect of restricting out-of-work support. On the in-work side these countries offer a variety of different types and levels of support (see also Kilkey, 2000). Australia has a child tax benefit, which offers income-tested support to families both in and out of work, and which includes a guaranteed minimum payment for lone parents. France has a generous system of universal and income-tested family benefits and tax concessions for employed parents. The Netherlands has a higher tax threshold for lone parents and also offers earnings disregards for part-time work. Norway does not have any tax concessions but people can combine part-time work with receipt of the lone-parent benefit. The US has no family allowances or other benefits but does support families through the tax system, including the 'earned income tax credit', which provides an annual payment to low-waged working families. There is also an extensive programme of 'food stamps' for low-income families. In the UK, the Working Families Tax Credit provides an income-tested supplement for low waged lone parents.

Childcare

There is also substantial variation in the level of support offered for childcare, both in respect of publicly funded places and in the subsidies offered to parents to help them pay for care. Australia has seen a huge expansion in childcare in recent years and also offers generous income-tested support for childcare payments. France has long had one of the most highly developed childcare systems in Europe. Norway also has high levels of good quality childcare. The Netherlands, the US and the UK have only recently started to invest in childcare provision and subsidies and supply is much lower. For example, in the late 1990s, France and Norway both had about 22-23% of

0- to 3-year-old children in publicly funded care, compared with just 2% in the UK (Leira, 2002).

Different types of 'adult worker' models

There is much variation, therefore, in the detail of the specific policies in these countries. But there are also important similarities. In particular, what links these reforms together is a changing view of the nature and obligations of lone parenthood. Rather than being supported to stay at home and to care for their children on a full-time basis, there is an increasing expectation that at least some lone parents (often defined as those with children at school) should be expected to participate in paid employment. Arguably this shift in policy towards lone parents reflects a much wider shift, away from a male breadwinner model of labour market participation to an adult worker model, which places expectations on all adults, including mothers and lone mothers, to be active in the labour market (Lewis, 2001). The UK appears to be at the crossroads from a male breadwinner to an adult worker model. Not only are we placing more requirements on lone parents but also on 'partners' of benefit recipients, who are mainly women married to unemployed or disabled men. This raises the issue of the relationship between paid work and care work. The male breadwinner model dealt with this by assuming a division of labour between workers (men) and carers (women). But the adult worker model assumes that all adults will be in paid employment, and so must solve the care work issue in other ways. The US and Norway provide contrasting examples of policy towards lone parents, which seem to reflect different versions of the adult worker model.

United States: high levels of employment and poverty

The work ethic is emphasised very strongly in the US and reliance on welfare is seen far more negatively than in Europe and most other advanced industrial countries. There are thus much higher expectations on people, including mothers, lone or partnered, to participate in paid work. However, the US version of the adult worker model might be thought of as a 'male adult worker' model as it places very little value on the care work most often carried out by women. Care work within the labour market is generally very low paid and unpaid care work in the home is placed a poor second in public esteem behind paid work (Harrington, 2000). There was a significant decline in real wage levels for less-skilled workers in the US in the late 1980s and early 1990s, especially for men. But, nevertheless, women still have much lower wages than men (Blank and Schmidt, 2001). In 1999 about one quarter of US workers were earning 'poverty level wages' (that is, below the poverty level for a family of three) for full-time, full-year work; and this was true for one third of women workers, two fifths of black women workers, and over one half of Hispanic women workers (Goldberg, 2002). Thus women from poor backgrounds have little opportunity to gain well-paid jobs in the labour market.

The US welfare reforms of the 1990s involved severe restrictions on out-of-work benefit receipt, the expansion of in-work benefits, and some expansion of childcare services. Individual states were given substantial autonomy over how these measures were implemented, leading to significant variation across the country. The economic boom of the late 1990s provided a positive context and contributed to the rise in lone-parent employment. But welfare reform also had an effect (Blank and Haskins, 2001; Waldfogel et al, 2001). Employment rates for lone parents rose from about 68% in the early 1990s to about 77% by 1999 (Blank and Schmidt, 2001). Poverty rates overall

have fallen but those lone parents who have been unable to find or to keep work are much worse off than before and many of those who have found paid work have merely been transferred, according to Waldfogel et al (2001, p 59), 'from the ranks of the welfare poor to the working poor'. Lone mothers leaving welfare (or failing to get access to welfare) often move into low paid minimum wage jobs, not all take up their entitlements to in-work support, and even those who do may find that they are struggling to make ends meet. These mothers do worse than those already working (Hartmann and Yi, 2001). Hence, lone parents in the US may find employment but they do not necessarily find their way out of poverty.

Norway: high levels of employment, low levels of poverty

Norway, like the US, treats adults as citizen workers and expects them to engage with the labour market but, unlike the US, Norway also values care and provides formal care services as well as generously supporting parents at particular times to exit the labour market (Leira, 2002). Wages are more equal in general and there is a relatively small gender pay gap in Norway, and other Nordic countries, compared with other European countries (Fritzell, 2001; Sorensen, 2001).

Recent reforms in Norway have, as in the US, restricted access to out-of-work benefits. Since 1998, lone parents with children aged over three have had to fulfil some activity requirements and there is also a time limit on receipt of benefit of three years (or five in some circumstances). Skevik (2001) notes that this reform was promoted as a positive step towards integrating lone parents into the labour market and hence into the mainstream of society. This seems to reflect attitudes in general, and also the aspirations of lone parents themselves. The voluntary labour market programme OFO (*Oppfølgingsordningen for enslige forsorgere*, 'follow-up arrangements for lone parents') also reflects this emphasis on integration. OFO involves the use of voluntary mediators, who are themselves lone parents, to help increase the confidence and knowledge in relation to employment opportunities. Part of the mediator's job is to organise social events for the lone parents in the local area, to promote social integration as leading towards employment integration. The Norwegian state also provides high levels of good quality childcare, which is not just seen as a way of helping parents work, but more as a right for children. The positive nature of childcare as helping children acquire social networks and skills is valued and therefore substantial resources are put into the system.

The Norwegian system thus presents paid work as an important value and aspiration for all adults, but also has relatively generous benefits for lone parents who are not in work and this is a key part of keeping poverty levels low. It seems that in Norway there is a social contract between lone parents and government, an example of what White (2000) has called 'fair reciprocity'. Lone parents are given adequate resources to stay at home for a few years while their children are young and then the lone parents themselves accept their side of the deal - to find employment when their children are at school. Childcare is affordable and good quality, and jobs are relatively well paid. Culturally, Norwegians are positive towards employment but also supportive of care work and the rights of children. The Norwegian version of the adult worker model helps to explain why the country appears to have achieved the ideal scenario of high levels of lone-parent employment and low levels of poverty. But this model can also be exclusionary. In relation to another Scandinavian country, Denmark, Polakow et al (2001) argue that lone parents who do not 'succeed' in

finding employment in Scandinavian countries are often viewed as a social problem. Those who fail to conform to the adult worker model can find themselves subject to shame, humiliation and discrimination. There are also tensions involved in the balance between parental leave provisions and childcare cash benefits for parents who stay at home on the one hand, and childcare services on the other (Leira, 2002).

At the crossroads?

Recent years have seen the UK move much closer to an employment-based model for lone parents. Cross-national comparison suggests that we are not alone in this, and that employment is increasingly being seen as the expectation for lone parents whose children are of school age. But there are various policy options available to support paid work, and different countries offer different balances between financial incentives, labour market programmes, and childcare provisions. There are also significant differences in the degree of compulsion involved, and in the extent to which lone parents *not* in paid employment receive adequate levels of income support. Other aspects of policy are also important. For example, generous levels of support for children can supplement wages and help prevent child poverty, and the wider context of work-life balance policies, including provisions for parental and family leave, are critical to sustaining women in employment (Gornick et al, 1997; Immervoll et al, 2001). The economic and cultural context in which these employment-based policies are placed is also a key factor in determining outcomes. A booming economy with high labour demand will provide more jobs. A small gender pay gap and low levels of gender segregation by occupation will help to ensure that women (including lone mothers) are not just confined to a low-wage sector. Public attitudes can support or undermine policy. For example, Orloff (2002) argues that high and increased employment among women in the US was a key factor in making the 1996 welfare reform acceptable across a wide range of opinion, while Knijn and van Wel (2001) point out that there was little support for work requirements being applied to lone mothers in the Netherlands, so these were not strongly enforced. In the UK, there has been something of a shift towards public support for lone mothers to be in employment. In 1998, 51% of men and 39% of women agreed that a 'single mother with a school age child has a special duty to go out to work to support her child' (Hinds and Jarvis, 2000). This was a substantial increase on the percentages from only four years previously (31% for men and 25% for women). But many respondents (38% of men and 51% of women) thought that the single mother should do as she chooses, like everyone else. These results demonstrate an increasing acceptance in the UK that lone parents should do paid work, but that such acceptance is by no means universal.

A number of countries seem to be moving towards a situation in which the adult worker model is central and in which full-time care is seen as appropriate only for mothers of very young children. But there are still important choices to be made. The US model is very market-driven and is based on the assumption that paid work should take priority over care work. In Norway, paid work is promoted but the demands of care work are also recognised. If the UK invests substantial amounts in high quality childcare, provides support for parent workers, and reduces the degree of gender and occupational wage inequality, then it would be moving towards this latter model. To some extent we are already seeing movements in this direction with policies such as the National Childcare Strategy, the national minimum wage and improved maternity and paternity rights. But although these policies are a welcome start, much more is

needed before the UK achieves an adult worker model that also values care work. On the basis of a comparison of policies in nine countries, Christopher (2002) concludes that mothers 'fare best in welfare states that support their employment *and* caregiving' p 80; our emphasis). If the UK government wishes to achieve both the eradication of child poverty and an increase in employment rates for lone parents it will be necessary to recognise the demands of, and the need to support, both paid work and care work.

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