LABOUR MARKET AND SOCIAL POLICY
OCCASIONAL PAPERS

No. 12

BREADWINNERS OR CHILD REARERS:
THE DILEMMA FOR LONE MOTHERS

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Paris 1993

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Lone-parent families, particularly the large majority headed by the mother, are over-represented among low income families. Employment and the resultant earnings represent a the main path out of economic disadvantage. This paper examines the pattern of labour force attachment of lone mothers in eight OECD countries. The factors which may affect their labour force participation are considered: the work incentives embedded in public transfer programmes and taxation systems, availability of child care, other arrangements which may help or hinder paid work for all mothers, and the characteristics of lone-mother families which may affect work behaviour. An appendix provides details on the public policies and programme structures affecting lone mothers in each of the eight participating countries: Australia, Austria, Canada, Finland, the Netherlands, Sweden, the United Kingdom, and the United States. The report was was compiled by Australia on behalf of a panel of experts nominated by the national administrations of the eight countries included.

The report was drafted for the OECD Working Party on Social Policy Panel on the Evaluation of Factors Affecting the Labour Force Participation of Lone Mothers by the lead country, Australia. The technical secretary to the panel was Ms. Patricia Kelly, Assistant Secretary, Budget Co-ordination and Housing Policy Branch of the Australian Department of Social Security. The report was drafted by Ms. Julia Perry of the Australian Department of Social Security. A list of panel members is provided in Appendix 3.

* * * *

Les familles monoparentales, en particulier celles dont le chef est une femme et qui constituent la grande majorité, sont sur-représentées parmi les familles à faible revenu. Pour ces familles, la principale issue aux difficultés économiques consiste à exercer un emploi rémunéré. Le présent rapport examine les modalités de l'activité des mères isolées dans huit pays de l'OCDE. Il analyse les facteurs qui peuvent influer sur leur activité : les incitations au travail que comportent les programmes publics de transferts sociaux et les systèmes d'imposition, l'existence de services de garde d'enfants, les autres dispositifs qui peuvent favoriser ou compromettre l'activité rémunérée de toutes les mères, et les caractéristiques des familles monoparentales qui peuvent agir sur leur attitude à l'égard du travail. On trouve en annexe des précisions sur les politiques et les structures des programmes publics qui influent sur l'activité des mères isolées dans chacun des huit pays participants : l'Australie, l'Autriche, le Canada, la Finlande, les Pays-Bas, la Suède, le Royaume-Uni et les États-Unis. Ce rapport a été établi par l'Australie pour le compte d'un groupe d'experts désignés par les administrations nationales des huit pays considérés.

Le rapport a été préparé dans le cadre des activités du panel des politiques sociales du Groupe de travail de l'OCDE concernant l'évaluation des facteurs influant sur le taux d'activité des mères isolées, en Australie. Le secrétaire technique du panel était Mme Patricia Kelly, Secrétaire assistante des services de coordination du budget et de la politique du logement du Département Australien de la Sécurité sociale. Mme Julia Perry qui travaille au Département Australien de la Sécurité sociale a rédigé ce rapport. L'appendice 3 fournit la liste des membres du panel.
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INTRODUCTION

The growth in lone parent families in OECD countries and the issues this presents for governments are areas of increasing interest among economic and social analysts.

In OECD countries, lone parent families now typically comprise from 10 per cent to 15 per cent of all families with children, while a larger proportion of families experience lone parenthood over the life cycle (OECD, 1990b:9). Demographic trends suggest a continued rise in the numbers of lone parents in most OECD countries (OECD, 1990b:38-39). Lone parent families, particularly those headed by women, tend to be over-represented among low income families. (This is illustrated for the countries in this study by Table 1.1 on p.9). In many OECD countries lone parent families represent a significant proportion of families in poverty.

There are two strong incentives for governments to address the economic disadvantage faced by lone parent families.

- One is to break the cycle of disadvantage which is costly in both economic and social terms and which is characterised by lower educational and career attainments and a higher incidence of dependency.

- The other is to limit growth in outlays for assistance to lone parent families. In many OECD countries an increased demand for assistance for lone parent families has coincided with pressure for fiscal restraint and a reduction in the burden on the taxpayer.

The OECD through its Manpower and Social Affairs Committee and Working Party on Social Policy has focused attention on these issues over recent years. In December 1987, the OECD held a conference of social policy experts to examine the implications for governments of the growth in lone parent families. The papers to come out of that conference were published by the OECD (OECD, 1990b). The current study provides a more detailed examination of some of the issues raised by this earlier work.

The Panel on the evaluation of factors affecting the labour force participation of lone mothers was established by the OECD Working Party on Social Policy in November 1989. The Panel comprised representatives from eight countries: Australia, Austria, Canada, Finland, the Netherlands, Sweden, the United Kingdom and the United States (see Appendix 3 for a list of participants). Participants provided country papers in the latter half of 1990. Australia as the lead country drafted this report as a synthesis of the work of the Panel. The Panel met twice to discuss the issues and examine the draft report of the study.

In the majority of OECD countries a greater proportion of lone mothers participate in the labour force than of married mothers. However, there are notable exceptions and these tend to be over-represented in this study. It was in large part the fact that the participating countries represent a range of patterns which prompted the study and led to their inclusion.

This study compares labour force participation for lone and married mothers both within and between countries. Lone mothers face a range of labour force disadvantages. Some, such as occupational segregation and lower average earnings than men, are shared by women generally. Some such as the cost and availability of appropriate child care are shared to some degree with mothers generally and also with lone fathers. The most meaningful comparison is clearly between lone and married mothers as they are in

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1 These were not published by the OECD but a number of countries have published their own country reports.

2 Canada was not represented at these meetings but made written contributions.
comparable situations except for the presence or absence of a spouse. Comparisons with women without children or with lone fathers have not been attempted in this study. It should be noted that lone fathers tend to have higher average earnings than lone mothers, often have access to a broader spectrum of the labour market and tend to have similar participation rates to men generally (OECD, 1990b:11).

In general, employment is seen to be the surest route out of poverty and economic dependence. As noted above, while lone mothers tend to have comparatively high participation rates in many OECD countries, in a significant number they do not. Why is it that lone mothers in Finland and Sweden have participation rates of around 90 per cent, when their counterparts in the United Kingdom and the Netherlands have rates of 50 per cent or below? Austria exemplifies the typical OECD member situation where lone mothers are more likely to participate in the labour force than married mothers. But why do lone mothers participate at the same levels as married mothers in countries such as the United States and Finland and at lower levels than their married counterparts in Australia and the United Kingdom?

These are the issues at the heart of this study.

There is clearly capacity in many OECD countries to increase the labour force participation levels of lone mothers. Interest in increasing participation stems largely from a concern to reduce economic disadvantage and the requirement 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 are often 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 the economic disadvantage faced by these families. Issues of public and private transfers to support children in lone mother families will also have a major impact on their financial well-being.

Lone mothers are not an homogeneous group. There are specific factors which characterise widows, the separated, divorced and never married groups. Widows, in particular, are often subject to different benefit entitlements and social expectations than other groups. While these issues are raised, a detailed analysis of lone mothers' participation by marital status has not been possible within the scope of this study. Such an analysis would be likely to make a useful contribution to the examination of factors which affect labour force participation by lone mothers. The data on which to base such an analysis are, however, difficult to obtain as many countries do not collect statistics on participation by marital status.

One issue that could be explored further is the movement in participation rates by lone and married mothers over the last 15 to 20 years. Why is it that participation rates for lone and married mothers have increased together in some countries, for example Sweden and Austria, while in other countries they have not? In Canada and the United States for instance an increase in participation by married mothers over the last ten years contrasts with relatively stable participation rates of lone mothers, and in the United Kingdom increases by married mothers contrast sharply with declining participation by lone mothers (see Charts 2.1.1 and 2.1.2).

If the participation rates of lone and married mothers are related (governed by many of the same factors), as this study suggests, then there would appear to be specific factors operating in some countries to inhibit participation increases by lone mothers. This study makes some suggestions about what these may be. However, a more detailed analysis of participation rates and patterns over a longer period for selected OECD countries would be of significant value in assessing the differential impact of various factors on lone and married mothers, for example, income support systems and labour market movements.

There is one important common problem that lone mothers face. That 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 factor in inhibiting labour force participation is often underestimated as it is difficult to
measure. 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 childcarers.
SECTION 1: LONE MOTHERS IN PARTICIPATING COUNTRIES
- AN OVERVIEW

This study takes place in the context of changes to family structure and women's labour force status which have occurred generally across OECD countries.

Traditionally, Government policies in relation to families in OECD countries were developed in the expectation that families with children would comprise a husband who was the primary breadwinner and a financially dependent wife who had primary responsibility for domestic work and caring for children outside the paid workforce. Women's employment was largely confined to single women, and married women before child bearing age.

Women raising children alone were usually widowed, and provisions existed in many countries to assist widows, often based on entitlements which accrued to the husband on the basis of his former workforce participation. Widows faced difficulties in finding employment because of a lack of appropriate training and work experience and a very restricted labour market for women. For lone mothers who were not widowed, there was an expectation that financial support should be provided by the father of the children, although this might have depended on concepts of fault in marriage and divorce law.

Family Structure

Over recent decades, the proportion of lone parent families has increased markedly across OECD countries, including 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 arefootnote where they occur. United States data refers mainly to lone mother families who live in separate households, excluding those who share households.

As shown in Chart 1.1, lone mother families make up between 11 per cent and 15 per cent of all families with children in all the participating countries except in the United States where 21 per cent of all families with children are headed by lone mothers and another 3 per cent are lone mother families living within larger households.

In the United States family composition differs by race. While the proportion of lone mother families in the white community was 18 per cent in 1988, lone mother families made up 55 per cent of black families with children, and 29 per cent in the Hispanic community. Black and Hispanic lone mother families are in general disadvantaged compared with white families.

In the United Kingdom a much higher proportion of West Indian/Guyanese mothers are lone mothers - 51 per cent compared with 14 per cent of mothers of all ethnic origins. In contrast, less than one in ten of mothers of Indian, Pakistani and Bangladeshi origin is a lone parent. One of the explanations for this diversity may lie in cultural differences with regard to family formation and ideas and practices relating to marriage and women's roles in society. Other factors, economic and social, are also likely to influence this diversity. Despite women of West Indian/Guyanese origin being much more likely to be lone mothers, lone mothers from ethnic minority groups still represent only 8 per cent of the total.
Data are not available for different ethnic groups within other countries.


Notes:  
1. 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.
2. The years for which data are given are as follows:  
   - Sweden: 1975 and 1985  
   - Canada: 1974, 1981 and 1986  
3. Data for Finland include women with a live-in partner who is not the child's other parent (10-29% of total).
4. Data for the UK for 1990 are estimated.
5. US data include only primary families not lone parents living with other families which would bring the figure to 24% in 1990.

(See also Appendix 1, Table B)

In all countries studied the proportion of lone mothers who are widowed has declined, but the proportions of divorced, separated and never married lone mothers have grown. As shown in Chart 1.2, widowed lone mothers are less than 2 per cent of all families with children, except in Canada where they are 4 per cent.

Separated and unmarried lone mothers head 5 per cent to 7 per cent of all families with children, except in the United States where they are 12 per cent (data not available for Sweden or the Netherlands). While the most common route into lone motherhood is through the breakdown of a marriage or marriage-like relationship with the father of the child, there is also an increase in the numbers of unmarried women with children. However it is difficult to distinguish between unmarried women and women who, although not legally married, had been living in a marriage-like relationship when their children were born. The latter may be categorised as unmarried or as separated.
CHART 1.2: LONE MOTHERS BY MARITAL STATUS AS A PROPORTION OF ALL FAMILIES WITH CHILDREN

Notes
(1) 'Unmarried' may include some living in a de-facto relationship in some countries.
(2) The category 'separated' in the Netherlands comprises those recorded as 'married'.
(3) Reliable data is unavailable for Sweden.

(See also Appendix 1, tables C.1 and C.2)

The group of women who become lone mothers through having a child while not living with the father is in general the most disadvantaged. This never married group is younger than other lone parents and has younger children. Women in this situation tend to be disadvantaged in two ways.

First, they are less likely to have support from the father, either through ongoing child support or through the division of marital property. It is generally more difficult for unmarried mothers to obtain a child support liability against the father, paternity may not be established or the father may have low income. For example, in the United States, one-fifth of never married mothers have child support awards, compared with over three-quarters of divorced mothers, and the amount awarded is about half that awarded to divorcees. The comparative disadvantage is less in countries which have a minimum child support guarantee, or where the likelihood of receiving child support is not affected by marital status.

Second, very young lone mothers are less likely to have acquired social insurance entitlements through a period in employment, or educational or training qualifications or substantial work experience. They are thus disadvantaged in earning capacity.

Widows, on the other hand, tend to be older and have older children. They are likely to have more financial resources because of inheritance of property and, in countries other than Australia, may be eligible for widows pensions related to their husband's earnings and/or pensions at a basic level. They do not, of course, have access to child support. They may face disadvantages finding employment because of longer periods outside the labour force, or through having reached adulthood at a time when there was less expectation for married women to participate in the labour force. Conversely, those with older children are in a better position to participate because they have less need for child care and a lower domestic workload.

While these observations are generalised, they serve to illustrate the heterogeneous nature of lone mothers as a category.
The financial position of lone mothers

Table 1.1 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 where their representation in the lowest two income quintiles is similar to that of single earner two parent families and in Sweden where they are better off than single income two parent families (see note 6 in Table 1.1 on Austrian data). While these countries provide very generous benefits to families with children, particularly lone parents, Finland and Sweden have the highest levels of employment among lone and married mothers in the study and the Netherlands has the lowest.

Lone mother families are more likely to rely on social assistance than are other families. Where lone mother families do not share households with other adults, the household expenses have to be met from a single income and women's earnings are lower on average than those of men in all countries in the study. Other factors affecting the relative financial well-being of lone mothers are the structure and level of government transfers and child support.

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. The proportional costs of working are often higher and hourly rates of pay are likely to be lower where part-time work is available largely in marginalised sectors of employment. The loss of income tested benefits particularly affects returns from lower levels of earnings.
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<td></td>
<td>12%</td>
<td>22%</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>61%</td>
<td>20%</td>
<td>**</td>
<td>**</td>
</tr>
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<td>Finland 1988</td>
<td>2 parents</td>
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<td>25%</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>2 earners</td>
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<td>12%</td>
<td>17%</td>
<td>21%</td>
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<tr>
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<td>29%</td>
<td>30%</td>
<td>23%</td>
<td>12%</td>
</tr>
<tr>
<td>Netherlands 1985-86</td>
<td>2 parents</td>
<td>1 earner</td>
<td>25%</td>
<td>23%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>2 earners</td>
<td></td>
<td>9%</td>
<td>11%</td>
<td>17%</td>
<td>27%</td>
</tr>
<tr>
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<td>15%</td>
<td>29%</td>
<td>30%</td>
<td>18%</td>
</tr>
<tr>
<td>Sweden (updated from 1988) 1991</td>
<td>2 parents</td>
<td>1 earner</td>
<td>56%</td>
<td>17%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>2 earners</td>
<td></td>
<td>13%</td>
<td>19%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>31%</td>
<td>26%</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>United Kingdom 1987</td>
<td>2 parents</td>
<td>1 earner</td>
<td>21%</td>
<td>23%</td>
<td>28%</td>
<td>17%</td>
</tr>
<tr>
<td></td>
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<td>5%</td>
<td>13%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>45%</td>
<td>30%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>United States 1990</td>
<td>2 parents</td>
<td>1 earner</td>
<td>17%</td>
<td>25%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>2 earners</td>
<td></td>
<td>5%</td>
<td>16%</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>lone</td>
<td></td>
<td>49%</td>
<td>22%</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Notes:
1. Family units based on the following equivalence scales (except in Austria):
   - 1 adult: 1.0
   - 2 adults: 1.7
   - 1 adult + 1 child: 1.5
   - 1 adult + 2 children: 2.0
   - 1 adult + 3 or more children: 2.5
   - 2 adults + 1 child: 2.2
   - 2 adults + 2 children: 2.7
2. Quintiles based on distribution of all families with dependent children.
3. The maximum age of a dependent child varies from 15 in Australia, 18 in Finland, Sweden and the Netherlands to 25 in Austria.
4. ** indicates cell sizes too low for reliability.
5. Totals not equal to 100% are due to rounding.
6. Austrian figures for lone mothers include lone fathers (10%), and include only employed lone parents.
7. In Austria income includes earnings and public transfers only, Swedish figures exclude private transfers, and the other countries included factor income, public and private transfers. Net income (gross minus tax) is used in all countries except the US.
The financial gain from labour force participation differs according to socio-economic background. For example, women with higher educational qualifications and more work experience have not only more likelihood of finding employment but also have generally higher earning capacity. Some studies suggest that these indicators of earnings potential may also pre-ordain other life chances such as marriage or re-marriage (OECD, 1990b).

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 if there were not special transfers and tax arrangements to compensate for this. In countries where a single earner normally supports a dependent spouse and children, as in 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. It should be noted that lone mothers are likely to have fewer children than are two parent families with a single earner.

In the United States, black and Hispanic women are more likely to be unemployed and have lower earnings than white women, reflecting general differences in social and financial status among these communities. In the United Kingdom, West Indian-Guyanese lone mothers have particularly high rates of participation in the labour market (59 per cent compared to 50 per cent of white lone mothers). West Indian lone mothers are also much more likely to work in full-time jobs (28 per cent compared with 18 per cent for white lone mothers). Similar differences may exist between ethnic groups in other countries, but the United States and the United Kingdom were the only countries on the panel to provide data on this basis.

Public policy approaches

In relation to their numbers, lone mothers are over-represented in groups dependent on social assistance and thus present a growing policy issue for governments. 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 general rate of participation by mothers 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 approach addresses 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.

Should mothers be expected to work?

There is a range of views on this issue, as reflected in the income support and child care policies and divergent participation rates of countries in this study.

On one hand, there are traditional expectations that mothers should place primary emphasis on caring for their children. This traditional role 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.

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. There is a strong relationship between the number and age of children and the level of labour force participation of married and single mothers (see Section 7).

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.

The quality of available care is a major determinant of the effect on children of their parents' employment. Children can benefit from good quality child care, particularly those from impoverished or disadvantaged backgrounds. These benefits result from the formation of more diverse relationships in addition to their relationship with their parent, facilities for play which may not be available in their homes and the developmental opportunities provided by trained child care workers. Conversely, poor quality child care may have an adverse effect on the child.

The care of children involves not only direct supervision, but also an increased amount of domestic work, which detracts from the time and effort which can be directed into paid employment. This has a particular impact on one parent families, because there is no partner with whom to share this workload. While financial poverty among lone mothers in full-time employment is substantially reduced, concerns have been expressed on the issue of "time-poverty" (Kamerman and Kahn, 1989).

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 lead to lifetime economic disadvantage because of the depreciation of skills, a restricted labour market for older women and having, in many cases, to recommence a career from the bottom. In an Australian study in 1988, Beggs and Chapman found that having a child led to an average loss of 50 per cent of lifetime earnings for women. There have been similar studies in other countries. 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 intangible benefits from working, such as 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.

There is concern in some countries about policies which require labour force participation by lone mothers where access to appropriate child care and other support services is limited. However, where such services are adequate and labour force participation by mothers is likely to lead to an improvement in living standards, the benefits to children have to be weighed against any possible disadvantage of putting a child into child care. Similarly the benefits to lone mothers from employment must be weighed against the loss of time available for child rearing and domestic work.

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.
SECTION 2: LABOUR FORCE PARTICIPATION

A significant trend across OECD countries, which is of particular relevance to the present study, is the increasing labour force participation of women of working age. 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 Finland, which has the highest participation, the increase slowed substantially from 1985 to 1988 (OECD, 1990d).

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, and the United Kingdom, in which the growth in women's full-time employment has been similar to that of part-time employment since 1987.

All countries studied reported a degree of gender segregation in the labour force, and lower average wages for women than for men.

Lone mothers and married mothers

Labour force participation rates for lone mothers and married mothers vary greatly from country to country in the study (Charts 2.1.1 and 2.1.2).

Finland, Sweden and Austria have the highest participation rates for lone mothers, with over three quarters being in the labour force. The United States and Canada have medium participation rates (68 per cent and 64 per cent respectively), while in Australia, the United Kingdom and the Netherlands lone mothers have relatively low levels of participation, with around half in the labour force.

In Sweden and Finland married mothers also have high participation rates, over 85 per cent, and Canada has a moderately high rate, 73 per cent for married mothers. The United States, the United Kingdom and Australia have nearly two-thirds of married women in the labour force, while married mothers in Austria and the Netherlands have a low participation rate, around half.

Lone mothers in Austria have very much higher participation rates than married mothers and in Finland and the United States they have slightly higher rates. In the other five countries the rates for lone mothers are lower than those for married mothers, with the most marked difference occurring in the United Kingdom.

In most countries, participation rates among married mothers have increased over the last decade while increases in participation among lone mothers have been smaller. In Australia, participation by lone mothers has increased since 1985 particularly for those with children aged 16 and over. Participation by lone mothers in the Netherlands increased significantly between 1985 and 1990, more so than married mothers. In the United Kingdom, the participation rate for lone mothers has declined slightly over the decade in contrast to the rise in participation by married mothers.

Charts showing more direct comparisons between lone and married mothers in the most recent year are shown in Chapter 8.
Notes:  
(1) Participation includes women on maternity leave except in the US and Australia.  
(2) Data for Canada and Sweden are only for mothers with children under 16.  
(3) Data not available for the Netherlands for 1980. Netherlands data do not include unemployed.  
(4) Data for lone mothers in the UK in 1980 do not include the unemployed.  
(5) The years for which data are given are 1980, 1985 and 1990 except in the following countries, for which the years are:  
   Austria 1981, 1985 and 1990  
   Finland 1980, 1987 and 1989  
   United Kingdom 1980, 1985 and 1989  
(See also Appendix 1, Table D)

Part-time and full-time employment

Charts 2.2.1, 2.2.2, 2.3.1 and 2.3.2 show the full-time and part-time employment rates of lone and married mothers. In this paper the employment rate is defined as the proportion of the population who are in employment, not the proportion of the labour force in employment.
Notes: (1) Full-time employment includes women on maternity leave except in US and Australia.
(2) Data not available for Austria in 1980.
(4) Data for Finland for married mothers include only those with a child under 7. Data for married mothers with children 0-18 does not provide a breakdown into full and part-time employment.
(5) Netherlands data for 1985 and 1990 are from different series. 1980 data not available.
(6) Data for Sweden are only for mothers with children under 16.
(7) The years for which data are given are 1980, 1985 and 1990 except in the following countries, for which the years are:
Finland 1980, 1987 and 1989
United Kingdom 1980, 1985 and 1989

(See also Appendix 1, Table D)
Notes: (1) Data not available for Austria in 1980.
(2) Data for Canada and Sweden are only for mothers with children under 16.
(3) Data for Finland for married mothers include only those with a child under 7. Data for married mothers with children 0-18 does not provide a breakdown into full and part-time employment.
(5) No data available for 1980 or 1985 for Canada.
(6) The years for which data are given are 1980, 1985 and 1990 except in the following countries, for which the years are:
Finland 1980, 1987 and 1989
United Kingdom 1980, 1985 and 1989

(See also Appendix 1, Table D)
Lone mothers are more likely to be in full-time work than are married mothers in all the countries except the United Kingdom, and married mothers are more likely to work part-time than are lone mothers. The greatest difference in full-time employment between lone and married mothers occurs in Austria and Sweden.

In all the countries studied except Sweden, lone mothers are more likely not to be in the labour force than to work part-time, and, with the exception of the United Kingdom and the Netherlands, more likely to work full-time than part-time. The Netherlands, the United Kingdom, Australia and Sweden have higher rates of part-time employment for all mothers than do the other countries.

There is a very strong correlation (98.5 per cent\(^3\)) between lone mothers' and married mothers' full-time to part-time employment ratio. There is also a strong correlation (95.5 per cent) between full-time employment rates of lone mothers and married mothers as a proportion of the population.

**Maternity and parental leave**

The availability and take-up of maternity and parental leave have an impact on the participation rates of mothers and can explain some of the apparent differences between countries and between lone and married mothers within countries. In most of the countries women on maternity leave are counted in the labour force.

In Finland about 3 per cent of lone mothers are on maternity leave\(^4\). There is an option for extended leave until the child turns 3 (not counted in the labour force) which is used more often by married mothers than lone mothers (51 per cent of two parent families and 33 per cent of lone parent families). This, as well as the greater proportion of married mothers with children in this age group (52 per cent), accounts for the lower overall rate of labour force participation by married mothers than lone mothers in Finland.

In Sweden and Austria high percentages of lone mothers have very young children. In Sweden it is estimated that around 13 per cent of all lone mothers are on leave\(^5\) and in Austria 7 per cent of lone mothers and 5 per cent of married mothers are on maternity leave. The impact on comparative participation rates is illustrated by comparing Austria and Sweden with the United States where extended maternity leave is not generally available and women who have taken leave to have a baby are not counted in the labour force. If those on maternity leave were excluded, the employment rate for lone mothers in Austria would be comparable with that in the United States and the full-time employment rate in Sweden would be below those in Austria and the United States.

The numbers on maternity and parental leave in the Netherlands and the United Kingdom are lower because of shorter leave. Figures are not available for Canada. In Australia, mothers on maternity leave are not counted in the labour force and thus participation rates for mothers compared with other countries are somewhat understated.

---

3 Using a Pearson product moment correlation coefficient.

4 In Finland 12 per cent of mothers with children under 7 are on maternity leave. As 29 per cent of lone mothers have children in this age group, this implies that about 3 per cent of lone mothers would be on maternity leave.

5 In Sweden 47 per cent of employed mothers with children under 3 are on leave (Swedish Labour Force Surveys, 1989). The majority of these are on maternity/parental leave but other forms of leave are included. As 33 per cent of lone mothers have children in this age group, and 81 per cent of these are employed, it can be estimated that up to 13 per cent of all lone mothers would be on maternity/parental leave.
Unemployment

As shown in Charts 2.4.1 and 2.4.2, the proportion of lone mothers who are unemployed is higher than the proportion of married mothers who are unemployed in all countries except Finland, where data for married mothers include only those with children under 7.

**CHART 2.4.1: UNEMPLOYMENT AMONG LONE MOTHERS - 1980, 1985, 1990**

**CHART 2.4.2: UNEMPLOYMENT AMONG MARRIED MOTHERS - 1980, 1985, 1990**

Notes:
1. Data for Canada and Sweden are only for mothers with children under 16.
2. Data for Finland for married mothers include only those with a child under 7. Data on unemployment for married mothers with children 0-18 is not available.
3. 1980 and 1985 data not available for the US. 1980 data not available for Austria or for lone mothers in the UK.
4. Reliable data for the Netherlands is not available.
5. The years for which data are given are 1980, 1985 and 1990 except in the following countries, for which the years are:

(See also Appendix 1, Table D)
Where unemployment is measured by surveys, there is a problem in accommodating discouraged job seekers and mothers who, while not actively seeking work, would take it if the right circumstances presented themselves, such as suitable working hours and child care. Where unemployment is measured by people registered as unemployed, lone or married mothers may be less likely to register if their eligibility for unemployment benefits or social assistance is not affected and may not be able to if they do not have access to child care.

In the countries studied, unemployment for lone mothers varies from less than 4 per cent of those in the labour force in Finland and Sweden to 18 per cent of those in the labour force in Canada, 22 per cent in the United Kingdom and 42 per cent in the Netherlands (see Table D in Appendix 1). It is difficult to determine how much of this variation is definitional rather than stemming from real differences in circumstances. However, it appears probable that the definitions used in this study are similar to those used in other OECD publications in all countries except the United Kingdom and the Netherlands (see Table 2.1).

Table 2.1: UNEMPLOYMENT RATES - AS PERCENTAGE OF THE LABOUR FORCE

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment Outlook figures</th>
<th>Panel figures</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Persons</td>
<td>Lone mothers</td>
</tr>
<tr>
<td>Australia</td>
<td>6%</td>
<td>7%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Austria</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
<td>12%</td>
</tr>
<tr>
<td>Canada</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>18%</td>
</tr>
<tr>
<td>Finland</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>na</td>
<td>na</td>
<td>7%</td>
<td>42%</td>
</tr>
<tr>
<td>Sweden</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7%</td>
<td>3%</td>
<td>5%</td>
<td>22%</td>
</tr>
<tr>
<td>United States</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>11%</td>
</tr>
</tbody>
</table>


Overview

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 participation by all mothers rather than policies aimed specifically at lone parents. We need also to look at what specific factors are at work in Austria and the United Kingdom to explain their divergent trends.

Conversely, to explain the differences between lone mothers and married mothers in participation patterns, particularly in full and part-time employment, we should look primarily at similarities among countries in programs aimed at lone mothers, and at the social characteristics of lone mothers.
SECTION 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. The option of not seeking paid employment is dependent on the financial means available to those outside the paid labour force, generally through government transfers and maintenance payments 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. The closely related issue of the effect of income testing on incentives to participate is considered in Section 5.

This study does 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. APWW levels for panel countries are set out in Table 3.1. These figures are used throughout this section to compare relative levels of financial support available to lone mothers outside the labour force.

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>1989</th>
<th></th>
<th>1990</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>gross</td>
<td>net</td>
<td>gross</td>
<td>net</td>
</tr>
<tr>
<td>Australia</td>
<td>A$27,195</td>
<td>22,959</td>
<td>28,078</td>
<td>23,892</td>
</tr>
<tr>
<td>Austria</td>
<td>AS223,288</td>
<td>210,673</td>
<td>240,209</td>
<td>225,18</td>
</tr>
<tr>
<td>Canada</td>
<td>C$27,198</td>
<td>24,000</td>
<td>28,571</td>
<td>24,711</td>
</tr>
<tr>
<td>Finland</td>
<td>FI95,251</td>
<td>76,159</td>
<td>104,496</td>
<td>84,634</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Dfl42,000</td>
<td>31,294</td>
<td>48,116</td>
<td>32,286</td>
</tr>
<tr>
<td>Sweden</td>
<td>SE140,440</td>
<td>101,883</td>
<td>154,660</td>
<td>116,54</td>
</tr>
<tr>
<td>Kingdom</td>
<td>g11,523</td>
<td>9,531</td>
<td>12,722</td>
<td>10,499</td>
</tr>
<tr>
<td>United States</td>
<td>US$22,208</td>
<td>17,986</td>
<td>22,886</td>
<td>18,616</td>
</tr>
</tbody>
</table>

Notes:  
(2) Net income is take-home pay after payment of taxes and social security contribution and receipt of transfers, such as family allowances.

As noted in Section 1, the arrangements for provision of public financial support for lone mothers outside the labour force are influenced by social attitudes and expectations about whether lone mothers should work. Such expectations are likely to be shaped by the level of labour force participation of married mothers and an expectation that lone mothers should have a similar level.
These expectations are also influenced by the general level and structure of public assistance to families and the poor.

Except in Australia, a distinction is made between widows and other lone mothers in the availability of income support. In part this is due to 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 parenthood was less common and women had a lower labour force participation rate.

**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 provision of 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 report 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. This classification does not conform to the usual OECD definition, which comprises all non-income tested payments and would therefore include universal family allowances as well as employment related systems but exclude the income tested supplements in Finland and Sweden. The definition used here is close to that used by the US Social Security Administration in the publication *Social Security Programs Throughout the World* (US Department of Health and Human Services, 1990).

In the countries in the study, social insurance payments are related to the level of previous earnings (although some countries have a minimum level for benefits which cover the whole population) and funded from contributions proportional to earnings or income, paid by a combination of employee, employer and government. They cover contingencies such as old age, disability, unemployment, widowhood and maternity. 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.

Social insurance does not provide a living allowance for lone parents outside the labour force who are not widowed. Unemployment benefits are usually provided for a limited period to people who are available and looking for work. This usually requires lone mothers to have access to child care if they have young children.

All the countries in the study except Australia have social insurance benefits for widowed lone mothers, which do not require previous labour force participation by the widow. 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.

The basic rate 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. Payments range from 100 per cent of normal earnings in Austria (for 8 weeks prior to and 8 weeks after the birth) and the Netherlands to 60 per cent in Canada, but may be followed by a further period of leave paid at a flat rate or unpaid leave. Relatively long periods of paid leave are allowed in Finland (11.5 months), Austria (2 years) and Sweden (15 months), while the United Kingdom and Canada provide paid leave for less than a year. In Finland paid parental leave may be followed by a further period of absence with job security and an allowance until the youngest child turns 3. The Netherlands allows 16 weeks of paid leave and 6 months of unpaid part-time parental leave. Australia allows a year's unpaid leave, and Canada allows 53 weeks leave, 25 of which are paid. In Austria, lone parents with children under 3 who lack child care, and are thus unable to look for work, may be eligible for a special unemployment benefit (special emergency aid) paid under social insurance.

Family Payments

Family payments as used in this report are payments by government to families with children, either not means tested or means tested at high levels of family income, and sometimes supplemented for low income families. Amounts per child may vary according to the number of children and the ages of children. Refundable tax credits provide a similar type of assistance for lone mothers outside the labour force.

All the countries in this study except the United States and Australia have a universal family allowance, usually not taxed. In Australia, family allowance is means tested but at levels of income or assets which are high for lone mothers. Australia and Austria have income tested supplements and the United Kingdom has a supplement for lone parent families. Canada and Austria also have refundable tax credits for children, income tested in Canada.

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 provided at a flat rate per child, and are not affected by the level of 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 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. In all the countries in the study there is some public mechanism for collection of child support (except in the United Kingdom which plans to introduce such a system). 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.

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 income such as social insurance or child support.

All countries in the study provide public social assistance for lone mothers whose incomes are inadequate to meet basic needs. 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 criteria 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.

Tax concessions

Tax concessions for dependent children, dependent spouses or lone parent families are an alternative means of providing assistance to families.

Tax concessions may be deductions from income before tax, which most benefit those on higher marginal tax rates, or credits which reduce the amount of tax payable by a flat amount. Refundable tax credits are paid out to people whose tax liability is nil or lower than the amount of the tax credit. Only those with sufficient taxable income benefit from tax concessions, unless they are refundable credits.

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.

**Individual countries**

The following is a brief summary of the main features and levels of public transfers to lone mothers outside the labour force or on maternity leave in each country. More detailed descriptions of the programs in each country are included in Appendix 2.

In Finland, lone parents may receive child allowance, child support or child maintenance allowance, housing allowance and subsistence allowance (social assistance). Widowed mothers (and fathers) are entitled to survivors’ pensions and their children to child’s pension. There are also paid maternity leave and home care allowance for parents with children aged under 3.

Child Allowance is paid for children aged under 17 and is not means tested. Dependent students aged 17 to 23 living with their parent(s) are entitled to student assistance. Child support allowance (also not means tested) is paid to non-widowed lone parents who receive no child support or child support below a minimum level. Low income families are entitled to housing allowance for rented or owner-occupied housing.

In 1988, 23 per cent of lone parents received subsistence allowance at some stage during the year. In 1991, a lone mother with two children aged between 3 and 10, receiving subsistence allowance (FIM 2 969), child allowance (FIM 633), child support allowance (FIM 1 154), and median housing allowance (FIM 1 483), would have an income of FIM 6 239 a month, 88 per cent of net APWW for 1990. Of this 29 per cent is not means tested, 24 per cent (housing allowance) is income tested at 25 per cent and 46 per cent is withdrawn at 100 per cent of additional income.

Widows with children are eligible for survivors’ pensions, comprising a basic component, an income tested supplement and a component based on the entitlement of the deceased parent. In 1990, the minimum pension for a widow with two children (no earnings related pension) was FIM 3 274, which in addition to child allowance and housing allowance as above provided an income of 76 per cent of net APWW.

In Finland mothers are eligible for 275 days maternity and parental leave. The average payment is 80 per cent of normal pay. Those without insurance entitlements receive the minimum level of sickness benefit (FIM 1 624 a month for an adult and one child in 1991). After that period they have an option for home care leave until the child turns 3, with an allowance. With home care allowance and the child allowances and housing allowances as above, a lone mother with two children, one aged under 3, would receive FIM 6 036 a month, 86 per cent of the 1990 net APWW. Many municipalities pay a supplementary amount. In 1988, 51 per cent of all families with children aged under 3 took this leave, but only 33 per cent of lone parent families with children in this age group did so.

**Sweden**, like Finland, provides child allowance, maintenance allowance, housing assistance, social assistance, survivors’ pensions and paid maternity leave. Child allowance is not income tested and maintenance allowance is payable to a lone parent receiving no child support or a low level.
Housing allowances are payable to low income families with children. About 68 per cent of lone parent families received housing allowances in 1989 at an average amount of SEK 996 a month. In 1991 a lone parent with two children and no earned income with the maximum eligible housing cost of SEK 4 000 would receive SEK 2 575 a month.

Social assistance is based on amounts recommended by the national government. Many municipalities use amounts set at a lower level. Social assistance is provided to those without other means of support but to be eligible a lone mother is obliged in principle to prove that she is looking for work, although she may be exempt in certain circumstances, for example if she could not obtain municipal child care. In 1988, 35 per cent of lone mothers received social assistance at some time. In 1991 a lone mother with two children aged between 4 and 10 receiving child allowance (SEK 1 500), maintenance allowance (SEK 2 146), subsistence allowance (SEK 4 357) and housing allowance (SEK 2 575) would have a total monthly income of SEK 10 578, 109 per cent of the 1990 net APWW. Of this 35 per cent would not be income tested.

In 1991 widows with children aged under 12 are entitled to a survivors' pension at a basic rate of SEK 30 912 a year plus SEK 8 050 per child, plus 20 per cent of the pension entitlement of the former spouse, an extra 30 per cent for the first child and 20 per cent for additional children. This system was introduced from 1990. Widows whose husbands were not insured receive a supplement of SEK 17 388 and SEK 4 830 per child. With child allowance and housing assistance as above this provides a minimum total monthly income for a widow with two children of SEK 122 960, 106 per cent of net APWW in 1990.

Under the social insurance system, parents are eligible for paid leave for 450 days in connection with childbirth or adoption. For 360 days the rate payable is 90 per cent of qualifying income, with a minimum of SEK 60 a day, and for the remaining 90 days the rate is SEK 60 a day.

**Austria** provides a family allowance and a refundable tax credit, a partial child support guarantee, social assistance, survivors' pensions for widows and a special unemployment allowance for lone mothers who cannot obtain child care for children aged under 3. As well as the national paid maternity leave and a birth allowance, provincial governments provide additional allowances for women outside the labour force with very young children.

From January 1990 family allowances are AS 1 300 a month for each child aged under 10, and AS 1 550 for each child aged 10 and over. Low income families are entitled to a bonus of AS 200 a month. Lone parents (and other one earner families) qualify for an annual refundable tax credit of AS 1 800 for each child.

Austria guarantees custodial mothers child support to the level ordered by courts, to a maximum of AS 3 604 a month. If the non-custodial parent has evaded having the level determined (for example by leaving the country) the custodial parent can receive a substitute payment. However if the income of the father is too low to be required to pay, no advance maintenance is payable.

Social assistance is provided to families with insufficient income. While lone parents are required to seek work if possible, a lone mother who is unable to obtain child care may be able to claim social assistance on a fortnightly or monthly basis. In some provinces payments are recovered from relatives of the recipient or from the recipient if his or her income increases. In 1988 the social welfare 'guiding rate' for a lone mother with two children varied across provinces between AS 4 374 and AS 6 027 a month (27 per cent to 37 per cent of net APWW). This is in addition to family allowance and refundable tax credits (AS 1 800 per child), which would add another 19 per cent of net APWW. In addition, lone mothers receive housing assistance and heating benefits during winter.

Widowed lone mothers are entitled to survivors' benefits related to the earnings of the deceased husband, with a minimum payment in 1989 of AS 5 134 a month plus AS 1 904 for each child (with 2 additional monthly payments per year), which with family allowance, and the deduction of health insurance
contributions (3 per cent), would provide a total annual income for a widow with two children aged under 10 of AS 149 368, 71 per cent of 1989 net APWW, not including housing and other sundry benefits.

Social insurance provides confinement allowance at 100 per cent of earnings for 8 weeks before and 8 weeks after the birth. A woman then qualifies for one year's maternity leave with an allowance of AS 6 969 a month (rate for lone mother). Since July 1990 this has been extended to a second year of full leave, or two extra years of part-time work and part allowance.

A single mother with a child aged under 3 who cannot obtain child care may be granted 'special emergency aid' at the rate of about 45 per cent to 60 per cent of last net income. In 1988, 32 per cent of lone mothers with children in this age group received this.

A woman receiving maternity allowance for her second child would receive AS 6 969 a month, AS 2 600 a month family allowance for the 2 children (or AS 2 850 if the first child is 10 years old or more), AS 400 a month family allowance bonus, birth allowance of AS 5 000 for the year totalling AS 124 628 annual rate, 55 per cent of the net 1990 APWW. The maternity allowance is not taxed. If the first child is below 4 years old the mother may receive birth allowance for both children.

In the United States there is no family payment or maternity allowance. Social assistance is provided under the Aid to Families with Dependent Children Program (AFDC). AFDC rates of payment are determined at state level. In 1988, 35 per cent of lone mothers received AFDC support. The average annual level for a lone mother with two children and no earnings was US$4 617 (US$385 a month). Among the states, there is a wide variation in AFDC payment levels. The maximum rates in 1990 for such a family varied from US$118 a month in Alabama to US$846 in Alaska.

A lone mother receiving AFDC whose children are aged 3 or more (or 1 year old if the state decides) is obliged to register with the Job Opportunities and Basic Skills (JOBS) training program under the Family Support Act of 1988, to the extent of available resources. The JOBS program requires participants to undertake training, education or work activities like job search in return for benefits. In 1991, states are required to cover only 7 per cent of the AFDC caseload in the program, with a target of 20 per cent by 1995. Before the implementation of JOBS there were similar programs in a number of states for lone mothers whose children were over 6 years of age.

Lone parent families receiving AFDC assistance are eligible for health coverage under Medicaid. There is no national health insurance for low income families not on public assistance. In 1988, average expenditure was US$1 285 per person covered. About 20 per cent of AFDC recipients receive housing assistance under a cash limited program. Information on the value of this per client is not available. AFDC clients are also eligible for food stamps, which can be exchanged for food from normal retail outlets. In 1988, the average value of food stamps for a lone mother with two children and no earned income was US$2 044.

In 1988, on average a lone parent with two children and no earnings could be very roughly estimated to receive support of US$4 617 AFDC cash payments, US$2 044 for food stamps and US$1 278 in health benefits, making an annual rate of US$7 939, 45 per cent of net APWW for 1988, sometimes with the addition of housing assistance.

Widows with children aged under 16 are entitled to survivors' benefits determined by the earnings of the deceased spouse. In 1986, an estimated 75 per cent of widows with children received social insurance payments. In 1988 the average rate was US$983 a month (US$11 800 a year) or 67 per cent of net APWW.
In Canada lone parents receive income support through family allowances, a number of tax credits and deductions, child support enforcement, social assistance and survivors' pensions. The level of social assistance varies from province to province.

The Federal Government provides a family allowance which is supplemented in Quebec and for low income families in Manitoba and Saskatchewan. There are also income tested refundable federal tax credits (the Child Tax Credit, the Child Tax Credit Supplement for a child under 7, and the Goods and Services Tax Credit). The combined value of federal family allowance and refundable tax credits that a lone mother with two children aged 8 and 10 with no earned income would be entitled to is C$2,564 a year at 1991 rates, 10 per cent of 1990 net APWW.

Social assistance is available to lone mothers without a work test, although in some provinces lone mothers may be required to participate in labour market programs to be eligible for supplements. In 1989 the annual provincial social assistance benefit levels for a lone mother with one child varied from C$7,624 to C$11,680, averaging about C$9,500, or C$10,700 in total transfers, including federal family allowance and refundable tax credits (Canadian National Council of Welfare, 1990). This is equivalent to 45 per cent of net APWW in 1989. Note that in contrast to figures for the other countries the hypothetical lone mother has one child instead of two.

Under the Canada Pension Plan widows with children are entitled to a pension on the basis of their deceased spouse's earnings, with a minimum of C$103 a month and a maximum of C$312 a month in 1989 for widows under the age of 65 with dependent children (5 to 16 per cent of net APWW).

The average non-employed lone mother in 1988 had a gross income (not including child support) equal to 48 per cent of net APWW. This does not compare directly with the example given for other countries as it is not restricted to those with two children in rented housing.

In Australia, assistance for lone mothers is provided through means tested family payments and sole parent pension (social assistance). There is no national insurance system, although private insurance schemes may provide retirement, survivors' and disability benefits.

Family allowance of A$20 per child a fortnight (June 1991) is payable to all families with children if the family income is less than A$62,057 a year plus A$3,104 for the second and each additional child. Low income families not receiving social assistance are eligible for a supplement but in general lone parents with incomes which qualified for this would be receiving social assistance (see below).

Lone parents are eligible for means tested social assistance (sole parent pension) until the youngest child turns 16. This is not dependent on labour force participation. The maximum rate is A$333.40 a fortnight plus A$53 for each child aged under 13 and A$77.30 for each child aged 13 to 15. Because of the tapered withdrawal rate of the pension, many lone parents are eligible for some social assistance although they are employed. At June 1991 80 per cent of lone parents with a child under 14 received full or part rate pension. A lone parent with two children living in privately rented housing is eligible for rent assistance of up to A$72.40 a fortnight, and a range of non-cash benefits.

In June 1991 a lone mother with two children aged under 13, with no other income, in private rented accommodation, was eligible to receive A$551.80, equal to 55 per cent of net APWW, plus a range of concessions.

In the United Kingdom the main source of public support for lone mothers outside the labour force is social assistance (Income Support), except for widows who are entitled to a national insurance based survivors' pension.
Family payments consist of Child Benefit of £7.25 a week per child, and One Parent Benefit of £5.60 a week for sole parents and other people with the sole care of a child. These are not means tested, but are treated as income for Income Support.

The United Kingdom has a dual system of means tested support: Income Support for those not employed or working less than 24 hours a week and Family Credit for families with dependent children working 24 hours or more (to be reduced to 16 hours in 1992). Income Support for lone parents with children aged under 16 is not subject to a work test.

Income Support recipients are also entitled to housing benefit, covering 100 per cent of public or private rental or interest on mortgage repayments, and Community Charge Benefit, covering 80 per cent of the liability for the Community Charge (a flat rate tax applying to all residents). There is a also range of non-cash benefits, such as pharmaceuticals, health, free school meals and free milk. In 1990, 72 per cent of lone parents were dependent on Income Support, with 58 per cent of all lone parents having no earned income (Bradshaw and Millar, 1990).

In 1990-91 a lone parent with two children aged under 11, with no other income, would receive £72.85. If she lived in rented accommodation costing, say £30, she would be eligible for a total of £102.85 per week, equivalent to 47 per cent of net APWW, plus Community Charge Benefit and other concessions.

Widowed lone parents are entitled to Widowed Mother’s Allowance of £46.90 a week plus £9.65 per child, child benefit of £7.25 per child (1990-91 rates) and an earnings related component based on the husband’s insurance contributions since 1978. This allowance is taxable, and not means tested but is taken into account as income for Income Support and Family Credit.

The Netherlands provides income support through social insurance, family allowances and social assistance.

Family allowance levels in the Netherlands vary according to the number of children and their ages.

In 1989, 56 per cent of lone mothers were receiving social assistance. Lone mothers with young children are not required to seek work to qualify for benefits, although under proposed legislation those with children over 12 will generally be required to look for work. In 1989, 11 per cent of lone mothers receiving benefits were required to seek employment (because their children were older).

For a lone parent family in 1991 the rate is Dfl 1 450.34 a month plus an amount for health insurance and a holiday allowance of Dfl 83.42 a month. There are additional special benefits for expenses such as child care and house moving.

Rent assistance is available to low income families with children. Of the 85 per cent of lone parent families who live in rental housing, 58 per cent are subsidised. Low income families also benefit from education benefits for children.

In 1990 a lone mother without earnings living in rental housing with two children aged 6 and 10 could be eligible for social assistance of Dfl 1 450 a month, average rental assistance up to Dfl 192, family allowance of Dfl 284 a month and holiday allowance of Dfl 83.42 a month, a total of Dfl 2 009. The lone mother’s income would be 75 per cent of net APWW. As well, she would benefit from education allowances for the children.

Widows with children under 18 and all lone mothers aged over 40 qualify for survivors’ benefits, at a taxable flat rate regardless of the spouse’s earnings. In 1990 14 per cent of lone mothers were eligible for the benefit. A widowed lone mother in 1990 would have received Dfl 1 709 net (Dfl 2 263 gross) a month, equal to the minimum wage. If she had two children and no other income she would have received Dfl 284
family allowance and an average rent assistance of Dfl 192, a total of Dfl 2 185 a month, 81 per cent of net APWW. There are proposals to restructure and partially income test survivors' benefits.

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. They are the conditions under which support is available, social attitudes, the level of assistance and income testing arrangements.

Where no income is available to lone parents not participating in the labour force, there will be little choice for them but to seek paid work. It should be noted, however, that if they also face barriers to employment such as a lack of available jobs suited to their skills, transport problems or time constraints, this could result only in a transfer from being categorised as 'outside the labour force' to 'unemployed'.

In all countries there is a degree of social stigma attached to receiving social assistance but it is not easy to compare the extent across countries. In countries where there is a specific class of non-work tested benefit for lone parents, such as in Australia or the United Kingdom, there might be more of a social expectation that lone mothers do not participate in the labour force. This study does not examine attitudinal factors and the reasons for them.

Where social assistance is available to those outside the labour force, the adequacy of benefits in relation to the general standard of living might be expected to influence sole parents' decisions about whether to participate in the labour force or not.

Finally the income testing arrangements and tax structures will affect the return to effort expended in earning income. Both the proportion of total transfers which are income tested and the rates at which they are withdrawn vary across the countries studied. It would be expected that where the financial benefits of earned income were significantly reduced by the loss of transfer income and the amount of additional tax payable this would create a disincentive to enter the labour force.

The following discussion looks at availability and the relative level of assistance to lone mothers outside the labour force. The incentive effects of income testing and taxes are discussed further in Section 5.

Availability

Social insurance funded survivor's benefits are available for widowed lone mothers and their children in all the countries except Australiá regardless of labour force participation. Social assistance is available for low income lone mothers without a requirement for labour force participation in all countries except Austria and Sweden, and to some extent the United States. In the Netherlands, it may be less accessible for those with children aged over 12. It is available not only in the countries with 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. Where social assistance is available, married mothers tend to have slightly higher participation rates than lone mothers.6

Table J in Appendix 1 gives data on labour force status by marital status for six of the countries. Unfortunately, data on the labour force status of widows are not available for Sweden and Finland. In Austria, where social assistance is not readily available to other lone mothers outside the labour force,

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6 In Finland the higher participation rate for lone mothers is accounted for by married mothers being more likely than lone mothers to take advantage of the job protected home care leave. The participation rates for married mothers with children over 3 are slightly higher than for lone mothers (see Appendix 1, Table N).
widows have a much lower participation rate than other lone mothers and their labour force profile closely resembles that of married mothers aged 45 and over. In the United States, where social assistance may be work-tested, widows have the same participation rate as lone mothers in general.

Sweden has a very high rate of participation by both lone and married mothers. Married mothers' participation rates are slightly higher than those of lone mothers due to high rates of part-time employment for both lone and married mothers. The generous level of non-income tested benefits may increase the viability of part-time work for lone mothers.

In the United States, lone mothers' participation rates are slightly higher than those of married mothers, particularly in full-time employment. This also applies in the Netherlands for those with youngest children over 10.7

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

Level of assistance

As mentioned above, it might be expected that a high level of public assistance available to lone mothers outside the labour force would create a disincentive to seek paid employment, because financial pressures are reduced. This issue is distinct from income testing which reduces the returns from employment. Chart 3.1 shows disposable incomes for non-widowed lone mothers outside the labour force compared with net APWW, to compare the relative effects of different levels of public assistance on labour force participation. The lone mother is assumed to have 2 children of primary school age, have no private income or child support and receive social assistance.

Housing assistance is not included in these figures because of the variation in the ways in which the assistance is structured. Finland provides a large amount of assistance in this form. The United Kingdom also provides assistance to cover 100 per cent of the rent of people receiving Income Support, or with incomes of that level, and an allowance to cover the costs of interest on housing loans for purchasers to people receiving Income Support.

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 for lone mothers 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 employment rates 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, which supports the data here in suggesting that labour force participation is relatively insensitive to the level of assistance.

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7 Appendix 1, Table N.
CHART 3.1: LEVELS OF PUBLIC TRANSFERS FOR LONE MOTHERS OUTSIDE THE LABOUR FORCE (% OF NET APWW) AND LABOUR FORCE PARTICIPATION RATES (1990)

Notes: (1) Net public transfers for lone mothers with 2 children outside the labour force with no private income. Includes social assistance, family allowance, maintenance advance, refundable tax credits but not housing assistance. Tax and social security contributions deducted.
(2) Income is expressed as percentage of net APWW for 1-earner 2-parent family.
(3) Austrian figures based on rates applying in Vienna in 1988 which had a relatively high rate of social assistance compared with other provinces.
(4) Figures for Canada are based on the rate for a lone mother with 1 child in Ontario, which is more generous than some other provinces.
(5) Swedish figures include rent allowance which is a standard component of social assistance but not housing allowance.
(6) US figures are based on Illinois and include AFDC and food stamps.

(See also Appendix 1, Table E)
SECTION 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.

In addition to work-related child care there are other forms such as occasional care which allows parents to leave children for short periods, and play groups which provide relatively short sessions for the education and socialisation of children.

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 retain their 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.

Child care may be provided in the formal sector through day care centres and family day care, as well as educational institutions. These are usually administered by public authorities, employers, private sector providers or community and church organisations, and generally charge fees to users, although 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, or unregistered child minders. These may or may not charge for their services. There is little information available concerning this type of 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 and quality. Availability will determine whether lone mothers are able to work at all. Limitations on the hours care can be provided restrict the working times available to parents and 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 socialising 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. It also crucially affects the well-being of the child and the child's prospects in school and adulthood, therefore having a general social importance, well beyond encouraging the economic participation of parents with young children.

Another aspect of child care provision is its reliability. 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 may 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. While a brief description of child care arrangements in each country follows, a more detailed description is included in Appendix 2. While all countries provide some mixture of public and private responsibility for child care, Goulet (1990) and Ergas (1990) divide OECD countries into those with a policy of maximum private responsibility, those with maximum public responsibility and those in between. Following Goulet, the maximum private responsibility model applies to the Netherlands, the United Kingdom and the United States; the maximum public responsibility model to Sweden and Finland; with Canada and Australia in between. Neither writer discusses the position of Austria, which appears to fit the medium public responsibility model.

**Maximum private responsibility models**

In the Netherlands, maternity leave is provided for 16 weeks, but may be extended to a year if the mother is unable to work for birth related reasons. Payment of full wages is provided under sickness insurance. After that, part-time unpaid parental leave is available for a period of six months, when weekly employment can be reduced to a minimum of 20 hours a week.

Formal child care for pre-school children comprises play groups which provide education for 35 per cent of 2 to 3 year olds for an average of 2 days a week, child day care centres in large cities which have places for 1.5 per cent of children aged 0 to 4 and employer provided child care, providing perhaps another 400 places. Some centres give priority to lone parents. Family day care (the guest parent project) provides 1 500 places. Over 4 years from 1990, the government proposes to establish formal care for an additional 75 000 children between the ages of 0 and 12.

The great bulk of work-related child care in the Netherlands is provided in the informal sector. The low rate of female employment may mean a greater supply of women able to provide informal care for other people's children.

In municipal day care and employer provided care, parents pay 15 per cent and 30 per cent of the cost respectively. There is a 22 per cent subsidy for guest parent care and none for private care. There is little information on the average cost to parents.

In the United Kingdom, the national government has minimal involvement in the provision of child care.

Paid maternity leave is generally granted for 40 weeks, depending on the length of time a woman has been working for the same employer. About 54 per cent of working pregnant women qualify. Some employers provide additional 'career breaks' of between 3 months and 5 years for selected staff (ILO, 1988).

In 1988, local government authorities provided child care centres with places for about 1 per cent of children aged under 5. These are often targeted to disadvantaged families, including lone parents. Private day-care centres provided about the same number. Registered family day care (childminders) provides care for about 4 per cent of 0 to 4 year olds (Goulet, 1990). There is also a small number of employer provided services.

A survey in the United Kingdom in 1980 (Martin and Roberts, 1984) showed that the majority of mothers with pre-school children used relatives for child care, mainly grandmothers and fathers of the children. Virtually all working mothers with school aged children relied on relatives, at least part of the time.

Eighty per cent of lone mothers in the United Kingdom live without other adults. For those without help from relatives, access to child care may be very limited.
In the United States, national government involvement in child care provision is fairly small. Work-related child care expenses are deductible from taxable income up to a limit. There is no national legislation for maternity or parental leave, although some states provide legislation for short term leave, and individual employers may provide leave.

The JOBS Program requires states to provide child care assistance for parents required to undertake labour force activities. Funding for pre-school education for disadvantaged families is provided under the Headstart Program serving about one-quarter of poor families in the United States in 1988, but the hours of operation are not designed to provide child care for working parents.

In 1988, formal child care facilities provided care for 23 per cent of children below school age whose mothers were working, while the majority used informal care, often provided by relatives. Around 56 per cent of mothers with pre-school aged children participate in the labour force.

For those with school aged children there are few formal facilities providing outside school hours care, and again strong reliance on informal care. In some areas the number of children who are left unsupervised after school (latchkey children) has been identified as a problem.

Recently, the United States has significantly increased federal funding to states to help low-income families pay for child care. There are no restrictions on the type of care families may use under this funding.

There is a small but rapidly growing sector of employer provided child care. In 1987, 11 per cent of workplaces with 10 or more employees provided some assistance with child care, although only half of these provided child care places or cash assistance to their employees. Sixty-one per cent of workplaces had some working arrangements to assist parents, for example flexible working hours, voluntary part-time arrangements (ILO, 1988).

While there is little information available on the extent and cost of child care in the United States, it seems that there is a shortage of formal places, particularly for children aged under 3, and a generally high reliance on the informal sector. However the tax deduction for child care provides greater public assistance for users than the levels of public involvement to date in the United Kingdom and the Netherlands.

Maximum public responsibility models

Finland and Sweden are examples of the maximum public responsibility model.

In Finland, paid parental leave is provided for 275 working days (about 11.5 months). After that period parents with children aged under 3 (soon to be extended to 3 year olds) have a right to either a municipal child care place or home care allowance. If the parent chooses to remain at home for that period he or she has the right to keep her job and retain her employment security benefits.

Municipal day care, comprising day care centres and family day care, was provided for 26 per cent of children aged under 3 in 1990. Around 74 per cent have mothers at home on maternity leave or home care.

For children aged 3 to 6, 22 per cent are at home with their parents and younger siblings, 61 per cent are in municipal care and 18 per cent are in private or informal care or with their parents (without younger siblings and home care allowance). Lone parents are given priority of access to child care.

Public sector fees depend on family income, the number of children and their ages. Municipal child care is free for low income families and increases to a maximum of about 13 per cent of net income. On average, parents pay about 10 per cent of the cost. Private child care services are required to be registered but are not subsidised. However parents with children under 3 using private child care have a right to home care allowance.
Municipalities are responsible for providing after school care for school children up to the age of 10. Fees are about 20 per cent less than for pre-school care. School services provide transport, free meals and free health care.

The Finnish system provides the most comprehensive child care service for working parents of any country in this study. It ensures availability, work-related hours, affordability and quality. The supply meets about 97 per cent of demand for children aged 0 to 6. Potential demand for care for children aged 7 to 10 is difficult to calculate.

Child care in Sweden provides for pre-school children and school children up to and including the age of 12. The Riksdag and the government decide the overriding objectives with regard to focus, scale and content of child care and they also fix grants towards child care activities. A special enactment, the Social Services Act makes the municipalities responsible for building, operating and developing child care amenities in keeping with pre-defined objectives. In addition to municipal child care, a certain amount of child care is provided by voluntary organisations, which can obtain state grants.

Paid parental leave is available for 450 days. The leave can be taken at any time up to the child’s eighth birthday or the end of the first year of compulsory school. Alternatively, parents may choose to reduce their working time until the child is 8, while retaining their jobs. Compulsory schooling starts at the age of 7 with the possibility of starting at 6.

Parents are able to take paid leave to care for sick children up to 60 working days a year for each child.

In January 1990, 56 per cent of all children in the age group 4 months to 6 years had a place in public child care - 67 per cent of these in day care centres and 33 per cent in family day care. Seventy-three per cent of all children with lone parents had a place in public child care as opposed to 46 per cent of those whose parents lived together. A Riksdag resolution of 1985 laid down that all children over the age of 18 months should be entitled to attend a day nursery, family day care, parental co-operative, play school or open pre-school. About 75 per cent of municipalities have attained this objective.

Day care centres and family day care provide full day care for children of working parents, although many children are catered for part-time. Leisure centres provide after school hours care. Play school (part-time pre-school) is provided for children aged 4 to 6 who are cared for at home or attend family day care. The municipalities are also required by law to make universal pre-school (day nursery) places available to all 6-year-olds for at least 525 hours a year, during the year before they start school.

Fees are determined locally but are usually related to parents’ income, the number of children and the hours care is provided. Most municipalities provide free child care for low income families. On average parents pay 10 per cent of the cost of providing the service. Lone parents are given priority in public child care.

As in Finland, labour force participation rates for both lone mothers and married mothers are around 90 per cent in Sweden (including those on parental leave). However more than half the mothers in employment with children aged under 12 work part-time, including a high proportion of lone mothers. This contrasts with Finland which has a very low rate of part-time work.

Medium public responsibility models

In Austria, the availability of formal child care varies greatly, as do opening hours, costs and sources of provision.

Paid maternity leave is available until the child turns 2. Lone mothers with a child aged under 3 who cannot obtain child care may receive a special unemployment allowance.
Formal child care is provided by all levels of government, mainly municipal government; religious organisations; and private individuals and organisations. Centre based care provides places for only 2 per cent of children aged under 3. Family day care provided for another 0.5 per cent of this age group in 1988.

The majority (83 per cent) of places for children aged 3 to 6 are in kindergartens. About 50 per cent of these are provided by municipalities. Only half the kindergartens are run on an all-day basis, and many close at lunch time. Many other child care facilities also have short operating hours. The incompatibility between child care times and working hours is a major source of difficulty for mothers working full-time (ILO, 1988). Municipal kindergartens are more likely to operate on a full-day basis, particularly in cities. Within the framework of Labour Market Policy measures for women the federal government has introduced a funding program, Expanded Action 8000, to promote the extension of opening hours and the establishment of new or innovative forms of work-related care.

Although there is a general shortage of work-related care, lone mothers often receive priority in its allocation. Family day care, sponsored by the public sector, is intended for low income families, including lone parents.

There is thus a high reliance on informal care, apparently provided by relatives. The greatest concentration of formal, all-day care is provided in Vienna where 22 per cent of lone parents live. Ninety per cent of lone mothers in Vienna live in homes without another adult, while in the other provinces between 13 per cent and 67 per cent do. As in the Netherlands, a low rate of labour force participation among married mothers may mean that there is a greater supply of potential child carers in the informal sector.

In municipal kindergartens and often in church kindergartens, fees are charged in line with income, ranging from nil to AS 2 200 a month. Family day care fees are about AS 2 600 a month. The federal government provides grants of up to AS 5 000 a month (October 1990) to parents who are unable to afford child care in order to work. The take-up of this assistance is very low, possibly because of difficulties in regulations governing access to it but it has increased greatly in 1989 and 1990.

While the Austrian system is highly unregulated, and the provision of formal full-day care very much below the potential demand, the provision for paid parental leave and special benefits for lone mothers with children aged up to 3 eases the situation for those with very young children. In addition, priority for lone mothers in family day care and other forms of care improves their access to formal child care.

The system of kindergartens for children aged between 3 and 6 is relatively extensive but the problem of operating times limits their usefulness for working mothers. They do provide at least part-time care, which reduces the time required from the informal sector. Particularly outside Vienna, lone mothers rely heavily on the informal sector. Problems are likely to be experienced by those with children aged under 3 who are not covered by insurance, and those without access to informal care.

In Canada, government has moderate involvement in child care services. Provincial governments have the main constitutional responsibility for child care.

Maternity/paternal leave is available for up to 53 weeks, depending on employee tenure and the jurisdiction covering the employee. Federal civil servants and workers covered by federal labour jurisdiction are eligible for extended leave. Women on maternity leave are entitled to unemployment benefits of 60 per cent of earnings for 15 weeks if fully insured. There are an additional ten weeks of parental benefits available to natural or adoptive parents, either mother or father, or shared between them as they deem appropriate.
In 1988, formal child care provided coverage for 4 per cent of children aged 0 to 2, and 14 per cent of children 3 to 5 (Goulet, 1990), and about 58 000 places for school children between 6 and 12, in a population of about 3 130 000 children aged between 6 and 14.

The federal government supports child care with expenditures totalling around C$1 billion a year. Through the Canada Assistance Plan, it cost shares provincial expenditures for day-care services - principally fee subsidies on behalf of lower income families and eligible costs of non-profit centres and family day care agencies. Through the income tax system, working parents can deduct child care expenses from taxable income to a maximum of C$4 000 for children aged under 7 or with special needs and up to C$2 000 for children aged 7 to 14. Other direct assistance is provided in the form of dependent care allowances to trainees under federal job training programs.

Provincial and municipal governments contribute both through funding and regulation of centres and family day care services. Funding is directed largely to fee subsidies, although operating subsidies are also provided. Child care is provided by municipalities, commercial and non-profit organisations, as well as some employers, mainly hospitals and government departments, and some trade unions.

In Canada, working mothers must rely substantially on informal child care if they are to remain employed during the gap between maternity/parental leave and more widely available care for children aged 3 years and over. This is reflected in the relatively low rate of participation by lone parents with children aged under 3 (42 per cent), compared with 61 per cent of those with children aged 3 to 5, and 71 per cent of those with older children (labour force annual averages in 1986). In 1986 26 per cent of children in lone parent families were aged under 6.

In Australia, provision of child care was poor until the last decade, during which there has been a major effort by the federal government to increase the number of places.

Unpaid maternity leave of 52 weeks is generally available, after one year’s continuous service with the same employer. After the birth of the child lone parents are eligible for sole parent pension during maternity leave.

Child care expenses are not tax deductible. Instead, fee relief subsidies are provided by the Federal Government to low and middle income families using public child care and, from January 1991, to low and middle income families using any eligible long day care service, including approved private services and employer-provided services.

Child care services, public and private, are regulated through state licensing authorities which specify physical conditions, staff qualifications, staff to child ratios and minimum opening hours in centres. State governments also license family day carers. Capital costs of new public child care centres are funded through a variety of joint federal and state government arrangements.

In June 1991, long day care funded by the Federal government provided for about 14 per cent of children below school age. Lone parents are given priority in funded services, particularly if they are working or looking for work. There are presently very few employer provided services in Australia. However the Federal government has introduced a number of initiatives over the last five years to encourage an increase in the supply of employer provided formal day care.

Outside school hours care is usually provided by services using school premises, and is also regulated and subsidised by government. In June 1991 these provided care for 68 000 children, about 4 per cent of all school age children.

In 1987 46 per cent of employed lone parents with children below school age used formal child care, and 78 per cent used informal care (some using both). Of employed lone parents with children at school
12 per cent used formal and 71 per cent used informal care. Formal child care use by two-parent families is proportionately lower, presumably because of the ability to divide working time and child minding between the spouses.

In Australia, the availability of formal child care still falls short of meeting demand from mothers in employment, particularly for parents of very young children following maternity leave, and there is a heavy reliance on informal care, usually from relatives. However where formal child care is available, quality (at least in centres), costs and opening hours are regulated to meet the needs of working parents.

Child care - summary

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 3.

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 often need informal care for part of the time. Municipal and church child care services may offer subsidies for low income families. Although not all kindergartens and pre-schools 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.

The Netherlands has probably been the most under-supplied with formal child care, having relatively short maternity and parental leave, and 1.6 per cent coverage of children aged 0 to 3. Virtually all children aged 4 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 0 to 4, 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.

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.

Costs in the informal sector may be free, if provided by a relative or friend, but can also be high, particularly for children cared for by childminders in the children's own homes.

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.
SECTION 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. Other costs not taken into account in this paper are transport, work clothes and equipment, and services to compensate for time lost, such as take-away food.

There are a number of non-financial considerations. On the one hand will be the value women place on remaining at home caring for their children, the quality and suitability of the available child care and its effect on the children and the time and effort required to combine housework with paid employment.

On the other hand, the decision to participate will be encouraged by the expectation of finding suitable employment and by the social and psychological benefits of working. Labour force re-entrants might accept work which, while not immediately financially advantageous, has prospects for improvement.

Earnings levels

In all OECD countries, the average earnings of women are lower than those of men. This is partly due to the greater number of women than of men 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 ranged from about 65 per cent to 85 per cent of full-time male earnings.

In the United States in 1990, the median earnings of lone mothers working full-time was lower than those of married mothers and only 63 per cent of those of married fathers. Although only one-third of lone mothers in 1984 were not employed, two-thirds had earnings below the poverty line for a family of four, compared with a fifth of two-parent families. In Australia in 1989, female full-time adult non-managerial employees earned 82 per cent of their male counterparts' earnings. In Canada in 1988 employed lone mothers had an average income of 55 per cent of that of single income two parent families, or 40 per cent of the income of two earner, two parent families. In Finland in 1987, lone mothers' earnings were 69 per cent of men's earnings.

For this study, it was not possible to obtain detailed information on the distribution of earnings of lone mothers within the countries studied. It would be useful to examine the participation rates of groups with different earning capacities within countries, to assess the incentive effects of expected wage levels. The paper therefore relies to some extent on full-time and part-time employment as a proxy for high and low paying employment.

There is a strong correlation between lone mothers' labour force participation and educational attainment in the countries for which information was available (see Section 6 and Table 1 in Appendix 1). 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 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 may thus be a less powerful incentive.
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 not been much 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 a major 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 there is a stronger social expectation that they will work.

In summary, 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 they decide to participate, probably stronger than for mothers with an employed partner.

**Full-time and part-time employment**

As shown in Section 2, employed lone mothers are less likely than married women to work part-time in all the countries studied.

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 to participate in 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.

There is some concern that where there is a need for lone parents to work full-time, they suffer from having less time to care for their children and perform housework, and are deprived of leisure and rest.

In some countries, part-time jobs are mostly in marginalised sectors of employment. These are likely to offer lower hourly rates of pay, fewer employee benefits, and have limited prospects for career advancement (McRae, 1989). However, given the levels of poverty in lone parent families dependent on government benefits in most of the countries in the study, it might be assumed that any extra money from employment would be sought after, so that if full-time jobs were not available or time was restricted by the needs of the children, part-time work would be better than no earnings.

The evidence suggests that there are factors militating against part-time work for lone mothers which make it less attractive as an option or less accessible than it is for married mothers. For example, it may be that the financial benefits from part-time employment for this group 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).
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, 1990e).

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 an additional 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.

Elements of the personal taxation systems in each of the countries which are of particular relevance to lone mothers are described in Appendix 2.

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.

It should be noted that 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 individuals at whom they are aimed, and 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. Whether these are successful will depend on how well they reflect the costs of working.

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 create 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 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 the availability of 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 and other concessions is difficult to measure across countries but can be significant.

**Income testing**

If the only job opportunities for a lone mother are part-time or low paid, the impact of the loss of benefits will be greater. However if full-time jobs are as easy to obtain as part-time ones, lone parents who participate will be more likely to look for full-time work. There will still be an impact on lone parents who are unable to work full-time because of family responsibilities: they will be less likely to participate at all than married mothers.

Chart 5.1 shows the average actual disposable incomes of lone mothers working part-time and full-time, compared with those not employed. These are drawn from income survey data, unlike those in Chart 5.2 which show entitlement to public transfers for a hypothetical lone mother.
Notes:  
(1) This chart shows the average increase in actual disposable income of lone parents working full-time or part-time over the income of those not employed.  
(2) Australian data do not include self-employed.  
(3) For Finland the average net income in 1988 for 'economically active' lone parents (ie those working 6 months of the year or more) was FIM 97,927, and for 'inactives' FIM 77,363.  
(4) In Australia and the US part-time is defined as less than 35 hours a week, in Canada less than 30 hours, in Sweden less than 31.5 hours and in the UK less than 24 hours a week.  
(5) UK figures include lone mothers with children under 16 and full-time students aged 16-18.

(See also Appendix 1, Table F)

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 low. In Sweden there is a relatively low average increase in disposable income for lone mothers in either full-time or part-time employment, yet rates of both full-time and part-time employment are the highest of any of the countries in Chart 5.1.

Part-time work may be a more suitable option for married women whose partners are employed than for lone mothers who are primary breadwinners, unless 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 therefore 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 information on groups receiving these within the countries in this study to test this hypothesis, although in the United Kingdom and Austria where information is available, 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 level 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.

**Effective marginal tax rates**

Chart 5.2 shows the hypothetical net income (earnings and public transfers, minus tax) of non-widowed 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.

**CHART 5.2: NET BENEFIT POSITION OF LONE MOTHERS AT VARIOUS LEVELS OF EARNINGS (AS % OF GROSS APWW)**

Notes: 
1. Disposable income of a lone mother with 2 children with various levels of gross earnings (% of gross APWW). Includes social assistance, family allowance, maintenance advance, refundable tax credits but not housing assistance. Tax/social security contributions deducted.
2. Data for Canada are based on the rate for a lone mother with 1 child in Ontario, which is more generous than some other provinces.
3. US data are based on Illinois and include AFDC and food stamps.
4. Swedish figures do not include social assistance but do include housing assistance. The correct figures were not able to be obtained.
5. Austrian figures not available.

(See also Appendix 1, Table G)

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 at levels of 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 (1989) 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 and the United Kingdom have high rates of part-time employment and the others do not.

EMTRs for lone mothers were not compared with those for married mothers or other groups in the labour force. However 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.
SECTION 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, in addition to those mentioned above. These involve depreciation of skills, loss of position and contacts and often a loss of confidence in seeking work.

Women who are in part-time jobs may need help to move to full-time work to maintain an adequate standard of living for their families.

The first type of labour force disadvantage mentioned above (occupational segregation and low pay) affects all women, but becomes most 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 have not had 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 will 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, as well as providing the sort of support appropriate to the long-term unemployed to encourage labour force re-entry, 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.

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 was available, lone mothers had a lower average level of education than married mothers.
CHART 6.1.1: LABOUR FORCE PARTICIPATION AT DIFFERENT LEVELS OF
EDUCATIONAL ATTAINMENT - LONE MOTHERS

CHART 6.1.2: LABOUR FORCE PARTICIPATION AT DIFFERENT LEVELS OF
EDUCATIONAL ATTAINMENT - MARRIED MOTHERS

Notes:
(1) Categories of educational attainment differ from those in Chart 6.2 for Canada, the
Netherlands and the United Kingdom. For descriptions of categories used in each country
see Tables H and I in Appendix 1.
(2) In the Netherlands sample sizes were too small for reliable estimates of participation by lone
and married mothers with University level education.
(3) Data on educational attainment of lone mothers were not available for Sweden.
(4) Data on labour force participation by marital status and educational attainment were not
available for Finland.
(4) UK data are for employment only.

(See also Table H in Appendix 1)

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 Charts 6.1.1 and 6.1.2). 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 (see Appendix 1 Tables H.2 and H.3) 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 Chart 6.2, 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.

**CHART 6.2: LEVELS OF EDUCATIONAL ATTAINMENT - MEN (1) AND WOMEN (2) AGED 20 TO 54**

Notes:  
(1) Figures used in this chart are derived from Table 2.1 in the OECD Employment Outlook, July 1989, including those for males in Austria (which sum to over 100%).  
(2) Figures are for population aged 20-54 except in Finland and Australia where they are 15-54.  
(3) Categories of educational attainment differ from those in Charts 6.1.1, 6.1.2 and 6.3 for Canada, Finland the Netherlands and the United Kingdom. For descriptions of categories used in each country see Table I in Appendix 1.  
(4) Along the horizontal axis, 1 = lone mothers and 2 = married mothers.  
(5) Some categories sum to slightly over 100% due to rounding.

(see also Table I in Appendix 1)

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 Chart 6.3). Note that the categories in this chart do not correspond to those in Chart 6.2 for some countries, and the data refer to different years.

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.
CHART 6.3: LEVELS OF EDUCATIONAL ATTAINMENT - LONE (1) AND MARRIED (2) MOTHERS

Notes:  
(1) Categories of educational attainment differ from those in Chart 6.2 for Canada, Finland, the Netherlands and the United Kingdom.  
(2) Finnish data combines categories 1 and 2.  
(3) Data were not available for Sweden.  
(4) Along the horizontal axis, 1 = lone mothers and 2 = married mothers.  
(5) Some categories sum to slightly over 100% due to rounding.  

(See also Table H in Appendix 1)

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 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.

**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.

Table 6 shows expenditure levels on each type of program in the countries in this study.
TABLE 6.1: EXPENDITURE ON LABOUR MARKET PROGRAMS AS A PROPORTION OF GDP

<table>
<thead>
<tr>
<th>Country</th>
<th>public employment services</th>
<th>adult training</th>
<th>youth training</th>
<th>subsidised employment</th>
<th>assistance for the disabled</th>
<th>total active measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>0.10%</td>
<td>0.06%</td>
<td>0.06%</td>
<td>0.05%</td>
<td>0.03%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Austria</td>
<td>0.10%</td>
<td>0.09%</td>
<td>0.01%</td>
<td>0.04%</td>
<td>0.04%</td>
<td>0.28%</td>
</tr>
<tr>
<td>Canada</td>
<td>0.21%</td>
<td>0.27%</td>
<td>0.02%</td>
<td>0.02%</td>
<td>**</td>
<td>0.52%</td>
</tr>
<tr>
<td>Finland</td>
<td>0.10%</td>
<td>0.26%</td>
<td>0.02%</td>
<td>0.50%</td>
<td>0.14%</td>
<td>1.02%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.09%</td>
<td>0.21%</td>
<td>0.08%</td>
<td>0.08%</td>
<td>0.68%</td>
<td>1.14%</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.20%</td>
<td>0.52%</td>
<td>0.06%</td>
<td>0.16%</td>
<td>0.74%</td>
<td>1.68%</td>
</tr>
<tr>
<td>United</td>
<td>0.14%</td>
<td>0.25%</td>
<td>0.23%</td>
<td>0.04%</td>
<td>0.03%</td>
<td>0.69%</td>
</tr>
<tr>
<td>Kingdom</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>0.06%</td>
<td>0.10%</td>
<td>0.03%</td>
<td>0.01%</td>
<td>0.04%</td>
<td>0.24%</td>
</tr>
</tbody>
</table>

Source: OECD: Labour market policies for the 1990's.

Note: Expenditures relate to 1989.

In all these countries the national government operates a public employment service (except the United States where the states are given grants for this purpose). In Canada, Sweden and the Netherlands trade unions and employers are also involved in the management of the service. 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. In the United Kingdom, the Netherlands, Austria, Canada and the United States training for the unemployed can involve enterprise based training as well as institution based training.

Australia, Austria, 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.

The success of such programs for the unemployed depends on their ability to match skill demands in the labour market. It is not clear whether lone mothers outside the labour force are generally included in the target group for these programs, as they may not be classified as long-term unemployed.

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.

Finland offers a widows' training allowance to assist widows to undertake training or education in order to re-enter the labour force. Take-up is very low (80 grants in 1988).
Vocational training courses are provided for workers who are unemployed or in danger of losing their jobs. Free tuition, meals and accommodation are provided, and participants are paid the equivalent of unemployment benefits. Extra allowances for children are provided for participants with three or more children (only 4 or 5 per cent of lone mothers have more than two children). In 1989 24,000 women participated in employment training, 50 per cent of the total. As the rate of labour force participation for lone mothers in Finland is so high, they would generally have equal access to such programs.

The Act on Equality, which came into force in Finland in 1987, prohibits sex discrimination and provides for active measures to reduce occupational segregation through affirmative action. These are directed to improving equality for women, although not specifically lone mothers.

Lone parents under 30 can receive income tested student aid, in the forms of loans and grants up to FIM 2,310 a month and FIM 360 a month for each dependent child (up to a maximum of 3 children). Lone parent students are entitled to general housing allowance, and may receive additional housing allowances if they have to live away from home.

There is also an adult study grant, and an employer provided vocational training grant, for people who wish to retrain, for periods from 2 months to 2 years. A lone parent with one child with former earnings equal to APWW could receive FIM 5,585 a month under this program in 1991.

Since 1982, Austria has been increasing its efforts to improve the labour force status of women, through equal opportunity measures. For all labour market training courses, child care must be provided to meet demand. A child care allowance for children under 12 is provided for women looking for work, starting work or training. Take-up has been low but is increasing (2,336 women received it in 1989 and 4,139 in 1990).

The program Expanded Action 8000 focuses on the expansion of child care to meet the needs of working women. Action 8000, which is a program to create workplaces for the long-term unemployed, also subsidised additional jobs for 2,279 women in 1989. There are a small number of job orientation courses for women (involving 600 women in 1989), an apprenticeship program for adult women (53 in 1989), and training courses for women in non-traditional work. These programs are all small as yet in relation to the numbers of lone mothers, particularly given the low labour force participation by married mothers, and the pressure on lone mothers to participate.

In the United States families receiving AFDC have long been required to register under the Work Incentive Program (WIN) unless they had children aged under 6. WIN has been 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 6, 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 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.

The evaluation found that the program received public support and was generally accepted by lone parents.
JOBS is aimed at parents with children aged 3 and over, and teenage parents with children of any age. Like WIN it is administered by states under Federal guidelines and cost sharing. States must 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.

Focusing on 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 will also be provided to JOBS participants.

At this stage, JOBS has 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). Employability initiatives are particularly targeted to social assistance recipients. The CJS is a joint federal/provincial program providing training and job experience. 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 dependents for people participating in training. The maximum daily allowance is C$16 each for the first and second dependant, C$10 for the third and C$5 for the fourth.

The Job Development Program offers a mix of on-the-job training, formal training and work experience. In 1987-88, 55 000 women participated in this program, nearly half of all participants. The program was found to have a positive impact on the employability of female participants. 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 92 000 women participated in this program (over 60 per cent of recipients). The program produced a significant effect on the employability of female social assistance recipients, although the effect was not as great for participants with children aged under 6.

Evidence suggests that in Canada women benefit 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 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 and child care, and referral to the public employment service (CES) or to education and training institutions as appropriate. Lone parents retain their eligibility for